

GRAFTECH INTERNATIONAL LTD

Form DEF 14A

April 15, 2014

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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
(Amendment No. 4)

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

GRAFTECH INTERNATIONAL LTD.

(Name of Registrant as Specified In Its Charter)

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

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(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):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

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GrafTech International Ltd.

Notice of Annual Meeting of

Stockholders to be held on

May 15, 2014 and Proxy Statement

This Proxy Statement is dated

April 14, 2014

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GrafTech International Ltd.

Joel L. Hawthorne

Chief Executive Officer & President

April 14, 2014

Fellow Stockholders:

It is my pleasure to invite you to our annual meeting, which will be held on May 15, 2014, at 10:00 a.m., eastern daylight time, at our corporate headquarters located at 12900 Snow Road, Parma, Ohio, 44130.

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. You may also vote via the Internet or by telephone as instructed in the proxy statement or on the proxy or vote instruction card. Please vote by whichever method is most convenient for 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 on the attached admission ticket and bring it with you to the meeting.

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

Sincerely,

Joel L. Hawthorne

Chief Executive Officer and

President

YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND VOTING INSTRUCTIONS ON THE ENCLOSED WHITE PROXY OR VOTING INSTRUCTION CARD.

Important notice regarding the availability of proxy materials for the annual meeting to be held on May 15, 2014 the proxy statement is available at <http://ir.graftech.com/phoenix.zhtml?c=114451&p=proxy> and the Annual Report is available at <http://ir.graftech.com/phoenix.zhtml?c=114451&p=irol-reportsannual>.

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Joel L. Hawthorne
Chief Executive Officer & President

12900 Snow Road Parma, Ohio 44130

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held on May 15, 2014

The annual meeting of stockholders of GrafTech International Ltd. (Annual Meeting) will be held at 10:00 a.m., eastern daylight time, on May 15, 2014, at our corporate headquarters located at 12900 Snow Road, Parma, Ohio, 44130, for the following purposes:

1. To elect seven directors, each to serve until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified;
2. To approve, by a non-binding advisory vote, our executive compensation;
3. To approve the material terms of the performance goals under the Executive Incentive Compensation Plan for income tax deductibility;
4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year ending December 31, 2014;
5. To vote on a stockholder proposal, if presented, to repeal certain provisions of our by-laws that were not in effect as of September 30, 2012; and
6. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 28, 2014 will be entitled to notice of and to vote at the annual meeting or any adjournment or postponement of the annual 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 WHITE proxy or vote instruction card, sign it, date it and promptly return it in the postage-paid envelope provided or vote via the Internet or by telephone as instructed in the accompanying proxy statement or on the proxy or vote instruction card.

Our Board is pleased to nominate for election as directors the seven nominees named in Proposal 1 in the attached proxy statement and on the enclosed WHITE proxy or voting instruction card. We believe our director nominees have the experience, industry knowledge, integrity, ability to devote time and energy, and commitment to the interests of all stockholders necessary to execute our strategic plan and create value for our stockholders. Our Board recommends that you vote **FOR ALL** of the Board's seven director nominees named in Proposal 1 in the attached proxy statement and on the WHITE proxy or voting instruction card.

CAUTION: OPPOSITION STOCKHOLDER SEEKS TO GAIN CONTROL OF YOUR COMPANY

As you may be aware, the Daniel and Nathan Milikowsky Group has filed a preliminary proxy statement with the SEC to solicit votes at the Annual Meeting in favor of a slate of five director nominees and a proposal to repeal certain provisions of our by-laws not in effect as of September 30, 2012. They have refused the Company's settlement offers described below. We believe that Daniel and Nathan Milikowsky, along

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with their affiliates, NM GTI Investments LLC, a Delaware limited liability company, The Daniel Milikowsky Family Holdings, LLC, a Connecticut limited liability company, The Daniel and Sharon Milikowsky Family Foundation, Inc., a Connecticut corporation, and The Rebecca and Nathan Milikowsky Family Foundation, a Massachusetts charitable trust (collectively, the Milikowskys or the Daniel and Nathan Milikowsky Group), are seeking to take control of your Company without paying any control premium to our stockholders. The payment of a control premium by an opposition stockholder seeking to take control of a board of directors by electing its own slate of directors is not required by law. Stockholders are not entitled to appraisal or dissenters' rights if an opposition

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stockholder takes control of a board of directors through election of its own slate. We believe that allowing the Milikowskys to gain control of the Company through the election of all five of their director nominees to our Board or adopting their proposal would not be in the best interests of our stockholders.

