

CALGON CARBON CORPORATION
Form DEF 14A
April 01, 2009
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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
(Amendment No. __)

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)

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

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☒ No fee required.

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(3) Filing Party:

(4) Date Filed:

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CALGON CARBON CORPORATION

P.O. BOX 717

PITTSBURGH, PA 15230-0717

**TELEX 671 1837 CCC PGH
PANAFAX: 412-787-6713**

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Calgon Carbon Corporation at 1:00 p.m., Eastern Daylight Saving Time, on Thursday, April 30, 2009 at the principal executive office of the Company, 400 Calgon Carbon Drive, Pittsburgh, Pennsylvania.

Information about the business of the meeting and the nominees for election as Directors is set forth in the notice of the meeting and the Proxy Statement, which are attached. This year you are asked to: (i) elect three Directors for the Class of 2012 and (ii) ratify the appointment of independent auditors for 2009.

It is important that your shares be represented at the meeting. Even if you plan to attend the meeting in person, we hope that you will send a proxy voting on the matters to be considered. Please sign, date and return your proxy in the enclosed envelope as promptly as possible.

Very truly yours,

John S. Stanik

President and

Chief Executive Officer

April 2, 2009

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CALGON CARBON CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Calgon Carbon Corporation will be held at the principal executive office of the Company, 400 Calgon Carbon Drive, Pittsburgh, Pennsylvania, on Thursday, April 30, 2009 at 1:00 p.m., Eastern Daylight Saving Time, for the following purposes:

- (1) To elect three Directors for the Class of 2012 (Proposal 1);
- (2) To ratify the appointment of independent auditors of the Company for 2009 (Proposal 2); and
- (3) To transact such other business as may properly come before the meeting.

Please refer to the accompanying Proxy Statement for a description of the matters to be considered at the meeting.

Holders of record of the Company's Common Stock as of the close of business on March 9, 2009 are entitled to notice of and to vote at the meeting.

Please sign, date and return the enclosed proxy promptly in the envelope provided, which requires no United States postage.

Dennis M. Sheedy

Vice President, General Counsel and Secretary

April 2, 2009

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PROXY STATEMENT

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CALGON CARBON CORPORATION

PROXY STATEMENT

Annual Meeting of Stockholders

April 30, 2009

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting

to be held on April 30, 2009

The 2009 Proxy Statement and the Annual Report to Stockholders for the year ended December 31, 2008 are also available at www.stocktrans.com/eproxy/calgoncarbon2009.

The enclosed proxy is solicited on behalf of the Board of Directors of Calgon Carbon Corporation (the "Company") for use at the Annual Meeting of Stockholders to be held at 1:00 p.m., Eastern Daylight Saving Time, on Thursday, April 30, 2009 at the principal executive office of the Company, 400 Calgon Carbon Drive, Pittsburgh, Pennsylvania. The accompanying Notice of Annual Meeting of Stockholders sets forth the purposes of the meeting.

The enclosed proxy may be revoked at any time before its exercise by giving written notice of revocation to the Secretary of the Company. The shares represented by proxies in the form solicited by the Board of Directors will be voted at the meeting. If a choice is specified on the proxy with respect to a matter to be voted upon, the shares represented by the proxy will be voted in accordance with that specification. If no choice is specified, the shares will be voted as stated below in this Proxy Statement.

It is expected that this Proxy Statement and the accompanying form of proxy will first be mailed to stockholders on or about April 2, 2009. The Company's Annual Report to Stockholders for 2008 is enclosed with this Proxy Statement but does not form a part of the proxy soliciting material. The cost of soliciting proxies will be borne by the Company. Following the original mailing of the proxy soliciting material, regular employees of the Company may solicit proxies by mail, telephone, electronic means and personal interview. The Company may also hire a proxy solicitation firm or may request brokerage houses and other nominees or fiduciaries to forward copies of the proxy soliciting material and 2008 Annual Report to beneficial owners of the stock held in their names, and the Company will reimburse them for reasonable out-of-pocket expenses incurred in doing so.

