

CALGON CARBON Corp  
Form PREM14A  
October 27, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**CALGON CARBON CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.01 per share, of Calgon Carbon Corporation.

(2) Aggregate number of securities to which transaction applies:

53,078,272 shares of common stock, which consists of: (i) 50,810,967 shares of common stock issued and outstanding as of October 26, 2017; (ii) 2,067,476 shares of common stock underlying options to purchase shares of common stock outstanding as of October 26, 2017 that have an exercise price below the merger consideration of \$21.50 per share; and (iii) 199,829 shares of common stock underlying performance share awards outstanding as of October 26, 2017.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Solely for the purpose of calculating the filing fee, the underlying value of the transaction was calculated based on the sum of: (i) the product of (A) 50,810,967 shares of common stock issued and outstanding as of October 26, 2017 and (B) the merger consideration of \$21.50 per share; plus (ii) the product of: (A) 2,067,476 shares of common stock underlying options to purchase shares of common stock outstanding as of October 26, 2017 with an exercise price below \$21.50 per share and (B) the difference between the merger consideration of \$21.50 per share and the weighted-average exercise price of such options of \$16.75 per share; plus (iii) the product of (A) 199,829 shares of common stock underlying performance share awards outstanding as of October 26, 2017 and (B) the merger consideration of \$21.50 per share. The filing fee was determined by multiplying 0.0001245 by the proposed maximum aggregate value of the transaction of \$1,106,552,625.

(4) Proposed maximum aggregate value of transaction:

\$1,106,552,625

(5) Total fee paid:

\$137,766.00

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION, DATED OCTOBER [ ], 2017**

[ ], 2017

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of CALGON CARBON CORPORATION ( Calgon Carbon, the Company, we, our or us ) to be held at [ ], on [ ], 2017, at [ local time (such meeting, including any adjournment or postponement thereof, the special meeting ).

At the special meeting, holders of our common stock, par value \$0.01 per share ( Calgon Carbon common stock ), will be asked to consider and vote on (1) a proposal to adopt the Agreement and Plan of Merger, dated as of September 21, 2017 (as it may be amended from time to time, the merger agreement ), by and among Calgon Carbon, Kuraray Co., Ltd., a company organized under the laws of Japan ( Kuraray ), Kuraray Holdings U.S.A., Inc., a Delaware corporation ( Parent ) and KJ Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ( Merger Sub ), pursuant to which Merger Sub will be merged with and into Calgon Carbon (the merger ), with Calgon Carbon surviving the merger as a wholly owned subsidiary of Parent, and an indirect wholly owned subsidiary of Kuraray, (2) a proposal to approve, on a non-binding, advisory basis, certain compensation that may be paid or become payable to Calgon Carbon s named executive officers in connection with the consummation of the merger, and (3) a proposal to approve the adjournment of the special meeting from time to time, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement or in the absence of a quorum.

If the merger is completed, you will be entitled to receive \$21.50 in cash, without interest and less any applicable withholding taxes, for each share of Calgon Carbon common stock you own.

The Calgon Carbon board of directors has unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Calgon Carbon and its stockholders and has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Calgon Carbon board of directors unanimously recommends that stockholders of Calgon Carbon vote (1) **FOR** the proposal to adopt the merger agreement, (2) **FOR** the proposal to approve, on a non-binding, advisory basis, certain compensation that may be paid or become payable to Calgon Carbon s named executive officers in connection with the consummation of the merger, and (3) **FOR** the proposal to approve the adjournment of the special meeting from time to time, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement or in the absence of a quorum.

The accompanying proxy statement provides detailed information about the merger agreement and the merger and provides specific information about the special meeting. A copy of the merger agreement is attached as **Annex A** to the proxy statement. The accompanying proxy statement also describes the actions and determinations of the Calgon Carbon board of directors in connection with its evaluation of the merger agreement and the merger. We urge you to read the proxy statement, including any documents incorporated by reference, and the annexes carefully and in their entirety. In addition, you may obtain information about Calgon Carbon from documents filed with the SEC. See

*Where You Can Find Additional Information.*

**Your vote is very important, regardless of the number of shares you own. The merger cannot be completed unless stockholders holding a majority of the outstanding shares of Calgon Carbon common stock entitled to vote at the special meeting vote in favor of the proposal to adopt the merger agreement. A failure to vote your shares of Calgon Carbon common stock on the proposal to adopt the merger agreement will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

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If you have any questions or need assistance in voting your shares, please contact our proxy solicitor, Georgeson LLC, toll-free at (866) 295-3782.

On behalf of your board of directors, thank you for your continued support.

Sincerely,

Randall S. Dearth

Chairman of the Board, President and Chief

Executive Officer

**Neither the SEC nor any state securities regulatory agency has approved or disapproved of the merger, passed upon the merits or fairness of the merger, the merger agreement or the transactions contemplated thereby or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

**This proxy statement is dated [                      ], 2017 and is first being mailed to Calgon Carbon stockholders on or about [                      ], 2017.**

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**CALGON CARBON CORPORATION**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

[                      ], 2017

To Our Stockholders:

Notice is hereby given that a special meeting of the stockholders of CALGON CARBON CORPORATION, a Delaware corporation ( Calgon Carbon, the Company, we, our or us ), will be held on [                      ] 2017 at [                      ] local time, at [                      ] (such meeting, including any adjournment or postponement thereof, the special meeting ) for the following purposes:

1. Adoption of the Merger Agreement. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of September 21, 2017 (as it may be amended from time to time, the merger agreement ), by and among Calgon Carbon, Kuraray Co., Ltd., a company organized under the laws of Japan ( Kuraray ), Kuraray Holdings U.S.A., Inc., a Delaware corporation ( Parent ) and KJ Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ( Merger Sub ), pursuant to which Merger Sub will merge with and into Calgon Carbon (the merger ), with Calgon Carbon surviving the merger as a wholly owned subsidiary of Parent, and an indirect wholly owned subsidiary of Kuraray (the merger proposal );
2. Advisory Vote Regarding Merger-Related Compensation. To consider and vote on a proposal to approve, on a non-binding, advisory basis, certain compensation that may be paid or become payable to Calgon Carbon's named executive officers in connection with the consummation of the merger (the advisory compensation proposal ); and
3. Adjournment of the Special Meeting. To consider and vote on a proposal to approve the adjournment of the special meeting from time to time, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement or in the absence of a quorum (the adjournment proposal ).

Only stockholders of record of Calgon Carbon common stock, par value \$0.01 per share ( Calgon Carbon common stock ), at the close of business on [                      ], 2017 are entitled to notice of and to vote at the special meeting.

**The Calgon Carbon board of directors has unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Calgon Carbon and its stockholders and has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.**

**The Calgon Carbon board of directors unanimously recommends that stockholders of Calgon Carbon vote (1) FOR the merger proposal, (2) FOR the advisory compensation proposal and (3) FOR the adjournment proposal.**

Your vote is important, regardless of the number of shares of Calgon Carbon common stock you own. The adoption of the merger agreement by the affirmative vote of stockholders holding a majority of the outstanding shares of Calgon

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Carbon common stock entitled to vote at the special meeting is a condition to the completion of the merger. Each of the advisory compensation proposal and the adjournment proposal requires the affirmative vote of a majority of the votes cast with respect to such matter at the special meeting.

Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares of Calgon Carbon common stock will be represented at the special meeting. You may also submit your proxy by using a toll-free number or the Internet. We have provided instructions on the proxy card for using these convenient services. If your shares of Calgon Carbon common stock are held in the name of a broker, bank or other nominee, you should instruct your broker, bank or



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other nominee on how you wish to vote your shares of Calgon Carbon common stock in accordance with the voting instruction card furnished by your broker, bank or other nominee.

**YOUR VOTE IS VERY IMPORTANT. YOU MAY VOTE BY MAIL, THROUGH THE INTERNET, BY TELEPHONE OR BY ATTENDING THE SPECIAL MEETING AND VOTING BY BALLOT, ALL AS DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT. IF YOU FAIL TO VOTE ON THE ADOPTION OF THE MERGER AGREEMENT OR FAIL TO INSTRUCT YOUR BROKER, BANK OR OTHER NOMINEE ON HOW TO VOTE, THE EFFECT WILL BE THE SAME AS A VOTE AGAINST THE ADOPTION OF THE MERGER AGREEMENT.**

Please note that we intend to limit attendance at the special meeting to Calgon Carbon stockholders of record as of the record date (or their authorized representatives). If your shares of Calgon Carbon common stock are held by a broker, bank or other nominee, please bring to the special meeting your statement evidencing your beneficial ownership of Calgon Carbon common stock as of the record date. All stockholders and authorized representatives should also bring photo identification. A list of stockholders entitled to notice of and to vote at the special meeting will be available for examination by any stockholder for any purpose germane to the special meeting at our corporate headquarters located at 3000 GSK Drive, Moon Township, Pennsylvania 15108, during regular business hours for a period of at least 10 days prior to the special meeting and will be available for examination by any stockholder during the special meeting.

The accompanying proxy statement provides a detailed description of the merger and the merger agreement. We urge you to read the proxy statement, including any documents incorporated by reference, and the annexes carefully and in their entirety. If you have any questions concerning the merger or the proxy statement, of which this notice forms a part, would like additional copies of the proxy statement or need help voting your shares of Calgon Carbon common stock, please contact Georgeson LLC, Calgon Carbon's proxy solicitor, at:

Georgeson LLC

1290 Avenue of the Americas

9th Floor

New York, NY 10104

Toll-Free: (866) 295-3782

By Order of the Board of Directors,

Chad Whalen

*Secretary*

Moon Township, Pennsylvania

[            ], 2017

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**SUMMARY VOTING INSTRUCTIONS**

**YOUR VOTE IS VERY IMPORTANT**

**Ensure that your shares of Calgon Carbon common stock are voted at the special meeting by submitting your proxy or, if your shares of Calgon Carbon common stock are held in the name of a broker, bank or other nominee, by contacting your broker, bank or other nominee. If you do not vote or do not instruct your broker, bank or other nominee on how you wish to vote your shares of Calgon Carbon common stock, it will have the same effect as voting **AGAINST** the adoption of the merger agreement.**

*If your shares of Calgon Carbon common stock are registered in your name:* submit your proxy as soon as possible by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope, so that your shares of Calgon Carbon common stock can be voted at the special meeting. You may also submit your proxy by using a toll-free number or the Internet. We have provided instructions on the proxy card for using these convenient services.

*If your shares of Calgon Carbon common stock are registered in the name of a broker, bank or other nominee:* check the voting instruction card forwarded by your broker, bank or other nominee or contact your broker, bank or other nominee in order to obtain directions as to how to ensure that your shares of Calgon Carbon common stock are voted at the special meeting.

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact Georgeson LLC, our proxy solicitor, at:

Georgeson LLC

1290 Avenue of the Americas

9th Floor

New York, NY 10104

Toll-Free: (866) 295-3782

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**SUMMARY**

This summary highlights selected information contained elsewhere in this proxy statement and may not contain all the information that is important to you with respect to the merger. We urge you to read the remainder of this proxy statement carefully, including the attached annexes, and the other documents referred to or incorporated by reference in this proxy statement. We have included page references in this summary to direct you to a more complete description of the topics presented in the summary below. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the section entitled *Where You Can Find Additional Information*.

*All references to the Company, Calgon Carbon, we, us, or our in this proxy statement refer to Calgon Carbon Corporation, a Delaware corporation and, where appropriate, its subsidiaries. All references in this proxy statement to Kuraray refer to Kuraray Co., Ltd., a company organized under the laws of Japan. All references in this proxy statement to Parent refer to Kuraray Holdings U.S.A., Inc., a Delaware corporation and wholly owned subsidiary of Kuraray. All references to Merger Sub refer to KJ Merger Sub, Inc., a Delaware corporation, a wholly owned subsidiary of Parent and an indirect wholly owned subsidiary of Kuraray.*

**The Companies (page 24)**

*Calgon Carbon Corporation*

Calgon Carbon Corporation is a global leader in innovative solutions, high quality products and reliable services designed to protect human health and the environment from harmful contaminants in water and air. As a leading manufacturer of activated carbon, with broad capabilities in ultraviolet light disinfection, Calgon Carbon provides purification solutions for drinking water, wastewater, pollution abatement, and a variety of industrial and commercial manufacturing processes.

Calgon Carbon common stock, par value \$0.01 per share ( Calgon Carbon common stock ), is listed on the New York Stock Exchange (the NYSE ) under the symbol CCC.

Calgon Carbon's principal executive offices are located at 3000 GSK Drive, Moon Township, Pennsylvania 15108, its telephone number is (412) 787 - 6700 and its Internet website address is [www.calgoncarbon.com](http://www.calgoncarbon.com). The information provided on or accessible through Calgon Carbon's website is not, and will not be deemed to be, part of this proxy statement and is not incorporated into this proxy statement by this or any other reference to Calgon Carbon's website provided in this proxy statement.

*Kuraray Co., Ltd.*

Kuraray, incorporated under the laws of Japan, is a global leader in the manufacture and sale of specialty chemicals, resins, fibers, textiles, film productions, high performance material and medical products. Kuraray has offices, research and production facilities in 27 countries, including several production facilities and sales offices across the Americas, cultivating a lineup of world-class products in both developed and emerging markets.

Kuraray's shares are traded on the Tokyo Stock Exchange under the symbol 3405 .

The principal executive offices of Kuraray are located at Ote Center Building,1-1-3, Otemachi, Chiyoda-ku, Tokyo 100-8115, Japan and its telephone number at that address is +81-3-6701-1000.

*Kuraray Holdings U.S.A., Inc.*

Parent, a Delaware corporation, is a wholly owned subsidiary of Kuraray. Parent conducts all of its operations through two subsidiaries. Kuraray America, Inc., based in Houston, Texas, manufactures and sells a

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diverse group of Kuraray's products in the United States. Monosol LLC, based in Merrillville, Indiana, is a developer and manufacturer of water-soluble film.

The principal executive offices of Parent are located at 2625 Bay Area Boulevard, Suite 600, Houston, TX 77058 and its telephone number is (800) 423-9762.

### *KJ Merger Sub, Inc.*

Merger Sub, a Delaware corporation, is a wholly owned subsidiary of Parent and was formed by Parent on September 15, 2017 solely for the purposes of entering into the merger agreement and effecting the merger. Merger Sub has not conducted any business operations other than that incidental to its formation and in connection with the transactions contemplated by the merger agreement. Upon completion of the merger, Merger Sub will cease to exist as a separate entity.

The principal executive offices of Merger Sub are located at 2625 Bay Area Boulevard, Suite 600, Houston, TX 77058 and its telephone number is (800) 423-9762.

## **The Merger (page 30)**

You will be asked to consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of September 21, 2017, by and among Calgon Carbon, Kuraray, Parent and Merger Sub (as it may be amended from time to time, the merger agreement). A copy of the merger agreement is attached as **Annex A** to this proxy statement. The merger agreement provides, among other things, that at the effective time of the merger (the effective time), Merger Sub will be merged with and into Calgon Carbon (the merger), with Calgon Carbon surviving the merger (the surviving corporation) as a wholly owned subsidiary of Parent, and an indirect wholly owned subsidiary of Kuraray. Upon the completion of the merger, Calgon Carbon common stock will no longer be publicly traded, and Calgon Carbon's existing stockholders will cease to have any ownership interest in Calgon Carbon. Instead, at the effective time, each outstanding share of Calgon Carbon common stock, other than shares for which the holders thereof have properly demanded appraisal under Delaware law (such shares, dissenting shares) and shares owned by Calgon Carbon, Kuraray or any of their respective wholly owned subsidiaries will be converted into the right to receive the merger consideration.

## **Merger Consideration (page 30)**

Upon the terms and subject to the conditions of the merger agreement, at the effective time, Calgon Carbon stockholders will have the right to receive \$21.50 in cash (the merger consideration), without interest and subject to applicable withholding taxes, for each share of Calgon Carbon common stock that they own immediately prior to the effective time, other than dissenting shares and shares owned by Calgon Carbon, Kuraray or any of Kuraray's wholly owned subsidiaries.

## **Treatment of Outstanding Equity Awards (page 62)**

*Stock Options.* At the effective time, in accordance with the terms of the merger agreement and as permitted by the Calgon Carbon Corporation Employee Stock Option Plan, as amended, the Calgon Carbon Corporation 2008 Equity Incentive Plan, and the Calgon Carbon Corporation Amended and Restated 2008 Equity Incentive Plan, as applicable (each, an equity incentive plan), and governing award agreements, each option to purchase shares of Calgon Carbon common stock (each, an option) that is outstanding and unexercised, whether vested or unvested, shall terminate and be converted into the right of the holder to receive from the surviving corporation an amount in cash equal to the



product of (1) the total number of shares of Calgon Carbon common stock previously subject to such option and (2) the excess, if any, of the merger consideration over the exercise

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price per share set forth in such option (the option cash payment ). As of the effective time, each holder of such option shall cease to have any rights under or with respect thereto, except the right to receive the option cash payment.

*Restricted Stock Awards.* At the effective time, in accordance with the terms of the merger agreement and in accordance with or as permitted by, as applicable, the governing equity incentive plans and award agreements, with respect to each unvested share of Calgon Carbon common stock subject to vesting, repurchase or other lapse restrictions (each, a share of restricted stock ) that is unvested and outstanding shall vest and be converted into the right to receive the merger consideration and a cash payment equal to any outstanding cash dividends that have accumulated but not been paid with respect to such restricted stock award.

*Phantom Stock Unit Awards.* At the effective time, in accordance with the terms of the merger agreement and as permitted by the Calgon Carbon Corporation 1999 Non-Employee Directors Phantom Stock Unit Plan and governing award agreements, each Calgon Carbon phantom stock unit (each, a phantom stock unit ) award that is outstanding and unexercised shall terminate and be converted into the right of the holder to receive from the surviving corporation an amount in cash equal to the product of (1) the total number of shares of Calgon Carbon common stock subject to such phantom stock unit award, including any dividends credited with respect thereto, and (2) the merger consideration (the phantom stock unit award cash payment ). As of the effective time, each holder of such phantom stock unit shall cease to have any rights under or with respect thereto, except the right to receive the phantom stock unit award cash payment.

*Restricted Performance Share Awards.* As of the effective time, in accordance with the terms of the merger agreement and as permitted by the applicable equity incentive plan and governing award agreements, each Calgon Carbon performance share (each, a performance share ) award that is outstanding or payable, whether vested or unvested, shall terminate and be converted into the right of the holder to receive from the surviving corporation an amount in cash equal to (1) the product of (i) the number of shares of Calgon Carbon common stock underlying such performance share award (assuming payout at 100% of target) and (ii) the merger consideration, plus (2) the cash dividends that would have been paid from the effective date of the performance share award through the effective time, had the performance share award represented shares of Calgon Carbon common stock issued and outstanding during such period (assuming payout at 100% of target) (collectively, the performance share award cash payment ). As of the effective time, each holder of a performance share award shall cease to have any rights under or with respect thereto, except the right to receive the performance share award cash payment.

**The Special Meeting (page 25)**

*Date, Time and Place.* The special meeting is scheduled to be held at [ ] on [ ], 2017 at [ ], local time.

*Purpose of the Special Meeting.* At the special meeting, you will be asked to consider and vote on: (1) a proposal to adopt the merger agreement, pursuant to which the merger will occur, with Calgon Carbon surviving as a wholly owned subsidiary of Parent and indirect wholly owned subsidiary of Kuraray (the merger proposal ); (2) a proposal to approve, on a non-binding advisory basis, certain compensation that may be paid or become payable to Calgon Carbon s named executive officers in connection with the consummation of the merger (the advisory compensation proposal ); and (3) a proposal to approve the adjournment of the special meeting from time to time, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement or in the absence of a quorum (the adjournment proposal ).

*Record Date and Voting Information.* Only holders of record of Calgon Carbon common stock at the close of business on [ ], 2017, the record date for the special meeting (the record date ), will be entitled to



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notice of, and to vote at, the special meeting or any adjournments or postponements thereof. At the close of business on the record date, [ ] shares of Calgon Carbon common stock were issued and outstanding and held by [ ] holders of record. Holders of record of Calgon Carbon common stock are entitled to one vote for each share of Calgon Carbon common stock they own at the close of business on the record date.

*Quorum.* The presence at the special meeting in person or represented by proxy of stockholders entitled to cast at least a majority of the votes which all stockholders of Calgon Carbon common stock are entitled to cast on a particular matter at the close of business on the record date for the special meeting will constitute a quorum. There must be a quorum for business to be conducted at the special meeting. Failure of a quorum to be represented at the special meeting will necessitate an adjournment or postponement and will subject Calgon Carbon to additional expense. Abstentions are counted as present or represented for purposes of determining the presence or absence of a quorum.

*Required Vote.* The merger proposal requires the affirmative vote of stockholders holding a majority of the outstanding shares of Calgon Carbon common stock entitled to vote at the special meeting. The approval of each of the advisory compensation proposal and the adjournment proposal requires the affirmative vote of the stockholders holding a majority of the votes cast with respect to such proposals.

*Voting by Calgon Carbon's Directors and Officers.* As of the record date, our directors and executive officers beneficially owned and are entitled to vote, in the aggregate, [ ] shares of Calgon Carbon common stock, representing approximately [ ]% of the outstanding shares of Calgon Carbon common stock as of the record date. We currently expect that Calgon Carbon's directors and executive officers will vote their shares in favor of the merger proposal and the other proposals to be considered at the special meeting.

*Voting and Proxies.* Any stockholder of record entitled to vote may submit a proxy by returning a signed proxy card by mail, through the Internet or by telephone or may vote in person by appearing at the special meeting. If you are a beneficial owner and hold your shares of Calgon Carbon common stock in the name of a broker, bank or other nominee, you should instruct your broker, bank or other nominee on how you wish to vote your shares of Calgon Carbon common stock in accordance with the voting instruction card furnished by your broker, bank or other nominee. The broker, bank or other nominee cannot vote on these proposals without your instructions. Therefore, it is important that you instruct your broker, bank or nominee on how you wish to vote your shares of Calgon Carbon common stock. If your shares of Calgon Carbon common stock are held in the name of a broker, bank or other nominee and you wish to vote in person by ballot at the special meeting, you must provide a legal proxy from your bank, broker or other nominee.

