

GRAFTECH INTERNATIONAL LTD
Form DEF 14A
April 09, 2008
Table of Contents

United States
Securities and Exchange Commission
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) §240.14a-12

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

GRAFTECH INTERNATIONAL LTD.

(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):

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(4) Date Filed:

Table of Contents

GRAFTECH INTERNATIONAL LTD.

Notice of Annual Meeting of Stockholders

to be held on May 20, 2008 and

Proxy Statement

This Proxy Statement is dated

April 9, 2008.

Table of Contents

GRAFTECH INTERNATIONAL LTD.
Craig S. Shular

12900 Snow Road Parma, OH 44130

Chairman, Chief Executive Officer, & President

April 9, 2008

Fellow Stockholders:

It is my pleasure to invite you to our annual meeting, which will be held on May 20, 2008, at 10:00 a.m., at our offices located at 12900 Snow Road, Parma, Ohio.

In the following pages, you will find the formal notice of our annual meeting and our proxy statement. After reading the proxy statement, please mark your votes on the accompanying proxy or vote instruction card, sign it and promptly return it in the accompanying envelope. Most of our stockholders hold their shares in street name, and we are offering them the opportunity to vote by telephone or via the Internet as instructed in the proxy statement or on the vote instruction card. Please vote by whichever method is most convenient to you to ensure your shares are represented at the meeting.

If you wish to attend our annual meeting in person, please indicate your intention where requested on the accompanying proxy or vote instruction card. In addition, please write your name, where indicated, on the attached admission ticket and bring it with you to the meeting. Due to space limitations, we request that only one guest accompany you to the meeting.

We appreciate the continuing interest of our stockholders in our business.

Sincerely,

Craig S. Shular

Chairman, Chief Executive Officer,

President

Table of Contents

GRAFTECH INTERNATIONAL LTD.
Gary R. Whitaker

12900 Snow Road Parma, OH 44130

General Counsel, Vice President & Secretary

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held on May 20, 2008

The annual meeting of stockholders of GrafTech International Ltd. will be held at 10:00 a.m. on May 20, 2008, at our offices located at 12900 Snow Road, Parma, Ohio, for the following purposes:

1. To elect six directors to serve on GrafTech's Board until the annual meeting of stockholders for 2009; and

2. To transact such other business as may properly come before the meeting.

To ensure that your shares are represented at the meeting in the event that you do not attend, please mark your votes on the accompanying proxy or vote instruction card, sign it, date it and promptly return it in the accompanying envelope or vote via the Internet or by telephone as instructed in Question 2 under "Questions and Answers" of the accompanying proxy statement or on the accompanying vote instruction card.

By Order of the Board of Directors,

Gary R. Whitaker

General Counsel, Vice President

& Secretary

Table of Contents

GRAFTECH INTERNATIONAL LTD.

12900 Snow Road Parma, OH 44130

PROXY STATEMENT

for Annual Meeting of Stockholders for 2008

TABLE OF CONTENTS

	Page
<u>Questions and Answers</u>	1
<u>Proposals on Which You May Vote</u>	5
<u>Nominees for the Board of Directors</u>	6
<u>The Board of Directors</u>	8
<u>Committees of the Board</u>	11
<u>Board Committee Membership Roster</u>	14
<u>Audit and Finance Committee Report</u>	15
<u>Compensation of Directors and Executive Officers</u>	17
<u>Compensation Discussion and Analysis</u>	17
<u>Compensation Committee Report</u>	28
<u>Summary Compensation Table for Fiscal Year-End December 31, 2007</u>	29
<u>Grants of Plan Based Awards</u>	31
<u>Outstanding Equity Awards at Fiscal Year-End</u>	34
<u>Option Exercises and Stock Vested</u>	35
<u>Pension Benefits</u>	36
<u>Nonqualified Deferred Compensation</u>	38
<u>Potential Payments on Termination or Change in Control</u>	39
<u>Director Compensation for 2007</u>	43
<u>Equity Compensation Plan Information</u>	45
<u>Compensation Committee Interlocks and Insider Participation</u>	45
<u>Security Ownership of Management and Certain Beneficial Owners</u>	46
<u>Other Information</u>	48
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	48
<u>Limitations on Soliciting Material, Liabilities and Incorporation by Reference</u>	48
<u>Forward Looking Statements</u>	48
<u>Annual Report</u>	49
<u>Stockholders Sharing an Address</u>	49
<u>Charter of the Audit and Finance Committee</u>	Appendix A

