Houghton Mifflin Harcourt Co
Form 424B3
May 15, 2015
Table of Contents

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File No. 333-203774

Prospectus Supplement

(to the Prospectus dated May 1, 2015)

10,575,300 Shares

Houghton Mifflin Harcourt Company

COMMON STOCK

The selling stockholders identified in this prospectus supplement are offering 10,575,300 shares of the common stock under this prospectus supplement, plus an additional $150 million of shares of common stock in a privately negotiated transaction with us as discussed below. We will not receive any proceeds from the sale of the common stock by the selling stockholders.

In connection with our stock repurchase program, we have entered into a purchase agreement with Paulson & Co. Inc. (Paulson), on behalf of certain funds and accounts managed by it that are selling stockholders hereunder, whereby we have agreed to repurchase an aggregate of $150 million of shares of our common stock from such selling stockholders at a purchase price per share equal to the public offering price in this offering. The stock repurchase is conditioned upon the consummation of this offering and the sale in this offering of at least 10,575,300 shares by these selling stockholders. See Summary Stock Repurchase Program, beginning on Page S-3 of this prospectus supplement.

Our common stock is listed on the NASDAQ Global Select Market (NASDAQ) under the symbol HMHC. On May 14, 2015, the last reported sale price of the shares of our common stock as reported on NASDAQ was $23.16 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement and page 3 of the accompanying prospectus to read about factors you should consider before buying our common stock. You should also consider the Risk Factors sections in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 to read about risks you should consider before buying shares of our common stock.

PRICE $23.00 PER SHARE

	Price to Public	***Underwriting Discounts and Commissions***[(1)]
Per Share of Common Stock	*$23.00*	*$0.8625*
Total	*$243,231,900.00*	*$9,121,196.25*

(1) We have agreed to pay all underwriting discounts and commissions in connection with the sale of the common stock offered hereby and certain expenses of the selling stockholders incurred in connection with the sale. See Underwriting, beginning on page S-26 of this prospectus supplement.

The selling stockholders have granted the underwriters the option to purchase from them up to an additional 1,586,295 shares of common stock. We will not receive any proceeds from the sale of shares of our common stock pursuant to this option to purchase additional shares. See Selling Stockholders and Underwriting.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock on or about May 20, 2015.

Morgan Stanley *Goldman, Sachs & Co.*
Credit Suisse *Wells Fargo Securities*
BMO Capital Markets *Houlihan Lokey* *Piper Jaffray* *Stifel*

Prospectus Supplement dated May 14, 2015

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

As used in this prospectus supplement, the terms we, us, our, HMH and the Company refer to Houghton Mifflin Harcourt Company, formerly known as HMH Holdings (Delaware), Inc., and its consolidated subsidiaries, unless otherwise expressly stated or the context otherwise requires.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains specific information about the terms on which the selling stockholders are offering and selling our common stock, including the names of the selling stockholders. The second part is the accompanying prospectus dated May 1, 2015, which contains and incorporates by reference important business and financial information about us and other information about the offering. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus or the information contained in any document incorporated by reference herein, the information contained in the most recently dated document shall control.

Neither we, the selling stockholders nor the underwriters have authorized anyone to provide any information other than that contained in this prospectus supplement or the accompanying prospectus or incorporated by reference in this prospectus supplement or the accompanying prospectus or information to which we have referred you. We, the selling stockholders and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we, the selling stockholders nor the underwriters are making an offer to sell the shares of common stock in any jurisdiction where the offer to sell is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in either this prospectus supplement or the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Before you invest in our common stock, you should carefully read the registration statement (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus form a part, this

Table of Contents

prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and accompanying prospectus. The incorporated documents are described under Information Incorporated by Reference.

TRADEMARKS

This prospectus supplement and the documents incorporated by reference herein contain references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus supplement and the documents incorporated by reference herein may appear without the ® or symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Table of Contents

SUMMARY

This summary highlights the more detailed information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding whether to invest in our common stock. You should read this entire prospectus supplement and accompanying prospectus carefully, including the documents incorporated by reference herein, before making an investment decision. This prospectus supplement includes forward-looking statements that involve risks and uncertainties. See Special Note Regarding Forward-Looking Statements in the accompanying prospectus for more information.

COMPANY OVERVIEW

We are a global learning company, specializing in education solutions across a variety of media. We deliver content, services and technology to both educational institutions and consumers, reaching over 50 million students in more than 150 countries worldwide. In the United States, we are the leading provider of Kindergarten through 12th grade (K to 12) educational content by market share. We believe that nearly every current K to 12 student in the United States has utilized our content during the course of his or her education. As a result, we believe that we have an established reputation with students and educators that is difficult for others to replicate and that positions us to also provide content and services that serve their learning needs beyond the classroom. We believe our long-standing reputation and well-known brands enable us to capitalize on consumer and digital trends in the education market through our existing and developing channels. Furthermore, since 1832, we have published trade and reference materials, including adult and children s fiction and non-fiction books that have won industry awards such as the Pulitzer Prize, Newbery and Caldecott medals and National Book Award, all of which we believe are widely known.

For a description of our business, financial condition, results of operations and other important information regarding Houghton Mifflin Harcourt Company, we refer you to our filings with the Securities and Exchange Commission (SEC) incorporated by reference in this prospectus supplement. For instructions on how to find copies of these documents, see Where You Can Find More Information.

Houghton Mifflin Harcourt Company, formerly known as HMH Holdings (Delaware), Inc., was incorporated under the laws of the State of Delaware on March 5, 2010. Our principal executive offices are located at 222 Berkeley Street, Boston, Massachusetts 02116. Our telephone number is (617) 351-5000. Our website is www.hmhco.com. The information contained on our website, or any other website that is referred to in this prospectus supplement, does not constitute a part of this prospectus supplement or the accompanying prospectus and is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

RECENT DEVELOPMENTS

Educational Technology and Services Acquisition

On April 23, 2015, we entered into a stock and asset purchase agreement (the Acquisition Agreement) with Scholastic Corporation and one of its subsidiaries (the Sellers), under which we plan to acquire (the Acquisition) the assets comprising the Educational Technology and Services business (EdTech) of the Sellers. We plan to fund the Acquisition with a combination of cash on hand and borrowings under our New Term Loan (as defined below).

EdTech provides intervention curriculum technology products and services to schools and districts throughout the United States. These operations include reading and math improvement programs and other educational technology products, as well as consulting and professional development services. EdTech s efforts

Table of Contents

are focused on partnering with school districts to raise student achievement by providing solutions that combine technology, content and services in the areas of reading and math. Significant technology-based reading and math improvement programs offered by EdTech include:

- *READ 180*, a reading intervention program for students in grades 4 to 12 reading at least two years below grade level, *READ 180 Next Generation*, a substantially revised version of the original product; and *Read 180 for iPad*, a comprehensive reading program for iPad;

- *System 44*, a foundational reading intervention program for students in grades 4 to 12 who have not yet mastered the 44 sounds and 26 letters of the English language, and *System 44 Next Generation*, a revised version of the original product;

- *MATH 180*, a math intervention program for students in grades 6 and up;

- *iRead*, a digital foundational reading program for grades K to 2;

- *Scholastic Reading Inventory*, *Scholastic Phonics Inventory*, and *Scholastic Math Inventory*, research-based, computer-adaptive assessments for grades K to 12 that allow educators to assess a student s comprehension and provide immediate, actionable data; and

- *Scholastic Reading Counts!*, a *Lexile*-based independent reading program to drive independent reading accountability.

Other major programs include *FASTT Math*, a technology-based program to improve math fact fluency developed with the creator of *READ 180*, and *Do The Math*, a mathematics intervention program. Significant recent activity includes the expansion of EdTech s offering to include its *Math 180* intervention mathematics solutions. The segment s consulting and professional development services focus on optimizing the utilization of the products described above, as well as helping teachers and school districts meet professional standards and implement new requirements and standards, including the Common Core State Standards. Further, EdTech provides maintenance, hosting and support services to its customers for their program implementation and delivery.

Integration costs are expected to be between $10 and $20 million over the next 12 months. The Acquisition is expected to yield synergies commencing in 2016 with an annual cost savings between $10 and $20 million. We expect our sales organization will provide deeper sales coverage and penetration for EdTech s offerings. We believe the combination of EdTech sales expertise with our strong sales organization will help to enhance overall sales capabilities and create new opportunities for cross-selling.

Terms of the Acquisition

Subject to the terms and conditions of the Acquisition Agreement, we would pay to the Sellers an aggregate purchase price of $575 million to acquire EdTech, subject to adjustments for cash, debt and working capital. $34.5 million of the purchase price would be deposited into an escrow account to be held for 18 months as security for potential indemnification obligations of the Sellers. Portions of such escrow would be released periodically during the 18-month period upon fulfillment of certain service levels under a transition services agreement to be entered into by the Sellers and the Company for the provision of certain transition support services by the Sellers to EdTech and the Company after the closing.

Subject to certain limitations, either we or the Sellers may terminate the Acquisition Agreement if the Acquisition has not been consummated by August 21, 2015. A termination of the Acquisition Agreement under certain circumstances would entitle the Sellers to receive from us a termination fee in an amount equal to $28.75 million.

Table of Contents

The Acquisition is expected to close on the later of: (i) May 29, 2015; and (ii) the second business day after the satisfaction or waiver of the limited closing conditions specified in the Acquisition Agreement, including, among other things, the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Acquisition is not subject to any financing conditions.

We cannot assure you that we will complete the Acquisition on the terms described in this prospectus supplement (including the documents incorporated by reference), or at all. The completion of this offering is not contingent upon the successful completion of the Acquisition, and the completion of the Acquisition is not contingent upon the successful completion of this offering.

Term Loan Refinancing

To finance the Acquisition, we are currently in the process of refinancing our existing $180 million term loan with a new senior secured facility, with a six-year maturity (the New Term Loan). Recently, we decided to increase the size of the New Term Loan from $500 million to $800 million. We will use the net proceeds from the New Term Loan to refinance our existing term loan, to finance the Acquisition in part, to pay fees and expenses and for general corporate purposes, including funding a portion of our stock repurchase program described below. We expect to close the New Term Loan concurrently with the Acquisition, during the second quarter of 2015. The closing of the New Term Loan is subject to the completion of successful marketing, the negotiation, execution and delivery of definitive agreements and other factors, including an amendment to our revolving credit facility permitting the additional indebtedness allowed for the New Term Loan. There can be no assurance that we will be able to successfully increase the size of the New Term Loan or that the terms of the New Term Loan will be favorable to us.

Stock Repurchase Program

Effective May 6, 2015, our board of directors authorized an additional $300 million under the Company s existing stock repurchase program, bringing the total authorization to $500 million. The $300 million increase in authorization is conditional upon the successful closing of the increased New Term Loan. The stock repurchase program may be executed over a period of two years from the program s increased authorization. Repurchases under the program may be made from time to time in open market or privately negotiated transactions. The extent and timing of any such repurchases would generally be at our discretion and subject to market conditions, applicable legal requirements and other considerations.

In connection with our stock repurchase program, we have entered into a purchase agreement with Paulson, on behalf of certain funds and accounts managed by it that are selling stockholders hereunder, whereby we have agreed to repurchase an aggregate of $150 million of shares of our common stock from such selling stockholders at a purchase price per share equal to the public offering price in this offering. The stock repurchase is conditioned upon the consummation of this offering and the sale in this offering of at least 10,575,300 shares by these selling stockholders. The purchase agreement provides for customary representations, warranties and conditions. The closing of the stock repurchase is expected to occur simultaneously with or shortly after the closing of this offering.

Director Resignation

Effective upon the closing of this offering and the stock repurchase from selling stockholders affiliated with Paulson, we expect that Sheru Chowdhry will resign from our board of directors pursuant to the terms of the Company s Amended and Restated Director Nomination Agreement with certain of its stockholders affiliated with Paulson, which requires that such resignation take effect upon Paulson s ceasing to own at least 15% of our issued and outstanding common stock.

Table of Contents

THE OFFERING

The summary below describes the principal terms of this offering. The Description of Capital Stock section in the accompanying prospectus contains a more detailed description of our common stock.

Common stock offered by us:	We are not selling any shares of common stock in this offering.
Common stock offered by the selling stockholders:	10,575,300 shares of common stock (12,161,595 shares if the underwriters exercise their option to purchase additional shares in full).
Common stock outstanding as of May 11, 2015:	143,420,477 shares of common stock.
Option to purchase additional shares:	The selling stockholders have granted the underwriters the option to purchase up to an additional 1,586,295 shares of common stock within 30 days from the date of this prospectus supplement.
Use of proceeds:	The selling stockholders will receive all of the proceeds from the sale of the common stock offered under this prospectus supplement. Accordingly, we will not receive any proceeds from the sale of shares of common stock in this offering.
Stock repurchase:	In connection with our stock repurchase program, we have entered into a purchase agreement with Paulson, on behalf of certain funds and accounts managed by it that are selling stockholders hereunder, whereby we have agreed to repurchase an aggregate of $150 million of shares of our common stock from such selling stockholders at a purchase price per share equal to the public offering price in this offering. The stock repurchase is conditioned upon the consummation of this offering and the sale in this offering of at least 10,575,300 shares by these selling stockholders.
Voting rights:	Holders of our common stock are entitled to one vote per share of common stock in all stockholder meetings. Purchasers of common stock in this offering will not be entitled to vote such newly-acquired shares with respect to proposals being voted on in connection with our upcoming 2015 Annual Meeting of Stockholders, to be held on May 19, 2015.
Dividend policy:	We have not paid any dividends on our common stock. We do not intend to declare or pay any cash dividends on our common stock for the foreseeable future.

Table of Contents

Listing:	Our common stock is listed on the NASDAQ Global Select Market under the symbol HMHC.
Risk factors:	Investing in our common stock involves substantial risks. See Risk Factors on page S-8 of this prospectus supplement, on page 3 of the accompanying prospectus and in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus for a description of certain of the risks you should consider before investing in our common stock.

Except as otherwise indicated, all information in this prospectus supplement regarding the number of shares of common stock outstanding excludes: (i) 10,520,795 shares issuable pursuant to the HMH Holdings (Delaware), Inc. 2012 Management Incentive Plan (the MIP) as of March 31, 2015 (including 10,197,851 shares that are subject to options granted pursuant to the MIP as of March 31, 2015 at a weighted average exercise price of $13.43 per share and 322,944 restricted stock units outstanding as of March 31, 2015); and (ii) 7,368,422 shares of common stock that we may issue upon exercise of outstanding warrants as of March 31, 2015, with a weighted average exercise price of $21.14 per share.

Except as otherwise indicated, all information in this prospectus supplement: (i) assumes the underwriters option to purchase additional shares will not be exercised; (ii) gives effect to a 2-for-1 stock split that occurred on October 22, 2013; and (iii) does not give effect to the Company s 2015 Omnibus Incentive Plan and Employee Stock Purchase Plan, which are being voted upon by stockholders in connection with the Company s 2015 Annual Meeting of Stockholders on May 19, 2015.

Table of Contents

SUMMARY HISTORICAL FINANCIAL DATA

The following table summarizes the consolidated historical financial data of Houghton Mifflin Harcourt Company for the periods presented. We derived the summary historical financial data as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014. We derived the consolidated historical financial data as of December 31, 2012 from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013. We derived the summary historical financial data as of and for the quarters ended March 31, 2015 and 2014 from our unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015. Historical results for any prior period are not necessarily indicative of results to be expected in any future period. The data set forth in the following table should be read together with the sections entitled Management s Discussion and Analysis of Financial Condition and Results of Operations in such reports and our audited and unaudited consolidated financial statements and related notes thereto included in such reports.