## **Conditions to Completion of the Merger (page 92)**

Under the merger agreement, each party's obligation to complete the merger is subject to the satisfaction or waiver on or prior to the effective time, of the following conditions:

the adoption of the merger agreement by the affirmative vote of Calgon Carbon stockholders holding a majority of the outstanding shares of Calgon Carbon common stock entitled to vote at the special meeting (the requisite stockholder vote);

the early termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (the HSR Act) (which condition was satisfied before the date of this proxy

statement);

the receipt of a clearance decision or the expiration of the waiting period pursuant to Section 40 of the German Act Against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*) (which condition was satisfied before the date of this proxy statement);

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a written determination by the Committee on Foreign Investment in the United States ( CFIUS ) that the transactions contemplated by the merger agreement are not covered transactions pursuant to 31 C.F.R. Part 800.207, a written notice issued by CFIUS to the effect that CFIUS has concluded its review or investigation of the transactions contemplated by the merger agreement and that CFIUS has no unresolved national security concerns with respect to the transactions contemplated by the merger agreement, or, if CFIUS has sent a report to the President of the United States requesting the President 's decision, then (1) the President has announced a decision not to take any action to suspend or prohibit the transactions contemplated by the merger agreement or (2) having received a report from CFIUS requesting the President 's decision, the President has not taken any action after 15 days from the date the President received such report from CFIUS (collectively, CFIUS approval );

any applicable prior notice period under the International Traffic in Arms Regulations ( ITAR ) relating to the merger and the other transactions contemplated by the merger agreement shall have expired or otherwise been waived by the U.S. Department of State, Directorate of Defense Trade Controls ( DDTC ); and

no order or law, entered, enacted, promulgated, enforced or issued by any governmental entity shall be in effect restraining, preventing or otherwise prohibiting the consummation of the merger.

In addition, the obligations of Kuraray, Parent and Merger Sub to effect the merger are subject to the satisfaction or waiver by Kuraray, Parent or Merger Sub at or prior to the effective time, of the following conditions:

the accuracy of the representations and warranties of Calgon Carbon set forth in the merger agreement both at and as of September 21, 2017 and as of and as though made on the closing date (except for such representations and warranties that are expressly made as of a specified date, which must be true and correct as of such specified date), but subject to a material adverse effect, materiality or other standard, as applicable, as provided in the merger agreement;

Calgon Carbon having performed or complied in all material respects with all covenants and agreements required to be performed by Calgon Carbon under the merger agreement at or prior to the closing date;

Kuraray 's receipt of a signed certificate from the Chief Executive Officer or Chief Financial Officer of Calgon Carbon confirming the satisfaction of the conditions described in the two preceding bullet points.

Calgon Carbon 's obligations to effect the merger are subject to the satisfaction or waiver by Calgon Carbon on or prior to the effective time, of the following conditions:

the accuracy of the representations and warranties of Kuraray, Parent and Merger Sub set forth in the merger agreement in all material respects both at and as of September 21, 2017 and as of and as though made on the closing date (except for any representations and warranties that are expressly stated to have been made as of a specified date, which must be true and correct as of such specific date);

each of Kuraray, Parent and Merger Sub having performed or complied in all material respects with all covenants and agreements required to be performed by Kuraray, Parent and Merger Sub, as applicable, under the merger agreement at or prior to the closing date; and

Calgon Carbon's receipt of a signed certificate from the Chief Executive Officer or another senior executive officer of each of Kuraray, Parent and Merger Sub confirming the satisfaction of the conditions described in the two preceding bullet points.

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**Expected Timing of the Merger (page 74)**

We have targeted the fourth quarter of 2017 for the closing of the merger. However, the merger is subject to various regulatory clearances and approvals and other conditions, and it is possible that factors outside the control of both Calgon Carbon and Kuraray could result in the merger being completed at a later time, or not at all. There may be a substantial amount of time between the special meeting and the completion of the merger. We expect to complete the merger promptly following the receipt of all required approvals, and subject to the conditions to the merger described in this proxy statement.

**Recommendation of the Calgon Carbon Board of Directors (page 48)**

The Calgon Carbon board of directors unanimously declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, determined that they are fair to and in the best interests of Calgon Carbon and its stockholders, and unanimously adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Calgon Carbon board of directors unanimously recommends that Calgon Carbon stockholders vote:

**FOR** the merger proposal;

**FOR** the advisory compensation proposal; and

**FOR** the adjournment proposal.

**Reasons for the Merger (page 43)**

For a description of the reasons considered by the Calgon Carbon board of directors in deciding to recommend adoption of the merger agreement, see the section entitled *The Merger (Proposal 1) Reasons for the Merger*.

**Opinion of Morgan Stanley & Co. LLC (page 51)**

In connection with the merger, at the special meeting of the Calgon Carbon board of directors on September 20, 2017, Morgan Stanley & Co. LLC, which we refer to as Morgan Stanley, rendered its oral opinion, which was subsequently confirmed by delivery of a written opinion, to the Calgon Carbon board of directors to the effect that, as of the date of such opinion, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its written opinion, the \$21.50 per share in cash to be received by the holders of shares of Calgon Carbon common stock (other than holders of shares of Calgon Carbon common stock (1) held in treasury of Calgon Carbon, (2) owned by Kuraray or any direct or indirect wholly owned subsidiary of Kuraray or (3) that have not been voted for adoption of the merger agreement and with respect to which appraisal has been properly demanded in accordance with, and at all times the holder of which has been in compliance with, Section 262 of the General Corporation Law of the State of Delaware (clauses (1), (2), and (3), collectively, the excluded shares ) pursuant to the merger agreement was fair from a financial point of view to such holders of such shares.

**The full text of Morgan Stanley's written opinion to the Calgon Carbon board of directors, dated September 20, 2017, is attached to this proxy statement as Annex B, and is incorporated by reference in this proxy statement**



**in its entirety. Holders of shares of Calgon Carbon common stock should read the opinion carefully and in its entirety. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley in rendering its opinion. Morgan Stanley's opinion was directed to the Calgon Carbon board of directors and addressed only the fairness, from a financial point of view, as of the**

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date of the opinion, to the holders of shares of Calgon Carbon common stock (other than holders of the excluded shares) of the \$21.50 per share in cash to be received by such holders pursuant to the merger agreement. Morgan Stanley's opinion did not address any other aspects of the merger and did not and does not constitute a recommendation as to how holders of the Calgon Carbon common stock should vote at the special meeting. The summary of Morgan Stanley's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

For more information, see the section of this proxy statement captioned *The Merger (Proposal 1) Opinion of Morgan Stanley* and **Annex B**.

**Interests of Calgon Carbon's Non-Executive Directors and Executive Officers in the Merger (page 60)**

In considering the recommendation of the Calgon Carbon board of directors to adopt the merger agreement, you should be aware that certain of Calgon Carbon's non-executive directors and executive officers have interests in the merger that are different from, or in addition to, those of Calgon Carbon stockholders generally. Interests of officers and non-executive directors that may be different from or in addition to the interests of Calgon Carbon stockholders include, among others, treatment of the outstanding Calgon Carbon equity awards pursuant to the merger agreement, potential severance payments and benefits, rights to ongoing indemnification and insurance coverage and potential interest in future employment by Calgon Carbon as an indirect wholly owned subsidiary of Kuraray. The Calgon Carbon board of directors was aware of these interests and considered them, among other matters, in evaluating the merger agreement, in overseeing the negotiation of the merger agreement, in reaching its decision to approve the merger agreement, and in recommending to Calgon Carbon stockholders that the merger agreement be adopted. These interests, including material facts relating to the terms of employment proposed by Kuraray to certain of our executive officers, are described in the section entitled *The Merger (Proposal 1) Interests of Calgon Carbon's Non-Executive Directors and Executive Officers in the Merger*. We currently expect that Calgon Carbon's non-executive directors and executive officers will vote their shares, representing approximately [ ]% of the outstanding shares of Calgon Carbon common stock, in favor of the merger proposal and the other proposals to be considered at the special meeting, although they have no obligation to do so.

**Financing of the Merger (page 60)**

The merger is not conditioned on Kuraray obtaining the proceeds of any financing. We anticipate that the total funds necessary to complete the merger and the other transactions contemplated by the merger agreement will be approximately \$1.1 billion to \$1.3 billion, which will be funded through available cash on hand of Kuraray and bank debt financing to be obtained by Kuraray.

**Material U.S. Federal Income Tax Consequences of the Merger (page 69)**

The exchange of shares of Calgon Carbon common stock for cash in the merger will be a taxable transaction to U.S. holders for U.S. federal income tax purposes. In general, a U.S. holder whose shares of Calgon Carbon common stock are converted into the right to receive cash in the merger will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and the U.S. holder's adjusted tax basis in such shares. A U.S. holder's adjusted tax basis in his or her shares of Calgon Carbon common stock surrendered in the merger generally will equal the price the U.S. holder paid for such shares. Gain or loss will be determined separately for each block of shares of Calgon Carbon common stock (i.e., shares of Calgon Carbon common stock acquired at the same cost in a single transaction). Such gain or loss generally will be treated as long-term capital gain or loss if the U.S. holder's holding period in the shares of Calgon Carbon common stock exceeds one year at the time of the completion of the merger. Long-term capital gains of non-corporate U.S.

holders generally are subject to reduced

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rates of taxation compared to short-term capital gains or ordinary income. In addition, depending on the effective time of the merger and a U.S. holder's particular circumstances, a U.S. holder may also be subject to an additional 3.8% net investment income tax. The deductibility of capital losses is subject to limitations.

Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. Moreover, U.S. federal tax laws are subject to change (possibly with retroactive effect). Therefore, you should consult your tax advisor to determine the tax consequences of the merger to you.

## **Governmental and Regulatory Approvals (page 71)**

*HSR Clearance.* Under the HSR Act, and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Federal Trade Commission (the "FTC") and the Antitrust Division of the United States Department of Justice (the "DOJ"), and all statutory waiting period requirements have been terminated or have expired. On October 5, 2017, Kuraray and Calgon Carbon each filed the requisite notification and report forms under the HSR Act with the DOJ and the FTC. The DOJ and FTC granted early termination to the waiting period on October 16, 2017.

*CFIUS Approval.* On the recommendation of CFIUS, the President of the United States may prohibit or suspend acquisitions, mergers or takeovers by foreign persons of entities engaged in interstate commerce in the United States. On October 13, 2017, Calgon Carbon and Kuraray filed a draft joint voluntary notice with CFIUS. After receiving comments on the draft joint voluntary notice from CFIUS, Calgon Carbon and Kuraray will address the comments and subsequently file a final joint voluntary notice with CFIUS. Following submission of the final joint voluntary notice, CFIUS will begin an initial CFIUS 30-day review period. At the conclusion of the initial review period, CFIUS will either (1) clear the merger or (2) notify the parties that CFIUS will initiate an additional 45 calendar day investigation period. Following the investigation period, CFIUS may clear the merger, submit a recommendation to the President of the United States that the merger be suspended or prohibited, or submit a report to the President of the United States requesting that he determine the disposition of the merger. Additionally, Calgon Carbon and Kuraray have customary rights to withdraw and refile the joint voluntary notice with CFIUS.

*Other Clearances.* Completion of the merger is further subject to the expiration or waiver of a notification period required under the ITAR, and the receipt of a clearance or expiration of the waiting period pursuant to Section 40 of the German Act Against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*). The German Federal Cartel Office granted clearance for the merger by letter, dated October 25, 2017.

## **Appraisal Rights (page 104)**

Under the General Corporation Law of the State of Delaware (the "DGCL"), subject to the limitations set forth in the DGCL and described in this proxy statement, Calgon Carbon stockholders who do not vote for the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares in cash as determined by the Delaware Court of Chancery, but only if they comply fully with all of the applicable requirements of the DGCL, which are summarized in this proxy statement. Any appraisal amount determined by the court could be more than, the same as, or less than the value of the merger consideration. Any Calgon Carbon stockholder intending to exercise appraisal rights must, among other things, deliver a written demand for appraisal to Calgon Carbon prior to the vote on the merger proposal and must not vote or otherwise submit a proxy in favor of the merger proposal. Failure to follow the procedures specified under the DGCL exactly will result in the loss of your appraisal rights. Because of the complexity of the DGCL relating to appraisal rights, if you are considering exercising your appraisal rights, we encourage you to seek the advice of your own legal counsel. The discussion of appraisal rights contained in this proxy statement is not a full summary of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety.

by the full text of Section 262 of the DGCL that is attached to this proxy statement as **Annex C**.

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**Delisting and Deregistration of Calgon Carbon Common Stock (page 72)**

Upon completion of the merger, shares of Calgon Carbon common stock currently listed on the NYSE will be delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended (the Exchange Act ).

**Restrictions on Solicitation of Alternative Proposals, and Related Actions (page 81)**

Pursuant to the merger agreement, Calgon Carbon, its subsidiaries and its and their respective officers, directors, employees, consultants, agents, financial advisors, investment bankers, attorneys, accountants and other advisors or representatives ( representatives ), may not, directly or indirectly:

solicit, initiate, knowingly facilitate or knowingly encourage, including by way of furnishing information, any proposal, offer or inquiry which constitutes, or could reasonably be expected to lead to, any takeover proposal (as described in the section entitled *The Merger Agreement No Solicitation of Takeover Proposals; Changes in Board Recommendation* );

engage in or otherwise participate in, any negotiations or discussions regarding a takeover proposal;

furnish any information to any person or entity that, to the knowledge of Calgon Carbon, is seeking to make, would reasonably be expected to make or has made a takeover proposal; or

enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement with respect to a takeover proposal.

However, if after the date of the merger agreement and prior to obtaining the requisite stockholder vote, Calgon Carbon receives a bona fide written takeover proposal (that did not result from a breach of the non-solicitation provisions of the merger agreement), Calgon Carbon and its representatives may:

deliver a written communication to such person or entity solely for the purpose of clarifying the terms and conditions of the takeover proposal; and

if the Calgon Carbon board of directors determines in good faith, after consultation with its financial advisor and outside legal counsel, that such takeover proposal constitutes or would reasonably be expected to lead to a superior proposal (as described in the section entitled *The Merger Agreement No Solicitation of Takeover Proposals; Changes in Board Recommendation* ) and that a failure to take any of the following actions would be inconsistent with the fiduciary duties of the Calgon Carbon board of directors under applicable law, Calgon Carbon and its representatives may (1) enter into an acceptable confidentiality agreement with such person making the takeover proposal, (2) furnish information with respect to Calgon Carbon and its subsidiaries to such person pursuant to the acceptable confidentiality agreement (provided that to the extent not previously made available to Kuraray or its representatives, Calgon Carbon furnishes Kuraray with all

non-public information delivered pursuant to the acceptable confidentiality agreement), and (3) engage in discussions or negotiations with such person regarding the takeover proposal.

With respect to any takeover proposal for which Calgon Carbon or its representatives take any action described above, Calgon Carbon will (1) keep Kuraray informed on a reasonably current basis regarding material details (including material amendments regarding price and other material terms) relating to or concerning such takeover proposal and (2) promptly (but in any event within 24 hours) after receipt thereof, provide Kuraray with copies of all material documents and other material written communications relating to such takeover proposal exchanged between Calgon Carbon, its subsidiaries or representatives and the person making the takeover proposal.

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**Changes in Board Recommendation (page 83)**

The Calgon Carbon board of directors has unanimously recommended that Calgon Carbon stockholders vote **FOR** the proposal to adopt the merger agreement. The merger agreement permits the Calgon Carbon board of directors to make a recommendation change (as described in the section entitled *The Merger Agreement No Solicitation of Takeover Proposals; Changes in Board Recommendation* ) only in certain limited circumstances, as described below.

Prior to the receipt of the requisite stockholder vote, the Calgon Carbon board of directors may, in response to any unsolicited, bona fide written takeover proposal that did not result from a breach of the non-solicitation provisions of the merger agreement, effect a recommendation change and terminate the merger agreement in order to enter into a definitive agreement in respect of a takeover proposal (subject to paying a termination fee to Kuraray under the terms of the merger agreement) if:

the Calgon Carbon board of directors concludes in good faith after consultation with its financial advisors and outside legal counsel that such takeover proposal constitutes a superior proposal;

the Calgon Carbon board of directors concludes in good faith, after consultation with its financial advisor and outside legal counsel, that the failure to make a recommendation change would be inconsistent with its fiduciary duties under applicable law;

the Calgon Carbon board of directors gives Kuraray at least three business days prior written notice of its intent to take such action, which notice must specify the reasons for the recommendation change, the identity of the person making such superior proposal, and an unredacted copy of any relevant acquisition agreement and proposed transaction agreements;

during the three business day period, Calgon Carbon and its representatives have negotiated in good faith with Kuraray and its representatives to enable Kuraray to propose in writing a binding offer containing revisions to the merger agreement that would cause the superior proposal, in the opinion of the Calgon Carbon board of directors after consultation with its financial advisor and outside legal counsel, to no longer constitute a superior proposal;

in the event of any material change to the material terms or conditions of the relevant superior proposal, Calgon Carbon has delivered to Kuraray an additional notice, upon which an additional two business day notice period shall commence; and

at the end of the notice period, as extended, if necessary, following a good faith consideration of Kuraray's revised binding offer, the Calgon Carbon board of directors determines in good faith, after consultation with its financial advisor and outside legal counsel, that the takeover proposal remains the superior proposal. See the sections entitled *The Merger Agreement No Solicitation of Takeover Proposals; Changes in Board Recommendation* and *The Merger Agreement Termination Fee; Effect of Termination*.



Further, the Calgon Carbon board of directors may effect a recommendation change at any time prior to obtaining the requisite stockholder vote if an intervening event (as described in the section entitled *The Merger Agreement No Solicitation of Takeover Proposals; Changes in Board Recommendation* ) has occurred and is continuing and the Calgon Carbon board of directors concludes in good faith (after consultation with its financial advisor and outside legal counsel) that the failure to effect a recommendation change in response to such intervening event would be inconsistent with its fiduciary duties under applicable law; provided, that prior to making a recommendation change:

the Calgon Carbon board of directors must provide Kuraray at least five business days prior written notice that it intends to take such action and provide reasonable detail with respect to such intervening event and the reasons for such recommendation change;

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during the five business days following such written notice, if requested by Kuraray, Calgon Carbon and its representatives must negotiate in good faith with Kuraray regarding any revisions to the terms of the merger agreement that would obviate the need for such recommendation change; and

at the end of such five business day period, the Calgon Carbon board of directors concludes in good faith, after consultation with outside legal counsel and financial advisors and taking into account any adjustment or modification of the terms of the merger agreement proposed by Kuraray, that the failure to make a recommendation change would be inconsistent with its fiduciary duties under applicable law. See the section entitled *The Merger Agreement No Solicitation of Takeover Proposals; Changes in Board Recommendation*.

**Termination of the Merger Agreement (page 92)**

Calgon Carbon, Kuraray, Parent and Merger Sub may mutually agree to terminate the merger agreement at any time prior to the effective time.

Kuraray or Calgon Carbon may also terminate the merger agreement if:

the merger has not been completed on or before April 30, 2018; provided that if all of the conditions to closing, other than those pertaining to (1) expiration or termination of the waiting period required by the HSR Act, (2) other approvals under antitrust laws, (3) CFIUS approval, and (4) expiration or waiver of any applicable notice period under ITAR have been satisfied or waived at such time, such date shall be automatically extended to September 30, 2018 (see the description of the outside date in the section entitled *The Merger Agreement Termination of the Merger Agreement* );

any law or final and nonappealable order shall be in effect restraining, preventing or otherwise prohibiting or making illegal the consummation of the merger;

the President of the United States takes final action to prohibit the transactions contemplated by the merger agreement; or

the requisite stockholder vote is not obtained when voted upon at the special meeting or at any adjournment or postponement of the special meeting.

Calgon Carbon may also terminate the agreement if:

subject to certain exceptions, Kuraray, Parent or Merger Sub has breached or failed to perform any of their covenants or other agreements or breached any of its representations or warranties, in each case contained in the merger agreement, which (1) would result in a failure of a condition to the obligations of Calgon Carbon to effect the merger and (2) is not cured within the earlier of the outside date and the 30th day following written notice of such breach from Calgon Carbon to Kuraray stating Calgon Carbon's intention to terminate the merger agreement and the basis for such termination; or

prior to obtaining the requisite stockholder vote, Calgon Carbon terminates to concurrently enter into an acquisition agreement relating to an unsolicited superior proposal and prior to or concurrently with such termination pays Kuraray a termination fee of \$33.2 million.

Kuraray may also terminate the agreement if:

subject to certain exceptions, Calgon Carbon has breached or failed to perform any of its covenants or other agreements or breached any of its representations or warranties, in each case contained in the merger agreement, which (1) would result in a failure of certain conditions to the obligations of Kuraray, Parent and Merger Sub to effect the merger and (2) is not cured within the earlier of the outside date and the 30th day following written notice of such breach from Kuraray to Calgon Carbon stating Kuraray's intention to terminate the merger agreement and the basis for such termination.

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prior to obtaining the requisite stockholder vote, the Calgon Carbon board of directors has made a recommendation change.

**Termination Fee and Expenses (page 93)**

Generally, all expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses with certain exceptions expressly set forth in the merger agreement, including that Kuraray will reimburse Calgon Carbon for any expenses related to Calgon Carbon's cooperation with Kuraray's efforts to obtain consents and waivers related to the transaction. The merger agreement provides that, upon termination of the merger agreement under certain circumstances, Calgon Carbon will be required to pay to Kuraray a termination fee of \$33.2 million. See the section entitled *The Merger Agreement Termination Fee; Effect of Termination*. In the event Calgon Carbon is required to pay the termination fee to Kuraray and fails to do so in a timely manner, Calgon Carbon will pay to Kuraray interest on the termination fee, together with reasonable fees, costs and expenses (including attorneys' fees, costs and expenses) incurred in connection with an action commenced by Kuraray, Parent or Merger Sub that results in a judgment against Calgon Carbon.