In an effort to reach a mutually agreeable resolution that would benefit **all** stockholders and avoid a costly and distracting proxy contest, the Company has put forward multiple settlement offers. See **Additional Background on the Solicitation** beginning on page 8. In its most recent offer, among other rights and benefits offered to the Milikowskys, your Board offered to add four new candidates for election to the Board at the Annual Meeting, without a standstill of any kind after the Annual Meeting. A fifth new candidate would also be added after completion of the expedited proceeding described below. The four new candidates would have included two of the Daniel and Nathan Milikowsky Group's nominees who meet GrafTech's corporate governance criteria (David Jardini and Karen Finerman) and two new and highly qualified independent candidates with relevant industry experience selected by the GrafTech Board. The fifth candidate would have been either (i) Nathan Milikowsky, if it was concluded in a joint expedited proceeding that, during his prior service on the Board, he met the requirements for service on the Board and did not breach his fiduciary duties and that Daniel and Nathan Milikowsky and other Milikowsky parties did not breach the Stockholders' Agreement between them and the Company, or (ii) another mutually acceptable candidate. Further, two of our current long-serving directors would retire at the Annual Meeting. Nathan Milikowsky, on behalf of the Daniel and Nathan Milikowsky Group, has refused all offers and has, among other demands, insisted that three of his nominees, one of whom must be Nathan Milikowsky, plus a mutually acceptable fourth nominee be added to the Board, that Craig Shular, Harold Layman and Mary Cranston must resign from the Board immediately, that nominees approved by the Milikowskys control the Nominating and Governance Committee and that the Milikowskys be free to conduct further proxy contests at the 2015 annual meeting of stockholders, if Nathan Milikowsky declines or fails to accept nomination for election as a director at that meeting, and to conduct other control-related activities without restriction.

Our Board is responsive and remains open to a resolution of this proxy contest that is in the best interests of **all** stockholders. Accordingly, two of our current long-serving directors (Harold E. Layman and Craig S. Shular) have agreed to retire from the Board at the Annual Meeting and, if all of our seven nominees are elected, our Board intends to offer to add representation from the Milikowskys' slate (other than Nathan Milikowsky) to our Board after the Annual Meeting.

You may receive proxy solicitation materials from the Milikowskys or persons affiliated with them, including an opposition proxy statement and blue proxy or voting instruction card. **OUR ENTIRE BOARD OF DIRECTORS URGES YOU NOT TO SIGN OR RETURN ANY PROXY OR VOTING INSTRUCTION CARD SENT TO YOU BY OR ON BEHALF OF THE MILIKOWSKYS.** Even if you have previously signed a proxy or voting instruction card sent by or on behalf of the Milikowskys, you have the right to change your vote by using the enclosed **WHITE** proxy or voting instruction card to vote (by marking your vote thereon, signing it, dating it and returning it in the postage-paid envelope provided), by voting in person at the Annual Meeting, or by telephone or the Internet. Only the latest dated proxy you submit will be counted. We urge you to disregard any proxy or voting instruction card sent to you by or on behalf of the Milikowskys or anyone other than the Company.

OUR ENTIRE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE (i) FOR ALL OF THE BOARD'S SEVEN NOMINEES NAMED IN PROPOSAL 1 IN THE ATTACHED PROXY STATEMENT, (ii) FOR PROPOSALS 2, 3, AND 4 AND (iii) AGAINST PROPOSAL 5.

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If you need any assistance with voting with your WHITE proxy or voting instruction card or voting by telephone or the Internet, please contact our proxy solicitor:

Georgeson Inc.

480 Washington Boulevard, 26th Floor,

Jersey City, NJ 07310,

(800) 509-0917 (Toll Free)

email: graftechproxy@georgeson.com

Sincerely,

Joel L. Hawthorne

Chief Executive Officer and

President

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GRAFTECH INTERNATIONAL LTD.