Table of Contents

QUESTIONS AND ANSWERS

1. Q: **What is the purpose of the proxy?**

A: This proxy statement and the accompanying proxy relate to the annual meeting of stockholders of GrafTech International Ltd., a Delaware corporation (**GrafTech**), for 2008. GrafTech's Board of Directors (the **Board**) is soliciting proxies from stockholders in order to provide every stockholder an opportunity to vote on all matters submitted to a vote of stockholders at the meeting, whether or not he or she attends in person. The proxy authorizes a person other than a stockholder, called the proxyholder, who will be present at the meeting, to cast the votes which the stockholder would be entitled to cast at the meeting if the stockholder were present. It is expected that this proxy statement and the accompanying proxy will be first mailed or delivered to stockholders beginning on or about April 9, 2008. When used in this proxy statement, **we** , **us** or **our** refers to GrafTech and its subsidiaries collectively or, if the context so requires, individually.

2. Q: **How do I cast my vote?**

A: If you hold your shares in street name (such as in a brokerage account or in the name of a bank or other nominee), there are *four* different ways you may cast your vote. You can vote by:

telephone, by calling the toll-free number on the vote instruction card.

Internet, by logging onto *www.proxyvote.com* and then following the instructions as they appear on your computer screen. The Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly. Stockholders voting via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies that must be borne by the stockholder.

marking, signing, dating and mailing the vote instruction card and returning it in the envelope provided.

attending and voting at the meeting, if you marked your vote instruction card that you will attend the meeting and obtained authorization from your bank, broker or nominee pursuant to instructions on your vote instruction card.

Deadline for Internet and telephone voting. Votes submitted electronically via the Internet or by telephone must be received by midnight, eastern daylight savings time, on May 19, 2008.

If you hold your shares registered in your name, there are two different ways you may cast your vote. You may vote by:

marking, signing, dating and mailing the accompanying proxy and returning it in the envelope provided.

attending and voting at the meeting after you have indicated your intention to attend the meeting on the accompanying proxy.

3. Q: **What matters are being submitted to a vote?**

A: The only matter known to management to be submitted to a vote of stockholders at the meeting is the election of directors. If any of the nominees nominated by GrafTech's Board is not available for election at the time of the meeting, discretionary authority will be exercised by the proxyholders designated in the accompanying proxy to vote for substitutes designated by GrafTech's Board unless GrafTech's Board chooses to reduce the number of directors.

Table of Contents

4. Q: How will the proxyholders vote my shares?

A: When you give a proxy, regardless of the method by which given, the proxyholders will vote your shares as instructed on the proxy with respect to the matters specified on the proxy.

If you are a record holder of your shares and you submit a proxy but do not mark your votes, your shares will be voted **FOR** the election of each nominee that has been nominated by GrafTech's Board. If you hold your shares in street name through a broker, you must follow your broker's procedures for instructing your broker how to vote. If you do not instruct your broker how to vote, your broker may exercise his, her or its discretion to vote your shares in the election of directors and, except as limited by rules of the New York Stock Exchange (the **NYSE**), on such other matters that are submitted to a vote of stockholders at the meeting.

In addition, if other matters are submitted to a vote of stockholders at the meeting, your proxy on the accompanying form gives the proxyholders the discretionary authority to vote your shares in accordance with their best judgment on that matter. Unless you specify otherwise, it is expected that your shares will be voted on those matters as recommended by GrafTech's Board.

5. Q: How do I revoke a proxy?

A: *If you hold your shares registered in your name*, you may revoke your proxy by submitting a revised one at any time before the vote to which the proxy relates. You may also revoke it by submitting a ballot at the meeting.

If your shares are held in street name, there are special procedures that you must follow in connection with revoking a proxy submitted via the Internet or by telephone or by marking, signing and returning the vote instruction card.

Revoking your vote and submitting a new vote before the deadline of midnight, eastern daylight savings time, on May 19, 2008. If you submit a proxy via the Internet, by telephone or by marking, signing and returning the vote instruction card, you may revoke your proxy at any time and by any method before the deadline.

Revoking your vote and submitting a new vote after the deadline of midnight, eastern daylight savings time, on May 19, 2008. If you submit a proxy via the Internet, by telephone or by marking, signing and returning the vote instruction card and wish to revoke it and submit a new proxy after the deadline has passed, you must contact your broker, bank or other nominee and follow the requirements set by your broker, bank or other nominee. We cannot assure you that you will be able to revoke your proxy and vote your shares by any of the methods described above.

Revoking your vote and submitting a new vote by ballot at the meeting. If you submit a proxy via the Internet, by telephone or by marking, signing and returning the vote instruction card and wish to revoke it and vote at the meeting, you must contact your broker, bank or other nominee and follow the requirements set by your broker, bank or other nominee. We cannot assure you that you will be able to revoke your proxy or attend and vote at the meeting.