**Market Price of Calgon Carbon Common Stock (page 100)**

Calgon Carbon common stock is listed on the NYSE under the trading symbol CCC. The merger consideration of \$21.50 per share represents a 62.9 % premium over \$13.20, the closing price per share of Calgon Carbon common stock on September 20, 2017, the last trading day before the public announcement of the merger agreement. The closing price of Calgon Carbon common stock on the NYSE on [ ], 2017, the most recent practicable date before filing this proxy statement, was \$[ ] per share. You are encouraged to obtain current market prices of Calgon Carbon common stock in connection with voting your shares of Calgon Carbon common stock.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

*The following questions and answers are intended to address certain questions you may have regarding the special meeting and the merger. Calgon Carbon urges you to carefully read the remainder of this proxy statement because the information in this section does not provide all the information that might be important to you with respect to the special meeting and the merger. Additional important information is also contained in the annexes to and the documents incorporated by reference into this proxy statement.*

**Q: WHAT WILL I RECEIVE IN THE MERGER?**

A: Upon the terms and subject to the conditions of the merger agreement, if the merger is completed, Calgon Carbon stockholders will have the right to receive \$21.50 in cash, without interest and subject to any applicable withholding taxes, for each share of Calgon Carbon common stock that they own immediately prior to the effective time.

**Q: WHY AM I RECEIVING THIS PROXY STATEMENT?**

A: On September 21, 2017, Calgon Carbon entered into a definitive agreement providing for the merger of Merger Sub, a wholly owned subsidiary of Parent, with and into Calgon Carbon, with Calgon Carbon surviving the merger as a wholly owned subsidiary of Parent and an indirect wholly owned subsidiary of Kuraray. You are receiving this proxy statement in connection with the solicitation of proxies by the Calgon Carbon board of directors in favor of the proposal to adopt the merger agreement and to approve the other related proposals to be voted on at the special meeting.

**Q: WHEN AND WHERE IS THE SPECIAL MEETING?**

A: The special meeting will be held at [ ] on [ ], 2017 at [ ], local time.

**Q: WHO IS ENTITLED TO VOTE AT THE SPECIAL MEETING?**

A: Only holders of record of Calgon Carbon common stock at the close of business on the record date for the special meeting, are entitled to receive these proxy materials and vote at the special meeting. At the close of business on the record date, there were [ ] shares of Calgon Carbon common stock outstanding and entitled to vote at the special meeting, held by [ ] holders of record. Each share of Calgon Carbon common stock issued and outstanding as of the record date will be entitled to one vote on each matter submitted to a vote at the special meeting.

**Q: HOW DO CALGON CARBON S DIRECTORS AND EXECUTIVE OFFICERS INTEND TO VOTE?**

A: As of the date of this proxy statement, we expect that Calgon Carbon's directors and executive officers will vote their shares in favor of the proposal to adopt the merger agreement and the other proposals to be considered at the special meeting.

**Q: WHAT MATTERS WILL BE VOTED ON AT THE SPECIAL MEETING?**

A: At the special meeting, you will be asked to consider and vote on the following proposals:

the merger proposal;

the advisory compensation proposal; and

the adjournment proposal.

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**Q: WHAT VOTE OF CALGON CARBON STOCKHOLDERS IS REQUIRED TO ADOPT THE MERGER AGREEMENT?**

A: Adoption of the merger agreement requires that stockholders holding a majority of the outstanding shares of Calgon Carbon common stock entitled to vote at the special meeting vote **FOR** the merger proposal. A failure to vote (including a failure of your broker, bank or other nominee to vote shares held on your behalf) or an abstention will have the same effect as voting **AGAINST** the merger proposal.

**Q: WHAT IS THE VOTE REQUIRED TO APPROVE THE OTHER PROPOSALS?**

A: Each of the advisory compensation proposal and the adjournment proposal requires the affirmative vote of stockholders holding a majority of the votes cast at the special meeting with respect to the proposal. An abstention or failure to vote with respect to either proposal will have no effect on the vote for such proposals, assuming there is a quorum present at the special meeting.

**Q: HOW DOES THE CALGON CARBON BOARD OF DIRECTORS RECOMMEND I VOTE ON THE PROPOSALS?**

A: The Calgon Carbon board of directors unanimously recommends that you vote as follows:

**FOR** the merger proposal;

**FOR** the advisory compensation proposal; and

**FOR** the adjournment proposal.

For a discussion of the factors that the Calgon Carbon board of directors considered in determining to recommend the adoption of the merger agreement, see the section entitled *The Merger (Proposal 1) Reasons for the Merger*. In considering the recommendation of the Calgon Carbon board of directors with respect to the merger agreement, you should be aware that some of our directors and executive officers have interests that may be different from, or in addition to, the interests of Calgon Carbon stockholders generally. For a discussion of these interests, see the section entitled *The Merger (Proposal 1) Interests of Calgon Carbon's Non-Executive Directors and Executive Officers in the Merger*.

**Q: WHAT CONSTITUTES A QUORUM ?**

A: A quorum will be present if the stockholders entitled to cast a majority of the votes which all stockholders of Calgon Carbon common stock are entitled to cast on a particular matter at the close of business on the record date

for the special meeting are present in person or represented by proxy at the special meeting. If a quorum is not present at the special meeting, the special meeting may be adjourned or postponed from time to time until a quorum is obtained.

As of the close of business on [                      ], 2017, the record date for the special meeting, there were [    ] shares of Calgon Carbon common stock outstanding.

If you submit a proxy but fail to provide voting instructions or abstain on any of the proposals listed on the proxy card, your votes will be counted for the purpose of determining whether a quorum is present at the special meeting.

If your shares are held in street name by your broker, bank or other nominee and you do not instruct the nominee how to vote your shares, your broker, bank or other nominee will not vote on your behalf with respect to any of the proposals, and your shares will not be counted for purposes of determining whether a quorum is present for the transaction of business at the special meeting.

**Q: WHEN IS THE MERGER EXPECTED TO BE COMPLETED?**

A: As of the date of this proxy statement, we have targeted the fourth quarter of 2017 for the completion of the merger. However, completion of the merger is subject to the satisfaction or waiver of the conditions to the



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completion of the merger, which are described in this proxy statement and include various regulatory clearances and approvals, and it is possible that factors outside the control of Calgon Carbon or Kuraray could delay the completion of the merger, or prevent it from being completed at all. There may be a substantial amount of time between the special meeting and the completion of the merger. We expect to complete the merger promptly following the receipt of all required approvals, and subject to the conditions to the completion of the merger described in this proxy statement.

**Q: WHAT HAPPENS IF THE MERGER IS NOT COMPLETED?**

A: If the merger agreement is not adopted by Calgon Carbon stockholders, or if the merger is not completed for any other reason, the Calgon Carbon stockholders will not receive any payment for their shares of Calgon Carbon common stock in connection with the merger. Instead, Calgon Carbon will remain a public company and shares of Calgon Carbon common stock will continue to be registered under the Exchange Act, as well as listed and traded on the NYSE. In the event that either Calgon Carbon or Kuraray terminates the merger agreement, then, in certain circumstances, Calgon Carbon will be required to pay Kuraray a termination fee in an amount equal to \$33.2 million. See the section entitled *The Merger Agreement Termination Fee; Effect of Termination*.

**Q: WHAT WILL HAPPEN IF STOCKHOLDERS DO NOT APPROVE THE ADVISORY COMPENSATION PROPOSAL?**

A: The inclusion of the advisory compensation proposal is required by Securities and Exchange Commission ( SEC ) rules; however, the approval of the advisory compensation proposal is not a condition to the completion of the merger and the vote on the advisory compensation proposal is an advisory vote by stockholders and will not be binding on Calgon Carbon or Kuraray. If the merger agreement is adopted by Calgon Carbon stockholders and the merger is completed, the merger-related compensation will be paid to Calgon Carbon s named executive officers in accordance with the terms of their compensation agreements and arrangements even if stockholders fail to approve the advisory compensation proposal.

**Q: AM I ENTITLED TO APPRAISAL RIGHTS INSTEAD OF RECEIVING MERGER CONSIDERATION?**

A: Subject to the limitations set forth in the DGCL and described in this proxy statement, Calgon Carbon stockholders who do not vote for the adoption of the merger agreement have the right to seek appraisal of the fair value of their shares in cash as determined by the Delaware Court of Chancery, but only if they comply fully with all applicable requirements of the DGCL, which are summarized in this proxy statement. Any appraisal amount determined by the court could be more than, the same as, or less than the value of the merger consideration. Any Calgon Carbon stockholder intending to exercise appraisal rights must, among other things, deliver a written demand for appraisal to Calgon Carbon prior to the vote on the merger proposal and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Failure to follow exactly the procedures specified under the DGCL will result in the loss of appraisal rights. Because of the complexity of the DGCL relating to appraisal rights, if you are considering exercising your appraisal right, we encourage you to seek the advice of your own legal counsel. The discussion of appraisal rights contained in this proxy statement is not a full summary

of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL that is attached to this proxy statement as **Annex C**.

**Q: DO YOU EXPECT THE MERGER TO BE TAXABLE TO CALGON CARBON STOCKHOLDERS?**

A: The exchange of shares of Calgon Carbon common stock for cash in the merger will be a taxable transaction to U.S. holders for U.S. federal income tax purposes. In general, a U.S. holder whose shares of Calgon

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Carbon common stock are converted into the right to receive cash in the merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and the U.S. holder's adjusted tax basis in such shares.

Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the merger to you.

**Q: WHO IS SOLICITING MY VOTE?**

A: The Calgon Carbon board of directors is soliciting your proxy, and Calgon Carbon will bear the cost of soliciting proxies. Georgeson LLC ( Georgeson ) has been retained to assist with the solicitation of proxies. Georgeson will be paid approximately \$15,500 and will be reimbursed for its reasonable out-of-pocket expenses for these and other advisory services in connection with the special meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through brokers, banks and other nominees to the beneficial owners of shares of Calgon Carbon common stock, in which case Calgon Carbon will reimburse these parties for their reasonable out-of-pocket expenses for forwarding solicitation material to such beneficial owners. Proxies may also be solicited in person or by telephone, facsimile, electronic mail, or via the Internet by Georgeson or by certain of Calgon Carbon's directors, officers and employees, without additional compensation.

**Q: WHAT DO I NEED TO DO NOW?**

A: Carefully read and consider the information contained in and incorporated by reference into this proxy statement, including the annexes. Whether or not you expect to attend the special meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the special meeting.

**Q: WHAT IS THE DIFFERENCE BETWEEN HOLDING SHARES OF CALGON CARBON COMMON STOCK AS A STOCKHOLDER OF RECORD AND AS A BENEFICIAL HOLDER?**

A: Most of our stockholders hold their shares of Calgon Carbon common stock through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares of Calgon Carbon common stock held of record and those owned beneficially through a broker, bank or other nominee.

*Stockholder of Record.* If your shares of Calgon Carbon common stock are registered directly in your name with our transfer agent, Computershare Trust Company, N.A. ( Computershare ), you are considered the stockholder of record with respect to those shares of Calgon Carbon common stock, and these proxy materials are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote your shares of Calgon Carbon common stock in person at the special meeting. We have enclosed a proxy card for you to use.

*Beneficial Owner.* If your shares of Calgon Carbon common stock are held in a brokerage account or in the name of a broker, bank or other nominee, you are considered the beneficial owner of those shares of Calgon Carbon common stock, and these proxy materials are being forwarded to you together with a voting instruction card by your broker,

bank or other nominee who is considered the stockholder of record with respect to those shares of Calgon Carbon common stock. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares of Calgon Carbon common stock, and you are also invited to attend the special meeting where you can vote your shares of Calgon Carbon common stock in person in accordance with the following procedures. Because a beneficial owner is not the stockholder of record, you may not vote these shares of Calgon Carbon common stock at the special meeting, unless you provide a legal proxy from the broker, bank or other nominee that holds your shares

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of Calgon Carbon common stock giving you the right to vote the shares of Calgon Carbon common stock at the special meeting. You should allow yourself enough time prior to the special meeting to obtain this proxy from your broker, bank or other nominee who is the stockholder of record.

**Q: HOW DO I VOTE MY SHARES OF CALGON CARBON COMMON STOCK?**

A: Before you vote, you should determine whether you hold your shares of Calgon Carbon common stock directly in your name as a registered holder (which would mean that you are a stockholder of record ) or through a broker, bank or other nominee (which would mean that you are a beneficial owner ), because this will determine the procedure that you must follow in order to vote.

If you are the stockholder of record, you may vote in any of the following ways:

*Via the Internet* If you choose to vote via the Internet, go to the website on the enclosed proxy card and follow the easy instructions. You will need the control number shown on your proxy card in order to vote.

*Via Telephone* If you choose to vote via telephone, use a touch-tone telephone to call the phone number indicated on the enclosed proxy card and follow the easy voice prompts. You will need the control number shown on your proxy card in order to vote.

*Via Mail* If you choose to vote via mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. Proxy cards that are returned without a signature will not be counted as present at the special meeting and cannot be voted.

*At the Special Meeting* Stockholders of record who attend the special meeting may vote in person by following the procedures described above, and any previously submitted proxies will be superseded by the vote cast at the special meeting.

Although Calgon Carbon offers four different voting methods, Calgon Carbon encourages you to vote through the Internet, as Calgon Carbon believes it is the most cost-effective method. We also recommend that you vote as soon as possible, even if you are planning to attend the special meeting, so that the vote count will not be delayed. Both the Internet and the telephone provide convenient, cost-effective alternatives to returning your proxy card by mail. If you vote your shares of Calgon Carbon common stock through the Internet, you may incur costs associated with electronic access, such as usage charges from Internet access providers.

If your shares of Calgon Carbon common stock are held in a brokerage account or in the name of a broker, bank or other nominee, you are considered the beneficial owner of the shares of Calgon Carbon common stock held for you in what is known as street name. If this is the case, this proxy statement has been forwarded to you by your broker, bank or other nominee, or its agent. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares of Calgon Carbon common stock. Because a beneficial owner is not the stockholder of record, you may not vote these shares of Calgon Carbon common stock at the special meeting, unless you provide a legal proxy from the broker, bank or other nominee that holds your shares of Calgon Carbon common

stock giving you the right to vote the shares of Calgon Carbon common stock at the special meeting. You should allow yourself enough time prior to the special meeting to obtain this proxy from your broker, bank or other nominee who is the stockholder of record.

If you hold your shares of Calgon Carbon common stock in the name of a broker, bank or other nominee, please refer to the information on the voting instruction card forwarded to you by your broker, bank or other nominee to see which voting options are available to you. In many cases, you may be able to submit your voting instructions by the Internet or telephone. If you do not properly submit your voting instructions, the broker, bank or other nominee will not be able to vote on these proposals. Under applicable rules, brokers, banks and other nominees have the discretion to vote on routine matters. The proposals in this proxy

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statement are non-routine matters, and therefore brokers, banks and other nominees cannot vote on these proposals without your instructions. This means that a broker non-vote cannot occur at the special meeting. Therefore, it is important that you cast your vote by instructing your broker, bank or nominee on how you wish to vote your shares of Calgon Carbon common stock.

**Q: DO I NEED TO ATTEND THE SPECIAL MEETING IN PERSON?**

A: No. It is not necessary for you to attend the special meeting in person in order to vote your shares of Calgon Carbon common stock.

**Q: MAY I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD OR OTHERWISE SUBMITTED MY VOTE?**

A: Yes. Even after you sign the proxy card or voting instruction card in the form accompanying this proxy statement, vote via telephone or vote via the Internet, you retain the power to revoke your proxy or change your vote. You can revoke your proxy or change your vote at any time before it is exercised by giving written notice to our Secretary at 3000 GSK Drive, Moon Township, Pennsylvania 15108, specifying such revocation. You may also change your vote by timely delivery of a valid, later-dated proxy or by attending and voting in person at the special meeting. If you have voted via the Internet or by telephone, you may change your vote by signing on to the website and following the prompts or calling the toll-free number again and following the instructions.

**Q: WHAT IF I ABSTAIN FROM VOTING?**

A: The requisite number of votes to adopt the merger agreement is based on the total number of shares of Calgon Carbon common stock outstanding on the record date for the special meeting, not just the shares that are voted. If you do not vote or abstain from voting on the proposal to adopt the merger agreement, it will have the same effect as a vote **AGAINST** the merger proposal.

The requisite number of votes to approve the other two proposals is based on the total number of votes cast at the special meeting. If you do not vote or abstain from voting, it will have no effect on either the advisory compensation proposal or adjournment proposal, assuming a quorum is present at the special meeting.

**Q: WHAT HAPPENS IF I RETURN MY PROXY CARD BUT I DO NOT INDICATE HOW I WILL VOTE?**

A: If you properly return your proxy card but do not include instructions on how to vote, your shares of Calgon Carbon common stock will be voted **FOR** the merger proposal, thereby voting such shares of Calgon Carbon common stock in favor of approving the merger, **FOR** the advisory compensation proposal, and **FOR** the adjournment proposal.

**Q: WHAT IS THE EFFECT OF A BROKER NON-VOTE?**

A: If your shares of Calgon Carbon common stock are held in a brokerage account or in the name of a broker, bank or other nominee, you are considered the beneficial owner of the shares of Calgon Carbon common stock held for you in what is known as street name. Under applicable rules, brokers, banks and other nominees have the discretion to vote on routine matters. The proposals in this proxy statement are non-routine matters, and therefore brokers, banks and other nominees cannot vote on these proposals without your instructions. This means that a broker non-vote cannot occur at the special meeting. Therefore, it is important that you cast your vote by instructing your broker, bank or nominee on how you wish to vote your shares of Calgon Carbon common stock.



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**Q: CAN I PARTICIPATE IF I AM UNABLE TO ATTEND?**

A: If you are unable to attend the meeting in person, we encourage you to send in your proxy card or to vote by telephone or over the Internet. The special meeting will not be broadcast telephonically or over the Internet.

**Q: WHERE CAN I FIND THE VOTING RESULTS OF THE SPECIAL MEETING?**

A: Calgon Carbon intends to announce preliminary voting results at the special meeting and publish final results in a Current Report on Form 8-K that will be filed with the SEC following the special meeting. All reports Calgon Carbon files with the SEC are publicly available when filed.

**Q: WHAT HAPPENS IF I SELL MY SHARES BEFORE COMPLETION OF THE MERGER?**

A: In order to receive the merger consideration, you must hold your shares of Calgon Carbon common stock through completion of the merger. Consequently, if you transfer your shares of Calgon Carbon common stock before completion of the merger, you will have transferred your right to receive the merger consideration.

The record date for stockholders entitled to vote at the special meeting is earlier than the consummation of the merger. If you transfer your shares of Calgon Carbon common stock after the record date but before the closing of the merger, you will have the right to vote at the special meeting, but not the right to receive the merger consideration.

**Q: DO I NEED TO DO ANYTHING WITH MY CALGON CARBON COMMON STOCK CERTIFICATES NOW?**

A: No. After the merger is completed, if you hold certificates representing shares of Calgon Carbon common stock prior to the merger, the paying agent for the merger will send you a letter of transmittal and instructions for exchanging your shares of Calgon Carbon common stock for the merger consideration. Upon surrender of the certificates for cancellation along with the executed letter of transmittal and other required documents described in the instructions or otherwise required by the paying agent in accordance with the merger agreement, you will receive the merger consideration. If your shares of Calgon Carbon common stock are held in street name by your broker, bank or other nominee, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the merger consideration. Do not send in your certificates now.

**Q: HOW CAN I OBTAIN ADDITIONAL INFORMATION ABOUT CALGON CARBON?**

A: You can find more information about us from various sources described in the section entitled *Where You Can Find Additional Information*.

**Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE SET OF PROXY MATERIALS?**

A: This means that you hold shares of Calgon Carbon common stock in more than one way. For example, you may own some shares of Calgon Carbon common stock directly as a stockholder of record and other shares of Calgon Carbon common stock as a beneficial owner through a broker, bank or other nominee, or you may own shares of Calgon Carbon common stock as a beneficial owner through more than one broker, bank or other nominee. In these situations, you may receive more than one set of proxy materials or multiple control numbers for use in submitting your proxy. To ensure that ALL of your shares of Calgon Carbon common stock are voted, sign and return each proxy card or voting instruction card you receive or, if you submit your proxy through the Internet or by telephone, vote at least once for each proxy card or control number you receive.