12900 Snow Road Parma, Ohio 44130

PROXY STATEMENT

for Annual Meeting of Stockholders for 2014

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ABOUT THE ANNUAL MEETING

This proxy statement and the accompanying WHITE proxy or voting instruction card relate to the 2014 annual meeting of stockholders, or the Annual Meeting, of GrafTech International Ltd., a Delaware corporation, or GrafTech. Our Board of Directors, or the Board, is soliciting proxies from our stockholders in order to provide every stockholder an opportunity to vote on all matters submitted to a vote of stockholders at the Annual 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 Annual Meeting, to cast the votes that the stockholder would be entitled to cast at the Annual Meeting if the stockholder were present. It is expected that this proxy statement and the accompanying WHITE proxy or voting instruction card will be first mailed or delivered to our stockholders beginning on or about April 15, 2014. When used in this proxy statement, we, us, our, or the Company refers to GrafTech and its subsidiaries collectively or, if the context so requires, GrafTech individually.

Purpose of Annual Meeting

We will hold the Annual Meeting to enable stockholders to vote on the following matters:

1. election of seven directors, each to serve until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified;
2. approval, by a non-binding advisory vote, of our executive compensation;
3. approval of the material terms of the performance goals under the Executive Incentive Compensation Plan for income tax deductibility;
4. ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year ending December 31, 2014;
5. a stockholder proposal, if presented, to repeal certain provisions of our by-laws that were not in effect as of September 30, 2012; and
6. transaction of such other business as may properly come before the meeting.

If any of the nominees nominated by the Board are not available for election at the time of the meeting, discretionary authority will be exercised by the proxyholders designated in the accompanying WHITE proxy or voting instruction card to vote for substitutes designated by the Board unless the Board chooses to reduce the size of the Board.

Who May Vote

Only stockholders of record as of the close of business on March 28, 2014 are entitled to notice of the meeting and to vote on the Proposals submitted to a vote of stockholders at the meeting. A list of stockholders entitled to vote at the meeting will be available for examination by stockholders at the meeting and during the ten days prior to the meeting, during ordinary business hours at our corporate headquarters at 12900 Snow Road, Parma, Ohio 44130. Each share of our common stock, par value \$.01 per share, is entitled to one vote. On March 28, 2014, there were 136,183,585 shares of our common stock issued and outstanding.

Voting by Participants in the Savings Plan

If you participate in the GrafTech International Savings Plan, or the Savings Plan, your proxy will represent the number of shares (including Company matching contributions made in shares) allocated to your account in the Savings Plan as of March 28, 2014. All shares allocated to your account in the Savings Plan will be voted by the trustee for the Savings Plan in accordance with your directions on the voting instruction card submitted by you.

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What You Need to Attend the Annual Meeting

The Annual Meeting will be held at our corporate headquarters located at 12900 Snow Road, Parma, Ohio on May 15, 2014, at 10:00 AM, eastern daylight time. Except as otherwise authorized by the Chair of the meeting, only stockholders, directors, nominees for election as directors, and officers of the Company will be admitted to the Annual Meeting. Prospective attendees must present valid government issued photo identification, such as a driver's license or passport, for admittance. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record prior to admittance to the Annual Meeting. If you are a beneficial owner, you must provide proof of beneficial ownership on the record date, such as your account statement showing that you owned your shares as of March 28, 2014, a copy of the voting instruction form provided by your bank, broker or nominee, or other similar evidence of ownership. If you do not provide valid government-issued photo identification and comply with the other procedures outlined above, you will not be admitted into the Annual Meeting. You do not need to attend the Annual Meeting to vote. Even if you plan to attend the Annual Meeting, you may submit your vote in advance as instructed in this proxy statement.

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IMPORTANT VOTING INFORMATION

Voting Mechanics

The presence at the commencement of the Annual Meeting, in person or represented by proxy, of the holders of a majority of the issued and outstanding shares of common stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business at the meeting. Abstentions will be included in determining the presence of a quorum at the Annual Meeting. Broker non-votes will not be included in determining the presence of quorum. Broker non-votes occur when a person holding shares in street name (meaning in a brokerage account) does not provide instructions as to how to vote his or her shares and the broker is not permitted to, or otherwise does not, exercise voting discretion. Due to the contested nature of the election of directors for our Board, the rules of the New York Stock Exchange do not permit brokers to exercise discretionary authority to vote on any Proposals to be voted on at the Annual Meeting, whether routine or not. Accordingly, there are not expected to be any broker non-votes. 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 Proposals 2 through 5 are used in determining the results of a vote on such Proposals. Accordingly, abstentions will have no effect on the outcome of the votes on those Proposals.