VOTING SECURITIES AND RECORD DATE

Holders of the Company's Common Stock of record as of the close of business on March 9, 2009 are entitled to receive notice of and to vote at the meeting. At the record date, the Company had outstanding 54,462,043 shares of Common Stock, the holders of which are entitled to one vote per share. The Company does not have cumulative voting.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS****Management**

The following table shows the number of shares of Common Stock beneficially owned as of March 9, 2009 by each Director of the Company, by John S. Stanik, Leroy M. Ball, C.H.S. (Kees) Majoor, Robert P. O'Brien and Dennis M. Sheedy, the named executive officers of the Company in the Summary Compensation Table and by all current Directors and executive officers of the Company as a group. The Company has stock ownership guidelines for its executive officers which are described under "Stock Ownership Policy" on page 15 of this Proxy Statement. Unless otherwise indicated in the footnotes to the table, each person named and all Directors and executive officers as a group have sole voting power and sole investment power with respect to the shares. As used herein, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, the security). A person is deemed to have "beneficial ownership" of any security that the person has the right to acquire within 60 days after the record date.

Name of Beneficial Owner	Number of Shares(1)	Percent of Class
Robert W. Cruickshank	20,800	*
Randall S. Dearth	6,604	*
William J. Lyons(2)	4,167	*
William R. Newlin(3)	55,802	*
Julie S. Roberts(2)	73,438	*
Timothy G. Rupert	33,911	*
Seth E. Schofield	17,068	*
John S. Stanik	575,998	1.05%
Robert L. Yohe	71,438	*
Leroy M. Ball	230,903	*
C.H.S. (Kees) Majoor	250,450	*
Robert P. O'Brien(4)	226,434	*
Dennis M. Sheedy	38,138	*
All current directors and executive officers as a group (15 persons)(2)(3)(4)	1,790,863	3.26%

* Less than 1%.

- (1) Includes (i) 2,000 shares in the case of Mr. Dearth, 65,670 shares in the case of Ms. Roberts, 16,051 shares in the case of each of Messrs. Newlin and Rupert, and 27,820 shares in the case of Mr. Yohe, granted under the Company's 1993 Non-Employee Directors' Stock Option Plan, (ii) 2,768 shares of restricted stock granted to each non-employee director other than Mr. Lyons in 2008, and 1,767 shares of restricted stock granted to Mr. Lyons in 2008, (iii) 172,100 options and 15,668 time vesting restricted shares in the case of Mr. Ball; 166,350 options and 10,268 time vesting restricted shares in the case of Mr. Majoor; 113,985 options and 10,268 time vesting restricted shares in the case of Mr. O'Brien; 13,050 options and 7,234 time vesting restricted shares in the case of Mr. Sheedy; and 388,550 options and 48,500 time vesting restricted shares in the case of Mr. Stanik, granted under the Company's stock plans and (iv) 1,133,927 options and 125,100 time vesting restricted shares in the case of all current Directors and executive officers as a group, in each case granted under the aforementioned plans. The percent of class set forth above for any individual and the group (but not for the other individuals listed above) is computed as though such shares optioned to such individual or the group, as the case may be, were outstanding.
- (2) Includes 2,400 shares as to which Mr. Lyons shares voting and investment power with his wife and 5,000 shares as to which Ms. Roberts shares voting and investment power with her husband.
- (3) Includes 13,900 shares held indirectly by Mr. Newlin through a retirement plan.

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- (4) Includes 6,930 shares held by Mr. O'Brien under the Company's defined contribution plan.

Table of Contents**Other Beneficial Owners**

Information as of December 31, 2008 with respect to the only persons not otherwise disclosed in the management table and known by the Company to be a beneficial owner of more than 5% of the Company's Stock as of the record date is as follows:

Name and Address	Beneficial Ownership of Common Stock	
	Number of Shares	Percent of Class
Capital Research Global Investors	3,160,000	5.8%
33 South Hope Street		
Los Angeles, CA 90071		

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009 by Capital Research Global Investors reflecting ownership as of December 31, 2008. Capital Research Global Investors reports that it has sole investment power and sole voting power over all shares as a result of acting as an investment adviser to various investment companies.

Name and Address	Beneficial Ownership of Common Stock	
	Number of Shares	Percent of Class
Barclays Global Investors N.A.	3,444,314	6.4%
400 Howard Street		
San Francisco, CA 94015		

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 15, 2009 by Barclays Global Investors and its affiliates reflecting ownership as of December 31, 2008. Barclays and its affiliates report that they have sole voting power over 2,628,811 shares and sole dispositive power over all 3,444,314 shares.