6. Q: How do I name another proxyholder?

A: You may designate as your proxyholder(s) any person(s) other than those named on the accompanying proxy by crossing out those names and inserting the name(s) of the person(s) you wish to have act as your proxy. No more than three persons should be so designated. In such a case, you must deliver the proxy to the person(s) you designated and they must be present and vote at the meeting. Proxies on which other proxyholders have been designated should not be mailed or delivered to us.

Table of Contents

7. Q: Who may vote?

A: Stockholders of record as of the close of business on March 24, 2008 are entitled to notice of the meeting and to vote on each proposal submitted to a vote of stockholders at the meeting. During the ten days prior to the annual meeting, a list of stockholders entitled to vote at the meeting will be available for examination by stockholders during ordinary business hours at our principal executive offices at 12900 Snow Road, Parma, OH 44130. Each share of our common stock, par value \$.01 per share, is entitled to one vote. At March 24, 2008, 102,857,189 shares of our common stock were issued and outstanding. Those shares were held by 129 stockholders of record.

8. Q: What if I participate in the Savings Plan?

A: If you participate in the GrafTech International Savings Plan, your proxy will represent both the number of shares registered in your name and the number of shares (including company matching contributions made in shares) allocated to your account in the Savings Plan as of March 24, 2008. All of these shares will be voted by the trustee for the Savings Plan in accordance with your directions on the proxy submitted by you.

9. Q: What is a quorum?

A: A quorum is the minimum number of issued and outstanding shares of our common stock, the holders of which must be present at a meeting in order to duly convene the meeting. The quorum for our annual meeting is the presence, in person or by proxy, of holders of a majority of the issued and outstanding shares of our common stock.

10. Q: What votes are used to determine the outcome of any matter submitted to a vote?

A: Only those votes cast for the election of directors are used in determining the results of a vote on the election of directors. Only those votes cast for or against any other proposal are used in determining the results of a vote on that proposal. *Abstentions and broker non-votes.* The stockholders whose proxies show abstentions or constitute broker non-votes are included for purposes of determining the presence of a quorum. With respect to the approval of any particular proposal (other than the election of directors), however, since they are not affirmative votes for the proposal they have the same effect as votes against the proposal.

11. Q: How many votes are required for each nominee to be elected as a member of GrafTech's Board?

A: Each nominee must receive a plurality of the votes cast in order to be elected as a director.

12. Q: How much did this proxy solicitation cost?

A: The cost for the solicitation of proxies by GrafTech's Board is anticipated to be approximately \$20,000, which will be borne by us. We will request banks, brokers and other nominees, including custodians and fiduciaries, to forward soliciting material to beneficial owners of our common stock and will pay such persons for forwarding such material. In addition to the solicitation of proxies generally by means of this proxy statement, officers or other employees, without extra remuneration, may solicit proxies by telephone or other means of personal contact.

13. Q: **Who is GrafTech's independent registered public accounting firm and will representatives thereof be available to respond to questions at the meeting?**

A: PricewaterhouseCoopers LLP was our independent registered public accounting firm for 2007. We have not had the opportunity to complete the process of selecting our independent registered public accounting firm for 2008. The Audit and Finance committee intends to make such a selection during our second quarter of 2008. Representatives of PricewaterhouseCoopers LLP will be present at the meeting, will be given the opportunity to make a statement if they desire to do so and will respond to appropriate questions of

Table of Contents

stockholders. PricewaterhouseCoopers LLP confirmed that they are independent accountants with respect to GrafTech within the meaning of applicable regulations of the Securities and Exchange Commission (**SEC**) and the requirements of the Public Company Accounting Oversight Board (**PCAOB**).

14. Q: When are stockholder proposals for the 2009 annual meeting due?

A: Any proposal (including any nomination for election to GrafTech's Board) which a stockholder wishes to have considered for inclusion in GrafTech's proxy statement for the annual meeting of stockholders for 2009 must be received by the Secretary of GrafTech at GrafTech's principal executive office on or before December 10, 2008 and must otherwise comply with GrafTech's Amended and Restated By-Laws and rules of the SEC.