How to Vote

There are several different ways you may cast your vote. You may vote by:

Telephone, by calling the toll-free number on the proxy or vote instruction card;

Internet, by logging onto the website on the proxy or vote instruction card and then following the instructions as they appear on your computer screen;

Marking, signing, dating and mailing the proxy or vote instruction card and returning it in the envelope provided; or

Attending and voting at the meeting if you marked your proxy or vote instruction card that you will attend the meeting and, if you received a vote instruction card, obtained authorization from your bank, broker or nominee (the holder of record) pursuant to instructions on your vote instruction card. You may also be represented by another person at the meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot to be able to vote at the meeting.

Internet and telephone voting. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or nominee (the holder of record). Therefore, we recommend that you follow the voting instructions in the materials you receive. The telephone and 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 or telephone 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. Votes submitted electronically via the Internet or telephone must be received by 11:59 p.m., eastern daylight time, on May 14, 2014.

Table of Contents**Votes Required for Each Proposal**

In accordance with our Amended and Restated By-Laws, or our by-laws, and our Amended and Restated Certificate of Incorporation, or our certificate of incorporation, the votes required to elect directors and approve the other Proposals to be considered at the Annual Meeting are as follows:

Proposal	Vote Required	Broker Discretionary Voting Allowed
Proposal 1 Election of seven directors	Plurality of votes cast	No*
Proposal 2 Non-binding advisory vote on executive compensation	Majority of votes cast	No*
Proposal 3 Approval of the material terms of the performance goals under the Executive Incentive Compensation Plan	Majority of votes cast	No*
Proposal 4 Ratification of appointment of our independent registered public accounting firm for 2014	Majority of votes cast	No*
Proposal 5 By-law repeal proposal	Not less than 67% of the voting power of the outstanding shares of common stock	No*

* It is particularly important that you vote on all Proposals. Your broker cannot vote on any Proposals for you.

How Proxyholders Will Vote Shares

When you submit a proxy, regardless of the method by which given, the proxyholders will vote your shares as instructed with respect to the matters specified. If you are a record holder of shares and you submit a signed WHITE proxy card but do not mark your votes, your shares will be voted FOR the election of all seven of the nominees recommended in this proxy statement for election as directors, FOR Proposal 2, FOR Proposal 3, FOR Proposal 4, and AGAINST Proposal 5.

If you hold your shares in street name, your broker is not permitted to vote on your behalf on the election of directors or any other Proposal and you must provide specific instructions by marking, signing and returning the vote instruction card or by voting via telephone or the Internet following the instructions provided to you.

In addition, if other matters are submitted to a vote of stockholders at the meeting, your proxy on the accompanying WHITE proxy or voting instruction card 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 the Board.

How to Revoke a Proxy

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 to revoke a proxy submitted via the Internet or telephone or by marking, signing and returning a vote instruction card.

Revoking your vote and submitting a new vote before the deadline of 11:59 p.m., eastern daylight time, on May 14, 2014. If you submit a proxy via the Internet, by telephone or by marking, signing and returning a vote instruction card, you may revoke your proxy at any time and by any method before the deadline.

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Revoking your vote and submitting a new vote after the deadline of 11:59 p.m., eastern daylight time, on May 14, 2014. If you submit a proxy via the Internet, by telephone or by marking, signing and returning a 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 nominee and follow the requirements set by your broker, bank or 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 a vote instruction card and wish to revoke it and vote at the meeting, you must contact your broker, bank or nominee and follow the requirements set by your broker, bank or nominee. We cannot assure you that you will be able to revoke your proxy or attend and vote at the meeting.

If you receive more than one WHITE proxy or voting instruction card on or about the same time, it generally means you hold shares registered in more than one account. In order to vote all of your shares, please sign and return each WHITE proxy or voting instruction card or, if you vote via the internet or telephone, vote once for each WHITE proxy or voting instruction card you receive.