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**Q: WHO CAN HELP ANSWER MY QUESTIONS?**

A: If you have questions about the merger or the other matters to be voted on at the special meeting, desire additional copies of this proxy statement or additional proxy cards or otherwise need assistance voting, you should contact Georgeson LLC, our proxy solicitor, at:

Georgeson LLC

1290 Avenue of the Americas

9th Floor

New York, NY 10104

Toll-Free: (866) 295-3782

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This proxy statement, and the documents incorporated by reference in this proxy statement, includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statement that is not based on historical fact, including statements containing the words anticipates, believes, plans, expects, projects, future, intends, may, will, should, could, estimates, predicts, guidance, targets, and similar expressions. Calgon Carbon intends that such forward-looking statements be subject to the safe harbors created thereby. All forward-looking statements are based on current expectations regarding important risk factors and should not be regarded as a representation by Calgon Carbon or any other person that the results expressed therein will be achieved. Calgon Carbon assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law. In addition to other factors and matters contained in or incorporated by reference in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

the possibility of non-consummation of the proposed transaction and termination of the merger agreement;

the occurrence of any event, change or other circumstances that could delay the closing of the proposed transaction;

the failure to obtain governmental approvals of the merger on the proposed terms and schedule, and any conditions imposed on Calgon Carbon, Kuraray or the combined company in connection with consummation of the merger;

the failure to obtain approval of the merger by the stockholders of Calgon Carbon or the failure to satisfy various other conditions to the closing of the merger contemplated by the merger agreement;

the risk that stockholder litigation in connection with the proposed transaction may affect the timing or occurrence of the proposed transaction or result in significant costs of defense, indemnification and liability;

adverse effects on the Calgon Carbon common stock because of the failure to complete the proposed transaction;

limitations placed on Calgon Carbon's ability to operate its business under the merger agreement;

disruptions in Calgon Carbon's business due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with employees, business partners or governmental entities;

the risk that the businesses will not be integrated successfully;

the risk that the cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected;

restrictions imposed by outstanding indebtedness and indebtedness incurred in connection with the merger; worldwide and regional economic, business, and political conditions;

changes in customer demand and requirements;

business cycles and other industry conditions;

the timing of new services or facilities;

the ability to compete with others in the industries in which Calgon Carbon operates;

the effects of compliance with laws;

fluctuations in the value of currencies in major areas where operations are located;

matters relating to operating facilities;

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the effect and costs of claims (known or unknown) relating to litigation and environmental remediation;

the ability to develop and further enhance technology and proprietary know-how;

the ability to attract and retain key personnel;

disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers;

changes in the economic climate in the markets in which Calgon Carbon owns and operates its businesses;

the overall level of economic activity;

the availability of consumer credit and mortgage financing, unemployment rates and other factors;

Calgon Carbon's ability to successfully integrate the November 2, 2016 acquisition of the assets and business of the wood-based activated carbon, reactivation, and mineral-based filtration media of CECA and achieve the expected results of the acquisition, including any expected synergies and the expected future accretion to earnings;

changes in, or delays in the implementation of, regulations that cause a market for Calgon Carbon's products;

Calgon Carbon's ability to successfully type approve or qualify its products to meet customer and end market requirements;

changes in competitor prices for products similar to Calgon Carbon's;

higher energy and raw material costs;

costs of imports and related tariffs;

unfavorable weather conditions and changes in market prices of natural gas relative to prices of coal;

changes in foreign currency exchange rates and interest rates;

changes in corporate income and cross-border tax policies of the United States and other countries;

labor relations;

the availability of capital and environmental requirements as they relate to both Calgon Carbon's operations and to those of Calgon Carbon's customers;

borrowing restrictions;

the validity of and licensing restrictions on the use of patents, trademarks and other intellectual property;

pension costs;

the results of litigation involving Calgon Carbon, including stockholder litigation related to this transaction;

information security breaches and other disruptions that could compromise Calgon Carbon's information and expose Calgon Carbon to business interruption, increased costs, liability and reputational damage; and

additional risks associated with the conduct of Calgon Carbon's business, such as failure to achieve expected results and the risks that are described from time to time in Calgon Carbon's reports filed with the SEC, including its annual report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 1, 2017.

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Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which speak only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements.



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**THE COMPANIES**

**Calgon Carbon Corporation**

Calgon Carbon Corporation is a global leader in innovative solutions, high quality products and reliable services designed to protect human health and the environment from harmful contaminants in water and air. As a leading manufacturer of activated carbon, with broad capabilities in ultraviolet light disinfection, Calgon Carbon provides purification solutions for drinking water, wastewater, pollution abatement, and a variety of industrial and commercial manufacturing processes.

Calgon Carbon common stock is listed on the NYSE under the symbol CCC.

Calgon Carbon's principal executive offices are located at 3000 GSK Drive, Moon Township, Pennsylvania 15108, its telephone number is (412) 787 - 6700 and its Internet website address is [www.calgoncarbon.com](http://www.calgoncarbon.com). The information provided on or accessible through Calgon Carbon's website is not, and will not be deemed to be, part of this proxy statement and is not incorporated into this proxy statement by this or any other reference to Calgon Carbon's website provided in this proxy statement.

Detailed descriptions about Calgon Carbon's business and financial results are contained in its Annual Report on Form 10-K for the year ended December 31, 2016, and subsequent reports filed with the SEC, which are incorporated in this proxy statement by reference. See the section entitled *Where You Can Find Additional Information*.

**Kuraray Co., Ltd.**

Kuraray, incorporated under the laws of Japan, is a global leader in the manufacture and sale of specialty chemicals, resins, fibers, textiles, film productions, high performance material and medical products. Kuraray has offices, research and production facilities in 27 countries, including several production facilities and sales offices across the Americas, cultivating a lineup of world-class products in both developed and emerging markets.

Kuraray's shares are traded on the Tokyo Stock Exchange under the symbol 3405.

The principal executive offices of Kuraray are located at Ote Center Building, 1-1-3, Otemachi, Chiyoda-ku, Tokyo 100-8115, Japan and its telephone number at that address is +81-3-6701-1000.

**Kuraray Holdings U.S.A., Inc.**

Parent, a Delaware corporation, is a wholly owned subsidiary of Kuraray. Parent conducts all of its operations through two subsidiaries. Kuraray America, Inc., based in Houston, Texas, manufactures and sells a diverse group of Kuraray's products in the United States. Monosol LLC, based in Merrillville, Indiana, is a developer and manufacturer of water-soluble film.

The principal executive offices of Parent are located at 2625 Bay Area Boulevard, Suite 600, Houston, TX 77058 and its telephone number is (800) 423-9762.

**KJ Merger Sub, Inc.**

Merger Sub, a Delaware corporation, is a wholly owned subsidiary of Parent and was formed by Parent on September 15, 2017 solely for the purposes of entering into the merger agreement and effecting the merger. Merger

Sub has not conducted any business operations other than that incidental to its formation and in connection with the transactions contemplated by the merger agreement. Upon completion of the merger, Merger Sub will cease to exist as a separate entity.

The principal executive offices of Merger Sub are located at 2625 Bay Area Boulevard, Suite 600, Houston, TX 77058 and its telephone number is (800) 423-9762.

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**THE SPECIAL MEETING**

*This proxy statement is being provided to Calgon Carbon stockholders as part of a solicitation of proxies by the Calgon Carbon board of directors for use at the special meeting to be held at the time and place specified below, and at any properly convened meeting following an adjournment or postponement thereof. This proxy statement provides Calgon Carbon stockholders with the information they need to know to be able to vote or instruct their vote to be cast at the special meeting.*

**Date, Time and Place of the Special Meeting**

The special meeting is scheduled to be held at [ ] on [ ], 2017 at [ ], local time, unless the special meeting is adjourned or postponed. We intend to mail this proxy statement and the accompany proxy card on or about [ ], 2017, to all stockholders entitled to vote at the special meeting.

**Purpose of the Special Meeting**

At the special meeting, Calgon Carbon stockholders will be asked to consider and vote on the following proposals:

the merger proposal, which is further described in the section entitled *The Merger (Proposal 1)* ;

the advisory compensation proposal, discussed under the sections entitled *The Merger (Proposal 1)*, *Interests of Calgon Carbon's Non-Executive Directors*, *Quantification of Potential Payments to Named Executive Officers in Connection with the Merger* and *Advisory Vote on Named Executive Officer Merger Related Compensation Arrangements (Proposal 2)* ; and

the adjournment proposal, discussed under the section entitled *Vote on Adjournment (Proposal 3)*.

Our stockholders must adopt the merger agreement for the merger to occur. If our stockholders fail to adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as **Annex A**, and the material provisions of the merger agreement are described in the section entitled *The Merger Agreement*.

The vote on executive compensation payable in connection with the consummation of the merger is a vote separate and apart from the vote to adopt the merger agreement. Accordingly, a stockholder may vote to adopt the merger agreement and vote not to approve the advisory compensation proposal and vice versa. Because the vote on the advisory compensation proposal is advisory in nature only, it will not be binding on either Calgon Carbon or Kuraray. Accordingly, if the merger agreement is adopted by Calgon Carbon stockholders and the merger is completed, the merger-related compensation may be paid to Calgon Carbon's executive officers even if the stockholders fail to approve the proposal.

**Recommendation of the Calgon Carbon Board of Directors**

After consideration of all factors the Calgon Carbon board of directors deemed relevant, the Calgon Carbon board of directors unanimously declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, determined that they are fair to and in the best interests of Calgon Carbon and its

stockholders, and unanimously adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. Certain factors considered by the Calgon Carbon board of directors in reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement can be found in the section entitled *The Merger (Proposal 1) Reasons for the Merger*.

The Calgon Carbon board of directors unanimously recommends that Calgon Carbon stockholders vote **FOR** the merger proposal, **FOR** the advisory compensation proposal and **FOR** the adjournment proposal.

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### **Record Date; Voting Information**

Only holders of record of Calgon Carbon common stock at the close of business on [ ], 2017, the record date for the special meeting, will be entitled to notice of and to vote at the special meeting or any adjournments or postponements thereof. At the close of business on the record date, [ ] shares of Calgon Carbon common stock were issued and outstanding and held by [ ] holders of record.

Holders of record of Calgon Carbon common stock are entitled to one vote for each share of Calgon Carbon common stock they own at the close of business on the record date.

Brokers, banks or other nominees who hold shares of Calgon Carbon common stock for clients typically have the authority to vote on routine proposals when they have not received instructions from beneficial owners. Absent specific instructions from the beneficial owner of the shares of Calgon Carbon common stock, however, brokers, banks or other nominees are not allowed to exercise their voting discretion with respect to the approval of non-routine matters, which include all of the proposals being voted on at the special meeting.

### **Voting by Calgon Carbon's Directors and Executive Officers**

At the close of business on the record date, directors and executive officers of Calgon Carbon were entitled to vote [ ] shares of Calgon Carbon common stock, or approximately [ ]% of the shares of Calgon Carbon common stock outstanding on that date. We currently expect that Calgon Carbon's directors and executive officers will vote their shares in favor of the merger proposal and the other proposals to be considered at the special meeting, although none of them has any obligation to do so.

### **Quorum**

The presence at the special meeting in person or represented by proxy of stockholders holding a majority of the votes which all stockholders of Calgon Carbon common stock are entitled to cast on the particular matter at the close of business on the record date for the special meeting will constitute a quorum. There must be a quorum for business to be conducted at the special meeting. Failure of a quorum to be represented at the special meeting will necessitate an adjournment or postponement and will subject Calgon Carbon to additional expense. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting. Abstentions are counted as present or represented for purposes of determining the presence or absence of a quorum. In the event that a quorum is not present, or if there are insufficient votes to adopt the merger agreement at the time of the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies. If a new record date is set for an adjourned special meeting, then a new quorum will have to be established.

### **Required Vote**

The merger proposal requires the affirmative vote of stockholders holding a majority of the outstanding shares of Calgon Carbon common stock entitled to vote at the special meeting. A failure to vote your shares of Calgon Carbon common stock or an abstention from voting will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

The advisory compensation proposal and the adjournment proposal each require the affirmative vote of stockholders holding a majority of votes cast with respect to such proposals at the special meeting. A failure to vote your shares of Calgon Carbon common stock or an abstention from voting will have no effect on such proposals, assuming a quorum is present at the special meeting.

**Voting by Stockholders**

After carefully reading and considering the information contained in this proxy statement, each stockholder of record (that is, if your shares of Calgon Carbon common stock are registered in your name with Calgon

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Carbon's transfer agent, Computershare) should vote by mail, through the Internet, by telephone or by attending the special meeting and voting by ballot, according to the instructions described below.

## **Voting Methods**

*For stockholders of record:*

If your shares of Calgon Carbon common stock are held in your name by Calgon Carbon's transfer agent, Computershare, you can vote:

**Via the Internet** If you choose to vote via the Internet, go to the website indicated on the enclosed proxy card and follow the easy instructions. You will need the control number shown on your proxy card in order to vote.

**Via Telephone** If you choose to vote via telephone, use a touch-tone telephone to call the phone number indicated on the enclosed proxy card and follow the easy voice prompts. You will need the control number shown on your proxy card in order to vote.

**Via Mail** If you choose to vote via mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. Proxy cards that are returned without a signature will not be counted as present at the special meeting and cannot be voted.

**At the Special Meeting** Stockholders of record who attend the special meeting may vote in person by following the procedures described above, and any previously submitted proxies will be superseded by the vote cast at the special meeting.

*For beneficial owners:*

If your shares of Calgon Carbon common stock are held in a brokerage account or in the name of a broker, bank or other nominee, you are considered the beneficial owner of the shares of Calgon Carbon common stock held for you in what is known as street name. As beneficial owner, have the right to direct your broker, bank or other nominee on how to vote your shares of Calgon Carbon common stock. Because a beneficial owner is not the stockholder of record, you may not vote these shares of Calgon Carbon common stock at the special meeting unless you provide a legal proxy from the broker, bank or other nominee that holds your shares of Calgon Carbon common stock giving you the right to vote such shares of Calgon Carbon common stock at the special meeting.

Proxies received at any time before the special meeting and not expired, revoked or superseded before being voted will be voted at the special meeting. If the proxy indicates a specification, it will be voted in accordance with the specification. If no specification is indicated, the proxy will be voted **FOR** the merger proposal, thereby voting such shares of Calgon Carbon common stock in favor of approving the merger, **FOR** the advisory compensation proposal, and **FOR** the adjournment proposal.

## **Revocation of Proxies**

Stockholders of record retain the power to revoke their proxy or change their vote, even if they sign the proxy card or voting instruction card in the form accompanying this proxy statement, via telephone or via the Internet. Stockholders of record can revoke their proxy or change their vote at any time before it is exercised by giving written notice to our Secretary at 3000 GSK Drive, Moon Township, Pennsylvania 15108, specifying such revocation. Stockholders of record may also change their vote by timely delivery of a valid, later-dated proxy or by voting by ballot in person at the special meeting. Simply attending the special meeting will not constitute revocation of your proxy. If your shares of Calgon Carbon common stock are held in the name of a broker, bank or other nominee, you should follow the instructions of such broker, bank or other nominee regarding the revocation of proxies. If you have voted via the Internet or via telephone, you may change your vote by signing on to the website and following the prompts or calling the toll-free number again and following the instructions.



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### **Abstentions**

An abstention occurs when a stockholder attends a meeting, either in person or represented by proxy, but votes to abstain with respect to any particular matter or otherwise abstains from voting with respect to any matter. Abstentions will be included in the calculation of the number of votes present or represented at the special meeting for purposes of determining whether a quorum has been achieved. Abstaining from voting will have the same effect as a vote

**AGAINST** the merger proposal. However, the requisite number of shares required to approve the other two proposals is based on the number of votes cast at the special meeting, therefore abstentions have no effect on such proposals.

### **Failure to Vote**

If you do not vote and do not attend the special meeting in person or by proxy, your shares will have the same effect as a vote **AGAINST** the merger proposal, but will have no effect on the advisory compensation or the adjournment proposal.

If you hold your shares of Calgon Carbon common stock in the name of a broker, bank or other nominee, please refer to the information on the voting instruction card forwarded to you by your broker, bank or other nominee to see which voting options are available to you. In many cases, you may be able to submit your voting instructions by the Internet or telephone. If you do not properly submit your voting instructions, the broker, bank or other nominee will not be able to vote on these proposals. Under applicable rules, brokers, banks and other nominees have the discretion to vote on routine matters. The proposals in this proxy statement are non-routine matters, and therefore brokers, banks and other nominees cannot vote on these proposals without your instructions. This means that a broker non-vote cannot occur at the special meeting. Therefore, it is important that you cast your vote by instructing your broker, bank or nominee on how you wish to vote your shares of Calgon Carbon common stock.

### **Tabulation of Votes**

All votes will be tabulated by a representative of Computershare, who will act as the inspector of election appointed for the special meeting and will separately tabulate affirmative and negative votes and abstentions.

### **Solicitation of Proxies**

The Calgon Carbon board of directors is soliciting your proxy, and Calgon Carbon will bear the cost of soliciting proxies. Georgeson has been retained to assist with the solicitation of proxies. Georgeson will be paid approximately \$15,500 and will be reimbursed for its reasonable out-of-pocket expenses for these and other advisory services in connection with the special meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through brokers, banks and other nominees to the beneficial owners of shares of Calgon Carbon common stock, in which case Calgon Carbon will reimburse these parties for their reasonable out-of-pocket expenses for forwarding solicitation material to such beneficial owners. Proxies may also be solicited in person or by telephone, facsimile, electronic mail, or via the Internet by Georgeson or by certain of Calgon Carbon's directors, officers and employees, without additional compensation.

### **Attending the Special Meeting**

Only stockholders of record as of the close of business on the record date or their duly appointed proxies are entitled to attend the special meeting. If your shares of Calgon Carbon common stock are held in the name of a broker, bank or other nominee, you may attend the special meeting if you bring evidence of beneficial ownership as of the record date for the special meeting, such as a copy of your most recent account statement or similar evidence of ownership of

Calgon Carbon common stock. If your shares of Calgon Carbon common stock are held in the name of a broker and you wish to vote at the special meeting, you must also bring a proxy from the

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record holder (your broker, bank or other nominee) of the shares of Calgon Carbon common stock authorizing you to vote at the special meeting. All stockholders and beneficial owners should bring photo identification (a driver's license or passport is preferred), as you will also be asked to provide photo identification at the registration desk on the day of the special meeting or any adjournment or postponement of the special meeting. Everyone who attends the special meeting must abide by the rules for the conduct of the meeting. These rules will be printed on the meeting agenda. Even if you plan to attend the special meeting, we encourage you to vote by telephone, Internet or mail so your vote will be counted if you later decide not to (or otherwise unable to) attend the special meeting. No cameras, recording equipment, other electronic devices, large bags or packages will be permitted in the special meeting.

## **Adjournments and Postponements**

In addition to the merger proposal and the advisory compensation proposal, stockholders of Calgon Carbon are also being asked to approve a proposal that will give the Calgon Carbon board of directors authority to adjourn the special meeting from time to time, if necessary or appropriate in the view of the Calgon Carbon board of directors, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement or in the absence of a quorum. In addition, the Calgon Carbon board of directors could postpone the meeting before it commences. If the special meeting is so adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you return a signed proxy and do not indicate how you wish to vote on any proposal, your shares of Calgon Carbon common stock will be voted in favor of each proposal. If you return a signed proxy and indicate that you wish to vote in favor of the merger proposal but do not indicate a choice on the adjournment proposal, your shares of Calgon Carbon common stock will be voted in favor of the adjournment proposal.

Any adjournment may be made without notice to another time or place if the date, time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. If the Calgon Carbon board of directors fixes a new record date for the adjourned meeting, or if the adjournment is for more than 30 days, a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the adjourned meeting.

## **Other Information**

You should not return your stock certificate or send documents representing Calgon Carbon common stock with the proxy card. If the merger is completed, the paying agent for the merger will send you a letter of transmittal and instructions for exchanging your shares of Calgon Carbon common stock for the merger consideration.

## **Assistance**

If you need assistance in completing your proxy card or have questions regarding the special meeting, please call Georgeson, our proxy solicitor, toll-free at (866) 295-3782.

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**THE MERGER (PROPOSAL 1)**

The discussion of the merger in this proxy statement is qualified in its entirety by reference to the merger agreement, a copy of which is attached to this proxy statement as **Annex A** and which is incorporated by reference into this proxy statement. This summary does not purport to be complete and may not contain all of the information about the merger that is important to you. You are urged to read the merger agreement carefully and in its entirety.

**Effects of the Merger**

Pursuant to the terms of the merger agreement, if the merger agreement is adopted by Calgon Carbon stockholders and if the other conditions to the closing of the merger are satisfied or waived, at the effective time, Merger Sub will be merged with and into Calgon Carbon, with Calgon Carbon surviving the merger as a wholly owned subsidiary of Parent and indirect wholly owned subsidiary of Kuraray.

At the effective time, each outstanding share of Calgon Carbon common stock issued and outstanding immediately before the effective time (other than dissenting shares and shares owned by Calgon Carbon, Kuraray or any direct or indirect wholly owned subsidiary of Kuraray, which will be cancelled) will be converted into the right to receive the merger consideration of \$21.50 in cash, without interest and subject to any applicable withholding taxes.

Calgon Carbon common stock is currently registered under the Exchange Act and is listed on the NYSE under the symbol CCC. As a result of the merger, Calgon Carbon will cease to be a publicly traded company and will be wholly owned by Parent. Following the completion of the merger, the Calgon Carbon common stock will be delisted from the NYSE and deregistered under the Exchange Act, and Calgon Carbon will no longer be required to file periodic reports with the SEC with respect to its common stock in accordance with applicable law, rules and regulations.

**Background of the Merger**

As part of Calgon Carbon's ongoing strategic planning process, members of the Calgon Carbon board of directors and members of Calgon Carbon's senior management periodically review and assess Calgon Carbon's operations, financial performance and competitive position, as well as industry trends and potential strategic initiatives. In addition, members of Calgon Carbon's senior management also meet with the Calgon Carbon board of directors in the ordinary course of business to discuss strategic alternatives in order to enhance stockholder value, including the discussion of, among other things, business combinations, acquisitions, divestures, dividends and share repurchases. In connection with these reviews and assessments, the Calgon Carbon board of directors and members of Calgon Carbon's senior management from time to time seek input from financial and strategic advisors and, once the Calgon Carbon board of directors has decided to pursue a particular initiative or requires specialized legal advice in connection therewith, the assistance of outside legal advisors.

On August 5, 2016, a member of Kuraray's Corporate Management Planning Department contacted Calgon Carbon investor relations personnel by email. The representative of Kuraray stated that Kuraray recognized Calgon Carbon as a global market leader in activated carbon and requested a meeting to discuss a potential partnership between Calgon Carbon and a subsidiary of Kuraray and asked the investor relations personnel to forward Kuraray's request to Calgon Carbon management.

From August 7, 2016 to August 9, 2016, a member of Kuraray's Corporate Management Planning Department and a member of Calgon Carbon's corporate development team corresponded regarding the date for a potential meeting, the potential executive attendees of such meeting, and potential agenda. Kuraray indicated that its desired agenda included general introductions of the parties' respective businesses and preliminary discussion regarding potential partnership

and/or business synergies. The parties agreed on a meeting date of October 18, 2016.