GrafTech's By-Laws provide, among other things, that written notice of any proposal (including any such nomination) by a stockholder must be received by the Secretary of GrafTech not less than 105 days and not more than 135 days prior to the meeting before such proposal (or nomination) is to be brought, except in certain circumstances, and must contain detailed information regarding the proposal (and, if applicable, the nominee) and the stockholder making the proposal (or nomination), including the name of the stockholder and the number of shares of our common stock owned beneficially and of record by the stockholder (including his or her affiliates, all groups of which he or she is a member and all persons with whom he or she is acting in concert (in each case identifying them)). Any proposal (other than a nomination for election to GrafTech's Board) which a stockholder wishes to have considered must also describe, among other things, the stockholder's material direct or indirect interest in GrafTech (including any material direct or indirect interest of his or her affiliates, all groups of which he or she is a member and all persons with whom he or she is acting in concert) and whether such stockholder (or such affiliates, groups or persons) has solicited, is soliciting or plans to solicit proxies in respect of such matter. A stockholder proposing to nominate a candidate for election to GrafTech's Board must disclose, among other things, any professional, commercial, business or familial relationship that the stockholder (including his or her affiliates, all groups of which he or she is a member and all persons with whom he or she is acting in concert (in each case identifying them)) has to the nominee (including his or her affiliates, all groups of which he or she is a member and all persons with whom he or she is acting in concert (in each case identifying them)). The chairperson of the annual meeting for 2009 shall determine whether any such proposal (or nomination) shall have been properly brought. If such proposal (or nomination) is not properly brought, then the chairperson shall not allow a vote on the proposal (or nomination).

Proxyholders named in the proxy accompanying the proxy statement for the annual meeting for 2009 will have discretionary authority to vote on any proposal submitted at the meeting, other than a proposal that is included in such proxy statement.

Table of Contents

PROPOSALS ON WHICH YOU MAY VOTE

1. Election of Directors

You may vote on the election of directors. Unless you specify otherwise, either when completing your proxy or a subsequent proxy or by casting a ballot in person at the meeting, your shares represented by a proxy in the form accompanying this proxy statement and returned to the proxyholders named therein will be voted for the election to GrafTech's Board of each of the six nominees listed beginning on page 6. **GrafTech's Board recommends a vote FOR each of the nominees.**

Table of Contents

PROPOSAL: ELECTION OF DIRECTORS

Nominees for the Board of Directors

The six nominees listed below were unanimously nominated by GrafTech's Board in accordance with recommendations by the Nominating and Governance Committee. Each nominee has consented to being named as a nominee for election as a director and agreed to serve if elected. Each nominee who is elected will serve as a director until his or her successor is elected at the next annual meeting of stockholders or until his or her earlier removal or resignation. Except as otherwise described below, if any of the nominees is not available for election at the time of the meeting, discretionary authority will be exercised to vote for substitutes designated by GrafTech's Board unless GrafTech's Board chooses to reduce the number of directors. Management is not aware of any circumstances that would render any nominee unavailable. The ages of the nominees are given as of March 1, 2008.

MARY B. CRANSTON Director since 2000

Age 60

Ms. Cranston is the senior partner and, from 1999 to December 2006, served as Chair of Pillsbury Winthrop Shaw Pittman LLP, an international law firm. Ms. Cranston is based in San Francisco, California. Ms. Cranston has been practicing complex litigation, including antitrust, telecommunications and securities litigation, with Pillsbury Winthrop Shaw Pittman LLP since 1975. Ms. Cranston is currently a director of Juniper Networks Inc. and Visa, Inc. She is a trustee of Stanford University and the San Francisco Ballet and a director of the California State Automobile Association, the Bay Area Council, the Commonwealth Club of California, the Episcopal Charities, and the San Francisco Museum of Women.

HAROLD E. LAYMAN Director since 2003

Age 61

From 2001 until his retirement in 2002, Mr. Layman was President and Chief Executive Officer of Blount International, Inc. Prior thereto, Mr. Layman served in other capacities with Blount International, including President and Chief Operating Officer from 1999 to 2001, Executive Vice President and Chief Financial Officer from 1997 to 2000, and Senior Vice President and Chief Financial Officer from 1993 to 1997. From 1981 through 1992, he held various financial management positions with VME Group/Volvo AB. From 1970 to 1980, Mr. Layman held various operations and financial management positions with Ford Motor Company. He is currently a director of Blount International Inc., Grant Prideco, Inc. and Infinity Property and Casualty Corporation.

FERRELL P. McCLEAN Director since 2002

Age 61

Ms. McClean was a Managing Director and the Senior Advisor to the head of the Global Oil & Gas Group in Investment Banking at J.P. Morgan Chase & Co. from 2000 through the end of 2001. She joined J.P. Morgan & Co. Incorporated in 1969 and founded the Leveraged Buyout and Restructuring Group within the Mergers & Acquisitions Group in 1986. From 1991 until 2000, Ms. McClean was a Managing Director and co-headed the Global Energy Group within the Investment Banking Group at J.P. Morgan & Co. Ms. McClean is currently a director of El Paso Corporation. She retired as a director of Unocal Corporation in 2005.