Name and Address	Beneficial Ownership of Common Stock	
	Number of Shares	Percent of Class
FMR, LLC	3,138,689	5.8%
82 Devonshire Street		
Boston, MA 02109		

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 17, 2009 by FMR and its affiliates reflecting ownership as of December 31, 2008. The filing states that FMR has sole voting power over no shares and sole dispositive power over all 3,138,689 shares.

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Name and Address	Beneficial Ownership of Common Stock	
	Number of Shares	Percent of Class
Invesco Ltd.	3,419,321	6.3%
1360 Peachtree Street NE		
Atlanta, GA 30309		

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009 by Invesco reflecting ownership as of December 31, 2008. Invesco has filed the Schedule 13G on behalf of itself and its subsidiaries, which provide investment management services worldwide. Invesco and

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its subsidiaries possessed sole voting power over all 3,419,321 shares of the Company. Invesco and its subsidiaries possessed sole investment power over 3,409,321 shares. Invesco and its subsidiaries disclaim beneficial ownership of the shares beneficially owned by any of their executive officers and directors. Each of Invesco's direct and indirect subsidiaries also disclaim beneficial ownership of shares beneficially owned by Invesco and any other subsidiary.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

The business of the Company is under general supervision of a Board of Directors as provided by the laws of Delaware, the Company's state of incorporation. The Board of Directors has established committees to assist it, consisting of the Executive Committee, the Compensation Committee, the Audit Committee and the Governance Committee. A current copy of the charters of the committees is available to stockholders at the Company's website at www.calgoncarbon.com.

Executive Committee. Following the Annual Meeting, the Executive Committee will consist of Messrs. Schofield (Chairman), Rupert and Cruickshank and Ms. Roberts. The Executive Committee meets during the intervals between meetings of the Board, when prompt action is needed and it is impossible or inconvenient to convene a full meeting of the Board, and may exercise limited powers granted by the Board of Directors in the management of the business and affairs of the Company.

Compensation Committee. Following the Annual Meeting, the Compensation Committee will consist of Messrs. Rupert (Chairman), Cruickshank and Schofield. All members of the Compensation Committee are independent as defined by the New York Stock Exchange standards for director independence. The Compensation Committee's overall responsibility is to determine and implement the Company's general policies with respect to the compensation of its executive officers. The Compensation Committee determines the base salary payable to each executive officer, as well as the short-term cash incentive, if any, payable to each executive officer, and to certain key employees, pursuant to the Company's short-term cash incentive plan or otherwise. The Committee also administers the Company's 2008 Equity Incentive Plan and has the authority to make long-term incentive awards thereunder. Other matters related to the compensation of executive officers and key employees, such as the terms of employment contracts and certain employee benefits, are also reviewed by the Compensation Committee.

Audit Committee. Following the Annual Meeting, the Audit Committee will consist of Ms. Roberts (Chairperson) and Messrs. Dearth and Lyons. All members of the Audit Committee are independent, as defined by the New York Stock Exchange standards for director independence. Ms. Roberts has been designated by the Board of Directors as the Audit Committee's financial expert, as required by the Sarbanes-Oxley Act of 2002 and the SEC regulations thereunder. The Audit Committee operates under a charter, which is intended to comply with the requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange corporate governance requirements. It is the responsibility of the Audit Committee to review and approve the Company's consolidated financial statements each year prior to their announcement to the public and their distribution to the stockholders in the Annual Report. Among other things, the Audit Committee consults with the Company's Chief Financial Officer and his staff, and separately with the Company's independent auditors, as to risk assessment strategies, performance and scope of internal audit services, the proposed audit plan, any difficulties encountered in carrying out the audit plan, significant decisions made in preparing the financial statements, any disagreements between management and the independent auditors as to the application of accounting principles or other matters, and the form and content of the notes to the financial statements and Management's Discussion and Analysis of the financial statements. The Audit Committee also reviews the Company's quarterly financial statements but does not customarily perform similar functions with respect to other financial statements which cover less than a full fiscal year. The Audit Committee reviews other financial reporting and accounting matters when requested to do so by management or the independent auditors, and satisfies itself that the Company's systems of internal accounting and financial controls, and disclosure controls and procedures, are functioning adequately and

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reliably. The Audit Committee believes that the independent auditors are ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders. In this connection the Audit Committee discusses with the independent auditors the quality, as well as the acceptability, of the Company's accounting principles as applied in its financial reporting. The Audit Committee periodically reviews the independent auditors' qualifications as well as all relationships between the Company and the independent auditors which might impact the objectivity and independence of the independent auditors. Each year the Audit Committee evaluates the performance of the independent auditors and recommends to the Board of Directors the retention or, if appropriate, replacement of the independent auditors. The Audit Committee also investigates and reports to the Board as to any alleged breach of law or of the Company's internal policies which is brought to its attention and carries out other assignments given to it from time to time by the Board.