	Three Months Ended March 31,		Year Ended December 31,		
(in thousands, except share and per share data)	**2015**	**2014**	**2014**	**2013**	**2012**
Operating Data:					
Net sales	$ 162,669	$ 153,933	$ 1,372,316	$ 1,378,612	$ 1,285,641
Cost and expenses:					
Cost of sales, excluding pre-publication and publishing rights amortization	96,569	92,648	588,726	585,059	515,948
Publishing rights amortization(1)	23,143	30,751	105,624	139,588	177,747
Pre-publication amortization(2)	26,463	28,974	129,693	121,715	137,729
Cost of sales	146,175	152,373	824,043	846,362	831,424
Selling and administrative	143,009	137,010	612,535	580,887	533,462
Other intangible asset amortization	3,218	2,945	12,170	18,968	54,815
Impairment charge for investment in preferred stock, goodwill, intangible assets, pre-publication costs and fixed assets			1,679	9,000	8,003
Severance and other charges(3)	1,057	1,757	7,300	10,040	9,375
Gain on bargain purchase					(30,751)
Operating loss	(130,790)	(140,152)	(85,411)	(86,645)	(120,687)
Other Income (expense)					
Interest expense	(5,954)	(4,297)	(18,245)	(21,344)	(123,197)
Loss on extinguishment of debt				(598)	
Change in fair value of derivative instruments	(2,220)	(103)	(1,593)	(252)	1,688

Loss before reorganization items and taxes	(138,964)	(144,552)	(105,249)	(108,839)	(242,196)
Reorganization items, net(4)					(149,114)
Income tax expense	20,976	1,783	6,242	2,347	(5,943)
Net loss	$ (159,940)	$ (146,335)	$ (111,491)	$ (111,186)	$ (87,139)
Net loss per share basic and diluted(5)	$ (1.12)	$ (1.05)	$ (0.79)	$ (0.79)	$ (0.26)
Net loss per share attributable to common stockholders basic and diluted(5)	$ (1.12)	$ (1.05)	$ (0.79)	$ (0.79)	$ (0.26)

S-6

Table of Contents

(in thousands, except share and per share data)	Three Months Ended March 31, 2015	2014	Year Ended December 31, 2014	2013	2012
Weighted average number of common shares used in net loss per share attributable to common stockholders basic and diluted(5)	142,364,327	139,982,297	140,594,689	139,928,650	340,918,128
Balance Sheet Data (as of period end):					
Cash, cash equivalents and short-term investments	$ 562,037	$ 268,324	$ 743,345	$ 425,349	$ 475,119
Working capital	640,942	501,468	771,468	606,001	599,085
Total assets	2,742,529	2,682,636	3,011,107	2,910,386	3,029,584
Debt (short-term and long-term)	178,949	245,000	243,125	245,625	248,125
Stockholders equity (deficit)	1,610,208	1,706,184	1,759,680	1,850,276	1,943,701
Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	(92,931)	(102,544)	491,043	157,203	104,802
Investing activities	254,388	(42.330)	(367,619)	(168,578)	(295,998)
Financing activities	105,456	(145,865)	19,529	(4,075)	106,664
Other Data:					
Capital expenditures:					
Pre-publication capital expenditures(6)	18,229	38,283	115,509	126,718	114,522
Other capital expenditures	14,115	14,994	67,145	59,803	50,943
Pre-publication amortization	26,463	28,974	129,693	121,715	137,729
Depreciation and intangible asset amortization	44,770	50,935	190,084	220,264	290,693

(1) Publishing rights are intangible assets that allow us to publish and republish existing and future works as well as create new works based on previously published materials and are amortized on an accelerated basis over periods estimated to represent the useful life of the content.

(2) We capitalize the art, prepress, manuscript and other costs incurred in the creation of the master copy of a book or other media and amortize such costs from the year of sale over five years on an accelerated basis.

(3) Represents severance and real estate charges.

(4) Represents net gain associated with our Chapter 11 reorganization in 2012.

(5) Gives retroactive effect to the stock split in November 2013.

(6)

Represents capital expenditures for the art, prepress, manuscript and other costs incurred in the creation of the master copy of a book or other media.

Table of Contents

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risks, together with all of the other information set forth in this prospectus supplement or incorporated herein by reference, before deciding whether to invest in our common stock. In addition to those listed below and elsewhere in this prospectus supplement, you should also consider the risks, uncertainties and assumptions discussed under the caption Risk Factors included in the accompanying prospectus, our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, each of which is incorporated by reference in this prospectus supplement. If any of the adverse events identified in these risk factors actually occurs, our business, financial condition or results of operations would likely suffer. In such case, the trading price of our common stock would likely decline, and you may lose all or part of your investment.

Risks Related to Our Pending Acquisition

The consummation of the Acquisition is subject to a number of conditions, including certain governmental and regulatory conditions that may not be satisfied, and the Acquisition may not be completed on a timely basis, or at all. Failure to complete the Acquisition for any reason, whether or not our fault, could have a material adverse effect on us.

The closing of the Acquisition is subject to closing conditions, including regulatory approval. If the closing conditions are not satisfied or waived, in either a timely manner or at all, the Acquisition will be delayed or will not be completed, which could cause us not to realize some or all of the anticipated benefits of the Acquisition. The market price of our common stock may reflect an assumption that the pending Acquisition will occur and on a timely basis, and the failure to do so may result in a decline in the market price of our common stock.

If the Acquisition is not completed on a timely basis, or at all, our ongoing business may be adversely affected. Additionally, in the event that the Acquisition is not completed, we will be subject to a number of risks, including, but not limited to, the payment of certain fees and costs relating to the Acquisition, such as legal, accounting, financial advisory, the loss of time and resources, potential litigation that may arise as a result of the failed Acquisition and, in certain circumstances, a termination fee of $28.75 million.

Our business may suffer if we do not achieve the anticipated benefits of the Acquisition.

We expect to achieve certain benefits as a result of the Acquisition, including revenue synergies and cost synergies, and we have made certain projections about the performance of EdTech following the Acquisition. There can be no assurances that we will realize the expected benefits currently anticipated from the Acquisition, such as the expected synergies, or that EdTech will perform according to our projections following the Acquisition. A failure to achieve any of the anticipated benefits of the Acquisition or a failure of EdTech to perform according to our projections could adversely affect our business, financial condition and results of operations.

We may be unable to successfully integrate EdTech in order to realize the anticipated benefits of the Acquisition or do so within the intended timeframe.

We will be required to devote significant management attention and resources to integrating the business practices and operations of EdTech with our Company. This integration may prove to be more difficult, costly and time-consuming than expected, which could cause us not to realize some or all of the anticipated benefits from the Acquisition. Potential difficulties we may encounter as part of the integration process include the following:

any delay in the integration of management teams, strategies, operations, products and services;

diversion of the attention of management of the Company or EdTech as a result of the Acquisition;

differences in business backgrounds, corporate cultures and management philosophies that may delay successful integration;

the ability to retain key employees;

the challenge of integrating complex systems, technology, networks and other assets of EdTech into those of the Company in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies of EdTech;

unexpected costs, delays or other risks related to the transition support services to be provided under the transition services agreement we are entering into in connection with the Acquisition;

potential unknown liabilities and unforeseen increased expenses or delays associated with the Acquisition, including costs to integrate EdTech beyond current estimates; and

the disruption of, or the loss of momentum in, either the Company s or EdTech s ongoing operations or inconsistencies in standards, controls, procedures and policies.

Any of these factors could adversely affect EdTech s ability to maintain relationships with customers, suppliers, employees and other constituencies or our ability to achieve the anticipated benefits of the Acquisition or could reduce our earnings or otherwise adversely affect our business, financial condition and results of operations after the Acquisition.

EdTech will be subject to various uncertainties while the Acquisition is pending that could jeopardize the achievement of the anticipated benefits of the Acquisition.

Uncertainty about the effect of the Acquisition on EdTech s customers, suppliers and other vendors may jeopardize the achievement of the anticipated benefits of the Acquisition. These uncertainties could cause those who deal with EdTech to seek to change existing business relationships with EdTech. Employee retention and recruitment may be particularly challenging for EdTech prior to completion of the Acquisition, as the employees and prospective employees of EdTech may experience uncertainty about their future roles with EdTech following the Acquisition. As a result, there can be no assurances that EdTech will perform according to our projections following the Acquisition. A failure to perform according to our projections could adversely affect our business, financial condition and results of operations.

We will incur substantial transaction fees and costs in connection with the Acquisition.

We expect to incur a significant amount of non-recurring expenses in connection with the Acquisition, including legal, accounting, transaction costs, regulatory costs, integration costs and other expenses, which may be significant. In general, these expenses are payable by us, whether or not the Acquisition is completed. If we fail to consummate the Acquisition or if we fail to realize its anticipated benefits (such as cost synergies), we may not be able to recoup these expenses.

We may not be able to timely consummate the New Term Loan on favorable terms, or at all.

We have obtained commitments for a $500 million New Term Loan, but do not have commitments for increasing the size of the New Term Loan to $800 million, as planned. The closing of the New Term Loan is subject to the completion of successful marketing, the negotiation, execution and delivery of definitive agreements and other factors, many of which are beyond our control. If we are unable to timely consummate the New Term Loan on favorable terms or at all, it may have a material adverse effect on our financial condition and liquidity and our ability to timely consummate the Acquisition.

We plan to incur additional indebtedness in connection with the New Term Loan refinancing, which could adversely affect our business.

In connection with the New Term Loan refinancing, we plan to incur approximately $621.1 million in additional indebtedness, which would have resulted in 3;15:08' -->

Table of Contents

Objectives of the Executive Compensation Program

The executive compensation program is designed to motivate executives and support the success of the Company which ultimately occurs through the actions of talented employees. The specific objectives of our compensation program are to:

- *Attract and Retain Executive Talent.* Through a competitive total compensation program, the Company seeks to attract qualified and talented executives to serve in existing or newly created positions. The Company also seeks to retain our executives and promote positive engagement in the business and culture of the Company.

- *Align Compensation with Company and Individual Performance.* Certain elements of our compensation program are designed to hold executives accountable for the financial and operational performance of the Company, as well as influencing the value of the Company's common stock. To facilitate these objectives, a significant portion of an executive's compensation is at risk because it is directly tied to the short- and long-term performance of the Company.

- *Foster an Ownership Mentality and Create Alignment with Stockholders.* Our compensation program provides shares of the Company's common stock and common stock-based awards as significant elements of compensation with the expectation that the executives will maintain a certain level of ownership to align their interests with those of our stockholders.

The Company has designed the compensation program based on a set of core principles which we believe support our overall objectives:

- The compensation program will be fair and competitive, from an internal and external perspective, taking into account the role and distinct responsibilities of each executive.

- A substantial portion of an executive's compensation will be at risk and linked to the achievement of both corporate and individual goals and changes in stockholder value.

- Retirement benefits will provide financial stability following employment but will not be the focal point of why executives choose to work for the Company.

- The use of perquisites and other executive benefits will be negligible and of minimal cost to the Company.

- All compensation program elements taken as a whole will help focus executives to achieve the Company's financial and operational goals.

Within the context of these objectives and principles, the Company has developed its compensation program for the Chief Executive Officer and other executive officers.

Overview of the Compensation Program and Decision-Making Process

Our Board has assigned the oversight of our executive compensation program to our Compensation Committee, which is currently composed of three independent directors (as determined in accordance with the NYSE Rules). The Compensation Committee reviews and makes decisions regarding the compensation program for the Chief Executive Officer and makes decisions for the other executive officers after considering recommendations made by the Chief Executive Officer. The Compensation Committee also considers the impact of corporate tax and accounting treatment for the different types of compensation it approves. The decisions made by the Compensation Committee with respect to the named executive officers for 2012 are reflected in the tables and related footnotes and narratives that begin on page 35.

In order to support the objectives outlined above, the Company has developed a compensation program that supports our pay-for-performance philosophy and that provides executives with a mixture of cash payments (base salary and short-term incentives) and stock-based awards (long-term incentives). Our stock-based compensation program consists of three different types of awards, each selected to address different objectives. We also provide executives with a qualified defined contribution retirement plan similar to that provided to all other employees and severance benefits for certain types of termination (including "change in control" situations) from the Company. The Company currently does not provide any perquisites (e.g., automobile, financial counseling, etc.) to our executives, except for our executives in Europe where providing an executive with an automobile is a customary practice, and in Asia where we provide a housing allowance, a car and certain transportation allowances to our Vice President Asia who is an expatriate living in Singapore. The Company believes that the compensation elements, taken as a whole, are necessary to attract and retain the best executive talent in its industry.

The Compensation Committee believes that in order to successfully compete for talent, a fixed-cash salary is necessary to provide a base level of income that is not tied to Company performance. When developing the executive compensation program, the Compensation Committee considers both short- and long-term strategic goals of the Company, which it believes fall within the control of executive management and leads to stockholder value creation. In order to align the interests of executives to the achievement of these goals, the Compensation Committee has developed performance-based incentive plans with payments contingent upon the achievement of these goals. Certain of the payments (short-term cash incentives) are designed to reward the achievement of annual goals, while equity grants (except for time-vesting restricted stock) are designed to reward the accomplishment of long-term goals directly associated with increasing stockholder value. The Committee reviews the short-term and long-term stockholder return of the Company when determining the grant value of the CEO's long-term incentive award each year. The following table illustrates the allocation between actual fixed and variable compensation components in 2012 for each of our current named executive officers:

	Fixed	**Variable**	
Executive	**Cash Base Salary**	**Short-Term Cash Incentive**	**Long-Term Stock-Based Incentive**
Dearth	29%	5%	66%
Schott	59%	8%	33%
O'Brien	51%	6%	43%
Rose	63%	7%	30%
Singleton	85%	4%	11%

(Please note Mr. Majoor's employment with the Company terminated on January 6, 2012 and Mr. Stanik retired on July 31, 2012. These former executives are generally excluded from this compensation discussion and analysis, except please see "*Compensation of Former Executives"* beginning on page 32 of this Proxy Statement.)

Our performance-based incentives are designed to reward executives with compensation above the middle (or 50th percentile) of the market when Company performance exceeds our expectations and the performance of our peer group. When performance falls below our expectations, the incentive plans are designed to pay below the middle (or 50th percentile) of the market and could result in no payment with respect to certain components of compensation if performance falls below a certain level. To illustrate, in 2012, the Company's financial performance was below our business plan and stockholder return was below our peer group. As a result, actual compensation to our executives was below the market 50th percentile.

The Compensation Committee reviews the compensation practices among peer companies and broader general industry companies in order to ensure the appropriateness of the Company's compensation program design and compensation levels. To assist in this process, the Compensation Committee employs a compensation consultant. In mid-2010, the Compensation Committee retained Pay Governance LLC as its

Table of Contents

independent consultant. Pay Governance was formed in 2010 with former employees of Towers Watson & Co., which had advised the Compensation Committee since September 2004. Pay Governance is an independent executive compensation consulting firm which has been retained directly by the Compensation Committee and reports directly to the Compensation Committee and advises the Compensation Committee on compensation matters. The consultant participates in Compensation Committee meetings and is engaged to advise the Compensation Committee with respect to compensation trends and best practices, plan design and the reasonableness of individual compensation awards. Towers Watson provides advice on retirement and compensation matters to the Company's senior management.

The Compensation Committee's decision to hire Pay Governance was not made or recommended by Company management. Pay Governance has not performed any work for the Company in 2012 except with respect to the work that it has done directly for the Compensation Committee. Pay Governance has informed the Compensation Committee that the fees paid to it by the Company in 2011 and 2012 equated to less than one-half percent of Pay Governance's total revenue. Pay Governance also informed the Compensation Committee that it owns no Company stock. The Compensation Committee also determined that there are no other relationships between the Company and Pay Governance or its employees working for the Compensation Committee. The Compensation Committee reviewed all of the facts set forth in this paragraph and determined that Pay Governance is independent pursuant to the recently established New York Stock Exchange proposed listing standards.

In providing information to the Compensation Committee regarding market compensation practices, the consultant employs a benchmarking process, an assessment tool that compares elements of the Company's compensation programs with those of other companies that are believed to have similar characteristics. In general, the purpose of the benchmarking process is to:

- Understand the competitiveness of current pay levels relative to other companies with similar revenues and business characteristics.
- Understand the alignment between executive compensation levels and Company performance.
- Serve as a basis for developing salary and short-term and long-term incentive information for the Compensation Committee's review.

The consultant also uses market compensation data from compensation surveys from other compensation consultants representing hundreds of general industry companies. The consultant also performs a more specific analysis of proxy disclosures from peer companies in the filtration industry and other companies that the Company competes with for executive talent. The peer group has been developed based on a set of characteristics that include:

- Annual revenues, assets, market capitalization and employee size that range from approximately one half to two times those of the Company;
- Global manufacturing operations (in Standard & Poor's "Materials" classification); and
- Competitor companies within the filtration/separation industry.

Table of Contents

For 2012, the peer group consisted of the following 21 companies:

AMCOL International Corp	II-VI Incorporated	Robbins & Myers, Inc.,
Ampco-Pittsburgh Corporation	Innophos Holdings, Inc.	RTI International Metals, Inc.
Badger Meter, Inc.	Kaydon Corporation	Standex International Corporation
Chart Industries, Inc.	Lindsay Corporation	
Eagle Materials Inc.	Lydall, Inc.	
ESCO Technologies Inc.	Matthews International Corporation	
Graco Inc.	Northwest Pipe Company	
Hawkins, Inc.	Polypore International, Inc.	
Haynes International, Inc.	Quaker Chemical Corporation	

In December 2012, the Committee agreed to remove Robbins & Meyer, Inc. from the peer group for 2013 as a result of its pending acquisition by National Oilwell Varco, Inc.

In addition to the market data, the Compensation Committee considers other factors when making its decisions, such as an executive's individual performance, experience in the position and the size of prior-year adjustments. The Compensation Committee does not consider amounts from prior performance-based compensation, such as prior bonus awards or realized or unrealized stock option gains, in its decisions to increase or decrease compensation in the current year. The Compensation Committee believes that this would not be in the best interest of retaining and motivating the executive.

The Compensation Committee also reviews a summary report or "tally sheet" which sets forth the current and two-year historical compensation provided to each executive. The tally sheet includes the total dollar value of annual compensation, including salary, short-term and long-term incentive awards, annual increase in retirement accruals and other compensation and benefit amounts. The tally sheet also includes equity ownership levels (number of shares and value) and amounts payable upon various termination scenarios. The review of tally sheets is an important aspect of the Compensation Committee's decision-making process. The tally sheets allow the Compensation Committee to review each element of compensation for each executive and review how decisions as to each element may affect decisions regarding other elements and the total compensation for each executive.