Table of Contents

MICHAEL C. NAHL Director since 1999

Age 65

Mr. Nahl has been Executive Vice President and Chief Financial Officer of Albany International Corp., a manufacturer of paper machine clothing, which are the belts of fabric that carry paper stock through the paper production process, since April 2005. Mr. Nahl joined Albany International Corp. in 1981 as Group Vice President, Corporate, and, prior to appointment to his present position, he was Senior Vice President and Chief Financial Officer. Mr. Nahl is currently a director of Lindsay Corporation and a member of JPMorgan Chase and Company's Regional Advisory Board.

FRANK A. RIDDICK, III Director since 2004

Age 51

Mr. Riddick has served as President and Chief Executive Officer of Formica Corporation, a manufacturer of surfacing materials used in countertops, cabinets, and flooring, since January 2002. Mr. Riddick was instrumental in assisting Formica to emerge from Chapter 11 bankruptcy proceedings in June 2004. He served as President and Chief Operating Officer of Armstrong Holdings, Inc. from February 2000 to November 2001 and in various other executive capacities at Armstrong and its subsidiaries from 1995 to 2000. In December 2000, Armstrong's principal operating subsidiary, Armstrong World Industries, Inc., filed for Chapter 11 bankruptcy protection as a result of Armstrong's legacy asbestos liabilities. Prior to joining Armstrong, he held a number of financial managerial positions with FMC Corporation, General Motors Corporation and Merrill Lynch & Co., Inc. Mr. Riddick is a director of Formica Corporation and a member of the Board of Visitors of the Fuqua School of Business at Duke University.

CRAIG S. SHULAR Director since 2003 and Chairman of the Board since February 2007.

Age 55

Mr. Shular was elected Chairman of the Board in February 2007. He became Chief Executive Officer and a director of GrafTech in January 2003 and has served as President since May 2002. With the resignation of GrafTech's Chief Financial Officer effective December 12, 2005, Mr. Shular was also appointed as the interim Chief Financial Officer and served in that role until May 2006.

From 1976 through 1998, Mr. Shular held various financial, production, sales and senior business management positions at Union Carbide Corporation. He entered Union Carbide's Management Development Program with its Carbon Products Division (GrafTech's predecessor) after which Mr. Shular moved to Union Carbide's Corporate Group and held several senior positions in the areas of business management, sales and marketing, operations, government relations, corporate internal audits, international finance, and accounting, serving assignments in Hong Kong, Indonesia, Singapore, Europe and the United States.

Mr. Shular joined GrafTech as its Vice President and Chief Financial Officer in January 1999, and assumed the additional duties of Executive Vice President, Electrode Sales and Marketing in February 2000 until August 2001. From August 2001 to May 2002, he served as Executive Vice President of GrafTech's largest business Graphite Electrodes. From May 2002 through December 2002, Mr. Shular served as Chief Operating Officer.

Mr. Shular is a Certified Public Accountant, graduating from The State University of New York at Buffalo in 1974 with a Bachelor of Science degree in Business/Marketing, cum laude, and received a degree of Master of Business Administration with honors (concentration in Finance/Accounting) from the same institution in 1976.

Table of Contents

THE BOARD OF DIRECTORS

Structure of the Board

Under the Amended and Restated By-Laws, our Board fixes the number of directors. Our Board currently consists of eight members, each of whom the Board has determined to be an independent director (within the meaning of the listing standards of the NYSE), except for Mr. Shular, who is a GrafTech employee. In February 2008, R. Eugene Cartledge and John R. Hall informed us that they have decided to retire from service as directors at our 2008 annual meeting and accordingly are not standing for re-election. Each of them had previously attained the Board's retirement age of 74 and had continued to serve at the Board's request. Mr. Cartledge has served on the Board of Directors since 1996. Mr. Hall has served on the Board of Directors since 1995. The decisions made by Mr. Cartledge and Mr. Hall were not the result of any disagreement with us on any matter relating to our operations, policies or practices. Effective upon due election and qualification of directors at the annual meeting, the number of directors constituting our Board shall be six.