If the Milikowskys proceed with their previously announced alternative director nominations, we will likely conduct multiple mailings prior to the Annual Meeting date so that stockholders have our latest proxy information and materials to vote. We will send you a new WHITE proxy or voting instruction card with each mailing, regardless of whether you have previously voted. **The latest dated proxy you submit will be counted, and, if you wish to vote as recommended by the Board, then you should only submit WHITE proxy or voting instruction cards.**

What Should I Do with the Proxy or Voting Instruction Cards Sent to Me by the Milikowskys

The Milikowskys have nominated five individuals for election as directors at the Annual Meeting. Nominations made by the Milikowskys have NOT been endorsed by the Board. The Company is not responsible for the accuracy or completeness of any information contained in any proxy solicitation or other materials used by the Milikowskys or on their behalf or of any other statements that they may otherwise make.

Please do not return any blue proxy or voting instruction card you may receive from the Milikowskys or otherwise authorize any proxy other than pursuant to a WHITE proxy or voting instruction card to vote your shares at the meeting, not even as a protest vote. If you return a blue proxy or voting instruction card to the Milikowskys or otherwise authorize a proxy to vote your shares at the meeting other than pursuant to a WHITE proxy or voting instruction card, you can change your vote. To revoke your prior proxy and change your vote, simply sign the enclosed WHITE proxy or voting instruction card, date it and return it in the postage-paid envelope provided or follow the instructions located on the WHITE proxy or voting instruction card to vote by telephone or Internet. **Only your latest dated proxy will be counted.** Any proxy may be revoked at any time prior to its exercise at the meeting by following the instructions beginning on page 4. If you have any questions or need assistance voting, please contact our proxy solicitor:

Georgeson Inc.

480 Washington Boulevard, 26th Floor,

Jersey City, NJ 07310,

(800) 509-0917 (Toll Free)

email: graftechproxy@georgeson.com

No Premium or Appraisal or Dissenter's Rights

Stockholders will not be entitled to a premium or appraisal or similar dissenter's rights if the Milikowskys take control of your Company through the election of all five of their nominees.

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More Information is Available

If you have any questions about the proxy voting process in general, please contact the broker, bank or nominee where you hold your shares. The Securities and Exchange Commission, or the SEC, also has a website (www.sec.gov/spotlight/proxymatters.shtml) with more information about your rights as a stockholder. Additionally, you may contact our Investor Relations Department at GrafTech International Ltd., 12900 Snow Road, Parma, Ohio 44130, or call us at 216-676-2000, or email us at Investor.Relations@graftech.com.

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PROPOSAL ONE:

ELECTION OF SEVEN DIRECTORS, EACH TO SERVE

UNTIL THE NEXT ANNUAL MEETING OF STOCKHOLDERS AND UNTIL

HIS OR HER SUCCESSOR HAS BEEN DULY ELECTED AND QUALIFIED

Nominees for Election as a Director

The seven nominees described below were nominated by the Board in accordance with recommendations by our Nominating and Governance Committee, or the Nominating Committee. Each nominee has consented to being named in this proxy statement 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 our next annual meeting of stockholders and his or her successor has been duly elected and qualified or until his or her earlier removal or resignation. As described below, two of our current long-serving directors have agreed to retire from the Board at the Annual Meeting and, if all of our seven Board nominees are elected, our Board intends to offer to add representation from the Milikowskys' slate (other than Nathan Milikowsky) to our Board after the Annual Meeting. Except as otherwise described below, if any of the nominees named below are not available for election at the time of the Annual Meeting, discretionary authority will be exercised to vote for substitutes designated by the Board unless the Board chooses to reduce the number of directors. Management is not aware of any circumstances that would render any nominee named below unavailable.

The Daniel and Nathan Milikowsky Group has filed a preliminary proxy statement to solicit votes for five alternative director nominees for election at the Annual Meeting. We believe that the nominees proposed by the Board are the most qualified candidates up for election at the Annual Meeting. As described below under Director Qualifications, we believe our nominees have the experience, industry knowledge, integrity and commitment necessary to oversee the execution of our strategic plan and create value for **all** our stockholders. Furthermore, the Board considers the Milikowskys' proposed takeover of control of the Company with no premium paid to the stockholders of the Company to not be in the best interests of all stockholders. Stockholders will not be entitled to a premium or appraisal or similar dissenter's rights if the Milikowskys take control of your Company through the election of all five of their nominees.

The Board unanimously recommends submitting the enclosed WHITE proxy or voting instruction card, or following the instructions thereon to vote by telephone or the Internet, to vote FOR each of the Board's seven nominees for director.