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On October 18, 2016, Mr. Coccagno, Mr. Schott and a member of Calgon Carbon's corporate development team met with representatives of Kuraray at Calgon Carbon's headquarters in Moon Township, Pennsylvania. At the meeting, the parties discussed high-level, introductory facts regarding their respective businesses. Kuraray did not make any specific proposals regarding a strategic partnership or other strategic transaction at the meeting.

On November 29, 2016, a member of Kuraray's Corporate Management Planning Department emailed a member of Calgon Carbon's corporate development team to request a meeting in January 2017 with Mr. Dearth. Mr. Dearth had not attended the October 18, 2016 meeting. The representative of Kuraray also indicated in the email that Kuraray would like to start discussion regarding potential collaboration such as business alliances, capital tie-up, or M&A. In the email, Kuraray also requested a visit to one of Calgon Carbon's virgin activated carbon facilities and noted that a non-disclosure agreement would be appropriate.

Between November 30, 2016 and January 10, 2017, representatives of Kuraray and of Calgon Carbon discussed logistics for the January 2017 meeting and site visits, negotiated the terms of a non-disclosure agreement, and agreed to an agenda for the January 2017 meeting. Kuraray indicated that the meeting would include [d]iscussion on potential collaboration ideas, without reference to an acquisition of Calgon Carbon.

In December 2016, representatives of Calgon Carbon contacted Morgan Stanley, Calgon Carbon's longstanding financial advisor, to inform Morgan Stanley of Calgon Carbon's October 18, 2016 meeting with Kuraray and the upcoming meeting and site visits with Kuraray and to brief Morgan Stanley ahead of any future discussions between Morgan Stanley and Kuraray regarding a potential transaction.

On December 20, 2016, representatives of Morgan Stanley informed representatives of Mitsubishi UFJ Morgan Stanley Securities (MUMSS), a Japanese affiliate of Morgan Stanley, of the discussions between Calgon Carbon and Kuraray and briefed MUMSS ahead of any future discussions between MUMSS and Kuraray regarding a potential transaction.

On January 4, 2017, Mr. Whalen contacted Jones Day, Calgon Carbon's longstanding corporate counsel, to discuss Kuraray's potential interest in a strategic transaction with Calgon Carbon and the terms of a proposed non-disclosure agreement.

On January 5, 2017, Calgon Carbon, representatives of Morgan Stanley and representatives of MUMSS held a telephone call for representatives of Morgan Stanley and representatives of MUMSS to provide information and insights on Kuraray to Calgon Carbon.

On January 10, 2017, Kuraray and Calgon Carbon executed and delivered the non-disclosure agreement. Between January 10, 2017 and January 12, 2017, Calgon Carbon provided representatives of Kuraray with tours of Calgon Carbon's ultraviolet manufacturing and fabrication plant in Coraopolis, Pennsylvania, carbon manufacturing plant in Pearlington, Mississippi, and carbon reactivation plant in Gila Bend, Arizona. On January 10, 2017, members of Calgon Carbon management also participated in a management meeting with representatives of Kuraray, at which the parties discussed potential collaboration opportunities between Kuraray and Calgon Carbon. In such meeting, Mr. Fuyuo Ueyama of Kuraray indicated that one such potential collaboration opportunity would be an acquisition by Kuraray of Calgon Carbon. In response, a representative of Calgon Carbon's legal department present at such meeting stated to the representatives of Kuraray that Calgon Carbon was not for sale.

On January 17, 2017, Mr. Ueyama sent an email to Mr. Dearth thanking Calgon Carbon for hosting the January 10-12 site visits and management discussion. Mr. Ueyama wrote that the sessions enabled Kuraray to confirm its perspective that a combination of Calgon Carbon and Kuraray would be highly attractive to Kuraray and generate significant

value for the parties' respective stakeholders. The email also stated that Kuraray would like to request some additional information that would be helpful to Kuraray in continuing its evaluation.

On January 19, 2017, Mr. Dearth responded by email to Mr. Ueyama, thanking Kuraray for its interest in learning more about Calgon Carbon, but stating that, consistent with Calgon Carbon's statement in the

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January 10, 2017 management meeting, Calgon Carbon was not for sale. Further, Mr. Dearth declined to provide due diligence information to Kuraray.

On January 24, 2017, Mr. Ueyama emailed Mr. Dearth to indicate that, while Kuraray respected Calgon Carbon's strategic direction as communicated by Mr. Dearth to Mr. Ueyama on January 19, 2017, Kuraray would nevertheless like to continue discussions and would follow up with Mr. Coccagno on this topic. Later on January 24, 2017, Mr. Ueyama emailed Mr. Coccagno, attaching a high-level due diligence request list and proposing a meeting in Pittsburgh on either February 22 or 27, 2017. Calgon Carbon did not respond to either such email.

On January 27, 2017, in response to Kuraray's request of January 24, 2017, and at the direction of Calgon Carbon, representatives of MUMSS met with Mr. Ueyama and a member of Kuraray's Corporate Management Planning Department at Kuraray's headquarters in Tokyo, Japan, and conveyed to Kuraray that Calgon Carbon was unwilling to provide or discuss detailed business information of the kind contained in the January 24, 2017 due diligence request list or to otherwise provide any material nonpublic information at that time. Mr. Ueyama informed representatives of MUMSS that Kuraray would continue to evaluate Calgon Carbon based on publicly available information and had retained Goldman Sachs & Co. LLC (Goldman Sachs) as its financial advisor with respect to the potential transaction with Calgon Carbon.

On February 7, 2017, representatives of MUMSS met with Mr. Ueyama and a member of Kuraray's Corporate Management Planning Department at Kuraray's headquarters in Tokyo, Japan, and indicated to Kuraray on behalf of Calgon Carbon that Calgon Carbon would be open to the possibility of another meeting and reiterated that if such a meeting were to occur, Calgon Carbon remained unwilling to provide or discuss detailed business information of the kind contained in the January 24, 2017 due diligence request list or to otherwise provide any material nonpublic information at that time. Mr. Ueyama confirmed to the representatives of MUMSS that those limitations on the meeting were acceptable to Kuraray.

On February 8, 2017, Mr. Ueyama emailed Mr. Coccagno to propose a meeting and dinner in New York, New York on February 27, 2017. Mr. Coccagno confirmed the February 27, 2017 meeting and dinner with Mr. Ueyama by email on February 13, 2017.

On February 15, 2017, the Calgon Carbon board of directors held a regularly scheduled meeting. At the meeting, Mr. Dearth discussed with the directors the initial approaches made by Kuraray and the companies' discussions to date, including the fact that Kuraray had not at that time made any proposal regarding a strategic transaction between Kuraray and Calgon Carbon.

On February 21, 2017, Japanese news agencies reported that the Japanese competition authorities had opened an investigation of thirteen activated carbon companies, including both Kuraray and Calgon Carbon's Japanese division, with respect to potential antitrust violations in Japan.

On February 27, 2017, representatives of Kuraray met with Messrs. Dearth, Coccagno and Whalen at the offices of Mayer Brown LLP (Mayer Brown), longstanding counsel to Kuraray, in New York, New York and also attended a dinner together that evening. Mr. Ueyama and a member of Kuraray's Corporate Management Planning Department, as well as a representative of Mayer Brown, attended the meeting and dinner. At the meeting, the representatives of Kuraray indicated that, in light of the investigation by Japanese competition authorities, Kuraray had decided to temporarily suspend its consideration of a strategic transaction with Calgon Carbon. At that time, Kuraray had not made any proposals regarding a strategic transaction between Kuraray and Calgon Carbon. Also at the meeting, the parties discussed developments in their respective businesses. Neither the representatives of Calgon Carbon nor the representatives of Kuraray shared any material nonpublic information at the meeting or at the subsequent dinner. At



the dinner, representatives of Kuraray learned that Mr. Coccagno would be traveling to Tokyo, Japan in March 2017 on Calgon Carbon business unrelated to any discussions with Kuraray and the parties agreed that Mr. Ueyama and Mr. Coccagno should have dinner in Tokyo, Japan at such time.

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On March 14, 2017, Mr. Coccagno had dinner with Mr. Ueyama in Tokyo, Japan. At the dinner, Mr. Coccagno and Mr. Ueyama did not have any material discussions pertaining to a potential strategic transaction between Kuraray and Calgon Carbon.

On April 4, 2017, Mr. Ueyama emailed Mr. Coccagno to propose a meeting in New York, New York in May 2017, to be followed by a dinner. Mr. Ueyama requested that the meeting include Mr. Dearth, Mr. Coccagno and Mr. Whalen and indicated that the purpose would be to discuss developments in the businesses of both Kuraray and Calgon Carbon since the parties' meeting on February 27, 2017.

On May 31, 2017, Messrs. Dearth, Coccagno and Whalen of Calgon Carbon met with Messrs. Ito and Ueyama of Kuraray and a representative of Kuraray's legal department in New York, New York, and also attended a dinner together that evening. At the meeting, the parties presented their respective high-level financial positions and recent trends in their respective businesses. Mr. Dearth again indicated to Kuraray that Calgon Carbon was not for sale. Nevertheless, representatives of Kuraray indicated that Kuraray would likely send Calgon Carbon an indication of Kuraray's interest in a strategic transaction with Calgon Carbon, to be delivered in early- to mid-June 2017. At this time, the representatives of Kuraray did not provide details of what the proposed strategic transaction might involve, including whether it would be an acquisition of all of Calgon Carbon, an acquisition of a specific business of Calgon Carbon, or another strategic transaction.

On June 5, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All directors were present except for Messrs. Alexander and Paro. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. At the meeting, the Calgon Carbon board of directors determined that, in light of the potential for fast-paced and frequent developments with respect to Kuraray's potential proposal, it was appropriate to form a working group of directors (which is referred to as the "working group") to ensure an effective and efficient exploration of any proposal made by Kuraray. The Calgon Carbon board of directors determined that Messrs. Dearth, Rupert, Newlin, Lyons and Alexander would serve on the working group and that the full board of directors would retain decisional authority over any proposed transaction.

On June 14, 2017, Mr. Ueyama emailed a PDF letter to Mr. Dearth. The letter was addressed to Mr. Dearth, and signed by Mr. Ito. The letter contained a non-binding proposal whereby Kuraray would acquire Calgon Carbon for \$20.00 per share in cash. Such proposed price represented a premium of approximately 29.9% to the closing price of Calgon Carbon's common stock on June 13, 2017, and a premium of approximately 40.8% to the volume weighted average price of Calgon Carbon's common stock over the 30 preceding trading days. The proposal was subject to completion of customary due diligence and the approval of Kuraray's board of directors. The letter stated that the proposed transaction would not be subject to any financing condition or contingency. The letter also included a draft exclusivity agreement, whereby Calgon Carbon would provide Kuraray with a 60-day exclusivity period. The letter indicated that Kuraray intended to maintain the headquarters of the business in the United States and retain and rely on the existing management and employee base following completion of a transaction. After receipt of the letter, Mr. Dearth informed the other members of the Calgon Carbon board of directors and directed Mr. Whalen to convene a special meeting of the board of directors to discuss the letter.

On June 15, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All directors were present except for Mr. Rupert. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting was a representative of Jones Day. At the meeting, the directors discussed various aspects of the June 14, 2017 proposal from Kuraray and directed the working group and Calgon Carbon's senior management team to work with Morgan Stanley to evaluate the proposal from a financial point of view and to report back to the full board of directors.

On June 29, 2017, the working group held a telephonic meeting. All members of the working group were present except for Mr. Alexander. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting were representatives of

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Morgan Stanley and of Jones Day. At the meeting, the representatives of Morgan Stanley reviewed and discussed with the working group the terms of the June 14, 2017 proposal received from Kuraray and Morgan Stanley's preliminary financial analysis of the Company's standalone valuation and the proposed transaction with Kuraray. The working group, the members of the Calgon Carbon senior management team and representatives of Morgan Stanley discussed a list of other potential strategic and financial companies that might be interested in an acquisition of Calgon Carbon at that time, and determined that it was highly unlikely that any of those potential counterparties would be interested in an acquisition of Calgon Carbon and have the ability to implement an acquisition of Calgon Carbon at that time due to competing strategic priorities and recent acquisitions in the industry. The working group discussed various aspects of the June 14, 2017 proposal and, with input from representatives of both Morgan Stanley and Jones Day, determined to recommend to the full board of directors that Calgon Carbon continue to engage with Kuraray and proceed to a phase of limited and focused due diligence.

On July 5, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All directors were present. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, was Mr. Whalen. Also present at the meeting were representatives of Jones Day. At the meeting, Mr. Dearth conveyed to the other directors the recommendation of the working group. The Calgon Carbon board of directors, after further considering the June 14, 2017 proposal and the preliminary financial analysis prepared by Morgan Stanley for the June 29, 2017 meeting of the working group, unanimously determined that it was appropriate and in the best interests of Calgon Carbon to continue discussions with Kuraray and to provide Kuraray with Calgon Carbon's strategic plan and limited other nonpublic information for purposes of enabling Kuraray to increase its proposed price above \$20.00.

On July 6, 2017, Mr. Dearth and Mr. Coccagno had dinner with Mr. Ueyama and a member of Kuraray's Corporate Management Planning Department in Pittsburgh, Pennsylvania. At the dinner, Mr. Dearth informed Mr. Ueyama that the Calgon Carbon board of directors and its advisors had reviewed Kuraray's proposal and determined that the proposed price of \$20.00 per share was not compelling because it did not adequately reflect the value that could be derived from Calgon Carbon executing its strategic plan on a standalone basis. Mr. Dearth further indicated that, while Calgon Carbon was not for sale, the Calgon Carbon board of directors would be willing to permit Kuraray to conduct limited and focused due diligence, including sharing with Kuraray Calgon Carbon's strategic plan and limited other nonpublic information. Mr. Dearth told Mr. Ueyama that Calgon Carbon expected that Kuraray's review of such nonpublic information would enable Kuraray to identify substantial additional value in a potential acquisition of Calgon Carbon that was not, in Calgon Carbon's view, reflected in Kuraray's proposed price of \$20.00 per share. Mr. Dearth further told Mr. Ueyama that if a revised proposal were submitted by Kuraray, the Calgon Carbon board of directors would again carefully evaluate the merits of such revised proposal. Mr. Ueyama indicated to Mr. Dearth that Kuraray was pleased that it would have the opportunity to learn more about Calgon Carbon and to continue discussions regarding a potential acquisition of Calgon Carbon. Neither Mr. Dearth nor Mr. Ueyama discussed Kuraray's request for exclusivity contained in the June 14, 2017 proposal.

On July 7, 2017, Mr. Dearth emailed a letter to Mr. Ueyama. The letter was addressed to Mr. Ito, and signed by Mr. Dearth. The letter restated the verbal message that Mr. Dearth conveyed to Mr. Ueyama on July 6, 2017. The letter indicated that the appropriate next step would be for representatives of Goldman Sachs to contact representatives of Morgan Stanley.

On July 11, 2017, the Investment Committee of the Calgon Carbon board of directors held a special telephonic meeting. All members of the Investment Committee were present, in addition to Mr. Rupert, who participated in an ex-officio capacity at the invitation of the Investment Committee. Present at the meeting from the Calgon Carbon senior management team were Messrs. Dearth, Coccagno, Fortwangler and Whalen. Also present at the meeting were representatives of Morgan Stanley and of Jones Day. Pursuant to the charter of the Investment Committee, the purpose of the Investment Committee is to, among other things, oversee Calgon Carbon's financial metrics for purposes of

strategic plans and review financial valuations in connection with

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mergers and acquisitions activities, and therefore the Calgon Carbon board of directors determined that it was appropriate for the Investment Committee to review Calgon Carbon's strategic financial plan in connection with Kuraray's proposed transaction, and to report to the full board of directors regarding the Investment Committee's views. At the meeting, Mr. Coccagno presented to the Investment Committee proposed adjustments to and pro forma presentations of Calgon Carbon's strategic plan, which is referred to as the Calgon Carbon Projections (see the section entitled *The Merger (Proposal 1) Certain Calgon Carbon Unaudited Prospective Financial Information* for more information). The Investment Committee discussed various aspects of the pro forma information and other adjustments contained in the Calgon Carbon Projections and determined that the Calgon Carbon Projections were reasonable and appropriate, and should be discussed at a subsequent meeting of the full Calgon Carbon board of directors.

On July 18, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All directors were present. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno, Fortwangler and Whalen. Also present at the meeting were representatives of Morgan Stanley and of Jones Day. At the meeting, members of the Investment Committee discussed with the directors the Calgon Carbon Projections and stated that the Investment Committee had determined that the Calgon Carbon Projections were reasonable and appropriate, including with respect to the adjustments and pro forma presentations contained therein. The directors adopted the Calgon Carbon Projections. After excusing Mr. Dearth and the other members of the senior management team (other than Mr. Whalen), the independent directors continued discussions with their advisors. The independent directors discussed whether Mr. Dearth and other members of Calgon Carbon's senior management team had any conflict of interest with respect to the potential transaction, in light of the potential payments to be made to certain executives in certain situations after a change in control of Calgon Carbon or in light of the potential for continued employment of the senior management team by the business after the closing of a potential transaction. The independent directors determined that, based on the information available to them at that time, no conflict of interest existed with respect to the senior management team in a potential transaction with Kuraray, and further determined to continue to monitor the relevant facts and the potential for any divergent interests of the senior management team with respect to the potential transaction.

On July 25, 2017, representatives of Goldman Sachs sent representatives of Morgan Stanley a proposed list of due diligence topics that Kuraray believed should be covered as part of the upcoming management meeting, including topics related to Calgon Carbon's businesses and sub-segments, Calgon Carbon's strategic plan and a comparison of that plan to historical performance, Calgon Carbon's business strategy and technology, and potential synergies.

On July 26, 2017, Calgon Carbon's director of investor relations received a telephone call from a news reporter seeking comment from Calgon Carbon on a report published on a United Kingdom-based financial blog. According to the news reporter, the financial blog had published an item that an unidentified party had interest in acquiring Calgon Carbon. The referenced blog post was not apparently available to the public at that time. Calgon Carbon declined to comment. The same financial blog would later make additional postings about the potential sale of Calgon Carbon to an Asian buyer on August 8, 2017 and August 11, 2017, which posts were available to the public.

On July 31, 2017, the Calgon Carbon senior management team, including Messrs. Dearth, Schott, Coccagno, Fortwangler and Whalen met with representatives of Kuraray at the offices of Jones Day in Pittsburgh, Pennsylvania. At the meeting, Calgon Carbon delivered a management presentation to the representatives of Kuraray and provided information on topics relating to Calgon Carbon's various strategic initiatives, its financial results, and the Calgon Carbon Projections. Later on July 31, 2017, the Calgon Carbon senior management team held a dinner in Pittsburgh, Pennsylvania with the representatives of Kuraray. Also on July 31, 2017, representatives of Goldman Sachs communicated to representatives of Morgan Stanley that Kuraray would likely make a revised proposal to acquire Calgon Carbon in the coming days.

On August 4, 2017, Calgon Carbon's director of investor relations received an inbound email from a separate news reporter seeking comment from Calgon Carbon on information that Calgon Carbon had received a

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takeover approach from Kuraray, had rejected the offer as too low, and had engaged a third party consultant to review Calgon Carbon's business. Calgon Carbon declined to comment.

On August 8, 2017, Calgon Carbon and Morgan Stanley entered into an engagement letter with respect to Morgan Stanley's engagement as Calgon Carbon's financial advisor in connection with a possible transaction.

On August 10, 2017, representatives of Goldman Sachs delivered to representatives of Morgan Stanley, by email, a PDF copy of a letter addressed to Mr. Dearth and signed by Mr. Ito. In the letter, Kuraray increased its offer to \$21.00 per share, included a request for exclusivity with Calgon Carbon for a period of 30 days, and stated that Kuraray was confident that it could complete due diligence, negotiate definitive documentation and announce a transaction with Calgon Carbon within 30 days. The offer of \$21.00 per share represented a premium of approximately 55.6% to the closing price of Calgon Carbon's common stock on August 10, 2017, and a premium of approximately 34% to the volume weighted average price of Calgon Carbon's common stock over the 30 preceding trading days.

On August 11, 2017, the working group held a telephonic meeting. All members of the working group were present except for Mr. Alexander. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, was Mr. Whalen. Also present at the meeting were representatives of Jones Day. At the meeting, the working group discussed at length the revised offer and strategies for eliciting a higher offer from Kuraray.

On August 16, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All directors were present except for Mr. Paro. Present at the meeting from the Calgon Carbon management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting were representatives of Morgan Stanley and of Jones Day. At the meeting, representatives of Morgan Stanley reviewed and discussed with the Calgon Carbon board of directors the terms of the August 10, 2017 proposal received from Kuraray and Morgan Stanley's preliminary financial analysis of the Company's standalone valuation and transaction proposed by Kuraray. The directors discussed the revised proposal at length, including the potential benefit of securing certain cash value for Calgon Carbon's stockholders, the significant premium level of the proposal to the current trading price of Calgon Carbon's common stock, the effect of fluctuations in such trading price on the dollar value of the proposal, the risks and challenges associated with executing the strategic plan (including those associated with achieving the Calgon Carbon Projections) and the potential upsides of executing such plan, the relative probability of obtaining greater value from potential third party acquirors including the discussions at the June 29, 2017 meeting of the board of directors regarding the low likelihood that another potential acquiror would have the ability to and interest in acquiring Calgon Carbon in the near future, the potential necessity for consolidation in the industries in which Calgon Carbon operates, the Board's confidence in the senior management team and in the assumptions underlying the Calgon Carbon Projections, and the preliminary standalone valuation analysis discussed with representatives of Morgan Stanley. The directors received advice from representatives of Morgan Stanley and Jones Day on various potential strategic responses to Kuraray. At the conclusion of the meeting, the Calgon Carbon board of directors directed the representatives of Morgan Stanley to attempt to elicit a higher offer from Kuraray without offering a specific counterproposal.