The Board has determined that to be considered independent, an outside director may not have a material relationship with GrafTech (directly or as a partner, stockholder or officer of an organization that has a relationship with GrafTech). In determining whether a material relationship exists, the Board considers, among other things, whether a director or a member of his or her immediate family during the past three years was a former employee, received more than \$100,000 in direct compensation in any 12-month period from GrafTech (other than director fees and pension or other deferred compensation for prior service), has been affiliated or employed by a present or former auditor of GrafTech, or is or has been part of an interlocking directorate. The Board consults with GrafTech's counsel to ensure that the Board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent director, including, but not limited to, those set forth in the listing standards of the NYSE. The Board has considered the employment of Ms. McClean's husband by an entity that was acquired by the Bank of New York, a lender of 2.7% of the funds borrowed by us under our credit facility entered into on February 7, 2005. The Board has determined that, despite this relationship, Ms. McClean is an independent director under applicable securities laws, regulations and NYSE listing standards. This determination applies to Ms. McClean's service on the Board and, also, as a member of our Audit and Finance Committee. The Board selects the Chairman following each annual meeting of stockholders. It is expected that Mr. Shular will be selected to continue as Chairman after the 2008 annual meeting.

GrafTech's Board has established three standing committees, the Audit and Finance Committee, the Nominating and Governance Committee and the Organization, Compensation and Pension Committee (also referred to in this proxy statement as the **Compensation Committee**), and periodically establishes other committees, in each case so that certain important matters can be addressed in greater depth than may be possible in a meeting of the entire Board. Under the Board and Committee charters described below, members of the three standing committees must be independent directors within the meaning of the listing standards of the NYSE. Further, members of the Audit and Finance Committee must be independent directors within the meaning of the Sarbanes-Oxley Act of 2002, must satisfy the expertise requirements of the listing standards of the NYSE and must include an audit committee financial expert within the meaning of the SEC rules. GrafTech's Board has determined that the three standing committees currently consist of members who satisfy such requirements. Effective upon Messrs. Cartledge's and Hall's retirements from the Board, the Board intends to elect directors to its standing committees who meet the applicable independence and other requirements of the listing standards of the NYSE.

Meetings of the Board

GrafTech's Board met 7 times during 2007.

Table of Contents

Each director is expected to attend meetings of GrafTech's Board and meetings of committees of GrafTech's Board of which he or she is a member, and to spend the time necessary to properly discharge his or her respective duties and responsibilities. During 2007, each director who was then serving attended at least 75% of the total number of meetings of GrafTech's Board and meetings of committees of GrafTech's Board of which he or she was a member, with the exception of Ms. McClean who attended 72.2% of all Board and committee meetings, including 6 of 7 full Board and 7 of eleven Audit and Finance Committee meetings. Directors are encouraged, but not required, to attend GrafTech's annual meetings of stockholders. All of our directors attended the 2007 annual meeting of stockholders.

Committees of the Board

A description of the functions of each standing committee is set forth beginning on page 11, and the members of each standing committee at March 24, 2008, and the number of meetings held by each standing committee in 2007 are set forth on page 14.

All committees have the authority to retain and pay advisors and conduct investigations without further approval of GrafTech's Board or management. All such advisors shall report and be responsible directly to the committee which retains them, including the independent registered public accounting firm (who are required to be retained by the Audit and Finance Committee).

Board and Committee Charters

GrafTech's Board adopted corporate governance guidelines (called the **Charter of the Board**) and each committee has adopted written corporate governance guidelines (called a charter) that, at a minimum, are intended to satisfy the requirements of the listing standards of the NYSE. These guidelines cover such matters as purpose and powers, composition, meetings, procedures, required responsibilities and discretionary activities which GrafTech's Board or the committee should periodically consider undertaking. Each committee is authorized to exercise all power of GrafTech's Board with respect to matters within the scope of its charter.

The Charter of the Board containing the corporate governance guidelines and each of the committee charters are available on our Web site by clicking on **Corporate Governance Guidelines** at <http://www.graftech.com/getdoc/6b8a3b4d-967c-4bdd-ab04-ea0011de0c91/GRAFTECH-INTERNATIONAL-LTD-Corp-Gov-Guide.aspx> and in print to any stockholder upon request. A copy of the Audit and Finance Committee Charter is also attached to this proxy statement as Appendix A. The information contained on our Web site is not part of this proxy statement.

Nothing in the Charter of the Board or of any committee shall expand or increase the duties, responsibilities or liabilities of any member under any circumstance beyond those otherwise then existing under applicable law.

Corporate Governance

The Charter of the Board provides, among other things, that:

a majority of the directors shall be independent within the meaning of the listing standards of the NYSE;

if a member of the Audit and Finance Committee simultaneously serves on an audit committee of more than three public companies, GrafTech's Board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the Audit and Finance Committee;

no director will be nominated for election or re-election if he or she would be age 74 or older at the time of election, unless special circumstances so warrant;

Table of Contents

GrafTech's Board shall meet in regular sessions at least six times annually (including telephonic meetings and the annual retreat described below);

GrafTech's Board shall have an annual extended retreat with executive officers at which there will be a full review of financial statements and financial disclosures, long-term strategies, plans and risks, and current developments in corporate governance; and

non-management directors will meet in executive session at least once annually.

