CALGON CARBON CORPORATION
Form DEF 14A
April 30, 2007
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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.)

x Filed by the Registrant

¨ Filed by a Party other than the Registrant
Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

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

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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

(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):

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¨ 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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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, May 17, 2007 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 two Directors for the Class of 2010 and (ii) ratify the appointment of independent auditors for 2007.

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 23, 2007

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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 Tuesday, May 17, 2007 at 1:00 p.m., Eastern Daylight Saving Time, for the following purposes:

(1) To elect two Directors for the Class of 2010 (Proposal 1);

(2) To ratify the appointment of independent auditors of the Company for 2007 (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 April 5, 2007 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 23, 2007

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CALGON CARBON CORPORATION

PROXY STATEMENT

Annual Meeting of Stockholders

May 17, 2007

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, May 17, 2007 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 23, 2007. The Company s Annual Report to Stockholders for 2006 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, telecopy, telegraph, 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 2006 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 April 5, 2007 are entitled to receive notice of and to vote at the meeting. At the record date, the Company had outstanding 40,190,973 shares of Common Stock, the holders of which are entitled to one vote per share. The Company does not have cumulative voting.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

Management

The following table shows the number of shares of Common Stock beneficially owned as of April 5, 2007 by each Director of the Company, by John S. Stanik, Leroy M. Ball, James G. Fishburne, C.H.S. (Kees) Majoor and Robert P. O Brien, 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 provide that, over the period through 2009, the President and Chief Executive Officer should increase his ownership of Company stock to a value equal to three times his annual salary, the senior vice presidents and the Chief Financial Officer should increase ownership to a value equal to two times their annual salaries, and all other executive officers should increase their ownership to a value equal to their annual salaries. 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,

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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	87,347	*
Thomas A. McConomy	3,045,225	7.6%
William R. Newlin(2)	33,496	*
Julie S. Roberts(3)	64,815	*
Timothy G. Rupert	20,876	*
Seth E. Schofield	76,315	*
John S. Stanik	473,499	*
John P. Surma(4)	60,315	*
Robert L. Yohe	91,815	*
Leroy M. Ball	198,087	*
James G. Fishburne(5)	264,775	*
C.H.S. (Kees) Majoor	287,900	*
Robert P. O Brien(6)	297,653	*
All current directors and executive officers as a group (15 persons)(2)(3)(4)(5)(6)	5,184,729	12.3%

* Less than 1%.

(1) Includes (i) 74,315 shares in the case of each of Messrs. Cruickshank, McConomy, Schofield and Yohe, 59,815 shares in the case of each of Ms. Roberts and Mr. Surma and 10,196 shares in the case of each of Messrs. Newlin and Rupert, granted under the Company s 1993 Non-Employee Directors Stock Option Plan, (ii) 164,650 options, 16,567 time vesting restricted shares and 10,800 performance based restricted shares in the case of Mr. Ball; 243,000 options, 9,201 time vesting restricted shares and 8,000 performance based restricted shares in the case of Mr. Fishburne; 268,000 options, 10,401 time vesting restricted shares and 8,000 performance based restricted shares in the case of Mr. Majoor; 234,000 options, 10,401 time vesting restricted shares and 8,000 performance based restricted shares in the case of Mr. O Brien; and 372,700 options, 46,083 time vesting restricted shares and 31,200 performance based restricted shares in the case of Mr. Stanik, granted under the Company s Stock Option Plan and (iii) 1,868,532 options, 108,687 time vesting restricted shares and 69,600 performance based 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 13,900 shares held indirectly by Mr. Newlin through a retirement plan.

(3) Includes 5,000 shares as to which Ms. Roberts shares voting and investment power with her husband.

(4) Includes 500 shares held by Mr. Surma s wife. Mr. Surma is also entitled to 18,671 shares of Common Stock, not included in the reported number of shares, upon his retirement from the Board of Directors pursuant to an election to defer his annual director s retainer fee under the 1997 Directors Fee Plan.

(5) Includes 500 shares as to which Mr. Fishburne shares voting and investment power with his wife.

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

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Other Beneficial Owners

Information as of December 31, 2006 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
ICM Asset Management, Inc. and James M. Simmons 601 W. Main Avenue Suite 600 Spokane, WA 99201	2,233,759	5.6%

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2007 by ICM reflecting ownership as of December 31, 2006. ICM and Mr. Simmons report that they have shared investment power over all shares, sole voting power over no shares and shared voting power over 1,318,134 shares as of December 31, 2006. ICM is a registered investment adviser whose clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the stock. Mr. Simmons is the President of ICM. No individual client s holdings of the stock are more than five percent of the outstanding stock.

Name and Address	Beneficial Ownership of Common Stock Number of Shares	Percent of Class
Dimensional Fund Advisors LP 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	3,078,315	7.7%

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2007 by Dimensional reflecting ownership as of December 31, 2006. Dimensional, an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. These investment companies, trusts and accounts are the Funds. In its role as investment advisor or manager, Dimensional possessed both sole investment and voting power over 3,078,315 shares of the Company as of December 31, 2006. The Funds own all Company shares, and Dimensional disclaims beneficial ownership of such securities.