The Milikowskys' nominees have NOT been endorsed by our Board. The Board unanimously recommends that you disregard any blue proxy or voting instruction card that may be sent to you by the Milikowskys. Voting against the Milikowskys' nominees on its blue proxy or voting instruction card is not the same as voting for our Board's nominees, because a vote against the Milikowskys' nominees on their blue proxy or voting instruction card will revoke any previous proxy submitted by you. If you have already voted using a blue proxy or voting instruction card sent to you by the Milikowskys, you have every right to change it. We urge you to revoke that proxy by voting in favor of our Board's nominees by using and submitting the enclosed WHITE proxy or voting instruction card, or following the instructions thereon to vote by telephone or the Internet. Only the latest validly executed proxy that you submit will be counted. If you have any questions or need assistance voting, please call our proxy solicitor:

Georgeson Inc.

480 Washington Boulevard, 26th Floor,

Jersey City, NJ 07310,

(800) 509-0917 (Toll Free)

email: graftechproxy@georgeson.com

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We are not responsible for the accuracy or completeness of any information provided by or relating to the Milikowskys contained in any proxy solicitation materials filed or used by, or on behalf of, the Milikowskys or in any other statements that the Milikowskys or any person acting on their behalf may otherwise make.

Additional Background of the Solicitation

On November 30, 2010, we acquired C/G Electrodes LLC (C/G) and the portion of Seadrift Coke L.P. (Seadrift) not previously owned by us for cash, senior subordinated promissory notes and shares of GrafTech common stock. All of the shares of GrafTech common stock beneficially owned by the Milikowskys were received in the acquisitions, except for certain shares received by Nathan Milikowsky for his service as a GrafTech director.

In connection with the acquisitions of Seadrift and C/G, we entered into a Registration Rights and Stockholders Agreement, dated as of November 30, 2010 (the Stockholders Agreement), with the former owners of Seadrift and C/G who received shares of GrafTech common stock, including the Milikowskys. Pursuant to the terms of the Stockholders Agreement, Nathan Milikowsky was elected to the Board in December 2010.

As an essential part of the consideration for the issuance of such shares, the Stockholders Agreement (i) granted Daniel and Nathan Milikowsky and certain of their affiliates the right to nominate Nathan Milikowsky (and under certain circumstances a replacement for him reasonably acceptable to the Board) to serve on the Board and provided for Mr. Milikowsky (or such replacement) to be re-nominated by the Board for election as a director so long as certain conditions were met and (ii) imposed certain standstill obligations on Daniel and Nathan Milikowsky and their affiliates and related parties because of their Board nominee's access to inside information. The standstill provisions restrict various types of takeover and similar or related activities, including, among other things, attempts by Daniel or Nathan Milikowsky or their affiliates to take actions to change, control or influence management except by Nathan Milikowsky (or such replacement) acting as a Board member.

In addition, the Stockholders Agreement imposed confidentiality and restricted use obligations on Nathan Milikowsky (or any such replacement), which among other things restricted disclosure of confidential GrafTech information to Daniel Milikowsky or any other person unless such disclosure was required by law (subject to certain notice requirements) and restricted use of confidential GrafTech information for any purpose other than as a Board member.

Nathan Milikowsky was not re-nominated for election as a director in March 2013 because our independent directors unanimously concluded that he did not meet the requirements set forth in GrafTech's Corporate Governance Guidelines, or our Governance Guidelines, and in our Nominating Committee Charter, as required under the Stockholders Agreement. Our independent directors also concluded that the Milikowskys materially breached the Stockholders Agreement. GrafTech has not waived or released any of its rights with respect to their breach of the Stockholders Agreement.

The conditions for Nathan Milikowsky's (or such replacement's) re-nomination for election to the Board included: (i) satisfaction of the requirements set forth in GrafTech's Corporate Governance Guidelines and the Nominating Committee Charter, as reasonably determined by the Nominating Committee; and (ii) the absence of any material breach of the standstill obligations by any person subject to the Stockholders Agreement.

The requirements under the Nominating Committee Charter which the Nominating Committee concluded were not satisfied by Mr. Milikowsky were: (i) acting as a member of the Board; and (ii) high personal standards (integrity, honesty and full disclosure of all present and future conflicts of interest). The requirements under our Governance Guidelines which the Nominating Committee concluded were not satisfied by Mr. Milikowsky were: (i) compliance with the duty of undivided loyalty; (ii) compliance with the duty of candor; and (iii) compliance with codes of conduct adopted by the Company (which are applicable to all Company personnel, including all

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directors, and are and were formally annually acknowledged by, all Company personnel, including all directors), including those relating to ethics, integrity, conflicts of interest, public disclosure and confidentiality.