Governance Committee. Following the Annual Meeting, the Governance Committee will consist of Messrs. Cruickshank (Chairman), Lyons and Newlin. Each of such directors are independent as determined under the New York Stock Exchange standards for director independence. The Governance Committee is responsible for the functioning of the Board and its committees, with the goal of causing the Board and its committees to satisfactorily address the major issues related to the performance and well-being of the Company. Among the duties of the Governance Committee is to review the size and composition of the Board of Directors and to make recommendations with respect to nominations for election or appointment of Directors.

The Governance Committee follows the guidelines of the Company and examines, among other things, the following qualifications and skills of director candidates: their business or professional experience, their integrity and judgment, their records of public service, their ability to devote sufficient time to the affairs of the Company, the diversity of backgrounds and experience they will bring to the Board, and the needs of the Company from time to time. The Committee also believes that all nominees should be individuals of substantial accomplishment with demonstrated leadership capabilities.

The Governance Committee will principally solicit suggestions from current Directors to identify potential candidates for Director, using the criteria described above. The Committee may also employ the assistance of a search firm. The Governance Committee will consider nominees recommended by stockholders provided that stockholders submit the names of nominees and the other information required by Section 1.08 of the by-laws of the Company in writing to the Secretary of the Company. Such information should be received no earlier than December 9, 2009 and no later than January 26, 2010 with respect to nominations for election at the 2010 Annual Meeting of Stockholders.

During 2008, the Compensation Committee held six meetings, the Governance Committee held four meetings, the Audit Committee held six meetings. The Board of Directors held nine meetings during 2008.

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The Board of Directors, acting pursuant to the by-laws of the Company, has determined that the number of Directors constituting the full Board of Directors shall be eight immediately following the Annual Meeting. The Board is to be divided into three classes of nearly equal size. One such class is elected every year at the Annual Meeting for a term of three years.

The Board of Directors has, upon recommendation of the Governance Committee, nominated William R. Newlin, John S. Stanik and William J. Lyons for re-election as Directors in the Class of 2012, and each of them has agreed to serve if elected. Robert L. Yohe will retire from the Board of Directors after the Annual Meeting. Mr. Lyons was elected to the Board of Directors by the Board on August 4, 2008. The Company believes that when a new director is elected by the Board, that director should stand for re-election at the next annual meeting. Mr. Lyons was recommended as a director candidate by another director. Messrs. Newlin, Stanik and Lyons will hold office until the 2012 Annual Meeting of Stockholders, or until the Director's prior death, disability, resignation or removal. Proxies are solicited in favor of these nominees and will be voted for them unless otherwise specified.

If any nominee becomes unable or unwilling to serve as a Director, it is intended that the proxies will be voted for the election of such other person, if any, as shall be designated by the Board of Directors.

Information concerning the nominees for Director and the other Directors who will continue in office after the meeting is set forth below, together with information concerning the Company's executive officers who are not Directors.

Name	Age	Position with the Company
<i>Class of 2012</i>		
William R. Newlin	68	Director
John S. Stanik	55	Director, President and Chief Executive Officer
William J. Lyons	60	Director
<i>Class of 2011</i>		
Randall S. Dearth	45	Director
Timothy G. Rupert	62	Director
Seth E. Schofield	69	Director
<i>Class of 2010</i>		
Robert W. Cruickshank	63	Director
Julie S. Roberts	54	Director
<i>Executive Officers</i>		
Leroy M. Ball	40	Senior Vice President and Chief Financial Officer
Gail A. Geronio	57	Vice President
C.H.S. (Kees) Majoor	59	Senior Vice President
Robert P. O'Brien	58	Senior Vice President
Dennis M. Sheedy	61	Vice President, General Counsel and Secretary
James A. Sullivan	45	Vice President

Mr. Cruickshank has been a Director of the Company since November 1985. Mr. Cruickshank is a consultant providing financial advice to private clients. He is also a director of Hurco, Inc.