On August 21, 2017, representatives of Goldman Sachs held a telephone call with representatives of Morgan Stanley. On the call, Goldman Sachs, at the direction of Kuraray, informed Morgan Stanley that Kuraray was prepared to increase its proposal to \$21.50 per share, but that \$21.50 per share was the maximum amount that Kuraray would be willing to pay to acquire Calgon Carbon and that Kuraray would not continue to negotiate if \$21.50 per share was not acceptable to the Calgon Carbon board of directors. The offer of \$21.50 per share represented a premium of 72% to the closing price of Calgon Carbon's common stock on August 21, 2017, and a premium of approximately 43% to the volume weighted average price of Calgon Carbon's common stock over the 30 preceding trading days.



On August 23, 2017, the Calgon Carbon board of directors held a special meeting at the Marriott Pittsburgh Airport. Messrs. Dearth, Rupert, Lyons and Massimo were present in person, and Ms. Roberts and Messrs.

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Alexander, Newlin, Paro and Templin were present telephonically. Present in person at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present in person at the meeting were representatives of Morgan Stanley and of Jones Day. At the meeting, the directors discussed the revised proposal of \$21.50 per share at length. The representatives of Morgan Stanley conveyed to the directors the view expressed by Goldman Sachs that, because Kuraray had used publicly available data for Calgon Carbon to form the basis for its original \$20.00 per share proposal and the Calgon Carbon Projections were substantially similar in many respects to the publicly available data, the due diligence information provided to Kuraray to date did not, in Kuraray's view, support a valuation meaningfully higher than \$20.00 per share. The representatives of Morgan Stanley further conveyed to the directors that Goldman Sachs had indicated the proposal reflected the maximum amount that Kuraray would be willing to pay to acquire Calgon Carbon. Representatives of Morgan Stanley reviewed and discussed with the directors the terms of the August 21, 2017 proposal received from Kuraray and Morgan Stanley's preliminary financial analysis of Calgon Carbon's standalone valuation and the transactions proposed by Kuraray, and the representatives of Morgan Stanley observed to the directors, among other things, that the proposal of \$21.50 per share compared favorably to Morgan Stanley's preliminary financial analysis of Calgon Carbon's standalone valuation. The directors discussed various strategic considerations at length, including the risks and potential upsides of continuing to operate Calgon Carbon's business on a standalone basis. The directors, together with members of the senior management team and the representatives of Morgan Stanley, also discussed at length third parties that could potentially be interested in a strategic transaction with Calgon Carbon, and the low likelihood that any third party would be interested in and capable of acquiring Calgon Carbon at a price superior to \$21.50 per share in the near future. Members of the senior management team also discussed potential third party acquirors with the directors, and also advised the directors that none were likely to compete with Kuraray's current proposal in the near future. The directors also noted that neither management nor Morgan Stanley had received any inbound acquisition interest in response to the recent market rumors concerning the potential sale of Calgon Carbon. At the meeting, Mr. Dearth confirmed to the other directors that, despite the reference in Kuraray's June 14, 2017 proposal to Kuraray's desire to rely on existing management following completion of the transaction, there had been no other overtures or discussions from Kuraray to any member of the senior management team or to the representatives of Morgan Stanley on such topic. At the conclusion of the foregoing discussions among the directors, members of the senior management team, representatives of Morgan Stanley and representatives of Jones Day, and after meeting in executive session without members of management (including Mr. Dearth) present, the Calgon Carbon board of directors unanimously determined that Calgon Carbon should proceed to provision of confirmatory due diligence material and the negotiation of definitive transaction documentation at the proposed price of \$21.50 per share. The directors also determined not to grant exclusivity to Kuraray at such time.

On August 28, 2017, representatives of Goldman Sachs sent representatives of Morgan Stanley a due diligence request list.

On August 29, 2017, Messrs. Dearth and Coccagno, while traveling to Tokyo, Japan on Calgon Carbon business unrelated to a potential transaction with Kuraray, met with Messrs. Ito and Ueyama. At the meeting, the representatives of Kuraray indicated that Kuraray was interested in announcing a transaction as soon as possible and closing a transaction prior to the end of 2017, and that it would be Kuraray's intention, after the closing of a transaction, to operate Calgon Carbon as a relatively standalone division of Kuraray for the immediate future. While Mr. Ueyama did not explicitly state to Messrs. Dearth and Coccagno that Kuraray would expect to continue to employ Calgon Carbon's current senior management team, Messrs. Dearth and Coccagno inferred from the foregoing statements, and from statements made by Mr. Ueyama on the same day concerning due diligence to be conducted by Mercer LLC ( "Mercer" ), human resources consultant to Kuraray, that it would likely be Kuraray's desire to do so.

On August 30, 2017, representatives of Jones Day sent Mayer Brown a draft merger agreement. Among other things, the draft contained a two-tiered termination fee pursuant to which Calgon Carbon would be required to pay to Kuraray

a fee of 1.0% of the transaction equity value if Calgon Carbon accepted a superior alternative proposal within 45 days after the execution of the merger agreement and a fee of 2.0% of the

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transaction equity value if Calgon Carbon took such action after that 45-day period, and also required that Kuraray accept any and all conditions imposed by regulatory authorities in connection with regulatory approval of the transaction.

On August 31, 2017, Morgan Stanley provided access to Kuraray and its advisors to a virtual data room. From August 31, 2017, until September 20, 2017, Calgon Carbon and its representatives used the virtual data room to provide customary due diligence materials to Kuraray and its advisors. From September 5, 2017 to September 13, 2017, Calgon Carbon, Kuraray and their respective advisors also held due diligence conference calls on topics including business operations, finance, tax matters, litigation, employee benefits and executive compensation, environmental and safety compliance and intellectual property.

On September 5, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All members of the Calgon Carbon board of directors were present, except for Mr. Templin. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting were representatives of Morgan Stanley and of Jones Day. At the meeting, Mr. Dearth informed the other directors of the contents of the August 29, 2017 meeting in Tokyo. The directors directed a representative of Jones Day to participate in the due diligence session to be conducted by Mercer, and directed Jones Day to ensure that Mercer, on behalf of Kuraray, did not broach topics with Mr. Dearth that would be inappropriate for discussion without advance approval of the independent directors of the board authorizing such discussion, such as proposals for post-closing employment arrangements. Also at the meeting, the directors again discussed with members of the senior management team and representatives of Morgan Stanley whether it would be beneficial to solicit acquisition interest from alternate third parties, and again determined that the likelihood of any such interest existing was small, and that it was appropriate to negotiate for and rely on customary rights in the merger agreement to accept superior proposals after announcement of a transaction.

At the September 5, 2017 meeting, the independent directors also met with representatives of Jones Day, and without representatives of Morgan Stanley and without any members of the senior management team (including Mr. Dearth). The independent directors discussed various aspects of the potential conflict of interest that could arise if Mr. Dearth or other members of the senior management team were to enter into employment discussions with Kuraray. The independent directors concluded that, while the proposed purchase price had already been agreed pursuant to negotiations that were directed by the full board including all independent directors, it would also be prudent for all other material terms of a potential transaction to be agreed before Mr. Dearth, or other members of the senior management team, discussed post-closing employment arrangements with Kuraray. The independent directors directed Jones Day to instruct the senior management team that management should consult the independent directors before any employment discussions took place. The independent directors also discussed other methods of managing the potential conflict of interest arising from such employment discussions. The independent directors also discussed and received advice from Jones Day concerning certain terms of the draft merger agreement that related to the directors' exercise of their fiduciary duties under Delaware law. At the conclusion of the meeting, Jones Day verbally informed Messrs. Dearth and Whalen of the independent directors' decision regarding post-closing employment arrangements and asked that they so inform the other members of Calgon Carbon's senior management team. Later on September 5, 2017, Mr. Whalen so informed Messrs. Coccagno, Schott and Fortwangler. Messrs. Dearth, Whalen, Coccagno, Schott and Fortwangler all agreed to refrain from discussing post-closing employment arrangements with Kuraray or its representatives without the advance approval of Calgon Carbon's independent directors.

On September 6, 2017, representatives of Goldman Sachs called representatives of Morgan Stanley to inform Morgan Stanley that Kuraray would be requesting to meet with Mr. Dearth during the week of September 11, 2017 in order to present Mr. Dearth with an offer for post-transaction employment. Goldman Sachs also indicated that Kuraray was targeting September 21, 2017 to finalize negotiations.

On September 7, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All members of the Calgon Carbon board of directors were present, except for Mr. Massimo. Present at the meeting

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from the Calgon Carbon senior management team, in addition to Mr. Dearth, was Mr. Whalen. Also present at the meeting were representatives of Jones Day. At the meeting, Mr. Dearth informed the other directors of the September 6, 2017 message from Goldman Sachs to Morgan Stanley. At the meeting, the independent directors of Calgon Carbon reaffirmed their view that Mr. Dearth should not receive, nor discuss, a post-closing employment offer until all material terms of the merger agreement were negotiated, and Mr. Dearth concurred with the decision of the other directors.

On September 8, 2017, representatives of Mayer Brown sent Jones Day a markup of Calgon Carbon's draft of the merger agreement. Among other things, the revised draft contained provisions that restricted Calgon Carbon from paying its ordinary course dividend during the pendency of a transaction, set a single-tier termination fee of 4.0% of the transaction equity value, and did not require Kuraray to accept any divestiture requirements or conduct restrictions in achieving regulatory approval for a transaction. Over the weekend of September 9, 2017, representatives of Jones Day, Mayer Brown, Morgan Stanley and Goldman Sachs discussed and negotiated key provisions of the merger agreement, including the foregoing referenced provisions.

On September 11, 2017, representatives of Jones Day sent representatives of Mayer Brown a markup of the merger agreement. Among other things, the revised draft contained provisions that allowed Calgon Carbon to continue its ordinary course dividend prior to the closing of the merger (if approved by the Calgon Carbon board of directors), that required Kuraray to, as part of obtaining regulatory approval for the transaction, accept such divestiture requirements and conduct restrictions as would not be materially adverse to Kuraray or to Calgon Carbon, and contained a two-tier termination fee of 1.5% - 3.0% of the transaction equity value.

On September 12, 2017, representatives of Mayer Brown sent representatives of Jones Day a markup of the merger agreement. Among other things, the revised draft contained a limited form of Calgon Carbon's position that Kuraray must accept divestitures and conduct restrictions as part of obtaining regulatory approval for the transaction, and contained a single-tier termination fee of 3.0% of the transaction equity value.

On September 13, 2017, representatives of Morgan Stanley contacted representatives of Goldman Sachs and indicated that Calgon Carbon may be amenable to a 3.0% single-tier termination fee if Kuraray were to accept Calgon Carbon's September 11, 2017 proposal on regulatory approval matters. Later on September 13, 2017, representatives of Mayer Brown sent representatives of Jones Day a markup of the merger agreement, and representatives of Mayer Brown and Jones Day held a conference call to further negotiate the terms of the merger agreement. Also later on September 13, 2017, although Mayer Brown had sent multiple iterative drafts of the merger agreement to Jones Day since September 12, 2017, Jones Day requested that Mayer Brown send another fully integrated draft of the merger agreement to Jones Day, which Jones Day intended to use to fully describe to the Calgon Carbon board of directors the currently proposed terms. Later on September 13, 2017, Mayer Brown sent Jones Day such revised draft. Early in the morning of September 14, 2017, Jones Day sent Mayer Brown clarifying questions concerning Mayer Brown's latest draft of the merger agreement, which Mayer Brown answered.

Later on September 14, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All members of the Calgon Carbon board of directors were present, except for Mr. Paro. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting were representatives of Morgan Stanley and of Jones Day. At the meeting, representatives of Jones Day presented to the directors the material terms of the current draft of the merger agreement. Among other things, the directors discussed with representatives of Jones Day and of Morgan Stanley the proposed termination fee of 3.0% of the transaction equity value and the events in which it would become payable, which representatives of Morgan Stanley advised the directors was a relatively low termination fee for transactions of the kind being considered by Calgon Carbon. The directors discussed with the representatives of Morgan Stanley that the size of the premium being

offered by Kuraray would make it less likely that any third party acquiror would make a topping bid, and that the 3.0% termination fee and the other customary no-shop provisions were not designed to preclude or unreasonably discourage any such bid. The directors also considered Kuraray's repeated refusal to accept Calgon Carbon's proposed two-tier fee structure, pursuant to which a

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lower termination fee would be applicable for a period immediately after the announcement of a transaction, and considered the fact that Kuraray had decreased its position on the termination fee amount from 4.0% to 3.0%.

In a session of the independent directors, with representatives of Morgan Stanley and of Jones Day present but having excused members of management including Mr. Dearth, the independent directors determined that it was appropriate to accept the material terms of the merger agreement that had been negotiated to the board's satisfaction, and that it would be appropriate, at this time, to allow Kuraray to discuss post-transaction employment with Mr. Dearth, pursuant to Kuraray's repeated requests to do so. Also in such session of the independent directors, the independent directors determined that, while Kuraray may wish to retain other executives on a post-closing basis, only Mr. Dearth should be engaged in employment discussions with Kuraray at this time.

Later on September 14, 2017, representatives of Jones Day sent a revised draft of the merger agreement to Mayer Brown.

On September 15, 2017, pursuant to the Calgon Carbon board of directors' authorization on September 14, 2017, Mr. Dearth held a meeting with representatives of Kuraray at the offices of Jones Day in Pittsburgh, Pennsylvania to discuss Mr. Dearth's potential retention by Kuraray on a post-transaction basis. At such meeting, the representatives of Kuraray provided to Mr. Dearth not only an employment term sheet for Mr. Dearth, but also employment term sheets for Messrs. Coccagno, Schott, Fortwangler and Whalen, and one other member of Calgon Carbon's management team who is not a named executive officer of Calgon Carbon. After the meeting, Mr. Dearth delivered those term sheets to those individuals and informed a representative of Jones Day what had occurred.

Later on September 15, 2017, representatives of Jones Day and representatives of Mayer Brown held a conference call to discuss unresolved legal issues contained in Jones Day's merger agreement draft of September 14, 2017, all of which unresolved legal issues Jones Day believed were not material to the overall potential transaction.

On September 16, 2017, representatives of Mayer Brown sent a revised draft of the merger agreement to Jones Day. The draft merger agreement contained a closing condition for the benefit of Kuraray requiring that there must not have been a material adverse effect on Calgon Carbon between January 1, 2017, and the closing of the merger. While a substantially similar closing condition had been present in Mayer Brown's September 8, 2017 draft of the merger agreement, it had been deleted from Jones Day's September 11, 2017 draft and was not contained in Mayer Brown's September 13, 2017 draft, the terms of which were approved by the Calgon Carbon board of directors. Mayer Brown did not indicate, during the September 15, 2017 conference call to discuss unresolved legal issues, that the provision would be inserted into the merger agreement.

Later on September 16, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All members of the Calgon Carbon board of directors were present, except for Mr. Paro. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting were representatives of Morgan Stanley and of Jones Day. At the meeting, representatives of Jones Day discussed with the directors the addition of the material adverse effect condition, and noted to the directors that certain other terms of the merger agreement that were not material to the overall transaction remained subject to continued negotiation. The Calgon Carbon board of directors noted that the independent directors had permitted the September 15, 2017 employment meeting between Mr. Dearth and representatives of Kuraray on the basis that all material terms of the merger agreement had been finalized in the form described by Jones Day to the directors on September 14, 2017. Also at the meeting, Mr. Dearth informed the directors that, on September 15, 2017, representatives of Kuraray had provided to Mr. Dearth not only an employment term sheet for Mr. Dearth, but also employment term sheets for Messrs. Coccagno, Schott, Fortwangler and Whalen. Mr. Dearth indicated to the directors that he had delivered those term sheets to those individuals without substantive comment thereon. Mr. Dearth also



reported to the directors that the contents of

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the term sheets were consistent with each employee's current salary level, with a retention bonus to be paid out to the employees at the conclusion of three years' employment post-closing (see the section entitled *The Merger (Proposal 1)*

*Interests of Calgon Carbon's Non-Executive Directors and Executive Officers in the Merger* for more information). Mr. Dearth, and the representatives of Jones Day and of Morgan Stanley, confirmed to the Calgon Carbon board of directors that they were unaware that Kuraray would be delivering proposed employment term sheets in respect of executives other than Mr. Dearth. The directors also discussed the fact that it would be unlikely that Mr. Dearth could fully negotiate definitive terms of an employment arrangement with Kuraray prior to September 21, 2017, which date was Kuraray's stated target date for finalizing negotiations. After substantial discussion, including in a session of the independent directors without Mr. Dearth and other members of management present, but including representatives of Jones Day, the Calgon Carbon board of directors determined that, in light of the proposed price of \$21.50 per share which the directors considered highly favorable to the Calgon Carbon stockholders, and in light of the potential for negative business, economic and geopolitical developments in the near-term that could jeopardize Kuraray's ability or desire to enter into a definitive agreement at such price, Calgon Carbon's management should be focused on announcing a transaction by September 21, 2017, and therefore should not be distracted by personal employment negotiations at this time, particularly when meaningfully complete negotiation of employment terms was not practicable in the allotted window of time. On that basis, the independent directors of Calgon Carbon's board of directors, acting in session without members of management present, determined that Mr. Rupert and representatives of Jones Day should instruct Calgon Carbon's senior management team, including Mr. Dearth, not to negotiate personal employment arrangements with Kuraray at this time, and that representatives of Morgan Stanley should convey such decision to representatives of Goldman Sachs so that it would be communicated to Kuraray. Also in the session of independent directors with representatives of Jones Day present, the independent directors of the Calgon Carbon board of directors reaffirmed that Mr. Rupert, in his capacity as Calgon Carbon's lead independent director, should continue to be involved in all material negotiations between Calgon Carbon and Kuraray and asked that representatives of Jones Day communicate directly with Mr. Rupert on a regular basis. From September 16, 2017 until the execution and delivery of the merger agreement on September 21, 2017, representatives of Jones Day communicated all material updates in the transaction process directly to Mr. Rupert.

Later on September 16, 2017, representatives of Morgan Stanley spoke by telephone with representatives of Goldman Sachs and indicated that Calgon Carbon was not open to negotiations between Kuraray and any employee of Calgon Carbon prior to the announcement of a transaction. Also later on September 16, 2017 representatives of Jones Day indicated to Mayer Brown that the Calgon Carbon board of directors was surprised by Mayer Brown's inclusion of the material adverse effect closing condition in the latest draft of the merger agreement since it was not contained in the draft approved by the directors that purported to contain the parties' agreement on all material terms of the merger agreement. Representatives of Mayer Brown responded to Jones Day that, notwithstanding the absence of the condition from subsequent drafts and from the September 15, 2017 conference call between Jones Day and Mayer Brown, Mayer Brown believed the condition had been implicitly agreed during the negotiation with Jones Day held on September 13, 2017, and that in any event Kuraray would not be willing to enter into a transaction with such a meaningful per share premium without a customary material adverse effect condition.

On September 17, 2017, Mr. Ueyama emailed Mr. Dearth to indicate that it was a critical priority for Kuraray to reach an agreement with Mr. Dearth prior to entering into a definitive agreement. Mr. Ueyama also indicated that it would be ideal to reach agreement with the other executives as well, but that Kuraray could be flexible with respect to others besides Mr. Dearth. Mr. Dearth promptly forwarded this message to Mr. Rupert, Mr. Whalen and representatives of Jones Day, and did not respond to Mr. Ueyama.

On September 18, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All members of the board of directors were present. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting were representatives of Morgan

Stanley and of Jones Day. At the meeting, representatives of Jones Day discussed with the directors the position of Mayer Brown that an omission in the September 13, 2017 markups had caused the misunderstanding with respect to the material adverse effect condition. Also at the meeting, the

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directors discussed the September 17, 2017 email from Mr. Ueyama, and the fact that, at the direction of Kuraray, Goldman Sachs had also indicated to Morgan Stanley that Kuraray would be unwilling to enter into a definitive agreement unless it had some form of assurance that Mr. Dearth would be likely to continue his employment post-closing. The directors also discussed the fact that a delay in executing a definitive agreement would not be beneficial to Calgon Carbon or its stockholders, for reasons discussed and agreed at the September 16, 2017 board meeting. Mr. Dearth also disclosed to the directors that representatives of Mercer had contacted him on the morning of September 18 to follow-up on his meeting on September 15 with representatives of Kuraray and that Mr. Dearth had not replied to such message and had forwarded it to Mr. Whalen and a representative of Jones Day. In a session of the independent directors after having excused management, including Mr. Dearth, the independent directors, after receiving related advice from Jones Day, determined that it would be appropriate for Calgon Carbon to agree to the material adverse effect condition, as it was consistent with market practice for transactions of this type and because the board of directors believed that the incremental risk to the transaction that such condition created was outweighed by the potential premium to Calgon Carbon's stockholders that Kuraray was currently proposing. The independent directors noted that, consistent with the negotiations thus far, Mr. Dearth should continue to not be directly involved in the negotiation of the terms of the merger agreement, and again noted that up to that time, all material decisions concerning price negotiations had been handled by the full board. The independent directors further determined that, if the material terms of the merger agreement were agreed, it would be appropriate for Mr. Dearth to negotiate his employment status with Kuraray at such time.

Later on September 18, 2017, a representative of Mercer contacted Mr. Dearth via email to convey logistical information and, in a separate email, to inquire as to whether Mr. Dearth had received any feedback on the term sheets delivered to management. Mr. Dearth did not reply to such messages and forwarded such messages to Mr. Whalen and a representative of Jones Day. Afterwards on September 18, 2017, a representative of Jones Day and a representative of Goldman Sachs separately contacted Mercer to state that Mr. Dearth was instructed not to respond to Mercer and that Mercer should refrain from contacting Mr. Dearth until further notice. Per the board's request, a representative of Jones Day kept Mr. Rupert informed on a current basis of all material developments. Afterwards on September 18, 2017, representatives of Jones Day sent a markup of the merger agreement to Mayer Brown, and indicated that Calgon Carbon would be willing to agree to the material adverse effect condition if Kuraray would accept Calgon Carbon's position on the remainder of the unresolved legal issues in the merger agreement. Jones Day also indicated to Mayer Brown that the resumption of employment conversations between Mr. Dearth and Kuraray would be permitted only after Kuraray had accepted such proposal.