Taking into account many years of interaction with Nathan Milikowsky, a special report of a well-recognized law firm, Wilson Sonsini Goodrich & Rosati, to assist the Nominating Committee with its annual assessment of the Board and its Committees, and the results of an internal investigation by well recognized, highly experienced, independent investigatory counsel, Morris, Nichols, Arsht & Tunnell LLP, reporting to a Special Committee of the Board comprised entirely of independent directors, the Nominating Committee unanimously concluded, after full deliberation, that the facts, circumstances and evidence established that the requirements described above and conditions to re-nomination of Nathan Milikowsky for election as a director were not satisfied, that Nathan Milikowsky was disruptive to Board functioning in a manner inconsistent with his fiduciary duties and counterproductive to the Board's discharge of its fiduciary duties, and that the Stockholders' Agreement has been breached by Daniel and Nathan Milikowsky. The Nominating Committee recommended to the Board that he not be re-nominated. The Board unanimously, but for Nathan Milikowsky, concurred in that conclusion and decided not to re-nominate him.

The Special Committee was formed by the Board in response to a letter submitted to the Board's lead director, the Company's General Counsel and the Company's outside counsel for distribution to the Board by the Company's former Chief Financial Officer along with three other employees, based on their personal knowledge and in accordance with express provisions of our Governance Guidelines and codes of conduct. The Special Committee initially consisted of six directors, all of whom are independent directors. One of those directors subsequently resigned from the Special Committee for the reasons described below. Neither Craig Shular nor Nathan Milikowsky was a member of the Special Committee.

The letter submitted by the Chief Financial Officer reported on a series of communications between representatives of the Company and a large hedge fund that was an investor and trader in GrafTech shares (the Hedge Fund), during which the Hedge Fund revealed contemporaneous knowledge of material non-public information regarding significant M&A transactions then under consideration, the Company's plant cost structure and the Company's capital spending and investment activities, information that was only known to management and members of the Board.

In accordance with corporate governance best practices, the Special Committee engaged well recognized, highly experienced, independent counsel, Morris, Nichols, Arsht & Tunnell LLP, as counsel to the Special Committee and to conduct a thorough investigation into the matters reported. The Company estimates that over 2,000 hours of personnel time was spent collecting and reviewing documents and interviewing personnel, including approximately 500 hours by investigatory counsel alone, and that thousands of documents were collected and reviewed during the investigation.

Investigatory counsel reported its conclusions over the course of three separate meetings of the Special Committee. After completion of its investigation, investigatory counsel reported its conclusion that there had been leaks of material nonpublic information, that there was evidence that Nathan Milikowsky was the source of the leaks, that there was no evidence to support a conclusion that management or any other director was the source of the leaks and that at least some of that information could not have been developed independently.

Investigatory counsel also reported its conclusion that Nathan Milikowsky did not cooperate fully, including refusal to sign a customary legal hold notice (the only person to refuse to do so). In addition, investigatory counsel reported that Nathan Milikowsky represented that he produced all documents responsive to investigatory counsel's request, although documents produced by another director revealed this representation to be untrue, as described below. Investigatory counsel reported its conclusion that the documents provided by Nathan Milikowsky were incomplete and excluded specifically requested documents known by the investigatory counsel to exist. Nathan Milikowsky ultimately declined to be interviewed by investigatory counsel.

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In reaching its conclusions, the independent directors (whether as members of the Nominating Committee, the Special Committee or the Board) considered the information described above, including all information that they considered material and relevant. The information included:

Information obtained through an extensive and thorough internal investigation

Nathan Milikowsky was sharing information with Daniel Milikowsky, in violation of his fiduciary duties and contractual obligations. There were multiple communications between the Hedge Fund and Daniel Milikowsky that Nathan Milikowsky did not report to the Board, including communications related to stock buybacks at the same time that the Audit Committee (of which Nathan Milikowsky was member) was establishing the parameters and directing the execution thereof. Further, when Mary Cranston, the Board's lead director, asked Nathan Milikowsky during 2012 whether he was in contact with the Hedge Fund, Nathan Milikowsky stated he had had one telephone call with them. During a subsequent Board meeting shortly thereafter, in response to a request to report that telephone call to the Board, Nathan Milikowsky stated that he had not spoken to the Hedge Fund, but rather that his brother, Daniel Milikowsky, had been contacted by the Hedge Fund. Such statements by Nathan Milikowsky to the Board were inconsistent with the facts identified in the investigation.