Mr. Dearth has been President and Chief Executive Officer of LANXESS Corporation, a chemicals manufacturer, since 2004. Prior thereto he was President and Chief Executive Officer of Bayer Chemicals Corp., a chemicals manufacturer.

Mr. Lyons has been Executive Vice President and Chief Financial Officer of CONSOL Energy Inc. (provider of coal and coal bed methane) since February 2001.

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Mr. Newlin has been a Director of the Company since 2005. Mr. Newlin has been the Chairman of Newlin Investment Company, LLC since April 2007. Prior thereto he was the Executive Vice President and Chief Administrative Officer of Dick's Sporting Goods, a retailer. Mr. Newlin is a director of Kennametal Inc. and ArvinMeritor, Inc.

Ms. Roberts has been a Director of the Company since July 2000. Ms. Roberts has been Vice President Finance, Global Finance Transformation for Marriott International, Inc., a hospitality company, since March 2005. Prior thereto she was Chief Financial Officer of Marriott ExecuStay, a division of Marriott.

Mr. Rupert has been a Director of the Company since 2005. Mr. Rupert retired in July 2007 from his position as President and Chief Executive Officer and a director of RTI International Metals, Inc., a titanium manufacturer, which he had held since 1999.

Mr. Schofield has been a Director of the Company since December 1995. From February 1996 to July 2000, Mr. Schofield was the Chairman of Base International, a provider of corporate protection and security. Prior thereto, Mr. Schofield was Chairman and Chief Executive Officer of USAir Group, a major air carrier. Mr. Schofield is also a director of United States Steel Corporation and Marathon Oil Corporation.

Mr. Stanik has been Chairman and President and Chief Executive Officer of the Company since May 2007 and a director of the Company since October 2003. Prior thereto, he was President and Chief Executive Officer of the Company.

Mr. Ball has been the Senior Vice President and Chief Financial Officer of the Company since January 2006. Prior thereto, Mr. Ball was Vice President and Chief Financial Officer of the Company.

Ms. Geroni has been the Vice President, Investor Relations, Corporate Communications and Human Resources with the Company since October 2002.

Mr. Majoor has been the Senior Vice President Europe and Asia of the Company since October 2007. Prior thereto, he was Senior Vice President Europe of the Company.

Mr. O'Brien has been the Senior Vice President Americas of the Company since August 2005. Prior thereto, he was Senior Vice President of the Company responsible for Global Business Development and the Ultraviolet Light Technology Business Unit.

Mr. Sheedy has been the Vice President, General Counsel and Secretary for the Company since July 2006. Mr. Sheedy was a Managing Director of the Delafield Group, a legal consulting firm, from 2002 to July 2006, and prior thereto he was a partner with the law firm of Pepper Hamilton (1996 - 2002) and with the law firm of K&L Gates (formerly Kirkpatrick & Lockhart, 1981-1996).

Mr. Sullivan has been the Vice President, UV and Corporate Business Development since July 2008. Prior thereto he was the General Manager of UV Technologies of the Company.

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EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Objectives of the Executive Compensation Program

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

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

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

Foster an Ownership Mentality and Create Alignment with Shareholders. Our compensation program provides shares of Calgon Carbon stock as an element of compensation with the expectation that the executives will maintain a certain level of ownership to align their interests with those of our shareholders.

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

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

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

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

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

All compensation program elements taken as a whole will help focus executives to achieve the Company's financial goals. Within the context of these objectives and principles, the Company has developed its compensation program for the CEO and other executive officers.

Overview of the Compensation Program and Decision-Making Process

Our Board of Directors has assigned the oversight of our executive compensation program to our Compensation Committee composed of three independent directors. The Committee reviews and makes decisions regarding the compensation program for the CEO and evaluates recommendations for the other executive officers made by the CEO. The Committee also considers the impact of tax and accounting treatment

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for the different types of compensation it approves. The decisions made by the Compensation Committee with respect to the named executive officers for 2008 are reflected in the tables and related footnotes and narratives that begin on page 18.