On the morning of September 19, 2017, representatives of Mayer Brown communicated to representatives of Jones Day that such proposal was acceptable to Kuraray, subject to certain exceptions. Later on September 19, 2017, after receiving advice from Jones Day, Mr. Rupert instructed Jones Day that the exceptions required by Mayer Brown were acceptable, and that, in accordance with the determination of the independent directors at the meeting of the Calgon Carbon board of directors on the previous day, it was acceptable for Mr. Dearth to commence negotiations with Kuraray. Mr. Rupert and a representatives of Jones Day thereafter informed Mr. Dearth of this instruction.

During September 19 and September 20, 2017, Calgon Carbon, Kuraray, Mr. Dearth and Mr. Dearth's personal employment counsel negotiated the scope of the agreement that Kuraray would require from Mr. Dearth in order for Kuraray to execute the merger agreement. On the morning of September 20, 2017, Mr. Dearth executed and delivered a letter to Kuraray that read as follows: Subject to my current legal obligations including my employment agreement, I am pleased to confirm that as described below, I will be committed to remaining in my current role as CEO of [Calgon Carbon] following its merger with a subsidiary of [Kuraray]. Yesterday we discussed certain proposed terms of my retention by [Calgon Carbon] following the merger. While I am comfortable in principle with those terms, more work must be done to study the details and implications of my proposed retention. Over the course of the next few weeks I will negotiate in good faith, using your proposal as the basis for our discussions, to complete our

arrangements. The negotiations that have occurred as of the date of the filing of this proxy statement are described in the section entitled *The Merger (Proposal 1) Interests of Calgon Carbon's Non-Executive Directors and Executive Officers in the Merger*.

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Throughout September 20, 2017, and into the early morning of September 21, 2017, Calgon Carbon, Kuraray and their respective legal and financial advisors finalized negotiation of the merger agreement, consistent with the agreement as to all material terms that was reached on the morning of September 19, 2017, and subject to the final approval of each party's board of directors.

In the afternoon of September 20, 2017, the Calgon Carbon board of directors held a special telephonic meeting. All members of the Calgon Carbon board of directors were present. Present at the meeting from the Calgon Carbon senior management team, in addition to Mr. Dearth, were Messrs. Coccagno and Whalen. Also present at the meeting were representatives of Morgan Stanley and of Jones Day. At the meeting, representatives of Jones Day provided the directors with an update on the terms of the merger agreement, and representatives of Morgan Stanley reviewed with the directors updated financial analysis of the proposed transaction with Kuraray. After discussion among the Calgon Carbon board of directors and its advisors, representatives of Morgan Stanley delivered to the Calgon Carbon board of directors an oral opinion, confirmed by delivery of a written opinion dated September 20, 2017, that, as of September 20, 2017, based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its written opinion (a final draft of which had been provided to the Calgon Carbon board of directors prior to the meeting), the merger consideration of \$21.50 per share in cash that would be received by holders of shares of the Company Common Stock (other than holders of the Excluded Shares) pursuant to the merger agreement was fair from a financial point of view to the holders of such shares. The Calgon Carbon board of directors again affirmed its belief, arrived at after discussions with members of Calgon Carbon's senior management team and representatives of Morgan Stanley, that Kuraray was the potential strategic transaction party most likely to offer the greatest value in the near term to Calgon Carbon's stockholders and that if any other buyer were willing and capable of providing superior value, announcing a transaction with Kuraray would be the best way to elicit such an offer, and such an offer would not be precluded by the terms of the merger agreement. The Calgon Carbon board of directors also believed, after discussions with members of Calgon Carbon's senior management team and representatives of Morgan Stanley regarding the statements made by Goldman Sachs to Morgan Stanley during negotiations, that the \$21.50 per share price was the maximum amount that Kuraray would be willing to pay to acquire Calgon Carbon, and acknowledged the risk that any delay or interruption in the negotiations with Kuraray could result in Kuraray withdrawing its proposal. Following discussion among the directors, and after careful consideration, the Calgon Carbon board of directors unanimously declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, determined that they are fair to and in the best interests of Calgon Carbon and its stockholders, and unanimously adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

In the early morning of September 21, 2017, the Kuraray board of directors convened and approved the merger agreement. Later in the early morning of September 21, 2017, Calgon Carbon and Kuraray executed and delivered the merger agreement and publicly announced the transaction.

## **Reasons for the Merger**

In evaluating the merger agreement and the merger, the Calgon Carbon board of directors consulted with Calgon Carbon's management and legal and financial advisors and considered a variety of factors in reaching its decision to approve the merger agreement and to recommend that Calgon Carbon stockholders vote for the merger proposal, including the following:

The fact that the \$21.50 all-cash per share merger consideration would provide certainty of value and liquidity to Calgon Carbon stockholders, enabling them to realize value that had been created at Calgon Carbon in recent years, while eliminating near-term, medium-term and long-term business and execution risks.

The belief of the Calgon Carbon board of directors that the present value of the projected price of Calgon Carbon common stock in the future was unlikely to exceed the \$21.50 all-cash per share merger consideration.

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The relationship of the \$21.50 all-cash per share merger consideration to the current and historical trading price of Calgon Carbon common stock, including the market performance of Calgon Carbon common stock relative to those of other participants in the activated carbon industry and general market indices and against analyst expectations, and the fact that the per share merger consideration constituted a premium of approximately:

72.0% to the closing price per share of Calgon Carbon common stock on August 21, 2017, the date of the final proposal from Kuraray of \$21.50 per share;

62.9 % to the closing price per share of Calgon Carbon common stock on September 20, 2017, the last trading day prior to both (i) the Calgon Carbon board of directors' approval of the merger agreement and (ii) the date on which public announcement of the execution of the merger agreement was made; and

63.6% to the volume weighted average price of Calgon Carbon common stock for the 30 trading days up to and including September 20, 2017.

The financial analyses presented to the Calgon Carbon board of directors by Morgan Stanley on September 20, 2017, as more fully described under *The Merger (Proposal 1) Opinion of Morgan Stanley*, and assessment by the Calgon Carbon board of directors, taking into account these financial analyses, of Calgon Carbon's value on a standalone basis relative to the \$21.50 per share of Calgon Carbon common stock in cash to be paid in the merger.

The opinion of Morgan Stanley rendered to the Calgon Carbon board of directors on September 20, 2017, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its written opinion, the \$21.50 per share in cash to be received by the holders of shares of Calgon Carbon common stock (other than holders of the excluded shares) pursuant to the merger agreement was fair from a financial point of view to such holders of such shares. The opinion is more fully described under *The Merger (Proposal 1) Opinion of Morgan Stanley* and the full text of such opinion is attached as **Annex B** to this proxy statement.

Calgon Carbon's business and operations, strategy, its current and historical financial condition and results of operations, and projected performance.

The perceived challenges and risks of continuing as a standalone public company, and the assessment that no other internally developed alternatives were reasonably likely in the near term to create greater value for Calgon Carbon stockholders than the merger, taking into account business, competitive, industry and market risks. Among other things, such perceived challenges and risks included the risk of the following conditions occurring, each of which was considered by the Calgon Carbon board of directors:



The risk of a failure of the United States International Trade Commission to extend certain tariffs applicable to our business.

The risk that we could fail to realize opportunities in our ultraviolet ballast water treatment business, including a delay in meeting or failure to meet ballast water treatment system standards.

The risk that governmental regulations applicable to Calgon Carbon's business could be rolled back, including the elimination or alteration of mercury related regulations or drinking water standards.

The risk of fluctuations in the relative valuation of currencies in which Calgon Carbon does business.

The risk of overcapacity and price pressures in the activated carbon space caused by new entrants into the market.

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The risk of substitution away from activated carbon among customers, including as a result of improvements to alternative technologies.

The strategic and financial alternatives reasonably available to Calgon Carbon, and the risks and uncertainties associated with those alternatives, none of which were deemed likely to result in value to Calgon Carbon stockholders that would exceed, on a present-value basis, the value of the merger consideration.

The determination by the Calgon Carbon board of directors, based on the discussions and negotiations described in the section entitled *The Merger (Proposal 1) Background of the Merger*, that the \$21.50 per share merger consideration was the best price reasonably attainable for Calgon Carbon stockholders in the transaction with Kuraray or from other parties.

The determination by the Calgon Carbon board of directors, after discussion with Calgon Carbon's senior management and its financial advisor, that Kuraray was the most logical acquirer of Calgon Carbon and, in light of Kuraray's complementary businesses, together with Kuraray's strong balance sheet and financial position, that Kuraray would be the potential transaction partner most likely to offer the best combination of value and closing certainty to Calgon Carbon stockholders in the near-term.

The belief by the Calgon Carbon board of directors after discussions with Calgon Carbon's senior management and its legal and financial advisors, that, while Kuraray was the most logical acquirer of Calgon Carbon, if there were to be another potential acquirer capable of and willing to make a more compelling offer to acquire Calgon Carbon, the terms of the merger agreement would not preclude such an offer.

The determination by the Calgon Carbon board of directors after discussions with Calgon Carbon's senior management and its legal and financial advisors, that it was preferable to negotiate on a confidential basis with Kuraray rather than to conduct a private or public auction or sale process of Calgon Carbon, particularly in light of the belief that such a process would be unlikely to result in a higher price and could result in Kuraray withdrawing its offer or offering a lower price and would increase the risk of loss of confidentiality in a manner that would be detrimental to Calgon Carbon's standalone operations.

The fact that the merger agreement was the product of arm's-length negotiations and contained terms and conditions that were, in the view of the Calgon Carbon board of directors, favorable to Calgon Carbon and its stockholders.

The belief by the Calgon Carbon board of directors of the high likelihood for the merger and related transactions to be completed successfully, based on, among other things:

the absence of a financing condition in the merger agreement and Kuraray's financial condition and representation that it has the ability to fund the aggregate per share merger consideration and to satisfy

all of its other obligations under the merger agreement (see the section entitled *The Merger (Proposal 1) Financing Related to the Merger* for more information);

Calgon Carbon's ability to specifically enforce Kuraray's obligations under the merger agreement, including Kuraray's obligations to consummate the merger;

Calgon Carbon's ability to recover damages from Kuraray in certain situations if Kuraray does not fulfill its obligation to consummate the merger when all conditions to the merger are satisfied, including Calgon Carbon's ability in such situations to recover from Kuraray, on behalf of Calgon Carbon's stockholders, the lost stockholder premium that would otherwise have been realized by Calgon Carbon's stockholders;

the commitment of Kuraray in the merger agreement to use its reasonable best efforts to take all actions to consummate the merger, including to commit to and effect, by consent decree, hold separate order or otherwise, the sale, divestiture, license or other disposition of any and all of the

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capital stock or other equity or voting interest, assets (whether tangible or intangible), rights, products or businesses of Calgon Carbon and its subsidiaries prior to the outside date and to agree to commitments with respect to the business, products, governance, personnel, assets, activities or sensitive governmental customers of Calgon Carbon and its affiliates (as of prior to closing), prior to the outside date, except in the event that taking the foregoing actions would be materially adverse to the business, assets, properties, results of operations, or condition (financial or otherwise) of Calgon Carbon and its subsidiaries, taken as a whole, or Kuraray and its subsidiaries, taken as a whole, as applicable (see the section entitled *The Merger Agreement Consents, Approvals and Filings* for more information); and

the conditions to closing contained in the merger agreement, which are customary in number and scope, and which, in the case of the condition related to the accuracy of Calgon Carbon's representations and warranties, are generally subject to a material adverse effect qualification (see the section entitled *The Merger Agreement Conditions to Completion of the Merger* for more information).

The Calgon Carbon board of directors also specifically considered the terms of the merger agreement permitting Calgon Carbon to respond to unsolicited proposals from potential alternative acquirors of Calgon Carbon (see the section entitled *The Merger Agreement No Solicitation of Takeover Proposals* for more information), and other terms of the merger agreement including:

Calgon Carbon's right, subject to certain conditions, to respond to and negotiate unsolicited takeover proposals made before the time Calgon Carbon's stockholders adopt the merger agreement;

the provisions in the merger agreement allowing the Calgon Carbon board of directors to terminate the merger agreement, in specified circumstances related to a superior proposal, subject to the payment of a termination fee of \$33.2 million (representing approximately 3.0% of the anticipated equity value of the transaction), which amount the Calgon Carbon board of directors believes to be reasonable under the circumstances and taking into account the range of such termination fees in similar transactions, and the belief by the Calgon Carbon board of directors that a fee of such size would not be a meaningful deterrent to alternative takeover proposals; and

the ability of the Calgon Carbon board of directors, subject to certain conditions, to change its recommendation supporting the merger in response to an intervening event, if the Calgon Carbon board of directors determines that failure to take such action would be reasonably likely to be inconsistent with its fiduciary duties.

The fact that the independent directors of the Calgon Carbon board of directors restricted the members of Calgon Carbon's executive management team from entering into any discussions or arrangements with Kuraray regarding the terms of their respective individual employment following the closing of the merger, without the consent of the independent directors.

The fact that Calgon Carbon stockholders who do not vote in favor of the merger proposal and who follow certain prescribed procedures are entitled to seek appraisal rights under Delaware law, subject to the limitations in the DGCL.

In the course of its deliberations, the Calgon Carbon board of directors also considered a variety of risks and other potentially negative factors, including the following:

The fact that Calgon Carbon negotiated exclusively with Kuraray regarding a potential transaction rather than conducting a public or private auction or sale process.

The significant costs involved in connection with entering into and completing the merger and the substantial time and effort of management required in completing the merger, which may disrupt Calgon Carbon's business operations.

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The potential disruptions to Calgon Carbon's business operations following the announcement of the merger, including disruptions arising from negative or unanticipated responses from competitors, customers, suppliers and employees.

The restrictions on Calgon Carbon's conduct of business prior to completion of the merger under the covenants in the merger agreement, including the requirement that Calgon Carbon use commercially reasonable efforts to conduct its business only in the ordinary course of business consistent with past practice and the prohibition on Calgon Carbon taking certain actions, which may delay or prevent Calgon Carbon from undertaking business opportunities that may arise pending completion of the merger.

The fact that, pursuant to the merger agreement and subject to certain conditions, Calgon Carbon is prohibited from soliciting other takeover proposals.

The fact that, upon termination of the merger agreement under certain circumstances, or upon the entry into an agreement in respect of an alternative takeover proposal after the termination of the merger agreement under certain circumstances, Calgon Carbon would be required to pay to Kuraray a termination fee of \$33.2 million in cash.

The fact that the receipt of the \$21.50 cash payment per share merger consideration would be taxable to Calgon Carbon stockholders that are treated as U.S. holders for U.S. federal income tax purposes.

The fact that following the merger, Calgon Carbon stockholders will have no ongoing equity participation in Calgon Carbon and would forego the opportunity to realize the potential long-term value of the successful execution of Calgon Carbon's current strategy as an independent company and, given the all-cash consideration, the merger will not allow Calgon Carbon stockholders to benefit from any potential future appreciation in the value of Calgon Carbon's business once combined with Kuraray after the merger.

The possibility that the merger does not close (including as a result of events outside of either party's control such as failure to receive required regulatory approvals, in particular the risks attendant to CFIUS review required as a result of Kuraray's identity as a foreign acquirer), and the potential risks and costs to Calgon Carbon associated with any failure to close, including the potential distraction of employee and management attention during the pendency of the merger, uncertainty about the effect of the proposed merger on Calgon Carbon's employees, potential and existing customers and suppliers and other parties, which may impair Calgon Carbon's ability to attract, retain and motivate key personnel and could cause third parties to seek to change or not enter into business relationships with Calgon Carbon, and the impact that the failure of the merger to close could have on the trading price of shares of Calgon Carbon common stock and Calgon Carbon's operating results (including as the result of the costs incurred in connection with the transaction).

The fact that directors and officers of Calgon Carbon may have interests different from and in addition to Calgon Carbon stockholders, including the terms proposed by Kuraray to the members of Calgon Carbon's executive management team, described in more detail in the section entitled *The Merger (Proposal 1)*

*Interests of Calgon Carbon's Non-Executive Directors and Executive Officers in the Merger.*

After considering the foregoing potentially negative and potentially positive factors, the Calgon Carbon board of directors concluded that the potentially positive factors relating to the merger agreement and the merger substantially outweighed the potentially negative factors.

*The foregoing discussion of the information and factors considered by the Calgon Carbon board of directors is not exhaustive but is intended to reflect the material factors considered by the Calgon Carbon board of directors in its consideration of the merger. In view of the complexity and the large number of factors considered, the Calgon Carbon board of directors, both individually and collectively, did not quantify or assign*

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*any relative or specific weight to the various factors. Rather, the Calgon Carbon board of directors based its recommendation on the totality of the information presented to and considered by it. In addition, individual members of the Calgon Carbon board of directors may have given different weights to different factors. The Calgon Carbon board of directors unanimously recommended that the Calgon Carbon stockholders vote in favor of the merger proposal based on the totality of the information considered by the Calgon Carbon board of directors.*

The foregoing discussion of the information and factors considered by the Calgon Carbon board of directors is forward- looking in nature. This information should be read in light of the factors described under the section entitled *Cautionary Statement Concerning Forward-Looking Statements*.

## **Recommendation of the Calgon Carbon Board of Directors**

After consideration of all factors that the Calgon Carbon board of directors deemed relevant, and after consultation with independent legal and financial advisors, the Calgon Carbon board of directors unanimously declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and that they are fair to and in the best interests of Calgon Carbon and its stockholders, and unanimously adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

The Calgon Carbon board of directors unanimously recommends that Calgon Carbon stockholders vote **FOR** the merger proposal.

## **Certain Calgon Carbon Unaudited Prospective Financial Information**

In connection with the merger, Calgon Carbon's management prepared financial projections for fiscal years 2017 through 2021, including revenue, gross margin, operating expenses, EBITDA (as discussed below) and capital expenditures (the Calgon Carbon Projections). The Calgon Carbon Projections were based on the Calgon Carbon 2017 strategic plan as approved by the Calgon Carbon board of directors in the fourth quarter of 2016, adjusted to reflect Calgon Carbon's actual results in the first half of 2017 and Calgon Carbon management's updated views on achievable gross margin levels, future operating expenses, and other matters. The Calgon Carbon Projections were prepared for internal use and provided to Calgon Carbon's board of directors, for the purposes of considering, analyzing and evaluating Calgon Carbon's strategic and financial alternatives, including the merger. The Calgon Carbon Projections were also provided to Morgan Stanley, in its capacity as financial advisor to Calgon Carbon, in connection with rendering its fairness opinion to the Calgon Carbon board of directors and in performing the related analyses. The Calgon Carbon Projections were also provided to Kuraray and Kuraray's financial advisor in connection with their respective consideration and evaluation of a merger with Calgon Carbon. Calgon Carbon does not as a matter of course make public projections as to future performance due to, among other reasons, the inherent difficulty of accurately predicting financial performance for future periods and the uncertainty of underlying assumptions and estimates. However, Calgon Carbon is including in this proxy statement a summary of certain limited unaudited prospective financial information for Calgon Carbon on a stand-alone basis, without giving effect to the merger, to give Calgon Carbon stockholders access to certain nonpublic information provided to Calgon Carbon's board of directors and Morgan Stanley and to Kuraray for purposes of considering and evaluating the merger. The inclusion of the Calgon Carbon Projections should not be regarded as an indication that the Calgon Carbon board of directors, Calgon Carbon, Morgan Stanley, the Kuraray board of directors, Kuraray, Parent, Merger Sub, Goldman Sachs or any other recipient of this information considered, or now considers, it to be an assurance of the achievement of future results or an accurate prediction of future results, and they should not be relied on as such.

The Calgon Carbon Projections and the underlying assumptions upon which the Calgon Carbon Projections were based are subjective in many respects, and subject to multiple interpretations and frequent revisions attributable to



fluctuations in the business environments of the industries in which Calgon Carbon operates, and

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based on actual experience and business developments. The Calgon Carbon Projections reflect numerous assumptions with respect to company performance, industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are difficult to predict, subject to significant economic and competitive uncertainties and beyond Calgon Carbon's control. Multiple factors, including those described in the section entitled *Cautionary Statement Concerning Forward-Looking Statements*, could cause the Calgon Carbon Projections or the underlying assumptions to be inaccurate. As a result, there can be no assurance that the Calgon Carbon Projections will be realized or that actual results will not be significantly higher or lower than projected. Because the Calgon Carbon Projections cover multiple years, such information by its nature becomes less reliable with each successive year. The Calgon Carbon Projections do not take into account any circumstances or events occurring after the date on which they were prepared. Economic and business environments can and do change quickly, which adds an additional significant level of uncertainty as to whether the results portrayed in the Calgon Carbon Projections will be achieved. As a result, the inclusion of the Calgon Carbon Projections in this proxy statement does not constitute an admission or representation by Calgon Carbon or any other person that the information is material. The summary of the Calgon Carbon Projections is not provided to influence Calgon Carbon stockholders' decisions regarding whether to vote for the merger proposal or any other proposal. Additionally, the Calgon Carbon Projections contain certain pro forma adjustments to Calgon Carbon's expected results for 2017, which pro forma adjustments reflect current or future management initiatives as if such initiatives had been substantially implemented as of December 31, 2016, although such initiatives have not in fact been substantially implemented, either at December 31, 2016, on the date that the Calgon Carbon board approved the merger agreement, or on the date of this proxy statement.

Readers of this proxy statement should not place undue reliance on the Calgon Carbon Projections. Neither Calgon Carbon nor any other person has made or makes any representation to any stockholder, or any other party, regarding the information included in the Calgon Carbon Projections. Management of Calgon Carbon have prepared from time to time in the past, and will continue to prepare in the future, internal financial forecasts that reflect various estimates and assumptions that change from time to time. Accordingly, the Calgon Carbon Projections used in conjunction with the merger may differ from these forecasts. Except to the extent required by law, neither Calgon Carbon nor its directors or officers intend to update or revise the Calgon Carbon Projections to reflect circumstances existing after the date they were prepared or to reflect the occurrence of future events, even in the event that some or all of the assumptions are determined to be inaccurate or erroneous. The assumptions may be inaccurate or erroneous as of the date of this proxy statement.