Individual Performance Goals. In connection with the determination of fixed-cash base salary adjustments and compensation under the performance-based short-term incentive plan, the Company sets individual performance goals and then measures a named executive officer's performance against such goals. Goals are specific to the executive's area of responsibility. As more fully described below, the level of achievement against such goals may have an impact on the Compensation Committee's decisions regarding base salary and the "individual performance objectives" as it relates to bonus awards earned under our short-term incentive program. The performance goals for each current named executive officer are as follows:

Mr. Dearth
President and Chief Executive Officer (effective August 1, 2012)

Performance Category	*Individual Performance Measures*
Cost Reduction/ Profit Enhancement	Operating results v. business plan; Working capital improvement; Long-term raw material supply; Cost reduction plan; Management of SG&A expenses; and Management of costs of production.
Strategic Initiative	International growth strategy.
Business Process Improvement	Safety and environmental.

Mr. Schott
Senior Vice President and Chief Financial Officer

Performance Category	*Individual Performance Measures*
Cost Reduction/ Profit Enhancement	Margin improvement; and Management of SG&A expenses.
Strategic Initiative	Business rationalization.
Business Process Improvement	Tax reporting improvement; and Enterprise risk management improvement.

Mr. O'Brien
Executive Vice President and Chief Operating Officer

Performance Category	*Individual Performance Measures*
Cost Reduction/ Profit Enhancement	Operating results v. business plan; Working capital improvement; Long-term raw material supply; Regional improvement; Management of SG&A expenses; Management of capital expenditures; and Margin improvement.
Strategic Initiative	International growth strategy.
Business Process Improvement	Safety and environmental.

Mr. Rose
Senior Vice President, General Counsel & Secretary

Performance Category	*Individual Performance Measures*
Cost Reduction/ Profit Enhancement	Management of legal expenses; Management of litigation; Management of insurance expenses; and Implementation of human resources automation.
Business Process Improvement	Improvement of Affirmative Action and diversity in the workforce; Compensation and benefits benchmarking; Anticorruption practice improvement; Contract management; and Compliance training.

Mr. Singleton
Vice President Asia

Performance Category	*Individual Performance Measures*
Cost Reduction/ Profit Enhancement	Regional operating results v. business plan; Regional working capital improvement; Specific regional profit improvement; Regional sales growth; Regional capital expenditure management; and Regional operating expense management.
Strategic Initiative	Improve reactivation strategy; and Regional asset optimization.
Business Process Improvement	Safety and environmental.

Mr. Dearth's goals were set by the Compensation Committee on August 2, 2012 immediately after he took office. The individual goals are otherwise generally created by the appropriate executive in late December or early January of each year. Each of the executives other than the Chief Executive Officer discusses and refines the goals through meetings with the Chief Executive Officer. The Compensation Committee reviews all of our executives' goals. The Chief Executive Officer's goals are set after consultation with the Compensation Committee. The goals are designed to help achieve the Company's short-term performance objectives and longer-term strategic objectives and Company profit planning goals.

Each individual's actual performance relative to each of the individual goals is reviewed and discussed with the executive periodically during the year and evaluated on a subjective basis by the Chief Executive Officer (except that the Chief Executive Officer's actual performance relative to each of his individual

Table of Contents

performance goals is evaluated by the Compensation Committee) at the end of the year using the following:

Did Not Meet	Threshold Performance	Partially Meets	Meets	Partially Exceeds	Maximum Performance
0%	50%	75%	100%	137.5%	175%

After a determination of whether goals are met, a weighted average of the percentages applicable to each goal is determined for each executive. For 2012, the applicable aggregate weighted average percentages for the named executive officers were as follows: Mr. Dearth, 110%; Mr. Schott, 120%; Mr. O'Brien, 100%; Mr. Rose, 118%; and Mr. Singleton, 95%. This information is then used as appropriate to develop salary recommendations for 2013 and to determine awards for 2012 under the individual performance portion of our performance-based, short-term cash incentive plan (weighted to a factor of 25%). The development of salary recommendations using this information is completely subjective, and considers other factors, such as alignment with market pay level, experience, internal equity, contribution, etc.

Elements of Executive Compensation

Fixed-Cash Base Salary. Through the base salary element of its compensation program, the Company seeks to attract and retain executive talent by attempting to provide a salary level for each executive that approximates the midpoint (50^{th} percentile) of salaries of executives in comparable positions at other similarly sized companies. The consultant uses annual compensation surveys and peer group proxy disclosures to determine the "competitive zone" for the base salary for each position. The Company defines the competitive zone as plus or minus 10% of the midpoint (or 50^{th} percentile) of the market for each position. The Company also establishes a budget for salary increases, subject to approval by the Compensation Committee. The budget is based on current business conditions as well as survey data of comparable companies provided by the consultant.

The Chief Executive Officer conducts an annual review of each executive officer. The review consists of a comparison of the executive's performance versus the pre-determined goals as described above and an assessment of the executive's adherence to the Company's core values. The Chief Executive Officer rates the performance of each executive. The Chief Executive Officer makes recommendations to the Compensation Committee regarding each executive's salary by considering the rating, the budget for salary increases and an understanding of the market-based competitive zone. The Compensation Committee uses the same methodology for the Chief Executive Officer.

At its February 2012 meeting, the Compensation Committee approved salary increases, effective March 1, 2012, for Messrs. O'Brien and Singleton. These salary increases were as follows: Mr. O'Brien, 16.1%; and Mr. Singleton, 9.5%. Each of Messrs. O'Brien and Singleton assumed their current position effective on January 1, 2012 and these increases were designed to bring their salaries in line with benchmark data for their new positions. Also at its February 2012 meeting, the Compensation Committee conditionally approved salary increases, effective July 1, 2012, for Messrs. Schott and Rose in the amount of 12% and 3% respectively. The larger increase for Mr. Schott was in recognition of the contribution of his work in 2011 and to better align his salary with benchmarking data. The increase for Mr. Rose was in the same amount as the average merit increase for all U.S.-based employees of the Company. The increases for Mr. Schott and Mr. Rose and all other merit increases for the Company's employees were delayed until July due to the poor financial performance of the Company. The Compensation Committee met in a special meeting in June 2012 to monitor the financial performance of the Company and to decide if the salary increases for Messrs. Schott and Rose and for all other employees should go into effect on July 1. At that time the Compensation Committee noted that the financial performance of the Company was still disappointing but nonetheless agreed to implement the July increases. It so agreed due to a number of factors including the recently announced retirement of the Company's CEO, efforts made by management to undertake cost cutting and concerns with employee retention.

Table of Contents

The salary for Mr. Dearth was negotiated at the time of his hire and was benchmarked against the Company's peer group by Pay Governance.

Performance-Based Short-Term Cash Incentive Compensation. Through the short-term incentive program, the Company seeks to align the interests of the executives with the annual financial and non-financial goals of the Company. In 2012, short-term incentive opportunities for each executive, as a percent of their base salary, were as follows:

Executive	Target Award
Mr. Dearth	70%
Mr. Schott	45%
Mr. O'Brien	50%
Mr. Rose	40%
Mr. Singleton	25%

The Committee compares the target short-term cash incentive opportunities to the market for each executive each year as part of its annual executive compensation assessment.

For 2013 the short-term target awards, as a percentage of their base salary, will be as follows:

Executive	Target Award
Mr. Dearth	75%
Mr. Schott	45%
Mr. O'Brien	50%
Mr. Rose	45%
Mr. Singleton	25%

Actual awards paid for 2012 performance are included in the Summary Compensation Table on page 35 under the column "*Non-Equity Incentive Plan Compensation*," while the possible opportunities under this plan that could have been made for 2012 at threshold, target and maximum are included in the Grants of Plan-Based Awards Table on page 37 under the columns "*Estimated Future Payouts Under Non-Equity Incentive Plan Awards*."

Short-term incentive awards for 2012 performance were approved by the Compensation Committee at its February 2013 meeting after reviewing pre-determined goals and metrics. The performance goals and weights for 2012, including actual performance against each goal for the staff executives, Messrs. Dearth, Schott, O'Brien and Rose, were as follows:

			Pre-Established 2012 Short-Term Incentive Goals		
Performance Measure	Weight	2012 Actual Performance	Threshold	Target	Maximum
Corporate Operating Income	45%	$36.86mm	$60.83mm	$81.11mm	$101.84mm
Corporate ROIC**	30%	5.93%	9.02%	12.02%	15.03%
Individual Performance Objectives	25%		Varies by Executive as set forth above		

** Corporate Return on Invested Capital (ROIC) = $\frac{\text{Operating Profit after Tax}}{\text{Average Debt + Average Equity - Average Free Cash}}$

Table of Contents

The performance goals and weights for 2012, including actual performance against each goal, for Mr. Singleton, our only named regional business unit executive, were as follows:

Performance Measure	Weight	2012 Actual Performance	Pre-Established 2012 Short-Term Incentive Goals		
			Threshold	Target	Maximum
Corporate Operating Income	25%	$36.86mm	$60.83mm	$81.11mm	$101.84mm
Corporate ROIC	20%	5.93%	9.02%	12.02%	15.03%
Business Unit Regional Operating Income	15%	$3.76mm	$11.75mm	$15.66mm	$19.58mm
Business Unit Regional ROIC	15%	-0.39%	9.98%	13.31%	16.64%
Individual and Regional Performance Objectives	25%			As set forth above	

Corporate operating income was chosen as an indicator of profit produced directly as a result of our executives' performance and as an indication of cash flow produced as a result of the operations of our business. We have chosen corporate return on invested capital to stress the importance of the efficient management of capital in our business. Operating income was given more weight than return on invested capital since the Committee believes that operating income most directly relates to the executives' performance. An executive may earn a short-term incentive award due to success in achieving individual goals, even if the Company's performance falls below threshold on the corporate operating income and return on invested capital measures.

At its February 2013 meeting the Compensation Committee decided to change the metrics and weightings for 2013 performance. The performance measures and weighting will be as follows:

Performance Measure	Staff Executives (Dearth, Schott, O'Brien and Rose)	Regional Business Unit Executive (Singleton)
Corporate Operating Income	45%	40%
Corporate EBITDA %**	30%	20%
Regional EBITDA %**		15%
Personal Goals	25%	25%

** Earnings before interest, taxes, depreciation and amortization (EBITDA)% $= \frac{\text{EBITDA}}{\text{Net Sales}}$

The Compensation Committee decided to move away from ROIC and to EBITDA % to stress to our executives the importance of increasing profitability as a percentage of sales. The Committee noted that capital spending is expected to be less in 2013 and that long-term incentives still include a component measured against return on capital. The Compensation Committee also wanted to increase the weighting of the corporate metrics for the regional business unit executives to encourage decisions that would benefit the profitability of the Company as a whole.

A discussion of the named executive officers' individual performance objectives or individual regional performance objectives for 2012 is set forth above under "*Individual Performance Goals*." The Compensation Committee may use its discretion to determine the amount of any short-term incentive award and has done so in recent years. Specifically, the Compensation Committee may award short-term incentive compensation in amounts that deviate from the amounts determined after application of the weighted averaged formula. The plan is not administered to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") at the current time, although the Compensation Committee is aware of this rule and its potential benefits.

Actual bonus awards paid for 2012 performance are included in the Summary Compensation Table on page 35 under the column "*Non-Equity Incentive Plan Compensation*." In making the awards for 2012, the

Compensation Committee applied the weighted average formula. As a result of the Company's relatively poor financial performance, none of the threshold operating income or ROIC goals were achieved and thus bonus awards were only based upon individual performance objectives.

Long-Term Incentive Compensation. The Company's long-term incentive compensation program seeks to align the executives' interests with those of the Company's stockholders by rewarding successes in stockholder returns in absolute terms and relative to peers. Additionally, the Compensation Committee desires to foster an ownership mentality among executives by providing stock-based incentives as a significant portion of compensation. In determining which type of stock vehicles to include in the program, the Compensation Committee chose to focus on the following:

- Total stockholder return (stock price appreciation plus dividends) relative to peers;
- Return on capital;
- Stock price appreciation; and
- Continued loyalty to and employment with the Company.

In 2012, the Company's long-term incentive program consisted of the following three equity components: restricted performance stock units, stock options and time-vesting restricted stock. The Compensation Committee believes that these components align with the goals of the long-term compensation program identified above.

Under the terms of the Company's 2008 Equity Incentive Plan, the Compensation Committee determines which employees are eligible to receive equity awards, the value and number of shares granted, the rate and period of vesting, performance goals and other relevant terms.

The Compensation Committee considers market trends when making long-term incentive grant recommendations for each executive. In order to understand the full impact of making grant decisions, the Compensation Committee also considers a number of other factors prior to making its decisions related to equity awards for the upcoming year. These factors include:

- the number of outstanding options or other equity awards;
- the number of shares available for future grant in the Company's stock option plan;
- the size of the annual grant in aggregate expressed as a percent of total shares outstanding;
- the market price of the Company's common stock and the performance of the Company and its prospects;
- the market 50^{th} percentile long-term incentive value for each executive position;
- potential dilution which could result from the exercise of options; and
- the benefits of linking the employees' incentive to the market price of the stock.

When determining the grant of options, restricted stock or other equity awards to a particular individual (executive or non-executive), the Compensation Committee considers the individual's level of responsibility, the relationship between successful individual effort and Company results, incentive compensation plans of other companies and other relevant factors.

Based on a review of the above information, the Compensation Committee may use its discretion to modify the long-term incentive grant opportunity for each executive. In February 2012, the Compensation Committee approved long-term incentive award values that consider the factors stated above for each executive, which is then allocated to the three long-term incentive vehicles as follows:

Stock options	25%
Time-vesting restricted stock	25%
Restricted performance stock units	50%

25

To determine the number of restricted performance stock units, stock options and/or time-vesting restricted stock to be issued, the dollar amount allocated to each long-term incentive vehicle is divided by the vehicle's current Financial Accounting Standards Board, Accounting Standards Codification ("ASC") Topic 718, "Compensation Stock Compensation" ("ASC Topic 718") per share fair value.

The Compensation Committee believes that the use of all three equity vehicles allows it to successfully meet its long-term objectives. In February 2011, the Compensation Committee changed its prior method of granting equity awards to our named executive officers that reflected the market median data available at the time of grant and instead determined to grant equity awards as a percentage of the prior year's salary. The Compensation Committee believed that this change will result in less volatility from year to year and allow the Compensation Committee to look at total compensation when comparing market comparisons rather than at just a single component of compensation.

In February 2012, The Compensation Committee set the following award values as a percentage of salary for our current named executive officers other than Mr. Dearth: Mr. Schott 80%; Mr. O'Brien 110%; Mr. Rose 65%; and Mr. Singleton 22%. The awards were then divided into stock options, time-vesting restricted stock and restricted performance stock units in the percentages described above.

When Mr. Dearth was hired as CEO and President effective August 1, 2012 he was granted options to acquire 50,000 shares of the Company's common stock and 15,000 shares of time-vesting restricted stock. These grants were a result of negotiations between the Compensation Committee and Mr. Dearth. The Compensation Committee received advice from Pay Governance with respect to these grants and believes that they were consistent with the market compensation.

The information under the headings "*Stock Awards*" and "*Option Awards*" in the Summary Compensation Table on page 35 is with respect to those awards granted at the February 2012 meeting for our existing named executive officers, other than Mr. Dearth, and the awards granted to Mr. Dearth upon the commencement of his employment.

Stock Options. The Compensation Committee selected stock options as a means of aligning executives' compensation with the creation of value to stockholders. Stock options provide realizable value to executives only if the Company's stock price increases after the options are granted. Each option has vesting provisions that require continued employment of the executive thereby promoting the retention of executives. Stock options vest in equal one-half increments over the two-year period following grant. In 2011, the Compensation Committee reduced the term of its stock option awards from ten years to seven years to add incentive to create stockholder value in a short period of time. The options are exercisable after they have vested until they expire, which is on the seventh anniversary following the grant date. The combination of the seven-year term and the two-year vesting provision supports the long-term intentions of the Compensation Committee.

The fair value of each option is calculated by the Company as of the grant date and expensed over the vesting period in accordance with generally accepted accounting principles (ASC Topic 718). When the executive exercises the non-qualified stock options, the Company receives a tax deduction that corresponds to the amount of taxable income recognized by the executive.

The Compensation Committee made no change to the form of stock option awards for 2013.

Time-Vesting Restricted Stock. The Compensation Committee has selected restricted stock that vests based on the passage of time and continued employment as an element of the long-term incentive program. While this long-term incentive vehicle is not considered performance based, the Compensation Committee has selected restricted stock to build share ownership and promote retention of the executives by rewarding loyalty to, and continued employment with, the Company. Grants of restricted shares generally vest in equal increments over three years, except that the grant of restricted shares made to Mr. Dearth upon his employment vest in one single installment on the third anniversary of the date he became employed. The fair value of restricted shares is calculated on the date of grant and expensed over the vesting period of three years. When shares vest, the Company receives a tax deduction that corresponds to the amount of taxable income recognized by the executive. Beginning with the grants made in 2011, the Compensation Committee added the additional requirement that in most cases the grantee must agree to hold and not sell net shares of restricted stock received (net of shares sold to pay taxes upon vesting) for three additional years after vesting. The Compensation Committee believes that this change further aligns the long-term interests of our stockholders and our employees. This change was made to align with emerging market practices, enhance the share ownership of each executive and to better align the compensation and stock holdings of each executive with the Company's stockholders.

The Compensation Committee made no change to the form of time-vesting restricted stock awards for 2013.