In order to support the objectives outlined above, Calgon Carbon has developed a compensation program that provides executives with a mixture of cash payments (base salary and short-term incentives) and stock awards

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(long-term incentives). Our stock-based compensation program consists of three different types of awards, each selected to address different objectives. We also provide executives with a retirement plan similar to that provided to all other employees and severance benefits for certain types of termination (including change in control situations) from the Company. The Company currently does not provide any perquisites (e.g., automobile, financial counseling, etc.) to executives except for the Senior Vice President Europe and Asia, where providing an executive with an automobile is a customary practice. The Company believes that the compensation elements taken as a whole are necessary to attract and retain the best executive talent in its industry.

The Committee believes that in order to successfully compete for talent, a fixed cash salary is necessary to provide a base level of income on which an executive can rely, regardless of how the Company performs. When developing the executive compensation program, the Committee considers both short- and long-term strategic goals of the Company, which it believes fall within the control of executive management. In order to align the interests of executives to the achievement of these goals, the Committee has developed performance-based incentive plans with payments contingent upon the achievement of these goals. Certain of the payments (short-term cash incentives) are aligned with the achievement of annual goals, while equity grants (except for time-vesting restricted stock) are designed to reward the accomplishment of long-term goals directly associated with increasing shareholder value. The following table illustrates the allocation between fixed and variable compensation components in 2008:

Executive	Fixed	Variable	
	Cash Base Salary	Short-Term Cash Incentive	Long-Term Stock-Based Incentive
Stanik	31%	21%	48%
Majoor	56%	22%	22%
Ball	43%	20%	37%
O'Brien	50%	20%	30%
Sheedy	48%	19%	33%

Our performance-based incentives are designed to reward executives with compensation above the middle (or 50th percentile) of the market when Company performance exceeds our expectations and the performance of our peer group. When performance falls below our expectations, the incentive plans are designed to pay below the middle (or 50th percentile) of the market and could result in no payment to the executive if performance falls below a certain level. To illustrate the alignment of these plans with the performance of the Company, our 2008 financial performance exceeded our goals which resulted in above-target cash bonuses under our short-term incentive plan. As a result of our performance in 2008, actual compensation to our executives was above the market 50th percentile.

The Committee reviews the compensation practices among peer companies and broader general industry companies in order to ensure the appropriateness of the Company's compensation program design and compensation levels. Since September 2004, the Committee has employed Towers Perrin, a human resources consulting firm, which reports directly to the Committee and advises the Committee on compensation matters. The consultant participates in Committee meetings and is engaged to advise the Committee with respect to compensation trends and best practices, plan design and the reasonableness of individual compensation awards. The same consulting firm also provides advice on retirement and compensation matters to the Company's senior management. Additionally, with regard to compensation for the executive officers other than the CEO, the Committee receives input from the CEO.

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The consultant employs a benchmarking process, an assessment tool that compares elements of Calgon Carbon's compensation programs with those of other companies that have similar characteristics. In general, the purpose of the benchmarking process is to:

Understand the competitiveness of current pay levels relative to other companies with similar revenues and business characteristics

Understand the alignment between executive compensation levels and Company performance

Serve as a basis for developing salary adjustments and short- and long-term incentive awards for the Compensation Committee's approval. The consultant uses market compensation data from reputable compensation surveys from Towers Perrin, Mercer HR Consulting and Watson Wyatt representing general industry companies and, periodically, a more specific analysis of proxy disclosures from peer companies in the filtration industry and other companies that the Company competes with for executive talent. The peer group has been developed based on a set of characteristics that include:

Annual revenues that range from approximately half to two times the size of the Company's annual revenues

Global manufacturing operations (in Standard & Poor's Materials classification)

Competitor companies within the filtration/separation industry
For 2008, the peer group consisted of the following 29 companies:

AMCOL International Corp.	ICO Inc.	NN Inc.
American Vanguard Corp.	II-IV Inc.	Northwest Pipe Co.
Brush Engineering Materials Inc.	Innophos Holding Inc.	Penford Corp.
CLARCOR Inc.	Kaydon Corp.	Quaker Chemical Corp.
Empire Resources Inc.	Landec Corp.	RTI International Metals Inc.
ESCO Technologies Inc.	LSB Industries Inc.	Standex International Corp.
Flanders Corp.	Lydall Inc.	Stillwater Mining Co.
Friedman Industries Inc.	Material Sciences Corp.	Terra Nitrogen Co LP.
Gentex Corp.	Met-Pro Corp.	US Concrete Inc.
Haynes International Inc.	NL Industries Inc.	