Name and Address	Beneficial Ownership of Common Stock Number of Shares	Percent of Class
Linden Capital LP 18 Church Street	2,156,862	5.1%

Skandia House

Hamilton HM II Bermuda

Siu Min Wong

450 Park Avenue

30th Floor

New York, NY 10022

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The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on December 18, 2006. Linden and Wong collectively beneficially own 5% Convertible Bonds of the Company that convert into 2,156,862 shares of Common Stock. This filing states that Linden and Wong have shared voting power and shared dispositive power over all 2,156,862 shares.

	Beneficial Ownership of Common Stock	
Name and Address	**Number of Shares**	**Percent of Class**
Wells Fargo & Company (Wells) 420 Montgomery Street San Francisco, CA 94104	2,374,735	5.9%
Wells Capital Management Incorporated Wells Fargo Funds Management, LLC 525 Market Street San Francisco, CA 94105		

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 5, 2007 by Wells and its affiliates reflecting ownership as of December 31, 2006. The filing states that Wells has sole voting power over 2,345,655 shares and sole dispositive power over 2,374,735 shares, with other amounts listed in its filing for its affiliates.

	Beneficial Ownership of Common Stock	
Name and Address	**Number of Shares**	**Percent of Class**
Pictet Asset Management SA 60 Route Des Acacias Geneva 73 Switzerland CH-12 11	3,528,600	8.8%

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2007 by Pictet reflecting ownership as of December 31, 2006. Pictet reports that it has sole voting power and sole investment power over all shares. Pictet disclaims beneficial ownership of the shares reported, which are owned of record and beneficially by three non-U.S. investment funds managed by Pictet.

	Beneficial Ownership of Common Stock	
Name and Address	**Number of**	**Percent**

	Shares	**of Class**
AMVESCAP PLC and PowerShares Capital Management LLC 30 Finsbury Square London EC2A 1AG England	3,972,474	9.9%

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The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2007 by AMVESCAP reflecting ownership as of December 31, 2006. AMVESCAP has filed the Schedule 13G on behalf of itself and its subsidiaries, which provide investment management services worldwide. PowerShares possessed both sole investment and voting power over all 3,972,474 shares of the Company. AMVESCAP and its subsidiaries disclaim beneficial ownership of the shares beneficially owned by any of their executive officers and directors. Each of AMVESCAP s direct and indirect subsidiaries also disclaim beneficial ownership of shares beneficially owned by AMVESCAP and any other subsidiary.

Name and Address	Beneficial Ownership of Common Stock Number of Shares	Percent of Class
The Goldman Sachs Group, Inc.	2,414,227	6.0%

The foregoing information is taken from a Schedule 13G filed with the Securities and Exchange Commission on January 31, 2007 by Goldman and its affiliates reflecting ownership as of December 31, 2006. The filing states that Goldman has shared voting power and shared dispositive power over all 2,414,227 shares. The filing disclaims beneficial ownership of certain shares.

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), Surma and Yohe 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. Surma (Chairman), Rupert 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 Incentive Plan or otherwise. The Committee also administers the Company s Stock Option 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. Cruickshank and Rupert. 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

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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, if any, 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 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. Yohe (Chairman), Cruickshank 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 26, 2007 and no later than February 25, 2008 with respect to nominations for election at the 2008 Annual Meeting of Stockholders.

During 2006, the Compensation Committee held six meetings, the Governance Committee held three meetings, the Audit Committee held thirteen meetings, and the Executive Committee held one meeting. The Board of Directors held nine meetings during 2006.

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ELECTION OF DIRECTORS (Proposal 1)

The Board of Directors, acting pursuant to the bylaws 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 Robert W. Cruickshank and Julie S. Roberts for re-election as Directors in the Class of 2010, and each of them has agreed to serve if elected. In accordance with the Company s retirement policy for Directors, Thomas A. McConomy is retiring from the Board of Directors effective after the Annual Meeting. Mr. Cruickshank and Ms. Roberts will hold office until the 2010 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**
	Class of 2010	
Robert W. Cruickshank	61	Director
Julie S. Roberts	54	Director
	Class of 2009	
William R. Newlin	66	Director
John S. Stanik	53	Director, President and Chief Executive Officer
Robert L. Yohe	70	Director
	Class of 2008	
Timothy G. Rupert	61	Director
Seth E. Schofield	67	Director
John P. Surma	52	Director
	Executive Officers	
Leroy M. Ball	38	Senior Vice President and Chief Financial Officer
James G. Fishburne	60	Senior Vice President
Gail A. Gerono	55	Vice President
C.H.S. (Kees) Majoor	57	Senior Vice President
Robert P. O Brien	56	Senior Vice President
Dennis M. Sheedy	59	Vice President, General Counsel and Secretary

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. Newlin has been a Director of the Company since 2005. Mr. Newlin has been the Chairman of Newlin Investment Company, LLC since April 2007. He was the Executive Vice President and Chief Administrative Officer of Dick s Sporting Goods, a retailer, from October 2003 to April 2007. Prior thereto he was Chairman and Chief Executive Officer of Buchanan Ingersoll PC, a law firm. 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.