Restricted Performance Stock Units. The Compensation Committee has selected performance stock units as a means of encouraging and rewarding executives for delivering solid returns to our stockholders, above and beyond the return delivered by most of our peers. A target number of shares is identified at the beginning of a three-year performance period but not actually delivered to the executive until the shares are earned at the end of the performance period. The number of shares earned may vary from zero to 200% of target. The payout for 50% of the units will be determined based upon the Company's three-year average return on capital (net income ÷ average debt + average equity) as compared to a target. The Compensation Committee picked a target of 13.3% for the units granted in February 2012, which is a benchmark the Compensation Committee believes should be attainable over the next three years and should encourage management to increase the Company's return on capital. The payout with respect to the remaining 50% of the units will be determined based upon the ranking of the Company's three-year total stockholder return relative to a peer group (listed on page 19).

The payout schedules used in the 2012 grants, with interpolation used between levels, were as follows:

50% of units for which payout will be based upon average three-year total return on capital:

Total Return on Capital	**Award to Executive as a Percent of Target Opportunity**
Below 12.3%	No award
12.3%	50% (minimum award)
13.3%	100% (target award)
14.3%	200% (maximum award)

50% of units for which payout will be based upon three-year total stockholder return:

Total Stockholder Return Performance Relative to Peer Group	**Award to Executive as a Percent of Target Opportunity**
Below 30^{th} %ile	No award
30^{th} %ile	50% (minimum award)
55^{th} %ile	100% (target award)
90^{th} %ile or greater	200% (maximum award)

The Compensation Committee reserves the right to make adjustments for unusual items in its discretion.

Table of Contents

Prior to 2011, restricted performance stock units were based solely on total stockholder return. The Compensation Committee decided to divide the payout between stockholder return and return on invested capital beginning with the 2011 grants. While stockholder return is the most direct measure of the Company's performance relative to its stockholders, share price can experience volatility due to events outside of management's control. In changing the metrics for performance shares, the Compensation Committee sought to include a measure of executive performance more directly linked with the Company's business strategy over a three-year period, namely average three-year return on capital. Also in 2011, the performance standards for the relative total stockholder return portion of the award were increased to align with emerging practices. The threshold performance standard was increased from the 25th percentile to the 30th percentile, the target performance standard was increased from the 50th percentile to the 55th percentile and the maximum performance standard was increased from the 75th percentile to the 90th percentile. Additionally, the Compensation Committee approved a cap on the relative total stockholder return portion of the award at threshold level in the event that the Company's total stockholder return over the three-year period is negative and relative performance exceeds the threshold performance standard. The Compensation Committee believed it was appropriate to make the increases so to further incentivize our executives to bring a stockholder return greater than the average of the peer group.

The Compensation Committee made no change to the restricted performance stock units for 2013 except that the performance stock units based upon average three-year return on capital have a target award at 11.6% return on capital. This reflects the Company's current expectations.

Stock Option and Other Equity Granting Procedures

The procedure for making equity grants to executive officers is as follows:

The Compensation Committee meets to discuss compensation, including approving equity awards, at its meeting that coincides with the Board of Directors meeting to review year-end financial results. Grants of equity awards are made based upon a value and not based upon a number of shares with the grant date to be the fourth business day after the Company releases its earnings for the previous year. With respect to 2013 equity awards, the Compensation Committee met on February 13, 2013 and determined the value of long-term incentive awards for the named executive officers. The grant date for those awards was deemed to be February 27, 2013, the fourth business day after the Company announced 2012 financial results.

Grants to executive officers, as approved by the Compensation Committee, are communicated to the grantees by the Chief Executive Officer. The Chairman of the Compensation Committee informs the Chief Executive Officer of his annual award. The strike price for stock options is an average of the high and low of the Company's common stock price on the day of the grants, as permitted by ASC Topic 718.

Stock Ownership Policy

In order to foster an equity ownership culture and further align the interests of management with the Company's stockholders, the Compensation Committee has adopted stock ownership guidelines for executives. From the time they are appointed an executive of the Company or promoted to an executive position or, if the Compensation Committee changes the guidelines at any time to increase stock ownership requirements, from the time of such change, executives have a five-year period during which he or she is expected to accumulate the specified shares. For 2012, the guidelines were as follows:

Chief Executive Officer stock valued at five times annual base salary

Executive and Senior Vice Presidents stock valued at three times annual base salary

Vice Presidents stock valued at two times annual base salary

The following forms of ownership apply toward the stock ownership level: shares purchased, vested and unvested restricted stock, shares retained following the exercise of stock options, shares earned following the achievement of performance goals, and shares accumulated through retirement plans. Unexercised stock options and unearned restricted performance stock units do not apply toward executive ownership levels. While no formal penalty exists for failure to achieve the ownership level within the five-year period, the Compensation Committee may use its discretion to reduce or eliminate an executive's annual long-term incentive award in future periods or impose any other remedy it believes is appropriate. Additionally, in 2011 the Compensation Committee approved an additional holding period equal to three years for all time-vesting restricted stock awards. This means that when an executive's restricted stock award vests and the appropriate number of shares is sold to meet federal income tax withholding requirements, the executive must retain the shares for an additional three-year period.

The Company has also adopted a director stock ownership policy. Pursuant to the policy, all outside directors have a guideline to acquire and hold Company stock valued at $150,000 or more. In December 2012, the Board of Directors voted to increase the guideline to stock valued at $180,000 or more. Directors have a five-year period to acquire the stock. No formal penalty for failure to achieve the ownership level within the five-year period was adopted; however, the Governance Committee may consider compliance with the policy when making recommendations with respect to nomination for re-election to the Board.

Under the terms of our insider trading policy, no officer or director may purchase or sell any put or call or engage in any other hedging transaction with respect to our common stock.

Retirement Plan Summary

The Company maintains a defined benefit retirement plan for its U.S. salaried employees, which is otherwise known as the pension plan, and a defined contribution thrift/savings plan, which is otherwise known as the 401(k) plan. The purpose of both of these plans is to provide post-retirement income and stability to executives and employees. It is the goal of the Compensation Committee and the Board that these plans be competitive with plans which would be available to executives of similar-sized companies. The Company does not provide a plan for highly compensated employees to restore benefits lost due to Internal Revenue Service (IRS) limits. A more complete description of these plans can be found under the pension plan disclosure which begins on page 41.

At the end of 2005, the Company offered its U.S. salaried employees the option to discontinue receiving new benefits under the pension plan and instead participate in an enhanced 401(k) plan which would provide for better matching contributions by the Company.

In 2006, the Company eliminated all accruals of future benefits under its defined benefit plan, effective January 1, 2007, and instead provides all U.S. salaried employees with enhanced matching contributions under the 401(k) plan.

Perquisites

The Company does not believe that perquisites are essential to attract and retain executives and, therefore, does not provide perquisites to executives who reside in the United States. No Company named executive officer, other than Mr. Singleton, the Vice President Asia, received perquisites in reportable amounts. Mr. Singleton receives a housing allowance, a car and certain transportation allowances. He is an expatriate living in Singapore and the Compensation Committee believes that these allowances are appropriate and customary.

Table of Contents

Severance Policy

The Company has employment agreements with its U.S. based executive officers that provide for, among other provisions, cash payments and benefits in the event of termination by the Company other than "for cause". The Compensation Committee believes that these agreements are necessary to attract and retain executives. Employment agreements (the "Agreements") for our U.S.-based named executive officers, other than Mr. Dearth and Mr. Schott, were put in place effective February 5, 2010. Mr. Schott entered into an agreement of the same form as the other named executive officers on February 14, 2011. In May 2012, the term of all the Agreements was extended to December 31, 2015. Mr. Dearth entered into an Agreement of the same form effective upon the commencement of his employment on August 1, 2012. His Agreement also has a term ending on December 31, 2015. These Agreements for our U.S.-based employees provide for severance as follows:

If an executive's employment is terminated without Cause (as defined in the Agreements) or if an executive resigns with Good Reason (as defined in the Agreements), the Company is required to provide the executive any amounts of compensation earned through the termination date and eighteen (18) months of severance (twenty-four (24) months in the case of Mr. Dearth) of the executive's then current base salary and a lump sum payment (paid six (6) months after termination) of one and a half (1.5) times (two (2) times in the case of Mr. Dearth) the current "target" amount of any cash bonus or short-term cash incentive plan in effect for the executive for the calendar year in which the termination of employment occurs (the current "target" amount of any cash bonus or short-term cash incentive plan in effect for the executive for the calendar year in which the termination of employment occurs being the "Bonus Amount"). Any of the executive's applicable health and welfare benefits, including health, dental and life insurance benefits (but not including additional stock or option grants) that the executive was receiving prior to termination would continue and be maintained by the Company at the Company's expense on a monthly basis for a period equal to the Severance Period (as defined in the Agreements) or until such time as the executive is employed by another employer and is provided health and welfare benefits at least equal in the aggregate to the health and welfare benefits provided at the time of termination by the Company.

In the event of a Covered Change of Control Termination (as defined in the Agreements), then instead of any other severance benefits payable to the executive, the executive would receive: (i) a lump sum equal to the sum of: (A) two (2) years (three (3) years in the case of Mr. Dearth) of the executive's then current base salary, (B) two (2) times (three (3) times in the case of Mr. Dearth) the Bonus Amount, and (C) the aggregate amount of contributions that would be credited to the executive under the Company's 401(k) plan for the two (2) years (three (3) years in the case of Mr. Dearth) following the effective date of termination in connection with (a) the Company's fixed contribution to the plan (currently 3%), and (b) the Company's matching contributions of employee contributions to the plan at the then-current rate of matching contributions, assuming that the executive were to continue to participate in the plan and to make the maximum permissible contribution thereunder for the two (2) year (three (3) years in the case of Mr. Dearth) period; (ii) his or her normal health and welfare benefits (but not including additional stock or option grants) on a monthly basis during the two (2) year (three (3) years in the case of Mr. Dearth) period following the occurrence of a Change of Control (as defined in the Agreements), including health, dental and life insurance benefits the executive was receiving prior to the Change of Control (subject to any limits imposed under Section 409A of the Code); and (iii) all stock options and stock appreciation rights previously granted to the executive by the Company, and shall be fully vested in all restricted stock, stock units and similar stock-based or incentive awards (assuming "maximum" satisfaction of any applicable performance conditions) previously granted to the executive by the Company, regardless of any deferred vesting or deferred exercise provisions of such arrangements; provided, however, that the payment of restricted units shall not be accelerated except as provided in the award agreement under which they were granted. The Change of Control severance payments are payable on the first day following the six (6) month anniversary of the date of the Covered Change of Control Termination (as defined in the Agreements).

Severance Payments (as defined in the Agreements) under the Agreements will not be "grossed up" for the effect of any excise taxes that might be due under Section 280G, 4999 or 409A of the Code.

Each of the Agreements requires the executives to comply with confidentiality, non-compete and non-solicitation covenants.

Mr. Singleton also has an employment agreement, which is different from the Agreements for the U.S.-based employees. His agreement was entered into on September 21, 2011 and is effective until September 30, 2014, but his employment may be terminated by either party prior to that date. There is no provision for severance payments to Mr. Singleton; however, if Mr. Singleton's employment is terminated by the Company without cause, the Company must provide Mr. Singleton with 12 weeks' notice under applicable law and, pursuant to his agreement, the Company must pay certain expenses in connection with Mr. Singleton's relocation to the United Kingdom.

Details of the agreements and a quantification of severance amounts payable under certain termination scenarios are included in the narrative which begins on page 44.

Adjustments or Recovery of Prior Compensation

The Company has a recoupment policy. Pursuant to the policy, if the Board determines that an executive officer or other designated officer has been incompetent or negligent in the performance of his or her duties or has engaged in fraud or willful misconduct, in each case in a manner that has caused or otherwise contributed to the need for a material restatement of the Company's financial results, the Board will review all performance-based compensation awarded to, or to be earned by, the executive during the period affected by the restatement. If, in the Board's view, the performance-based compensation would have been lower if it had been based on the restated results, the Board and the Company will, to the extent permitted by applicable law, seek recoupment from the executive of any portion of such performance-based compensation as it deems appropriate.

Impact of Tax and Accounting Policy on Executive Compensation

If an executive officer's compensation from the Company were to exceed $1.0 million in any taxable year, the excess over $1.0 million, with certain exceptions, would not be deductible by the Company, under Section 162(m) of the Code. The Compensation Committee is aware of this rule, and will take it into account through its annual review of the executive compensation program. One exception to the disallowance of such deductions under Section 162(m) involves compensation paid pursuant to stockholder-approved compensation plans that are performance-based. The Company's 2008 Equity Incentive Plan contains provisions which are intended to cause grants of stock options and other performance-based awards under such plan to be eligible for this performance-based exception (so that compensation upon exercise of such stock options or the vesting of such performance-based awards should be deductible under the Code). Payments of cash compensation related to our base salary and short-term cash incentive programs and the value of shares that vest from grants of time-vesting restricted stock are not eligible for this performance-based exception.

The Compensation Committee is aware of the impact on the Company's financial statements of providing stock-based compensation, which the Company accounts for under ASC Topic 718. The Compensation Committee is also aware of restrictions that govern the use of nonqualified deferred compensation, Section 409A of the Code, and has modified the Company's compensation arrangements to comply with this new regulation.

Pay-for-Performance

Although not yet required, the Compensation Committee asked Pay Governance to perform a historical pay-for-performance assessment of our CEO as compared to our peer group. Pay Governance presented its assessment to the Compensation Committee during the Committee's October 2012 meeting and it was updated at the Committee's February 2013 meeting.

Pay Governance reviewed both the 2011 bonuses and three-year realizable compensation of our CEO and the CEOs of our peer group. They also measured the performance of the Company and the peer group. Because of the historic nature of the analysis, Mr. Dearth's pay was not included, but rather the pay of our former CEO. To measure performance, the consultant developed a performance composite using: operating income changes, return on invested capital and total stockholder return. These metrics were used since they include the metrics used by the Company to determine incentive compensation and would be viewed as reasonable indicators of performance by an external party. The Compensation Committee reviewed the assessment and concluded that our CEO's pay is appropriately aligned with the Company's performance when compared to its peers.

Compensation of Former Executives

Mr. Majoor

On December 29, 2011, the Company and Mr. Majoor executed and delivered a certain Termination Agreement. Pursuant to the terms of the Termination Agreement, Mr. Majoor's employment with the Company was terminated as of January 6, 2012. Pursuant to the Termination Agreement, Mr. Majoor agreed that he earned no salary or other compensation in 2012; however, pursuant to the Termination Agreement, the Company paid Mr. Majoor 733,043.84€ on January 19, 2012 related to his past service and as required by his employment agreement. The Termination Agreement also required the Company to pay in January 2012 a lump sum amount to the Company's Belgian defined benefit plan as required by the terms of that plan, as well as an amount to Mr. Majoor for gross departure vacation allowance as required by Belgian law and to pay employer social security taxes required by law. These amounts (converted to U.S. Dollars) paid to Mr. Majoor in January 2012 are included in the Summary Compensation Table on page 35 under the column "*All Other Compensation*."

Mr. Stanik

On July 31, 2012, in connection with his retirement, Mr. Stanik and the Company entered into each of a certain Confidential Separation Agreement and Release (the "Separation Agreement") and a certain Agreement for Consulting Services (the "Consulting Agreement").

Pursuant to the terms of the Separation Agreement, Mr. Stanik agreed to forfeit 50,976 unvested stock options held by him that would have otherwise vested upon his retirement and 55,808 restricted performance units to which he would have had continuing rights beyond his retirement. Mr. Stanik also agreed to certain non-disparagement and confidentiality provisions; agreed to enter into the Consulting Agreement; and agreed to otherwise cooperate with the Company. Finally, Mr. Stanik agreed to release the Company and its subsidiaries and affiliates and their officers, directors, employees, shareholders, agents, successors and/or assigns from all claims, issues or causes of action, known or unknown. In return, in addition to the compensation and benefits that Mr. Stanik would have normally received upon his retirement, such as payment of his accrued salary and vacation pay, the Company agreed to immediately vest 24,689 shares of restricted stock held by Mr. Stanik. The Company also agreed to pay the applicable premium in excess of the employee paid portion for continued health coverage for Mr. Stanik and his family for at least 18 months and after the expiration of the continued health coverage until the end of an aggregate period of 54 months (including the period for which continued health coverage is provided) to reimburse Mr. Stanik for specified medical expenses in an aggregate amount not to exceed $100,000 per year. The Company's obligation to provide continued health coverage and to reimburse for medical expenses will terminate if Mr. Stanik becomes eligible to obtain medical coverage from another employer. The Company also paid Mr. Stanik a lump sum of $1,870,000 on February 1, 2013 and reimbursed him in the amount of $19,219 in the aggregate for certain tax and legal advice which was paid on September 27, 2012. The amounts paid for accrued vacation and tax and legal fees are included in the Summary Compensation Table on page 35 under the column "*All Other Compensation*."

Pursuant to the Consulting Agreement, Mr. Stanik agreed to provide consulting and operational services relating to transition matters, including assistance to his successor at the Company, for a period of two years. Mr. Stanik also agreed to extend the period during which he has agreed not to compete with the Company for the two years during which he will consult for the Company and for two additional years thereafter. In return, the Company is paying Mr. Stanik a retainer of $12,500 per month for 24 months. These payments began in August 2012 and, for 2012, are included in the Summary Compensation Table on page 35 under the column "*All Other Compensation*."