The Charter of the Board requires, in consultation with the General Counsel, to establish a means for stockholders and employees to communicate with non-management directors and to disclose the name of the presiding director, who will ultimately receive such communication, and the means for such communication in the annual proxy statement. A majority of the non-management directors choose the director who presides at the meetings of non-management directors. Mary B. Cranston is currently serving as such presiding director. Stockholders, employees, and other interested parties (including those who are not stockholders or employees) may make any such communications to the presiding director and should direct them to M. Ridgway Barker, Kelley Drye & Warren LLP, 400 Atlantic Street, 13th Floor, Stamford, CT 06901, (203) 324-1400 (phone), (203) 327-2669 (fax), and mrbarber@kelleydrye.com. Mr. Barker will forward all such communications to the presiding director if they relate to substantive matters and include suggestions or comments that he considers important for the presiding director to know. Generally, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs or personal grievances or communications which are repetitive or duplicative.

Code of Conduct and Ethics

We have had for many years a Code of Conduct and Ethics. The Code of Conduct and Ethics applies to all employees, including senior executives and financial officers, as well as all directors. It is intended, at a minimum, to comply with the listing standards of the NYSE as well as the Sarbanes-Oxley Act of 2002 and the SEC rules adopted thereunder. A copy of our Code of Conduct and Ethics is available on our Web site at <http://www.graftech.com/getdoc/fd25921b-07b1-429f-86fa-397f0d0cb30d/Code-of-Conduct-and-Ethics.aspx>. and in print to any stockholder upon request. Only GrafTech's Board or the Audit and Finance Committee may waive the provisions of our Code of Conduct and Ethics with respect to executive officers and directors. Any such waivers will be posted on our website.

Related Person Transactions

Our Board recognizes that transactions in which we participate and in which a related person (executive officer, director, director nominee, five percent or greater stockholder, and their immediate family members) has a direct or indirect material interest can present potential or actual conflicts of interest and create the appearance that company decisions are based on considerations other than the best interests of GrafTech and its stockholders. Accordingly, as a general matter, it is our preference to avoid related person transactions. Nevertheless, we recognize that there are situations where related person transactions may be in, or may not be inconsistent with, the best interests of GrafTech and its stockholders.

Under its charter, our Audit and Finance Committee reviews, evaluates and, as appropriate, approves all transactions with affiliates (other than majority owned subsidiaries), related parties, directors and executive officers (other than with respect to compensation of directors or executive officers, which are addressed by the Compensation Committee). In the event we enter into a transaction in which an executive officer (other than an employment relationship), director, director nominee, five percent or greater stockholder, or a member of their immediate family has a direct or indirect material interest, the transaction is to be presented to our Audit and Finance Committee for review to determine if the transaction creates a conflict of interest and is otherwise fair to the company. We require each executive officer and director to annually provide us written disclosure of any transaction to which we are a party and in which the officer or director or any of their immediate family members has a direct or indirect material interest. Our Audit and Finance Committee reviews our disclosure of related party transactions on an as needed basis and on an annual basis in connection with the preparation of our annual report and proxy statement.

Table of Contents

COMMITTEES OF THE BOARD

Audit and Finance Committee

The Audit and Finance Committee assists GrafTech's Board in discharging and performing its duties and responsibilities with respect to the financial affairs of GrafTech. Without limiting the scope of such activities, the Committee shall:

select, retain, evaluate and, as appropriate, terminate and replace the independent registered public accounting firm;

review and, as appropriate, approve, prior to commencement, all audit and non-audit services to be provided by the independent registered public accounting firm;

review regularly with management, the director of internal audits and the independent registered public accounting firm any audit problems or difficulties and management's response thereto;

resolve or direct the resolution of all material disagreements between management and the independent registered public accounting firm regarding accounting and financial reporting;

review with management and the independent registered public accounting firm all reports delivered by the independent registered public accounting firm with respect to critical accounting policies and practices used, alternative treatments of financial information available under GAAP and other written communications between the independent registered public accounting firm and management, together with their ramifications and the preferred treatment by the independent registered public accounting firm;

meet at least once annually with management, the director of the internal audit department, the General Counsel and the independent registered public accounting firm in separate private sessions;

assess at least annually the adequacy of codes of conduct, including codes relating to ethics, integrity, conflicts of interest, confidentiality, public disclosure and insider trading and, as appropriate, adopt changes thereto, and otherwise discharge its responsibilities with respect to the adoption, improvement and implementation of the code of conduct;

direct the establishment of procedures for the receipt and retention of, and the response to, complaints received regarding accounting, internal control or auditing matters; and

direct the establishment of procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

No member of the Committee serves as a member of an audit or similar committee of more than three public companies. The Audit and Finance Committee's Report is set forth below.