The peer group was approved by the Committee at its February 2008 meeting for use in granting performance awards for the period 2008-2010. Peer group pay practices for each pay element are analyzed periodically for base salary and short- and long-term incentives. The peer group data is supplemented by broader general industry data from compensation surveys to facilitate the evaluation of compensation levels and design. Compensation levels are developed to target the middle (50th percentile) of the market for each pay element and in total.

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In February 2009, the consultant reviewed the peer group and suggested changes to better align the peer companies with the size of the Company. Over time, annual reviews for several of the peers grew to a point where they were considered too large and fell outside of our general criteria of no more than double the size of the Company's annual revenues. For 2009, the peer group will consist of the following 22 companies:

American Vanguard Corp.	Haynes International Inc.	Penford Corp.
Ampco Pittsburgh Corp.	ICO Inc.	Polypore International, Inc.
Badger Meter, Inc.	II-IV Inc.	Quaker Chemical Corp.
Chart Industries, Inc.	Kaydon Corp.	RTI Int'l Metals Inc.
Eagle Materials, Inc.	Landec Corp.	Standex Int'l Corp.
ENSCO Technologies Inc.	Lindsay Corp.	Universal Stainless & Alloy
Flanders Corp.	Lydall Inc.	
Hawkins, Inc.	Northwest Pipe Co.	

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

The Committee also reviews a summary report or tally sheet which sets forth the current and two-year historical compensation provided to each executive. The tally sheet includes the total dollar value of annual compensation, including salary, short- and long-term incentive awards, annual increase in retirement accruals and other compensation and benefit amounts. The tally sheet also includes equity ownership levels (number of shares and value) and amounts payable upon various termination scenarios. The review of tally sheets, first introduced in 2006, has become an important aspect of the Committee's decision-making process.

The Company, with the help of the consultant, has developed a compensation structure that includes individual grades for executives, each with its own compensation opportunities. Each executive has been assigned to a grade, determined by comparing position-specific duties and responsibilities with the peer group and survey pay data. Each grade has a base salary range and a corresponding short- and long-term incentive that align with the market 50th percentile for that particular position.

Elements of Executive Compensation

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

The CEO conducts an annual review of each executive officer. The review consists of a comparison of the executive's performance versus pre-determined goals and an assessment of the executive's adherence to the Company's core values. Goals are specific to the executive's area of responsibility and if achieved, will have a positive impact on that area of responsibility and the Company. When goals are developed, they are weighted based on their contribution to achieving the Company's financial plan. The CEO rates the performance of each executive. The CEO makes recommendations to the Committee for each executive's salary increase based on the rating and an understanding of the market-based competitive zone. The Committee uses the same methodology for the CEO.

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At its December 2007 meeting, the Committee approved salary increases, effective January 1, 2008, for all named executive officers, with the exception of the Senior Vice President Europe and Asia, whose increase was effective April 1, 2008.

Performance-Based Short-Term Cash Incentive Compensation. Through the short-term incentive program, the Company seeks to align the interests of the executives with the annual financial and non-financial goals of the Company. In 2008, the CEO's target was 70% of his base salary, the target for the CFO was 45% of his base salary, and the targets for the Senior Vice President Americas, the Senior Vice President Europe and Asia and the Vice President, General Counsel and Secretary were 40% of base salary. Awards under the plan can range from 50% of target for threshold performance to 175% of target for maximum performance on the financial and individual performance metrics.

Actual awards paid for 2008 performance are included in the Summary Compensation Table on page 18 under the column *Non-Equity Incentive Plan Compensation*, while opportunities under this plan for 2008 at threshold, target and maximum are included in the *Grants of Plan-Based Awards* table on page 19 under the columns *Estimated Future Payouts Under Non-Equity Incentive Plan Awards*.

Short-term incentive awards for 2008 for the staff executives (CEO, CFO and the Vice President, General Counsel and Secretary) were approved by the Committee at its February 26, 2009 meeting for 2008 performance based on pre-determined goals and metrics. The weights assigned to these goals were as follows:

Performance Measure	Weight	2008	Pre-Established		
		Actual Performance	2008 Short-Term Incentive Goals	Target	Maximum
Corporate Operating Income*	35%	\$ 49.2mm	\$ 30.9mm	\$ 41.1mm	\$ 49.4mm
Corporate ROIC**	25%	12.5%	6.8%	9.2%	10.9%
Individual Performance Objectives	40%		Varies by Executive		

* Excludes certain non-recurring