Prior to his retirement, Mr. Stanik received his base salary from January through July, which is included in the Summary Compensation Table on page 35 under the column "*Salary*." He received no incentive based cash compensation in 2012.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management. Based on the Compensation Committee's review of, and the discussions with management with respect to, the Compensation Discussion and Analysis, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

TIMOTHY G. RUPERT, CHAIRMAN
ROBERT W. CRUICKSHANK
JULIE S. ROBERTS

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act") that incorporate other Company filings, including this Proxy Statement, the foregoing Report of the Compensation Committee does not constitute soliciting material and shall not be incorporated by reference into any such filings.

Risk Management and Compensation

The Compensation Committee has reviewed the Company's management of risk as it relates to the Company's executive compensation philosophy. The Compensation Committee determined that the Company's compensation program is not reasonably likely to result in a material adverse effect on the Company. The Compensation Committee made this determination following a detailed study performed by Towers Perrin, its compensation consultant at the time. The study, which was presented to the Compensation Committee, included a process for assessing the Company's compensation programs through a risk screen and provided the consultant's assessment of the risks associated with the Company's current compensation programs. The Compensation Committee's current compensation consultant, Pay Governance, reviewed the study with the Compensation Committee in December 2012, along with changes that have occurred since the study was performed. The Compensation Committee believes, for the reasons noted below, that (1) the Company's compensation program does not encourage excessive risk-taking and (2) the Company takes reasonable steps to mitigate any risks related to compensation.

Compensation Committee Oversight: The Compensation Committee has oversight over the short-term cash incentive plans and the 2008 Equity Incentive Plan. The Committee also has discretion to modify any awards for plans over which it has authority and the ability to recoup certain payments.

Compensation Mix: The compensation program is an appropriate mix of cash (salary and short-term incentive awards) and equity compensation. Short-term incentive awards represent less than 25% of the compensation mix for all executives, align with the market and the Company's peers and are linked to corporate and/or business unit performance. Equity incentives are positioned at the market median and are granted annually to all executives. Long-term incentive awards are linked to stockholder returns.

Specific Plan Formulations: The Company's incentive plans are linked to specific award formulas (with discretion granted to the Compensation Committee to modify calculated awards as it deems appropriate), have payout ceilings in place and align with market practice.

Performance Metrics: The Company's short-term incentive plans focus on return on invested capital and operating income at both the corporate and regional business unit level and the long-term incentive plan focuses on stock price appreciation and performance relative to peers over the long-term. The Company's Chief Executive Officer thoroughly discusses corporate, business unit and individual performance with the Compensation Committee. Targeted pay levels are based upon peer, as well as industry, data.

Plan Governance: In addition to the Compensation Committee, the senior leadership team, the finance department, the legal department, the human resources department and the business unit managers are involved in the establishment and oversight of the compensation plans.

Ownership Requirements: The Company's stock ownership guidelines require executives to hold meaningful stock ownership, and the Corporate Governance Guidelines encourages non-employee directors to acquire and hold Company Common Stock with a threshold ownership of stock valued at $180,000, linking executives and non-employee directors' interests to the interests of stockholders.

Table of Contents

Summary Compensation Table

The following table shows the compensation paid by the Company and its subsidiaries for the last three completed fiscal years to the Chief Executive Officer, the former Chief Executive Officer, the Chief Financial Officer, the former Executive Vice President Europe and Asia, and the next three most highly compensated executive officers as of December 31, 2012.

Summary Compensation Table 2010, 2011 and 2012

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change In Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Randall S. Dearth, President and Chief Executive Officer(6)	2012	222,708		265,655	235,000	40,000	N/A	6,250	769,613
John S. Stanik,									
	2012	320,833		424,877	212,440		72,501	167,782	1,198,433
Former President and	2011	545,113		291,748	128,080	247,000	64,562	17,435	1,293,938
Chief Executive Officer(7)	2010	527,909		354,360	118,123	372,000	44,007	16,060	1,432,459
Stevan R. Schott,									
	2012	265,000		100,005	49,999	37,500	N/A	10,000	462,504
Senior Vice President and	2011	242,500		77,001	33,805	81,000	N/A	13,286	447,592
Chief Financial Officer	2010	188,370		40,968		67,000	N/A	11,223	307,561
Robert P. O'Brien,									
	2012	356,667		197,999	98,998	45,000	118,327	10,000	826,991
Executive Vice	2011	298,541		99,060	43,487	116,000	114,820	13,475	685,383
President and Chief Operating Officer	2010	262,883		126,749	42,250	120,000	82,789	12,250	646,921
C.H.S. (Kees) Majoor,									
	2012						379,942	1,181,021	1,560,963
Former Executive Vice	2011	416,375		36,158	15,874		130,300	602,802	1,201,509
President Europe and Asia(8)	2010	376,669		41,421	13,810	116,854	94,586	34,692	678,032
Richard D. Rose,									
	2012	269,350		86,200	43,096	32,000	N/A	10,000	440,646
Senior Vice President,	2011	260,700		67,985	29,844	89,000	N/A	13,475	461,004
General Counsel and Secretary	2010	246,000		95,629	31,874	100,000	N/A	10,520	484,023
Allan Singleton,									
	2012	236,103		20,004	9,998	11,029	179,070	144,713	600,917
Vice President Asia(9)	2011	201,375			27,600	20,868	96,301	68,267	414,411
	2010	129,854				39,780	101,709	14,027	285,370

(1) The amounts included in this column reflect the aggregate grant date fair value of the time-vested restricted stock awards and performance-based restricted stock unit awards granted to each of the named executive officers in the fiscal years noted, calculated in accordance with ASC Topic 718. Please refer to Note 10, Note 10 and Note 12 to the Company's Consolidated Financial Statements in the Company's Form 10-K for 2010, 2011 and 2012, respectively, for the related assumptions pertaining to the Company's calculations. The values included in this column for the performance-based restricted stock unit award for 2010 and the TSR performance stock awards for 2011 and 2012 reflect the payout of such awards at target. For the Return on Capital (ROC) awards, the fair value is expensed on a straight-line basis over the performance period when it is probable that the performance condition will be achieved. No expense was recognized in 2011 or 2012 for the ROC awards as it was not considered probable that the performance condition would be achieved. Assuming the achievement of the highest level of performance conditions for these awards, the value of the awards at the grant date would be as follows: Dearth: $0 for 2012; Stanik: $849,764 for 2012,

$583,506 for 2011, and $377,983 for 2010; Schott: $200,019 for 2012, $153,993 for 2011, and $0 for 2010; O'Brien: $395,980 for 2012, $198,119 for 2011, and $135,190 for 2010; Majoor: $0 for 2012, $72,296 for 2011, and $44,181 for 2010; Rose: $172,394 for 2012, $135,977 for 2011, and $102,004 for 2010; and Singleton: $40,009 for 2012, $0 for 2011, and $0 for 2010.

(2)

The amounts included in this column reflect the aggregate grant date fair value of option awards granted to each of the named executive officers in the fiscal years noted, calculated in accordance with ASC Topic 718. Please refer to Note 10, Note 10 and Note 12 to the Company's Consolidated Financial Statements in the Company's Form 10-K for 2010, 2011 and 2012, respectively, for the related assumptions pertaining to the Company's calculations.

(3)

The amounts included in this column relate to short-term cash incentive awards earned by the named executive officers in the fiscal years noted and paid under the Company's short-term incentive plan.

(4)

Mr. Stanik received annuity payments from the Calgon Carbon Corporation Retirement Plan for Salaried Employees. This amount is specifically reflected in the "*Payments During Last Fiscal Year*" column of the Pension Benefits table on page 43 of this Proxy Statement.

(5)

The amounts included in this column include: (i) for Mr. Dearth, 401(k) Company contributions of $6,250 in 2012; (ii) for Mr. Stanik, 401(k) Company contributions of $10,000 in 2012, $2,025 for club dues, $19,219 reimbursement for tax and legal advice relating to the Separation Agreement described in Compensation Discussion and Analysis under the heading "*Compensation of Former Executives Mr. Stanik*" on page 32 of this Proxy Statement, $12,500 per month consulting fee commencing on August 1, 2012 in accordance with the Consulting Agreement described in Compensation Discussion and Analysis under the heading "*Compensation of Former Executives Mr. Stanik*" on page 32 of this Proxy Statement, and $74,038 representing accrued but unpaid vacation less deductions and taxes for 2012 and 2013 paid to Mr. Stanik in accordance with the Separation Agreement; (iii) for Mr. Schott, 401(k) Company contributions of $10,000 in 2012; (iv) for Mr. O'Brien, 401(k) Company contributions of $10,000 in 2012; (v) for Mr. Majoor, $1,181,021 in connection with his separation from the Company in 2012; (vi) for Mr. Rose, 401(k) Company contributions of $10,000 in 2012; and (vii) for Mr. Singleton, $44,329 for automobile expenses and car allowance, $82,102 in living expenses, utilities and personal travel, and $18,282 for life insurance and health care premiums in 2012.

(6)

The amount in the "*Salary*" column for Mr. Dearth in 2012 consists of his salary as President and Chief Executive Officer from August 1, 2012 through December 31, 2012 and $14,375 paid to him as Director's compensation, which was earned prior to his appointment as Chief Executive Officer. This amount is exclusive of $37,500 and $5,625 (which represented an unearned amount of the annual and Audit Committee Member retainers, respectively), which Mr. Dearth returned to the Company in July 2012, as a result of him becoming an employee Director. The amount in the "*Stock Awards*" column for Mr. Dearth for 2012 consists of (i) 4,283 shares of restricted stock awarded to him as a Director prior to him becoming President and Chief Executive Officer, and (ii) 15,000 shares of restricted stock granted to Mr. Dearth upon becoming President and Chief Executive Officer of the Company. Mr. Dearth holds an aggregate of 764 phantom stock units, which were granted to him while he was a non-employee Director.

(7)

Mr. Stanik retired on July 31, 2012. The amount in the "*Salary*" column for Mr. Stanik for 2012 includes annual compensation prorated through July 31, 2012. Pursuant to the Separation Agreement, (i) all performance-based restricted stock was forfeited and he was fully vested in 24,689 shares, in the aggregate, of restricted stock previously granted to him, of which 10,024 shares were sold to pay withholding taxes and (ii) all unvested stock options granted in 2011 and 2012 were forfeited.

(8)

Mr. Majoor left the Company on January 6, 2012. Mr. Majoor's compensation is converted from Euros to U.S. Dollars at the average annual exchange rate for 2010, 2011 and 2012, except with respect to the column entitled "*Change in Pension Value and Nonqualified Deferred Compensation Earnings*" which is calculated based on an exchange rate at December 31st of the applicable year.

(9)

Except with respect to the column entitled "*Change in Pension Value and Nonqualified Deferred Compensation Earnings*," Mr. Singleton's compensation is converted from British pounds to U.S. Dollars at the average annual exchange rates for 2010. Except with respect to the column entitled "Change in Pension Value and Nonqualified Deferred Compensation Earnings," Mr. Singleton's compensation is converted from British pounds to U.S. Dollars for the months of January through September 2011 at the average annual exchange rate for 2011. Except with respect to the column entitled "*Change in Pension Value and Nonqualified Deferred Compensation Earning*s," Mr. Singleton's compensation from October through December 2011 is converted from Singapore Dollars to U.S. Dollars at the average annual exchange rate for 2011 to account for his relocation to Singapore. Except with respect to the column entitled "*Change in Pension Value and Nonqualified Deferred Compensation Earnings*," Mr. Singleton's compensation for 2012 is converted from Singapore Dollars to U.S. Dollars at the average annual exchange rate for 2012. The column entitled "*Change in Pension Value and Nonqualified Deferred Compensation Earnings*" is converted from British pounds to U.S. Dollars based on an exchange rate at December 31st of the applicable year.

Grants of Plan-Based Awards Table

The following table sets forth certain information with respect to grants of plan-based awards to the named executive officers during 2012.

Grants of Plan-Based Awards In 2012

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			**Estimated Future Payouts Under Equity Incentive Plan Awards(2)**							
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)(3)**	**All Other Option Awards: Number of Securities Underlying Options (#)(4)**	**Exercise or Base Price of Option Awards ($/Sh)(4)**	**Closing Market Price at Grant Date ($/Sh)**	**Grant Date Fair Value of Stock Options and Stock Awards ($)(5)**
Randall Dearth	4/30/12							4,283			13.84	60,005
	8/01/12	192,500	385,000	673,750				15,000	50,000	13.71	13.34	440,650
John Stanik(6)	3/02/12				14,135	28,269	56,538	14,224	39,268	14.935	14.76	637,317
Stevan Schott	3/02/12	56,250	112,500	196,875	3,327	6,654	13,308	3,348	9,242	14.935	14.76	150,004
Robert O'Brien	3/02/12	69,750	139,500	244,125	6,587	13,173	26,346	6,629	18,299	14.935	14.76	296,996
Kees Majoor(7)												
Richard Rose	3/02/12	53,040	106,080	185,640	2,868	5,735	11,470	2,886	7,966	14.935	14.76	129,296
Allan Singleton	3/02/12	14,973	59,893	89,839	666	1,331	2,662	670	1,848	14.935	14.76	30,002

(1)

The amounts reported in these columns reflect the short-term cash incentive awards that were granted to the named executive officers in 2012 under the Company's short-term incentive plan. The amounts presented in these columns reflect the amounts that could have been earned during 2012 based upon the level of achievement specified for the underlying performance conditions. Actual short-term cash incentive awards earned for 2012 are included in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

(2)

The amounts reported in these columns reflect the performance-based restricted stock unit awards that were granted to the named executive officers in 2012 under the Company's 2008 Equity Incentive Plan. The amounts presented in these columns reflect the number of shares of our capital stock that could be earned over the course of the applicable performance period based upon the level of achievement specified with respect to the performance goals underlying such award.

Table of Contents

(3) This column reflects the number of shares of time-vested restricted stock that were granted to the named executive officers in 2012 under the Company's 2008 Equity Incentive Plan.

(4) These options were granted to the named executive officers in 2012 under the Company's 2008 Equity Incentive Plan. The exercise price of the option awards was calculated based on the average of the high and low prices of the Company's Common Stock on the NYSE on the date of grant.

(5) The full grant date fair value was computed in accordance with ASC Topic 718 for each of the awards included in this table. Please refer to Note 12 to the Company's Consolidated Financial Statements of its 2012 Form 10-K for the related assumptions pertaining to the Company's calculations in accordance with ASC Topic 718. The values included in this column for the TSR performance stock award for 2012 reflect the payout of such awards at target. For the Return on Capital (ROC) awards, the fair value is expensed on a straight-line basis over the performance period when it is probable that the performance condition will be achieved. No expense was recognized in 2012 for the ROC awards as it was not considered probable that the performance condition would be achieved.

(6) Mr. Stanik retired on July 31, 2012. Pursuant to the Separation Agreement described in Compensation Discussion and Analysis under the heading "*Compensation of Former Executives Mr. Stanik*" on page 32 of this Proxy Statement, the restricted stock awards included in this table vested and the stock options included in this table were forfeited.

(7) Mr. Majoor is no longer employed by the Company. Pursuant to that certain Termination Agreement described in Compensation Discussion and Analysis under the heading "*Compensation of Former Executives Mr. Majoor*" on page 32 of this Proxy Statement, the non-equity awards are not payable and the equity awards included in this table are no longer exercisable.

The following information relates to both the Summary Compensation Table and the Grants of Plan-Based Awards Table set forth above.

The material terms related to the "*Non-Equity Incentive Plan Compensation*" set forth in the Summary Compensation Table and the "*Estimated Future Payments Under Non-Equity Incentive Plan Awards*" in the Grants of Plan-Based Awards Table are described in Compensation Discussion and Analysis under the heading "*Performance-Based Short-Term Cash Incentive Compensation*."

The "*Stock Awards*" column in the Summary Compensation Table and the "*All Other Stock Awards*" column of the Grants of Plan-Based Awards Table contain information with respect to the time-vesting restricted stock granted to named executive officers in 2010, 2011 and 2012, as applicable. Grants of time-vesting restricted stock vest in equal increments over three years. Dividends which are paid on Common Stock of the Company are paid on the time-vesting restricted stock and held in escrow with the shares. Please see "*Time-Vesting Restricted Stock*" included in the Compensation Discussion and Analysis section of this Proxy Statement for additional information regarding the material terms of the time-vested restricted stock awards.

The "*Stock Awards*" column of the Summary Compensation Table and the "*Estimated Future Payouts Under Equity Incentive Plan Awards*" columns of the Grants of Plan-Based Awards Table contain information with respect to the restricted performance stock units granted by the Company to the named executive officers in 2010, 2011 and 2012, as applicable. Restricted performance stock units vest as described in Compensation Discussion and Analysis, under the heading "*Restricted Performance Stock Units*." These grants were made in units and not actual shares, and thus no dividends accrue on the units until the units vest and the shares are actually issued. Please see "*Restricted Performance Stock Units*" included in the Compensation Discussion and Analysis section of this Proxy Statement for additional information regarding the material terms of the performance vested restricted stock unit awards.