Organization, Compensation and Pension Committee

The Compensation Committee assists GrafTech's Board in discharging and performing its duties and responsibilities with respect to management compensation and succession, employee benefits and director compensation. To the extent that the Committee deems appropriate or desirable, it may appoint one or more subcommittees whose members are non-employee directors and outside directors as set forth above and delegate to

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such subcommittee or subcommittees the authority to make (including determining the terms and conditions of) grants or awards under, and to otherwise administer, bonus and incentive compensation plans and programs.

Without limiting the scope of such activities, the Compensation Committee shall:

annually determine the compensation of the Chief Executive Officer and the corporate goals and objectives relevant thereto and evaluate the performance of the Chief Executive Officer in light of such goals and objectives;

Table of Contents

review and evaluate compensation (including incentive compensation) for senior management and determine compensation for directors;

review organizational systems and plans, including those relating to management development and succession planning, including contingency planning for unanticipated sudden developments;

administer stock-based compensation plans; and

review the Compensation Discussion and Analysis for inclusion in GrafTech's proxy statement.

For a further discussion of the processes and procedures involved, please see Compensation of Directors and Executive Officers Compensation Discussion and Analysis.

Nominating and Governance Committee

The Nominating and Governance Committee assists GrafTech's Board in discharging and performing its duties and responsibilities with respect to nomination of directors, selection of committee members, assessment of performance of GrafTech's Board and other corporate governance matters. Without limiting the scope of such activities, the Committee shall:

review candidates for nomination for election as directors submitted by directors, officers, employees and stockholders; and

review at least annually the current directors of GrafTech's Board to determine whether such individuals are independent under the listing standards of the NYSE and the SEC rules under the Sarbanes-Oxley Act of 2002.

The Committee annually assesses the composition of GrafTech's Board and its standing committees to determine whether they comply with requirements under Board and Committee charters, SEC rules, NYSE listing standards and applicable laws and possess the core competencies described below. In addition, the Committee assesses whether each director has the skills and characteristics described below and undertakes succession and other planning as to the future needs of GrafTech. The Committee gathers suggestions as to individuals who may be available to meet those future needs from a variety of sources, such as past and present directors, stockholders, colleagues and other parties with which we have business dealings, and undertakes a preliminary review of the individuals suggested. The preliminary review may include preliminary searches of public information available about the individuals. At such times as the Committee determines that a relatively near term need exists and if, following a preliminary review, the Committee believes that an individual may strengthen the core competencies and possess the skills and characteristics described below, the Committee will contact the individual to ascertain his or her interest in serving GrafTech and obtain further information about and insight as to such individual. In connection therewith, the Committee typically reviews detailed resumes and questionnaires, contacts references, conducts in-depth interviews and undertakes in-depth searches of public information. Based thereon and on the Committee's evaluation of other potential nominees and GrafTech's needs, the Committee determines whether to nominate the individual for election as a director. While we have not in the past engaged any third party to identify or evaluate nominees, the Committee may do so in the future.

There are no differences in the manner in which the Committee evaluates nominees for directors recommended by a stockholder. To submit a nominee for election as a director for consideration by the Committee, a stockholder must submit a written request to that effect to the Secretary of GrafTech at GrafTech's principal executive office. Any such request will be subject to the requirements described in the Answer to Question 14 on page 4.

The Committee believes that GrafTech's Board, as a whole, should possess the following core competencies:

strategy/vision: ability to provide strategic insight and direction by encouraging innovation, conceptualizing key trends, and evaluating strategic decisions;

Table of Contents

leadership: ability to attract, motivate and energize a high-performance leadership team;

international markets: ability to appreciate the importance of global business trends;

industry knowledge: ability to assess opportunities and threats unique to GrafTech's industry;

crisis response: ability and time to perform during periods of both short-term and prolonged crisis;

management: ability to apply general management best practices in a complex, rapidly evolving business environment;

business judgment: ability to assess business risk and stockholder value creation strategies; and

accounting, finance and disclosure: ability to protect and inform security holders through liquidity and capital resource management and internal financial and disclosure controls.

The Committee also believes that each director should possess the following skills and characteristics:

high personal standards of integrity and honesty, and a desire to make full disclosure of all present and future conflicts of interest;

literacy in financial and business matters;

the ability to be an effective team member;

a commitment to active involvement and an ability to give priority to GrafTech;

no affiliations with competitors;

achievement of high levels of accountability and success in his or her given fields;