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Mr. Rupert has been a Director of the Company since 2005. Mr. Rupert has been President and Chief Executive Officer and a director of RTI International Metals, Inc., a titanium manufacturer, since 1999. Prior thereto, he was Executive Vice President and Chief Financial Officer of that company.

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 President and Chief Executive Officer of the Company since April 2003 and a director since October 2003. He served as interim President and Chief Executive Officer from February 2003 to April 2003. Prior thereto, Mr. Stanik was Senior Vice President Produce Products and Technology of the Company.

Mr. Surma has been a Director of the Company since July 2000. Mr. Surma has been Chairman of the Board, President and Chief Executive Officer of United States Steel Corporation, a steel manufacturer, since February 2006 and was President and Chief Executive Officer of such company since October 2004. He was President and Chief Operating Officer of United States Steel Corporation from March 2003 to October 2004 and prior thereto was Vice Chairman and Chief Financial Officer of such company. Mr. Surma is also a director of United States Steel Corporation and Mellon Financial Corporation.

Mr. Yohe has been a Director of the Company since December 1995. Until March 1994, when he retired, Mr. Yohe was Vice Chairman of Olin Corporation, a producer of chemicals, microelectronic materials, metals, sporting ammunition and defense and aerospace products. Mr. Yohe is also a director of Marsulex, Inc. and The Middleby Corporation.

Mr. Ball has been the Senior Vice President and Chief Financial Officer of the Company since January 2006. Mr. Ball was Vice President and Chief Financial Officer from October 2002 through January 2006, and prior thereto he was the Corporate Controller of the Company.

Mr. Fishburne has been the Senior Vice President Asia, of the Company since August 2005. Mr. Fishburne was Senior Vice President, Americas and Asia from April 2002 to August 2005 and prior thereto was Vice President, Global Sales.

Ms. Gerono has been the Vice President, Investor Relations, Corporate Communications and Human Resources with the Company since October 2002. Prior thereto, Ms. Gerono was the Director, Investor Relations and Corporate Communications with the Company.

Mr. Majoor has been the Senior Vice President Europe, of the Company since November 2002. Prior thereto he was Vice President Global Marketing 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 August 2002 through June 2006, and prior thereto he was a partner at Pepper Hamilton LLP, a law firm.

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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 this objective, 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 and expects each executive to maintain a certain level of ownership to align the interests of executives 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 comprised 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 for the different types of compensation it approves. The decisions made by the Compensation Committee with respect to the named executive officers for 2006 are reflected in the tables and related footnotes and narratives that begin on page 19.

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 (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

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control situations) from the Company. The Company currently does not provide any material perquisites to executives except for the Senior Vice President Europe, 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 our 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 2006:

	Fixed	*Variable*	
Executive	**Cash Base Salary**	**Short-Term Cash Incentive**	**Long-Term Stock-Based Incentive(1)**
Stanik	37%	22%	41%
Majoor	58%	23%	19%
Ball	45%	20%	35%
O Brien	53%	21%	26%
Fishburne	52%	21%	27%

(1) One-third of this amount is attributable to time-vesting restricted stock.

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 2006 financial performance resulted in significantly below-target cash bonuses under our short-term incentive plan. As a result of our performance in 2006, actual compensation to our executives was below the market 50th percentile.

Determination of Compensation Amounts

The Committee reviews the compensation practices among peer 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, an independent 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 with respect to compensation trends and best practices, plan design and the reasonableness of individual compensation awards. The same consultant 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.

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. The purpose of the benchmarking process is to:

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

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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 both market compensation data from reputable compensation surveys 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 double 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 2006, the peer group consisted of the following 29 companies:

Amcol Int l Corp	ICO Inc	Penford Corp
American Vanguard Corp	Landec Corp	Quaker Chemical Corp
Atlantis Plastics Inc	LESCO Inc	Roanoke Electric Steel Corp
Bairnco Corp	LSB Industries Inc	RTI Int l Metals Inc
Brush Engineering Materials Inc	Lydall Inc	Stillwater Mining Co
Empire Resources Inc	Material Sciences Corp	Terra Nitrogen Co LP
ESCO Technologies Inc	MAXXAM Inc	Titanium Metals Corp
Flanders Corp	Mercer Int l Inc	US Concrete Inc
Friedman Industries Inc	NN Inc	Webco Industries Inc
Glatfelter	Northwest Pipe Co	

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 (50^{th} percentile) of the market for each pay element and in total.

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. In one instance, the Company has assigned an executive to a grade one level higher than the market value of the job in order to align this position with other positions of internally equivalent value. Each grade has a base salary range and a corresponding short- and long-term incentive that align with the market for that particular position.

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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 to determine the competitive zone for the base salary for each position. We define 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 annual salary increases, subject to approval by the Committee. The budget is based on current business conditions as well as survey da