Table of Contents

The "*Option Awards*" column of the Summary Compensation Table and the "*All Other Option Awards*" column of the Grants of Plan-Based Awards Table contain information with respect to stock options that were granted to the named executive officers in 2010, 2011 and 2012, as applicable. Stock options vest in equal one-half increments over the two-year period following the grant. Stock options expire either seven or ten years following the date of the grant. Options are granted at fair market value upon the date of the grant. Please see "*Stock Options*" included in the Compensation Discussion and Analysis section of this Proxy Statement for additional information regarding the material terms of the option awards.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards to the named executive officers as of December 31, 2012.

Outstanding Equity Awards At Fiscal Year End 2012

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)(4)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(5)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(6)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares Units or Other Rights That Have Not Vested ($)(5)**
Randall Dearth		50,000(1)		13.71	08/01/19	22,578	320,156		
	2,000			13.09	11/07/17				
John Stanik(7)	11,707			13.89	03/01/18				
	16,406			15.91	03/04/20				
	19,802			14.71	03/04/19				
	22,663			17.74	02/28/18				
	15,853			8.37	03/30/17				
	29,174			7.92	03/27/16				
	29,424			8.79	02/03/15				
Stevan Schott		9,242(2)		14.935	03/02/19	6,055	85,860	23,924	339,242
	3,090	3,090(3)		13.89	03/01/18				
Robert O'Brien		18,299(2)		14.935	03/02/19	10,246	145,288	45,316	642,581
	3,975	3,975(3)		13.89	03/01/18				
	5,868			15.91	03/04/20				
	5,800			14.71	03/04/19				
	5,300			17.74	02/28/18				
	6,100			8.37	03/30/17				
	9,200			7.92	03/27/16				
	5,200			8.79	02/03/15				
	14,204			7.035	02/04/14				
Kees Majoor									
Richard Rose		7,966(2)		14.935	03/02/19	5,452	77,309	24,852	352,401
	2,728	2,728(3)		13.89	03/01/18				

4,427	15.91	03/04/20
1,820	16.10	09/14/19

Table of Contents

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)(4)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(5)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(6)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares Units or Other Rights That Have Not Vested ($)(5)**
Allan Singleton		1,848(2)		14.935	03/02/19	670	9,501	2,662	37,747
	2,889	2,889(3)		13.89	03/01/18				
	4,850			15.91	03/04/20				
	5,000			14.71	03/04/19				
	4,250			17.74	02/28/18				
	4,775			8.37	03/31/17				
	4,400			4.28	09/19/16				

(1) These option awards vest in two equal installments on August 1, 2013 and August 1, 2014.

(2) These option awards vest in two equal installments on March 2, 2013 and March 2, 2014.

(3) These option awards vested on March 1, 2013.

(4) The following shares vest for each on March 1, 2013 and 2014: Mr. Schott 924 and 924; Mr. O'Brien 1,188 and 1,189; and Mr. Rose 815 and 816. The following shares vest for each on March 4, 2013: Mr. Schott 859; Mr. O'Brien 1,240; and Mr. Rose 935. The following shares vest for each on March 2, 2013, 2014, and 2015: Mr. Schott 1,116, 1,116, and 1,116; Mr. O'Brien 2,210, 2,209, and 2,210; Mr. Rose 962, 962, and 962; and Mr. Singleton 223, 224, and 223. On April 23, 2013, 954 shares vest for Mr. Dearth. The following shares vest for Mr. Dearth on April 30 of 2013, 2014 and 2015, respectively: 2,599; 2,597 and 1,428. On August 1, 2015, 15,000 shares vest for Mr. Dearth.

(5) These values were calculated using the closing market price of the Company's Common Stock on December 31, 2012 ($14.18).

(6) These units vest subject to the satisfaction of performance goals underlying such awards at the end of a three-year performance period as follows for December 31, 2013, 2014 and 2015, respectively: Mr. Schott 0, 10,616, and 13,308; Mr. O'Brien 5,312, 13,658, and 26,346; Mr. Rose 4,008, 9,374, and 5,735; and Mr. Singleton 0, 0, and 2,662. The number of units reported in this column are based on achieving maximum performance goals with respect to such awards.

(7) Mr. Stanik retired on July 31, 2012, and under the terms of the Separation Agreement described in Compensation Discussion and Analysis under the heading "*Compensation of Former Executives Mr. Stanik*" on page 32 of this Proxy Statement, all unvested 2011 and 2012 Stock Options were forfeited. The securities represented herein represent vested non-statutory stock options which remain exercisable until July 31, 2013.

Table of Contents

Option Exercises and Stock Vested in 2012

The following table sets forth certain information with respect to stock options exercised by, and stock awards vested for, named executive officers during 2012.

Option Exercises And Stock Vested In 2012

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
Randall Dearth			2,123	29,610
John Stanik	190,183	1,271,328	42,761	615,506
Stevan Schott			2,582	38,766
Robert O'Brien	19,723	170,209	4,842	72,688
Kees Majoor				
Richard Rose			3,806	56,250
Allan Singleton				

(1) These values represent the aggregate dollar amount realized upon exercise, calculated by multiplying the number of options that were exercised by the difference between the market price of the underlying shares at exercise and the exercise price of the options. At each named executive officer's option, upon vesting, shares may be sold to satisfy applicable United States tax withholding requirements.

(2) These values represent the aggregate dollar amount realized upon vesting, calculated by multiplying the number of shares of stock that vested by the market value of the shares on the vesting date. At each named executive officer's option, upon vesting, shares may be withheld to satisfy applicable United States tax withholding requirements.

Pension Benefits

All persons, including named executive officers, who were salaried employees prior to July 1, 2005, and who are United States employees, are participants in the Calgon Carbon Corporation Retirement Plan for Salaried Employees (the "Pension Plan"), a defined benefit plan.

The Pension Plan provides for annual benefits following normal retirement at age sixty-five equal to 1.05% of the participant's final average compensation (highest five consecutive years in the ten-year period immediately preceding retirement or termination) multiplied by the participant's credited service (up to thirty-five years); plus 0.50% of the excess, if any, of the participant's final average compensation in excess of the participant's covered compensation (as defined in IRS regulations) multiplied by the participant's credited service (up to thirty-five years). In calculating Mr. O'Brien's benefit under the Pension Plan, prior service with Merck & Co. is included in the calculation of the gross pension benefit. The pension benefit payable to Mr. O'Brien from the Pension Plan is his gross pension benefit under the Pension Plan including prior service with Merck & Co., less the benefit payable from the Merck & Co. pension plan.

For purposes of the Pension Plan, "compensation" includes base compensation, special awards, commissions, bonuses and incentive pay.

The Pension Plan provides for early retirement, provided that the participant has attained the age of fifty-five and has completed at least fifteen years of continuous participation under the Pension Plan. Early retirement benefits are the retirement income that would be applicable at normal retirement, reduced by 0.25% for each month benefits begin prior to the participant's attainment of age sixty-two. Mr. O'Brien is

Table of Contents

the only named executive officer currently eligible for early retirement under the Pension Plan. Individuals who terminate employment prior to age fifty-five, but have fifteen years of continuous participation upon termination, are eligible to receive benefits under the Pension Plan as early as age fifty-five, but the benefit payable is actuarially reduced from age sixty-five. The normal form of payment under the plan is a straight life annuity although a lump sum option is available at any time that the plan is not underfunded.

Effective January 1, 2006, active participants in the Pension Plan were permitted a one-time opportunity to elect whether future retirement benefits would continue to be earned under the Pension Plan, in which case a participant would continue to also receive a matching contribution of 25% of the first 4% of base pay contributed by the participant under the Company's Thrift/Savings Plan, a 401(k) defined contribution plan, or instead to elect to cease future accrual of benefits in the Pension Plan and to participate under the new retirement savings program of the Company's Thrift/Savings Plan. Effective January 1, 2007, all remaining Pension Plan participants were required to convert to the new retirement savings program for future accrual of retirement benefits (and no further benefits will accrue to them under the Pension Plan). Participants in the 401(k) plan receive a Company match of 50% on the first 2% of total pay contributed by the participant, plus a 3% fixed quarterly Company contribution (3% of total pay) and an annual discretionary Company contribution (from 0% to 4% of total pay based on the performance of the Company). Discretionary annual contributions made by the Company vest to participants after two years of service.

Mr. Majoor was not a United States based employee and thus instead participated in the Group Insurance Rules for the Benefit of Salaried Employees of Chemviron Carbon in Belgium (the "Belgium Plan"), a defined benefit plan, prior to his termination.

For purposes of the Belgium Plan, "salary" is 13.85 multiplied by the January 1 monthly base salary. Additionally, pursuant to an agreement with the Company, Mr. Majoor received credit for additional years of service in the calculation of his annual benefit, calculated by multiplying eight years of service by a ratio equal to actual service with Chemviron Carbon at the time of termination, including his notice period of 29 months, divided by an assumed service with Chemviron Carbon at age sixty-five.

The Belgium Plan provides for early retirement at age sixty. Benefits payable upon early retirement are actuarially reduced from age sixty-five. The normal form of payment under the plan is a straight life annuity although a lump sum option is available. Mr. Majoor (prior to his termination) was required to contribute into the Belgium Plan an amount equal to 1.25% of his annual salary up to the social security pension ceiling plus 4% of annual salary in excess of the social security pension ceiling.

Mr. Singleton is not a United States based employee and thus instead participates in the UK Sutcliffe Speakman Pension Plan (the "Speakman Plan"), a defined benefit plan. The Speakman Plan provides for an annual benefit following normal retirement at age sixty equal to 1/60th of final pensionable salary with executive members accruing benefits according to a scale which provides 2/3rds of pensionable salary after 30 years of service. The Speakman Plan provides for an unreduced pension at age 60 for executive members. Effective December 31, 2010, no future accruals are granted under the Speakman Plan.

The following table shows years of credited service and present value of accumulated benefit as of December 31, 2012 payable by the Company, and payments made by the Company during the last fiscal year for each named executive officer.

Table of Contents

Pension Benefits As of December 31, 2012

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (US$)(2)	Payments During Last Fiscal Year ($)
Randall Dearth(3)	Not applicable			
John Stanik(4)	Calgon Carbon Corporation Retirement Plan for Salaried Employees	15.50	$ 554,435	$ 5,950
Stevan Schott(3)	Not applicable			
Robert O'Brien	Calgon Carbon Corporation Retirement Plan for Salaried Employees	33.00	$ 1,100,001	$ 0
Kees Majoor(4)	Group Insurance Rules for the Benefit of Salaried Employees of Chemviron Carbon in Belgium	21.41	$ 1,215,955	$ 0
Richard Rose(3)	Not applicable			
Allan Singleton	UK Sutcliffe Speakman Pension Plan	17.50	$ 1,249,932	$ 0

(1) For Messrs. Stanik, O'Brien and Singleton, the credited service shown is the service used to calculate their frozen pension benefit. Each continues to earn service for vesting and eligibility purposes as long as they are employed by the Company. For Mr. Majoor, this represents the amount of service used to calculate his Belgium pension.

(2) The calculation of present value of accumulated benefit assumes the following:

- Retirement at age 62 for Messrs. Stanik and O'Brien; at age 65 for Mr. Majoor; and at age 60 for Mr. Singleton.
- Interest rate of 3.95% (4.75% for Mr. Singleton and 3% for Mr. Majoor).
- Post retirement annuities based on RP-2000 Whitecollar Mortality Projected to 2015 (gender distinct) for Messrs. Stanik and O'Brien. Standard PCXA00 mortality table for males projected for the medium cohort based on the member's year of birth with minimum improvements of 1.25% per year for Mr. Singleton.
- Post retirement lump sums based on IRS Prescribed Mortality for Messrs. Stanik and O'Brien and the MR table for Mr. Majoor.
- Percent electing lump sum: 80% for Messrs. Stanik and O'Brien and 100% for Messrs. Majoor and Singleton.
- For Mr. Singleton, 3.1% RPI Inflation and 2.4% CPI.
- An exchange rate of 1 euro equal to 1.3204 U.S. dollar was applied to the amount shown for Mr. Majoor. An exchange rate of 1 British pound to 1.6167 U.S. dollar was applied to the amount shown for Mr. Singleton.

(3) Messrs. Dearth, Schott and Rose do not participate in the Calgon Carbon Corporation Retirement Plan for Salaried Employees because they were hired after July 1, 2005.

(4) Mr. Stanik retired on July 31, 2012 and Mr. Majoor's employment was terminated on January 6, 2012.

Potential Payments Upon Termination or Change In Control

For 2012, each of the named executive officers of the Company had employment agreements with the Company. The agreements provided for a base salary, participation in bonus and other compensation programs as determined by the Company, indemnification against liabilities arising out of their service in certain capacities, and executive risk liability insurance coverage. The agreements generally provided for continued employment of the executives until termination by the Company with or without cause or voluntary termination by the named executive officer with or without good reason.

The tables below reflect the amount of compensation which would be paid to each of the named executive officers of the Company in the event of termination of such executive's employment, with the exception of John S. Stanik and C.H.S. (Kees) Majoor, as they are no longer employed by the Company. Mr. Stanik retired, effective July 31, 2012, and he was paid benefits required by that certain Confidential Separation Agreement and Release between Mr. Stanik and the Company. See "*Executive and Director Compensation Compensation of Former Executives Mr. Stanik*" for additional details. Mr. Majoor's employment agreement was terminated effective January 6, 2012 and he was paid benefits required by his employment agreement. See "*Executive and Director Compensation Compensation of Former Executives Mr. Majoor*" for additional details.

The tables show the amount of compensation payable to each named executive officer upon termination by the Company for "cause" (as defined in the applicable employment agreement), voluntary termination by the executive without "good reason" (as defined in the applicable employment agreement, and generally including constructive termination), death, disability, retirement, involuntary termination by the Company without cause or voluntary termination by the executive for good reason, and termination following a change in control. The amounts shown assume that such termination was effective as of December 31, 2012 and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid can only be determined at the time of such executive's separation from the Company.

Employment Agreement Terms Dearth, Schott, O'Brien and Rose

The following paragraphs summarize the general terms of the employment agreements that were in place for Messrs. Dearth, Schott, O'Brien and Rose for 2012. Regardless of whether the termination of the named executive officer's employment is by the Company for cause or without cause, by the named executive officer with or without good reason, or due to death or disability, the executive is generally entitled to receive amounts earned during the term of his employment, including (i) base salary, vacation and other cash entitlements accrued through the date of termination, to be paid to the executive in a lump sum of cash on the next regularly scheduled payroll date that is at least ten (10) days from the date of termination (to the extent theretofore unpaid); (ii) to the extent permitted by the applicable deferred compensation plan and any elections filed by the executive under such plan, the amount of any compensation previously deferred by the executive, paid in a lump sum of cash on the next regularly scheduled payroll date that is at least ten (10) days from the date of termination (to the extent theretofore unpaid); and (iii) amounts that are vested benefits or that the executive is otherwise entitled to receive under any plan, policy, practice or program of, or any other contract or agreement with, the Company at or subsequent to the date of termination, payable in accordance with such plan, policy, practice or program or contract or agreement. Collectively, these are referred to as "Accrued Obligations."

In the case of a termination by the Company for cause, or a voluntary termination by the named executive officer without good reason, or death or disability of the executive, the executive (or his estate or beneficiaries in the case of death) would be entitled to no further compensation other than the Accrued Obligations.

Table of Contents

In the case of an executive retiring, the executive would receive his Accrued Obligations. With respect to time-based restricted stock and restricted performance stock units, the executive would be vested in a prorated number of unvested restricted shares or units held by the executive at the date of retirement.

In the case of the termination of the employment of the named executive by the Company without cause or the resignation by the executive with good reason, the executive will be entitled to (i) the Accrued Obligations and (ii) (A) the executive's base salary, based upon the salary the executive earned at the time of his termination, payable for the Severance Period for said executive (where Messrs. Schott's, O'Brien's and Rose's Severance Period is eighteen (18) months and Mr. Dearth's Severance Period is twenty-four (24) months), and (B) for Messrs. Schott, O'Brien and Rose, one and a half (1.5) times the Bonus Amount (defined below) and, for Mr. Dearth, two (2) times the Bonus Amount (defined below), all of which is payable in a lump sum upon the date, which is the first day following the six (6) month anniversary of the date of termination. In addition, the executive's applicable health and welfare benefits will be continued for a period equal to the Severance Period or, if shorter, until the executive is reemployed and provided at least equivalent benefits by his next employer. The executive will not receive any additional stock or option grants. With respect to all equity plans of the Company, no further vesting will occur. The "Bonus Amount" is the current "target" amount of any cash bonus or short-term cash incentive plan in effect for the year of termination.

Additional Benefits Upon Termination

In addition to the benefits discussed above, each named executive officer has certain entitlements with respect to the various forms of equity awards that such executive may have earned over the course of his employment.

If the employment of the named executive officer (who may not be a Disabled Participant, as defined in the 2008 Equity Incentive Plan) is voluntarily terminated with the consent of the Company, any then-outstanding incentive stock option held by such executive shall be exercisable by the executive (but only to the extent exercisable by the executive immediately prior to the termination of employment) at any time prior to the expiration date of such incentive stock option or within three months after the date of termination of employment, whichever is the shorter period.