As referred to below, earnings before interest, taxes, depreciation and amortization, which is referred to in this section as EBITDA, is a financial measure commonly used in Calgon Carbon's industry but is not defined under GAAP. EBITDA should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP or as a measure of a company's profitability or liquidity. Because EBITDA excludes some, but not all, items that affect net income, this measure may vary among companies, including Calgon Carbon. The EBITDA data presented below may not be comparable to similarly titled measures of other companies. Calgon Carbon's management believes that EBITDA is a meaningful measure to investors and provides additional information about a company's ability to meet future liquidity requirements for debt service, capital expenditures and working capital. In addition, Calgon Carbon's management believes that EBITDA is a useful comparative measure of operating performance and liquidity. For example, debt levels, credit ratings and, therefore, the impact of interest expense on earnings vary significantly between companies. Similarly, the tax positions of individual companies can vary because of their differing abilities to take advantage of tax benefits, with the result that their effective tax rates and tax expense can vary considerably. Finally, companies differ in the age and method of acquisition of productive assets, and thus the relative costs of those assets, as well as in the depreciation or depletion (straight-line, accelerated, units of production) method, which can result in considerable variability in depletion, depreciation and amortization expense between companies. Thus, for

comparison purposes, Calgon Carbon's management believes that EBITDA can be useful as an objective and comparable measure of operating profitability and the contribution of operations to liquidity because it excludes these elements.

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The Calgon Carbon Projections were not prepared with a view toward public disclosure or toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Deloitte & Touche LLP ( Deloitte ), Calgon Carbon 's independent registered public accounting firm, nor any other accounting firm, has examined, compiled or performed any procedures with respect to the Calgon Carbon Projections, and accordingly, Deloitte does not express an opinion or any other form of assurance with respect thereto. The Deloitte report incorporated by reference in this proxy statement relates to Calgon Carbon 's historical financial information. It does not extend to the prospective financial information contained herein and should not be read to do so.

The following is a summary of the Calgon Carbon Projections:

**Summary of Calgon Carbon Projections**

(\$ in Millions, unless otherwise noted)

	Fiscal Year					
	2017		2018	2019	2020	2021
	2017	Forecast				
	Forecast <sup>(1)</sup>	Pro Forma <sup>(2)</sup>	Forecast	Forecast	Forecast	Forecast
Revenue	\$ 615.2	\$ 605.4	\$ 617.9	\$ 638.7	\$ 684.6	\$ 725.7
Gross Margin (without effects of depreciation or amortization)	194.7	202.5	208.6	217.2	236.2	254.0
Operating Expenses	93.1	89.3	92.0	94.7	97.6	100.5
Other Expenses / (Income)	1.0	2.0	2.0	2.0	2.0	2.0
Net cash provided by operating activities	64.2	* <sup>(3)</sup>	91.3	92.3	98.2	111.6
EBITDA	100.6	111.2	114.6	120.4	136.6	151.5
Capex	(68.7)	(68.7)	(37.9)	(40.2)	(32.2)	(31.1)
Adjusted Net Income Per Share (dollars)	\$ 0.55	* <sup>(3)</sup>	\$ 0.78	\$ 0.85	\$ 1.07	\$ 1.26

(1) Adjusted for acquisition costs.

(2) Includes pro forma, full-year 2017 impact of foreign currency exchange rates and the impact of the initiatives described below, as if each initiative was in full effect as of January 1, 2017. At the time that the Calgon Carbon Projections were prepared in July 2017, none of these initiatives were substantially complete, and the impact of these initiatives on Calgon Carbon 's future financial performance was uncertain. The pro forma, full-year 2017 EBITDA projections were prepared to illustrate the impact that could be achieved as a result of these initiatives being successfully implemented and giving pro forma effect to that impact for the full 2017 fiscal year even though the initiatives were all in the process of being implemented during the 2017 fiscal year. Therefore, for purposes of Morgan Stanley 's analyses described in the section entitled *Opinion of Morgan Stanley & Co. LLC*, Calgon Carbon management directed Morgan Stanley to use the 2017 forecasted EBITDA from the Calgon Carbon Projections and not the 2017 pro forma, full-year 2017 EBITDA. The initiatives reflected in the pro forma, full-year 2017 EBITDA are as follows:

The restructuring of Calgon Carbon's Japanese operations to focus on profitable segments, including the idling of Calgon Carbon's plant in Fukui, Japan and decreasing overall complexity in the Japanese operations;

The removal of operational bottlenecks in Calgon Carbon's wood-based activated carbon manufacturing facility located in Parentis en Born, France;

Price increases and product substitution resulting from sales efforts focused on small- and medium-sized customers;

The divestitures of non-core underperforming assets or businesses; and

Cost reduction and increased sales volume in Calgon Carbon's ultraviolet business, purposed to render such business break-even through 2018.

(3) The impact of the 2017 pro forma presentations (discussed above) was not calculated for these items.

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**Opinion of Morgan Stanley & Co. LLC**

Morgan Stanley was retained by Calgon Carbon to act as its financial advisor and to render a financial opinion in connection with the proposed merger. Calgon Carbon selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation and its knowledge of the business and affairs of Calgon Carbon, which knowledge Morgan Stanley had developed during its long-term involvement with Calgon Carbon. At the meeting of the Calgon Carbon board of directors on September 20, 2017, Morgan Stanley rendered its oral opinion, which was subsequently confirmed by delivery of a written opinion, dated September 20, 2017, to the Calgon Carbon board of directors to the effect that, as of the date of such opinion, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its written opinion, the \$21.50 per share in cash to be received by the holders of shares of Calgon Carbon common stock (other than holders of the excluded shares) pursuant to the merger agreement was fair from a financial point of view to such holders of such shares.

**The full text of Morgan Stanley's written opinion to the Calgon Carbon board of directors, dated September 20, 2017, is attached as Annex B to this proxy statement and is hereby incorporated into this proxy statement by reference in its entirety. Holders of shares of Calgon Carbon common stock should read the opinion carefully and in its entirety. The opinion sets forth, among other things, a discussion of the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley in rendering its opinion. Morgan Stanley's opinion was directed to the Calgon Carbon board of directors and addressed only the fairness, from a financial point of view, as of the date of the opinion, to the holders of shares of Calgon Carbon common stock (other than holders of the excluded shares) of the \$21.50 per share in cash to be received by such holders pursuant to the merger agreement. Morgan Stanley's opinion did not address any other aspects of the merger and did not and does not constitute a recommendation as to how holders of Calgon Carbon common stock should vote at the special meeting. The summary of Morgan Stanley's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.**

For purposes of rendering its opinion, Morgan Stanley:

reviewed certain publicly available financial statements and other business and financial information of Calgon Carbon;

reviewed certain internal financial statements and other financial and operating data concerning Calgon Carbon;

reviewed the Calgon Carbon Projections prepared by the management of Calgon Carbon;

discussed the past and current operations and financial condition and the prospects of Calgon Carbon with senior executives of Calgon Carbon;

reviewed the reported prices and trading activity for Calgon Carbon common stock;

compared the financial performance of Calgon Carbon and the prices and trading activity of Calgon Carbon common stock with that of certain other publicly-traded companies comparable with Calgon Carbon, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in certain discussions and negotiations among representatives of Calgon Carbon and Kuraray and their financial and legal advisors;

reviewed the merger agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

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In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by Calgon Carbon, and formed a substantial basis for the opinion. With respect to the Calgon Carbon Projections, Morgan Stanley assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of Calgon Carbon's management of the future financial performance of Calgon Carbon. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any material waiver, amendment or delay of any terms or conditions, including, among other things, that the definitive merger agreement would not differ in any material respect from the draft merger agreement provided to Morgan Stanley. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of Calgon Carbon and its legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Calgon Carbon's officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of Calgon Carbon common stock (other than holders of the excluded shares) in the merger. Morgan Stanley's opinion did not address the relative merits of the merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or were available. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Calgon Carbon, nor was Morgan Stanley provided with any such valuations or appraisals. Morgan Stanley's opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, September 20, 2017. Events occurring after such date may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm the opinion. In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to an acquisition, business combination or other extraordinary transaction involving Calgon Carbon, nor did it negotiate with any party, other than Kuraray and its representatives, with respect to a possible acquisition of Calgon Carbon or any of its constituent businesses.

*Summary of Financial Analyses.*

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion to the Calgon Carbon board of directors. The following summary is not a complete description of Morgan Stanley's opinion or the financial analyses performed and factors considered by Morgan Stanley in connection with its opinion, nor does the order of the financial analyses described represent the relative importance or weight given to those financial analyses. Unless stated otherwise, the following quantitative information, to the extent that it is based on market data, is based on market data as of September 18, 2017, which was the second-to-last trading day before the September 20, 2017 presentation by Morgan Stanley to the Calgon Carbon board of directors, and is not necessarily indicative of current market conditions. In performing its financial analyses summarized below and in arriving at its opinion, with the consent of the Calgon Carbon board of directors, Morgan Stanley used and relied upon the following financial projections: (i) certain financial projections provided by Calgon Carbon's management, as more fully described below in the section entitled *The Merger (Proposal 1) Certain Calgon Carbon Unaudited Prospective Financial Information*, which are referred to below as the Management Case, and (ii) certain publicly available Wall Street projections for Calgon Carbon, which is referred to below as the Street Case. For purposes of Morgan Stanley's analyses, at the direction of Calgon Carbon's management, the Management Case used the 2017 forecasted EBITDA of \$100.6 million and not the 2017 forecasted pro forma EBITDA as further described in the section entitled *Certain Calgon Carbon Unaudited Prospective Financial Information*. **Some of the financial analyses summarized below include information presented in tabular format.**



**In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.**

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**The analyses listed in the tables and described below must be considered as a whole. Assessing any portion of such analyses and of the factors reviewed, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley’s opinion.**

Certain of the following terms are used throughout this summary of financial analyses:

AV refers to aggregate enterprise value, calculated as equity value, plus book value of total debt (inclusive of capital leases if applicable for the company being analyzed), plus non-controlling interest (if applicable for the company being analyzed), less cash, cash equivalents and marketable securities;

EBITDA refers to earnings before interest, taxes, depreciation and amortization for the company being analyzed; and

P/E ratio refers to the ratio of the price of a share of common stock to estimated earnings per share for the company being analyzed.

*Selected Comparable Trading Analysis.*

Morgan Stanley performed a selected comparable trading analysis, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded. Morgan Stanley reviewed certain financial information, valuation multiples and market trading data relating to Calgon Carbon and selected publicly traded chemicals and industrials companies that Morgan Stanley believed, based on its professional judgment and experience, to be similar to Calgon Carbon’s current operations for purposes of this analysis (we refer to these companies as the selected companies). Financial data of the selected companies were based on S&P Capital IQ’s estimates, Thomson Reuters I/B/E/S Estimates, public filings and other publicly available information. Financial data of Calgon Carbon was based on the Street Case and the Management Case, as appropriate.

The selected companies were chosen based on Morgan Stanley’s knowledge of the industry and because they have businesses that may be considered similar to Calgon Carbon’s. Although none of such companies are identical or directly comparable to Calgon Carbon, these companies are publicly traded companies with operations or other criteria, such as lines of business, markets, business risks, growth prospects, maturity of business and size and scale of business, that for purposes of its analysis Morgan Stanley considered similar to Calgon Carbon. No specific numeric or other similar criteria were used to select the companies used in this and other analyses, and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria.

Morgan Stanley reviewed data, including AV as a multiple of EBITDA and the P/E ratio, for each of the selected companies listed below. With respect to the selected companies, Morgan Stanley analyzed multiples of AV to EBITDA for calendar year 2017 and calendar year 2018 (which we refer to as 2017E AV / EBITDA and 2018E AV / EBITDA, respectively) and P/E ratios for calendar year 2018 (which we refer to as 2018E P/E):

Company	-	-	-
	2017E AV /	2018E AV /	2018E P/E

	<b>EBITDA</b>	<b>EBITDA</b>	
Xylem	15.7x	14.4x	23.2x
Cabot Corporation	8.1x	7.8x	14.1x
Minerals Technologies	9.1x	8.7x	13.4x
Ingevity Corporation	13.0x	10.3x	20.1x
Compass Minerals International	11.7x	10.1x	18.1x
Mueller Water Products	11.6x	9.8x	20.6x
ESCO Technologies	12.7x	NA	21.1x
Orion Engineered Carbons	6.8x	6.4x	11.2x
Lydall	10.2x	8.8x	15.9x

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Based on this analysis and its professional judgment, Morgan Stanley derived the reference ranges of financial multiples set forth in the table below and applied these ranges to estimated EBITDA for calendar year 2017 and calendar year 2018 contained in the Management Case and in the Street Case and earnings per share for calendar year 2018 contained in the Street Case. For calendar year 2017, estimated EBITDA for Calgon Carbon was \$94 million in the Street Case and \$101 million in the Management Case. For calendar year 2018, estimated EBITDA for Calgon Carbon was \$112 million in the Street Case and \$115 million in the Management Case. For calendar year 2018, estimated earnings per share for Calgon Carbon was \$0.80 in the Street Case. Based on Calgon Carbon's estimated net debt and the number of outstanding shares of Calgon Carbon common stock on a fully diluted basis (including outstanding options and performance share awards), each as of June 30, 2017 and as provided by Calgon Carbon's management, the analysis indicated the following implied per share value ranges for Calgon Carbon common stock, each rounded to the nearest \$0.25:

<b>Source</b>	<b>Reference Range</b>		<b>Implied Value Per Share of the Company Common Stock</b>	
<b>Street Case</b>				
2017E AV / EBITDA	10.5x	12.5x	\$ 15.00	\$18.50
2018E AV / EBITDA	8.5x	10.5x	\$ 14.25	\$18.50
2018E P/E	16.5x	19.5x	\$ 13.00	\$15.50
<b>Management Case</b>				
2017E AV / EBITDA	10.5x	12.5x	\$ 16.25	\$20.00
2018E AV / EBITDA	8.5x	10.5x	\$ 14.75	\$19.00

No company utilized in the selected comparable trading analysis is identical to Calgon Carbon. In evaluating the selected companies, Morgan Stanley made judgments and assumptions with respect to industry performance, general business, regulatory, economic, market and financial conditions and other matters, many of which are beyond Calgon Carbon's control. These include, among other things, selected company growth and profitability, the impact of competition on Calgon Carbon's business and the industry generally, industry growth, and the absence of any adverse material change in the financial condition or prospects of Calgon Carbon or the industry, or in the financial markets in general. Mathematical analysis (such as determining the mean or median) is not in itself a meaningful method of using selected company data.

*Discounted Equity Value Analysis.*

Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into a theoretical estimate of the future implied value of a company's equity as a function of such company's estimated future earnings and a theoretical range of trading multiples. The resulting estimated future implied value is subsequently discounted back to the present day at the company's cost of equity in order to arrive at an illustrative estimate of the present value for the company's theoretical future implied stock price.

Morgan Stanley calculated ranges of implied equity values per share for Calgon Carbon common stock as of September 18, 2017. In arriving at the estimated equity values per share of Calgon Carbon common stock, Morgan Stanley applied a P/E ratio range of 16.8x to 21.6x (reflecting the middle 75% of the daily next twelve months P/E ratios at which Calgon Carbon has traded in the last five years as reported by S&P Capital IQ) to Calgon Carbon's 2021 estimated earnings per share based on both the Street Case and the Management Case. Morgan Stanley then discounted the resulting equity value to September 18, 2017 at a discount rate equal to Calgon Carbon's estimated cost

of equity as of September 18, 2017 of 10.5%. Morgan Stanley estimated the cost of equity for Calgon Carbon by using the capital asset pricing model and based on its professional judgment and experience. The inputs to the model consisted of: (1) a beta of 1.37 (the U.S. Predicted Barra beta as of August 4, 2017, which was the last trading day before a significant increase in volatility due in part to market rumors relating to a potential acquisition of Calgon Carbon), (2) a risk-free rate of 2.2% (equal to the 10-year U.S. Treasury spot rate as of September 18, 2017) and (3) a market premium of 6.0%. Based on these calculations,

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this analysis implied the following per share value ranges for Calgon Carbon common stock, each rounded to the nearest \$0.25:

<b>Source</b>	<b>Reference Range</b>		<b>Implied Value Per Share of the Company Common Stock</b>	
Street Case	16.8x	21.6x	\$ 13.50	\$17.25
Management Case	16.8x	21.6x	\$ 15.75	\$20.25

*Precedent Transactions Analysis.*

Morgan Stanley performed a precedent transactions analysis, which is designed to imply a value of a company based on publicly available financial terms of selected transactions. Morgan Stanley selected certain specialty chemicals transactions since the beginning of 2012 for which relevant financial information was publicly available.

For these transactions, Morgan Stanley reviewed the purchase price paid and calculated the ratio of the aggregate value of each transaction to the estimated EBITDA for the last twelve months, which we refer to as LTM, based on publicly available financial information. Morgan Stanley reviewed the following transactions in connection with this analysis:

<b>Target</b>	<b>Acquiror</b>	<b>AV / LTM EBITDA</b>
Desotec	EQT	12.5x
Houghton International	Quaker	11.8x
Darex Packaging (GCP Applied Technologies)	Henkel	14.7x
Cristal (National Titanium Dioxide Company)	Tronox	9.4x
SummitReheis	Elementis	12.9x
Wisdom Worldwide Adhesives	H.B. Fuller Company	11.1x
Helios Group Holdings (Annagab)	Kansai Paint	9.0x
KR Copolymer Co. (60/40 CP Chem/Daelim JV)	INEOS Styrolution	9.1x
Atotech	Carlyle	11.9x
Chromaflo	American Securities	8.7x
Chemtura	Lanxess	9.8x
Porous Technologies Business (Essentra)	Filtration Group	10.4x
European Surfactants Business (Huntsman)	Innospec	9.4x
Den Braven Sealants	Bostik (Arkema)	11.0x
Warren Chem	Brenntag	7.2x
The Sun Products Corporation	Henkel Consumer Goods	14.3x
Chemetall (Albemarle)	BASF	15.3x
75% stake Excel Crop Care	Sumitomo Chemical	14.7x
Performance Materials (Air Products)	Evonik Industries	15.8x
Performance Adhesives & Coatings (Hexion)	Synthomer	7.5x

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Valspar	Sherwin-Williams	15.7x
Albion Laboratories	Balchem	10.7x
Sagema / Wiberg	Frutarom	6.9x
Dow Corning	Dow Chemical	7.8x
Arizona Chemical Company	Kraton	7.4x
Cytec	Solvay	15.9x
Alent	Platform Specialty Products	13.1x
SK Lubricants (SK Innovation)	MBK Partners	9.1x
OM Group's Electronic Chemicals and Photomasks business	Platform Specialty Products	13.0x

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<b>Target</b>	<b>Acquiror</b>	<b>AV / LTM EBITDA</b>
OM Group	Apollo	12.1x
AgroFresh (Dow)	Boulevard Acquisition Corp	9.2x
Nubiola Group	Ferro	7.0x
Zep	New Mountain Capital, LLC	11.8x
DSM (Polymer Intermediates & Composite Resins)	CVC	7.3x
ANGUS	Golden Gate	11.0x
Penford	Ingredion	7.0x
Independence Oilfield Chemicals	Innospec	7.5x
Chinese business (ChemChina)	Adama	4.4x
Sigma-Aldrich	Merck KGaA	19.8x
Taminco	Eastman	9.7x
Agriphar	Platform	11.8x
Eco Services (Solvay)	CCMP Capital Advisors	8.0x
Rockwood	Albemarle	19.2x
Comex	PPG	11.7x
Emerald Performance	American Securities	9.2x
Wood Preservation & Railroad Services (Osiose Holdings)	Koppers Inc.	10.6x
Diana Group	Symrise	14.6x
ASK Chemicals	Rhone Capital	0.5x
SensoryEffects	Balchem	10.7x
AMCOL	Minerals Technologies	11.1x
Water Technologies (Ashland)	Clayton, Dublier & Rice	10.2x
Archway Sales	Nexeo Solutions	9.6x
ATMI	Entegris	9.9x
American Pacific Corp.	H.I.G. Capital, LLC	7.1x
Formic Acid business (Kemira Oyj)	Taminco Corporation	5.9x
AZ Electronic Materials	Merck KGaA	10.6x
General Chemical	Chemtrade	7.8x
49% ownership (Talison Lithium)	Rockwood	7.4x
Vinyl Acetated related business (DuPont)	Kuraray	10.4x
Leather Chemicals (Clariant AG)	Stahl Holdings (Wendel Group)	7.5x
Jacobi Carbons	Osaka Gas	NA
Polypropylene & catalyst business (Dow)	WR Grace	11.1x
MacDermid	Platform Acquisition Holdings Ltd	10.0x
Chemlogics Group, LLC	Solvay SA	10.8x
Zoltek	Toray	22.2x
Performance Additives & TiO2 (Rockwood Holding)	Huntsman	6.6x
CeramTec (Rockwood)	Cinven	11.3x
Florida Chemical Company	Flotek Industries	10.3x
Specialty PVC Resins assets (PolyOne)	Mexichem	5.3x
N.A. Bakery Supplies (CSM)	Rhone Capital	9.8x
Global fragrance business (Belmay)	Symrise	8.4x
NuCO2 Inc.	Praxair	9.6x
Textile, Paper and Emulsions businesses (Clariant AG)	SK Capital Partners	6.3x
Antioxidant and UV Stabilizers (Chemtura)	SK Capital Partners	6.4x



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Houghton International	Gulf Oil	7.9x
Spartech	PolyOne Corporation	7.4x
RÜTGERS	Rain Commodities	6.8x
Champion Technologies	Ecolab	13.1x
Coating Resins business (Cytex Industries)	Advent International Corporation	6.8x

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<b>Target</b>	<b>Acquiror</b>	<b>AV / LTM EBITDA</b>
Bromine Assets (Solaris ChemTech Industries)		