If the employment of the executive (who may not be a Disabled Participant, as defined in the 2008 Equity Incentive Plan) is voluntarily terminated with the consent of the Company, any then-outstanding nonstatutory stock option or stock appreciation right held by such executive shall be exercisable by the executive (but only to the extent exercisable by the executive immediately prior to the termination of employment) at any time prior to the expiration date of such nonstatutory stock option or stock appreciation right or within one year after the date of termination of employment, whichever is the shorter period.

If the executive is a Disabled Participant (as defined in the 2008 Equity Incentive Plan) and his employment is voluntarily terminated with the consent of the Company, or the executive retires at normal retirement age under any retirement plan of the Company, any then-outstanding stock option or stock appreciation right held by such executive shall be exercisable in full (whether or not so exercisable by the executive immediately prior to the termination of employment) by the executive at any time prior to the expiration date of such stock option or stock appreciation right or within one year after the date of termination of employment, whichever is the shorter period.

If an executive's employment is terminated by reason of the executive's death, the executive's estate will be permitted to exercise any outstanding stock options or stock appreciation rights held by such executive (whether or not exercisable on the date of death) at any time prior to the expiration date of such stock option or stock appreciation right or within one year after the date of death, whichever is the shorter period.

Table of Contents

Generally, if the employment or engagement of an executive terminates for any reason other than voluntary termination with the consent of the Company, retirement under any retirement plan of the Company or death, all outstanding stock options and stock appreciation rights held by the executive at the time of such termination of employment shall automatically terminate. Whether termination is a voluntary termination with the consent of the Company and whether retirement is at a normal age is determined as provided in the Company's 2008 Equity Incentive Plan.

All restrictions on such executive's time-based restricted stock will lapse and, with respect to restricted performance stock units granted to executives in 2010, 2011 and 2012, if the performance conditions contained in the agreement granting such restricted performance stock units are met after such executive's death, the executive's estate would be entitled to receive a number of shares equal to the total share units granted under the agreement, multiplied by the number of full months such executive was employed from January 1 in the year of the grant until the death of the executive, divided by thirty-six.

In the case of disability of an executive in accordance with the definition contained in the executive's employment agreement, in addition to the Accrued Obligations, the executive's estate would be entitled to receive a number of shares related to restricted performance stock units using the same calculation as would be used in the case of the executive's death. There would be no acceleration of vesting of stock options or time-based restricted stock in the case of disability.

Payments Upon Change of Control

If, after a Change of Control, as defined in the executive's employment agreement, an executive's employment is terminated by the Company (other than termination by the Company for cause or by reason of death or disability and subject to certain time limitations) or the executive terminates his employment in certain circumstances which constitute good reason (as defined in the employment agreements and subject to certain time limitations) the executive will be entitled to the following benefits: In lieu of the normal severance benefits described above, the executive will be entitled to a lump sum equal to: (i) two (2) years (three (3) years for the Chief Executive Officer) of the executive's base salary; plus (ii) two (2) times (three (3) times for the Chief Executive Officer) the Bonus Amount as defined above; and (iii) the matching contributions that would have been credited to the executive under the Company's 401(k) plan for the two (2) years (three (3) years for the Chief Executive Officer) following the effective date of termination of the executive's employment. No executive is entitled to a benefit if he terminates his employment other than for "good reason" during a period of ninety (90) days after the first anniversary of the Change of Control.

After a Change of Control, the executive will also be entitled to exercise all stock options and stock appreciation rights and be fully vested in all restricted stock, stock units, and similar stock-based or incentive awards previously granted to the executive regardless of any deferred vesting or deferred exercise provisions of such arrangements.

Material Conditions to Receipt of Payments or Benefits

In order to receive the benefits described above, the named executive officers agree in the employment agreements to be bound by standard provisions concerning use of confidential information and non-compete provisions after termination of employment. In particular, the executive agrees that he will not compete with the Company during the period in which he is receiving severance or for a period of two (2) years after the termination of employment, whichever is longer. The named executive officers further agree that all confidential information, as specified in such officers' respective employment agreements, shall be kept secret and shall not be disclosed or made available to anyone outside of the Company at any time, either during his employment with the Company, or subsequent to termination thereof for any reason.

Table of Contents

Employment Agreement of Mr. Singleton

Mr. Singleton also has an employment agreement, which is different from the Agreements for the U.S.-based employees. His agreement was entered into on September 21, 2011 and is effective until September 30, 2014, but his employment may be terminated by either party prior to that date. There is no provision for severance payments to Mr. Singleton; however, if Mr. Singleton's employment is terminated by the Company without cause, the Company must provide Mr. Singleton with 12 weeks' notice under applicable law and, pursuant to his agreement, the Company must pay certain expenses in connection with Mr. Singleton's relocation to the United Kingdom.

Table of Contents

Randall Dearth

The following table shows the potential payments upon termination of employment prior to and after a Change of Control of the Company for Randall Dearth.

Executive Benefit and Payments Upon Separation	For Cause Termination	Voluntary Termination	Death	Disability	Retirement	Involuntary Not For Cause or Employee for Good Reason Termination	Involuntary Not for Cause or Employee for Good Reason Termination (After Change of Control)
Severance and Short-Term Compensation:							
Cash Severance and Short-Term Cash Incentive Compensation						$ 700,000	$ 1,050,000
Long Term Incentive Compensation:							
Stock Options (Unvested)(1)			$ 24,080	$ 24,080	$ 24,080		$ 24,080
Time-Based Restricted Stock(2)			$ 320,156		$ 80,039		$ 320,156
Performance-Based Restricted Stock Units(3)							
Other Benefits							
Savings Plan Enhancement(4)							$ 28,125
Pension Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health and Welfare Benefits						$ 10,531	$ 15,797
Life Insurance(5)			$ 500,000			$ 952	$ 1,428
Total	$ 0	$ 0	$ 844,236	$ 24,080	$ 104,119	$ 711,483	$ 1,439,586

(1) Reflects the excess of the fair market value of the underlying shares as of December 31, 2012 over the exercise price of all unvested options, the vesting of which accelerates in connection with the specified event.

(2) Reflects the fair market value as of December 31, 2012 of the shares underlying restricted stock units, the vesting of which accelerates in connection with the specified event.

(3) Mr. Dearth did not have any performance-based restricted stock units as of December 31, 2012.

(4) The value shown for the Savings Plan Enhancement equals the change to the 1% company match, 3% automatic and 0.50% performance-based contributions for either 24 or 36 months depending on type of termination after change in control. The 0.50% performance-based contribution is based on the average of the performance-based contributions paid for 2010, 2011 and 2012. All Savings Plan Enhancement calculations are based on earnings up to the 2012 IRS Code Section 401(a)(17) pay limit of $250,000.

(5) In the case of "death," consists of life insurance proceeds and in all other cases, consists of additional premiums paid after termination of employment.

Table of Contents

Stevan Schott

The following table shows the potential payments upon termination of employment prior to and after a Change of Control of the Company for Stevan Schott.

Executive Benefit and Payments Upon Separation	For Cause Termination	Voluntary Termination	Death	Disability	Retirement	Involuntary Not For Cause or Employee for Good Reason Termination	Involuntary Not for Cause or Employee for Good Reason Termination (After Change of Control)
Severance and Short-Term Compensation:							
Cash Severance and Short-Term Cash Incentive Compensation						$ 564,000	$ 752,000
Long Term Incentive Compensation:							
Stock Options (Unvested)(1)							
Time-Based Restricted Stock(2)			$ 44,743		$ 22,784		$ 44,743
Performance-Based Restricted Stock Units(2)			$ 45,900	$ 45,900	$ 45,900		$ 188,707
Other Benefits							
Savings Plan Enhancement(3)							$ 22,500
Pension Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health and Welfare Benefits						$ 19,789	$ 26,385
Life Insurance(4)			$ 280,000			$ 858	$ 1,145
Total	$ 0	$ 0	$ 370,643	$ 45,900	$ 68,684	$ 584,647	$ 1,035,480

(1) As of December 31, 2012, the fair market value of the underlying shares did not exceed the exercise price of any of Mr. Schott's unvested options.

(2) Reflects the fair market value as of December 31, 2012 of the shares underlying restricted stock units, the vesting of which accelerates in connection with the specified event.

(3) The value shown for the Savings Plan Enhancement equals the change to the 1% company match, 3% automatic and 0.50% performance-based contributions for either 18 or 24 months depending on type of termination after change in control. The 0.50% performance-based contribution is based on the average of the performance-based contributions paid for 2010, 2011 and 2012. All Savings Plan Enhancement calculations are based on earnings up to the 2012 IRS Code Section 401(a)(17) pay limit of $250,000.

(4) In the case of "death," consists of life insurance proceeds and in all other cases, consists of additional premiums paid after termination of employment.

Table of Contents

Robert O'Brien

The following table shows the potential payments upon termination of employment prior to and after Change of Control of the Company for Robert O'Brien.

Executive Benefit and Payments Upon Separation	For Cause Termination	Voluntary Termination	Death	Disability	Retirement	Involuntary Not For Cause or Employee for Good Reason Termination	Involuntary Not for Cause or Employee for Good Reason Termination (After Change of Control)
Severance and Short-Term Compensation:							
Cash Severance and Short-Term Cash Incentive Compensation						$ 739,500	$ 986,000
Long Term Incentive Compensation:							
Stock Options (Unvested)(1)							
Time-Based Restricted Stock(2)			$ 79,521		$ 37,546		$ 79,521
Performance-Based Restricted Stock Units(2)			$ 90,869	$ 90,869	$ 90,869		$ 373,586
Other Benefits							
Savings Plan Enhancement(3)							$ 22,500
Pension Plan(4)	$ 1,049,175	$ 1,049,175	$ 481,624	$ 979,213	$ 1,049,175	$ 1,049,175	$ 1,049,175
Health and Welfare Benefits						$ 17,079	$ 22,772
Life Insurance(5)			$ 366,000			$ 1,064	$ 1,418
Total	$ 1,049,175	$ 1,049,175	$ 1,018,014	$ 1,070,082	$ 1,177,590	$ 1,806,818	$ 2,534,972

(1) As of December 31, 2012, the fair market value of the underlying shares did not exceed the exercise price of any of Mr. O'Brien's unvested options.

(2) Reflects the fair market value as of December 31, 2012 of the shares underlying restricted stock units, the vesting of which accelerates in connection with the specified event.

(3) The value shown for the Savings Plan Enhancement equals the change to the 1% company match, 3% automatic and 0.50% performance-based contributions for either 18 or 24 months depending on type of termination after change in control. The 0.50% performance-based contribution is based on the average of the performance-based contributions paid for 2010, 2011 and 2012. All Savings Plan Enhancement calculations are based on earnings up to the 2012 IRS Code Section 401(a)(17) pay limit of $250,000.

(4) The present value calculated for the Pension Plan was determined using the following assumptions:

Estimated lump sums based on required mortality specified in Revenue Ruling 2008-85 for 2012 distributions and segment rates of 1.99%, 4.47%, and 5.26%.

Immediate lump sum payment was assumed. The appropriate early retirement deductions were applied in the calculation of the estimated lump sum payment.

The monthly accrued benefit as of December 31, 2012 is the amount payable at age 65 as a single life annuity.

For the disability scenario, it is assumed that Mr. O'Brien will continue on employer sponsored long term disability coverage until age 65 and then retire at age 65.

Mr. O'Brien is assumed to be married with a spouse of the same age.

Death benefits are assumed paid to his surviving spouse and reflect the adjustment for the 50% joint-and-survivor form of payment and the fact that the surviving spouse will receive 50%. In addition, the death benefit is assumed to be payable at the earliest retirement age of the participant.

(5) In the case of "death," consists of life insurance proceeds and in all other cases, consists of additional premiums paid after termination of employment.

Table of Contents

Richard Rose

The following table shows the potential payments upon termination of employment prior to and after Change of Control of the Company for Richard Rose.

Executive Benefit and Payments Upon Separation	For Cause Termination	Voluntary Termination	Death	Disability	Retirement	Involuntary Not For Cause or Employee for Good Reason Termination	Involuntary Not for Cause or Employee for Good Reason Termination (After Change of Control)
Severance and Short-Term Compensation:							
Cash Severance and Short-Term Cash Incentive Compensation						$ 561,900	$ 749,200
Long Term Incentive Compensation:							
Stock Options (Unvested)(1)							
Time-Based Restricted Stock(2)			$ 38,839		$ 19,866		$ 38,839
Performance-Based Restricted Stock Units(2)			$ 39,561	$ 39,561	$ 39,561		$ 162,645
Other Benefits							
Savings Plan Enhancement(3)							$ 22,500
Pension Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health and Welfare Benefits						$ 18,956	$ 25,275
Life Insurance(4)			$ 273,500			$ 910	$ 1,213
Total	$ 0	$ 0	$ 351,900	$ 39,561	$ 59,427	$ 581,766	$ 999,672

(1) As of December 31, 2012, the fair market value of the underlying shares did not exceed the exercise price of any of Mr. Rose's unvested options.

(2) Reflects the fair market value as of December 31, 2012 of the shares underlying restricted stock units, the vesting of which accelerates in connection with the specified event.

(3) The value shown for the Savings Plan Enhancement equals the change to the 1% company match, 3% automatic and 0.50% performance-based contributions for either 18 or 24 months depending on type of termination after change in control. The 0.50% performance-based contribution is based on the average of the performance-based contributions paid for 2010, 2011 and 2012. All Savings Plan Enhancement calculations are based on earnings up to the 2012 IRS Code Section 401(a)(17) pay limit of $250,000.

(4) In the case of "death," consists of life insurance proceeds and in all other cases, consists of additional premiums paid after termination of employment.

Table of Contents

Allan Singleton

The following table shows the potential payments upon termination of employment prior to and after Change of Control of the Company for Allan Singleton.

Executive Benefit and Payments Upon Separation	For Cause Termination	Voluntary Termination	Death	Disability	Retirement	Involuntary Not For Cause or Employee for Good Reason Termination	Involuntary Not for Cause or Employee for Good Reason Termination (After Change of Control)
Severance and Short-Term Compensation:							
Cash Severance and Short-Term Cash Incentive Compensation(1)							
Long Term Incentive Compensation:							
Stock Options (Unvested)(2)							
Time-Based Restricted Stock(3)			$ 9,501		$ 3,563		$ 9,501
Performance-Based Restricted Stock Units(3)			$ 9,181	$ 9,181	$ 9,181		$ 37,747
Other Benefits							
Savings Plan Enhancement	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pension Plan(4)	$ 1,249,932	$ 1,249,932	$ 725,452	$ 1,249,932	$ 1,249,932	$ 1,249,932	$ 1,249,932
Health and Welfare Benefits						$ 27,423	$ 36,565
Life Insurance(5)			$ 723,313			$ 2,213	$ 2,951
Total	$ 1,249,932	$ 1,249,932	$ 1,467,447	$ 1,259,113	$ 1,262,676	$ 1,279,568	$ 1,336,696

(1) The amounts shown are converted from Singapore dollars to U.S. dollars at an average annual conversion ratio of 0.81695 U.S. dollars for 1 Singapore dollar.

(2) As of December 31, 2012, the fair market value of the underlying shares did not exceed the exercise price of any of Mr. Singleton's unvested options.

(3) Reflects the fair market value as of December 31, 2012 of the shares underlying restricted stock units, the vesting of which accelerates in connection with the specified event.

(4) The amounts shown are in United States dollars and were calculated based on an exchange rate at December 31, 2012 of one British pound for each US $1.6167. In the case of death, Mr. Singleton's spouse is eligible to receive 50% of his accrued pension payable immediately. The amount shown is based on an interest rate of 4.75%, the Standard PCXA00 mortality table for males projected for the medium cohort based on the member's year of birth with minimum improvements of 1.00% per year for Mr. Singleton, and that the spouse is three years younger. In all cases other than death, the values shown represent the present value of the amount payable at age 60 and are based on an interest rate of 4.75% and the Standard PCXA00 mortality table for males projected for the medium cohort based on the member's year of birth with minimum improvements of 1.25% per year for Mr. Singleton.

(5) In the case of "death," consists of life insurance proceeds and in all other cases, consists of additional premiums paid after termination of employment.

Table of Contents

Compensation of Directors

Governance Committee Oversight. The Board has assigned the oversight of Director compensation to the Governance Committee, which is comprised of three independent Directors. The Governance Committee from time to time reviews and makes decisions regarding the compensation program for the non-employee Directors of the Company. The Governance Committee's function is to review and make recommendations to the Board as a whole concerning the compensation to be paid to non-employee Directors. In performing its functions, the Governance Committee may consult with the Compensation Committee with regard to issues of common interest. The Governance Committee has also used the independent compensation consultant which is used by the Compensation Committee in order to examine Director compensation.

Board and Committee Fees. In 2012, each non-employee Director received a restricted stock grant with a grant date value of $60,000 and retainer fees, as detailed below, for services as a member of the Board and any committee of the Board. Directors who are full-time employees of the Company or a subsidiary receive no additional compensation for services as a member of the Board or any committee of the Board. Directors who are not employees of the Company receive an annual retainer of $50,000 for Board service. The retainer fees are payable in cash or Common Stock of the Company as described below. The Chairman receives $35,000 and since Mr. Schofield assumed this role in August 2012, his retainer was pro-rated to $26,250. Prior to the establishment of a Chairman, the Lead Director received an additional retainer of $25,000. The Chairperson of the Executive and Governance Committees each receives a retainer of $5,000, the Chairperson of the Compensation Committee receives a retainer of $10,000 and the Chairperson of the Audit Committee receives a retainer of $15,000. The members of the Audit Committee each receive an additional retainer of $7,500. No meeting fees are paid to Directors.

2008 Equity Incentive Plan. As indicated above, following the 2012 Annual Meeting of Stockholders, non-employee Directors were awarded a grant of restricted stock under the Company's 2008 Equity Incentive Plan, with a grant date value of $60,000. Such shares will vest in equal annual increments over a three-year period.

1999 Phantom Stock Plan. Prior to 2008, the 1999 Phantom Stock Plan provided each non-employee Director with phantom stock. No actual stock of the Company is issued under this plan. Instead, each Director was credited on the day following the Annual Meeting of Stockholders, in an account maintained for the purpose, with the fair market value of shares of the Company's Common Stock equal to the cash amount of the award. Directors are also credited with the fair market value of shares equal to the amount of the cash dividends which would have been paid if the phantom stock were actual Common Stock. As the actual fair market value of the Company's Common Stock changes, the credited value of the Director's phantom stock will change accordingly. When the Director leaves the Board for any reason, including death or disability, the Director will be entitled to be paid, in cash, the entire amount then credited in the account. Since the adoption of the 2008 Equity Incentive Plan, no awards have been granted under the 1999 Phantom Stock Plan.

1997 Directors' Fee Plan. The 1997 Directors' Fee Plan provides Directors with payment alternatives for retainer fees payable as a member of the Board or as the Chairperson of any committee. Pursuant to the plan, Directors are permitted to receive their retainer fees that are otherwise intended to be paid in cash in a current payment of cash or in a current payment of shares of Common Stock of the Company based upon the fair market value of the Common Stock upon the date of payment of the fee, or to defer payment of the retainer fees for subsequent payment of shares of Common Stock pursuant to a stock deferral election. Payment of Common Stock placed in a deferred stock account will be made in the calendar year following the calendar year during which a Director ceases to be a Director of the Company, including by reason of death or disability.

Table of Contents

1993 Non-Employee Directors' Stock Option Plan. Prior to 2008, the 1993 Non-Employee Directors' Stock Option Plan, as amended, provided for an annual grant of option shares on the day following the Annual Meeting of Stockholders. All options under such plan are vested. Since the adoption of the 2008 Equity Incentive Plan, no awards have been granted under the 1993 Non-Employee Directors' Stock Option Plan.

The following table sets forth information with respect to Director compensation during 2012.

Director Compensation In 2012

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
J. Rich Alexander	57,500	60,000					117,500
Robert Cruickshank	55,000	60,000					115,000
William Lyons	57,500	60,000					117,500
William Newlin	50,000	60,000					110,000
Julie Roberts	65,000	60,000					125,000
Timothy Rupert	60,000	60,000					120,000
Seth Schofield	106,250	60,000					166,250

(1) Includes the retainer amount of $50,000 and additional retainers paid to the Lead Director, Chairman, Audit Committee Members and Committee Chairpersons, as described above.

(2) The following represents the aggregate phantom stock units held by each non-employee Director as of December 31, 2012: Mr. Cruickshank 10,741; Mr. Newlin 3,897; Ms. Roberts 9,048; Mr. Rupert 3,897; and Mr. Schofield 10,669. The following represents the aggregate restricted stock held by each non-employee Director as of December 31, 2012: Mr. Alexander 7,578; Mr. Cruickshank 7,578; Mr. Lyons 7,578; Mr. Newlin 7,578; Ms. Roberts 7,578; Mr. Rupert 7,578; and Mr. Schofield 7,578. Please refer to Note 12 to the Company's Consolidated Financial Statements of its 2012 Form 10-K for the related assumptions pertaining to the Company's calculations in accordance with ASC Topic 718.

(3) As of December 31, 2012, the aggregate stock options held by each non-employee Director was: Mr. Newlin 16,051; Ms. Roberts 40,120; and Mr. Rupert 16,051.

Table of Contents

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of the Audit Committee

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

The charter of the Audit Committee was adopted by the Board effective February 6, 2003 (as amended through April 29, 2011) and is reviewed annually by the Audit Committee. The Audit Committee's mission is to be the principal means by which the Board oversees management's preparation and public disclosure of financial information about the Company. The objective is to make available to the public financial statements and other financial information that is of high quality, accurate, complete, timely, fairly presented, and complying with all applicable laws and accounting standards.

In overseeing the audit process for the year 2012, the Audit Committee obtained from Deloitte & Touche LLP, the Company's independent registered public accounting firm, the written disclosures and their letter required by applicable requirements of the Public Company Accounting Oversight Board (PCAOB) regarding the independent registered public accounting firm communications with the Audit Committee concerning independence and describing all relationships between the independent registered public accounting firm and the Company that might, in their opinion, bear on their independence. In that letter Deloitte & Touche LLP stated that in their judgment they are, in fact, independent. The Audit Committee discussed with the independent registered public accounting firm the contents of that letter and concurred in the judgment of independence.

The Audit Committee reviewed with the independent registered public accounting firm their audit plan, audit scope and identification of audit risks. Subsequently, the Audit Committee reviewed and discussed the audited financial statements of the Company as of and for the year ended December 31, 2012, first with both management and the independent auditors, and then with the auditors alone. These reviews included discussion with the outside auditors of matters required to be discussed pursuant to the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the PCAOB in Rule 3200T, including the adoption of, or changes to, the Company's significant internal auditing and accounting principles and procedures as suggested by the independent registered public accounting firm, internal audit and management and any management letters provided by the independent registered public accounting firm and the response to those letters. This discussion covered the quality, not just the acceptability, of the Company's financial reporting practices and the completeness and clarity of the related financial disclosures. The Audit Committee also received and discussed, with and without management present, all communications from Deloitte & Touche LLP required by generally accepted auditing standards, including those described in the standards of the PCAOB.

Based on the review and discussions described above, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the SEC, and be included in the Company's annual report to stockholders for the year ended December 31, 2012.

In periodic meetings with the Company's financial management and the independent registered public accounting firm, the Audit Committee discussed and approved quarterly interim financial information prior to its release to the public. The Audit Committee also performed the other functions required of it by its charter.

Management is responsible for the Company's financial reporting process including its systems of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of those financial statements with United States Generally Accepted Accounting Principles and also on the Company's internal control over financial reporting. The Audit Committee's responsibility is to monitor and review these processes. It is not our duty or our responsibility to plan or conduct audits or manage the system of internal controls of the Company. Therefore, we have relied on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and on the opinions of the independent registered public accounting firm included in its reports on the Company's financial statements.

WILLIAM J. LYONS, CHAIRPERSON
J. RICH ALEXANDER
WILLIAM R. NEWLIN

Table of Contents

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Proposal 2)

The Audit Committee has appointed Deloitte & Touche LLP as its independent registered public accounting firm to audit the financial statements of the Company and its subsidiaries for 2013. Deloitte & Touche LLP audited the financial statements of the Company and its subsidiaries in 2012.

The Board recommends a vote for the ratification of the appointment of Deloitte & Touche LLP and unless otherwise directed therein, the proxies solicited by the Board will be voted "FOR" the ratification of the appointment of Deloitte & Touche LLP. In the event the stockholders fail to ratify the appointment, the Audit Committee will consider such vote in its decision to appoint an independent registered public accounting firm for 2014.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions.

Certain Fees

The following is a summary of fees billed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively "Deloitte") for professional services rendered for the fiscal years ended December 31, 2012 and December 31, 2011.

	Fiscal Year Ended December 31, 2012	Fiscal Year Ended December 31, 2011
Audit Fees	$ 1,199,399	$ 1,131,040
Audit-Related Fees	6,607	
Tax Fees		
All Other Fees		
Total	$ 1,206,006	$ 1,131,040

Audit Fees

Consist of fees related to professional services rendered for the integrated audit of the Company's consolidated financial statements, reviews of the interim consolidated financial statements included in quarterly reports and services that are normally provided by Deloitte in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Consist of fees billed for the audit of certain local compliance reports for the Company's Belgian branch. The Audit-Related Fees are converted from Euros to U.S. Dollars at the average annual exchange rate for 2012.

Tax Fees

Deloitte did not perform any services for the Company during the fiscal years ended December 31, 2012 or December 31, 2011 other than the services described under "Audit Fees" and "Audit-Related Fees."

All Other Fees

Deloitte did not perform any services for the Company during the fiscal years ended December 31, 2012 or December 31, 2011 other than the services described under "Audit Fees" and "Audit-Related Fees."

Table of Contents

Policy for Approval of Audit and Non-Audit Fees

In accordance with the Sarbanes-Oxley Act, the Audit Committee pre-approved all (100%) of the audit and non-audit related consulting services provided by the Company's independent registered public accounting firm. In order to deal with the pre-approval process in the most efficient manner, the Audit Committee will employ pre-approval policies in 2013 that comply with applicable SEC regulations. The Audit Committee may delegate the pre-approval to one of its members, provided that if such delegation is made, the full Audit Committee at the next regularly scheduled meeting shall be presented with any pre-approval decision made by that member. The Chairperson of the Audit Committee has been delegated the authority to pre-approve work on behalf of the entire committee. A summary of all non-audit related spending is provided to the Audit Committee on a quarterly basis.

The Audit Committee believes that the provision of the above services by Deloitte is compatible with maintaining Deloitte's independence.

Table of Contents

ADVISORY VOTE ON EXECUTIVE COMPENSATION (Proposal 3)

The following proposal gives our stockholders the opportunity to vote to approve or not approve, on a non-binding, advisory basis, the compensation paid to our named executive officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and our compensation philosophy, policies and practices, as disclosed under the "Executive and Director Compensation" section of this Proxy Statement. We are providing this vote as required by Section 14A of the Exchange Act. Currently, this vote will occur on an annual basis.

We believe that our Compensation Discussion and Analysis and other compensation disclosures included in this Proxy Statement evidence a sound and prudent compensation philosophy and set of policies and practices and that our compensation decisions are consistent with our "Pay for Performance" philosophy and related policies and practices. We also believe that the Company's compensation programs effectively align the interests of our named executive officers with those of our stockholders by tying a significant portion of our named executive officers' compensation to the Company's performance and by providing a competitive level of compensation needed to recruit, retain and motivate talented executives critical to the Company's long-term success.

Accordingly, for the reasons discussed in the Compensation Discussion and Analysis section of this Proxy Statement, we are asking our stockholders to vote "FOR" the adoption of the following resolution:

"RESOLVED, that the compensation paid to the named executive officers of Calgon Carbon Corporation ("CCC"), as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion in CCC's Proxy Statement for the 2013 Annual Meeting of Stockholders under the heading entitled 'Executive and Director Compensation', is hereby approved."

While we intend to carefully consider the voting results of this proposal, the final vote is advisory in nature and therefore not binding on us, our Board of Directors or the Compensation Committee.

CORPORATE GOVERNANCE

Access to Directors

The stockholders of the Company and other interested parties may communicate directly in writing to the Board by sending such communication to the Board or a particular Director in care of Richard D. Rose, Senior Vice President, General Counsel and Secretary, at the Company's principal office. At present, such communications (other than advertisements, solicitations or other matters unrelated to the Company) will be directly forwarded to the Board or such particular Director, as applicable. The Chairman of the Board, Seth Schofield, presides over all executive sessions of non-management Directors. The stockholders of the Company may communicate in writing to Mr. Schofield in the manner described above.

Related Party Transaction Policy

The Company has adopted a written policy with respect to related party transactions. In general, officers and directors must report all "related party transactions" to the General Counsel. A "related party transaction" is a transaction that would require disclosure under applicable SEC rules or the NYSE rules of director independence. The policy provides that any "related party transaction" must be pre-approved or ratified by the Board, the Governance Committee or the stockholders of the Company entitled to vote thereon. The policy and applicable SEC rules also require that any related party transaction be disclosed in the Company's applicable securities filings, including the Proxy Statement. There were no such related party transactions in 2012.

Corporate Governance Documents

A copy of the current charters of the committees of the Board, the Code of Business Conduct and Ethics (which applies to Directors, officers and employees of the Company), the Supplement to the Code of Business Conduct and Ethics (which applies to the chief executive and chief financial officers of the Company), the Director Orientation and Continuing Education Policy and the Corporate Governance Guidelines are available to stockholders at the Company's website (www.calgoncarbon.com), and are also available in print to any stockholder who requests a copy by contacting Richard D. Rose, Senior Vice President, General Counsel and Secretary, at the Company's principal office. The Company intends to disclose any amendment to, or waiver from, a provision of the Company's Code of Business Conduct and Ethics or Supplement to the Code of Business Conduct and Ethics on the Company's website within four business days following the date of the amendment or waiver.

Compensation Committee Interlocks and Insider Participation

From January 1, 2012 to July 31, 2012, our Compensation Committee consisted of Messrs. Rupert (Chairman), Cruickshank, Dearth and Schofield; provided that Mr. Dearth resigned from the Compensation Committee on June 26, 2012 (prior to being appointed Chief Executive Officer of the Company). From August 1, 2012 to December 31, 2012, our Compensation Committee consisted of Messrs. Rupert (Chairman) and Cruickshank and Ms. Roberts. None of the current members of the Committee has ever been an officer or employee of ours or any of our subsidiaries. None of our executive officers serve or have served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's officers and Directors, and persons who own more than ten-percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership of such securities with the SEC and the NYSE. Officers, Directors and greater than ten-percent beneficial owners are required by applicable regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of the forms 3, 4, and 5 furnished to the Company during or with respect to 2012, or written representations from certain reporting persons that no Forms 5 were required, we believe that all Section 16(a) filing requirements applicable to our officers and Directors and ten-percent beneficial owners were complied with during 2012.

VOTE REQUIRED

The four nominees for election as Directors at the Annual Meeting who receive the greatest number of votes cast for the election of Directors by the holders of the Company's Common Stock, present in person or represented by proxy at the meeting and entitled to vote at that meeting, a quorum being present, shall become Directors at the conclusion of the tabulation of votes; provided, however, that each nominee receives more "for" votes than "withhold" votes. Please see "*Director Resignation Policy*" included on page 8 of this Proxy Statement for additional information regarding our Director Resignation Policy. Broker non-votes are counted in determining whether a quorum is present for the Annual Meeting, but are not considered in the vote itself.

The proposal to ratify the independent registered public accounting firm will be adopted if a majority of the votes cast with respect to this matter are cast in favor of this proposal. Because under applicable law, abstentions are not counted as "votes cast," they will not be included in calculating the number of votes necessary for approval of this matter.

The advisory vote regarding the compensation of the named executive officers as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K under the Securities Act, and the Exchange Act, will be approved if a majority of the votes cast with respect to this matter are cast in favor of this proposal. Abstentions and broker non-votes will not be included in calculating the number of votes necessary for approval of this matter.

If a stockholder holds shares beneficially in street name and does not provide the stockholder's broker with voting instructions with respect to such shares on a matter that is considered a "non-routine" proposal (such as the vote to elect directors or the advisory vote to approve the compensation paid to our named executive officers), such shares may not be voted by the broker on these matters, resulting in "broker non-votes." Brokers may vote their clients' shares on matters that are considered "routine" proposals, such as the ratification of the independent registered public accounting firm. Abstentions and broker non-votes will be counted for purposes of determining a quorum, but will not be counted as votes cast on any particular matter.

OTHER BUSINESS

The Board does not know of any other business to be presented to the Annual Meeting of Stockholders. If any other matters properly come before the meeting, however, the persons named in the accompanying form of proxy will vote the proxy in accordance with their best judgment.

STOCKHOLDER PROPOSALS

If any stockholder wishes to present a proposal to be acted upon at the 2014 Annual Meeting of Stockholders and to include such proposal in the Company's Proxy Statement, the proposal must be received by the Secretary of the Company by November 19, 2013 to be considered for inclusion in the Company's Proxy Statement and form of proxy relating to the 2014 Annual Meeting. The 2014 Annual Meeting is expected to be held on or about May 2, 2014. Any stockholder proposal received by the Secretary of the Company outside such notice period will be considered untimely under Rule 14a-4(c)(1) promulgated by the SEC under the Exchange Act.

Table of Contents

Section 1.08 of the by-laws of the Company requires that any stockholder intending to present a proposal for action at an Annual Meeting (without including such proposal in the Company's Proxy Statement) must give written notice of the proposal, containing the information specified in such Section 1.08, so that it is received by the Company within the notice period determined under such Section 1.08. For the 2014 Annual Meeting of Stockholders, any notice must be received between November 19, 2013 and January 18, 2014. Please see "*Procedures for Submitting Stockholder Nominees for the Board of Directors*" included in this Proxy Statement for additional information regarding the requirements for submitting stockholder nominees and our by-laws.

2012 ANNUAL REPORT ON FORM 10-K

A stockholder may obtain a copy of the Company's 2012 Annual Report on Form 10-K free of charge by writing to the Investor Relations Department, Calgon Carbon Corporation, 400 Calgon Carbon Drive, Pittsburgh, Pennsylvania 15205. A copy of any exhibits thereto will only be provided upon payment of a reasonable charge limited to our cost of providing such exhibits.