Another Milikowsky family member, who was also an employee of a different hedge fund, was revealed to be communicating with the Hedge Fund and Nathan Milikowsky was aware thereof.

As reported in the Chief Financial Officer's letter distributed to the Board, the Hedge Fund demonstrated contemporaneous knowledge of material non-public information that was only known to senior management and the directors. The Hedge Fund stated to our Investor Relations team that it objected to a large acquisition by the Company in an area about which the Company had not previously disclosed material interest, of almost exactly the same type and size that the Company was then considering. The Hedge Fund subsequently named the prospective target. The Hedge Fund disclosed to our Investor Relations team information about the cost structure of our electrode plants and the status of our capital spending in certain Engineered Solutions business units, information that was some of the Company's most sensitive information. Investigatory counsel reported its conclusion that there was no evidence to support a conclusion that management or any director other than Nathan Milikowsky was the source of that information and that at least some of the information could not have been determined independently.

Nathan Milikowsky and another director (who was Chair of the Audit Committee) entered into an undisclosed arrangement which the Special Committee, with advice of outside counsel, concluded was a free option, enabling that director to benefit from any increase in value of an approximately \$200,000 investment in an early stage medical technology company sponsored by Nathan Milikowsky without the concomitant investment risk. Thereafter, that same director became a supporter of Nathan Milikowsky's agenda. That same director also thereafter assured Mary Cranston that she would be able to continue as lead director or possibly even become chairperson after management changed. Nathan Milikowsky never disclosed that conflict of interest when the Special Committee (of which such director was to be a member) was formed and never produced any of the documents related thereto, even though they were within the scope of investigatory counsel's production request. Rather, the arrangement was first disclosed at the very end of the investigation by that director, who mentioned it at that time to some other directors, stating that it was only about a \$10,000 cash investment, and then later admitted the full extent of the arrangement and produced documents in a follow up interview by investigatory counsel. That director subsequently resigned from the Special Committee.

Nathan Milikowsky deliberately misrepresented the voting intentions of one director in order to mislead another director into supporting his agenda.

The independent directors also considered that the Special Committee did not have the power to subpoena or otherwise require testimony or documents from anyone, including directors or third parties (other than officers and employees), that requesting testimony or documents from third parties could likely result in public disclosure

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and controversy which would be adverse to the Company and its stockholders, that Nathan Milikowsky denied only that he did not provide information to the Hedge Fund and only that he had no reason to believe Daniel Milikowsky had provided material non-public information to the Hedge Fund, and that Nathan Milikowsky never denied that Daniel and Nathan Milikowsky were involved with the Hedge Fund in violation of the Stockholders' Agreement.

The Nominating Committee presented its conclusions and many of the key facts in its report to the Board on its recommendations regarding director nominations for the 2013 annual meeting of stockholders. Nathan Milikowsky was present at that Board meeting and asked certain questions regarding the report. He was also present for reports by the Special Committee that were made to the Board on November 27, 2012 and February 12, 2013.

On May 17, 2013, GrafTech received a letter from Daniel and Nathan Milikowsky demanding that Nathan Milikowsky or a nominee of theirs be elected to the Board pursuant to the Stockholders' Agreement. On June 7, 2013, GrafTech sent a letter to Daniel and Nathan Milikowsky stating that, under the express terms of the Stockholders' Agreement, Daniel and Nathan Milikowsky were not entitled to nominate a replacement for Nathan Milikowsky within the three-year period after Nathan Milikowsky was first elected to the Board (or before December 9, 2013). On November 19, 2013, the Company sent a letter to the Daniel and Nathan Milikowsky group advising them that, because of the breaches of the Stockholders' Agreement, the Company no longer had any obligation under the director nomination provisions thereof and that the standstill, confidentiality, registration rights and other provisions thereof (which include provisions prohibiting nominations and solicitation of proxies) remained in effect. Without limiting any rights that it might assert, the Company believes that it would be in the best interest of all stockholders for a mutually agreeable settlement of that dispute without the cost and distraction of litigation and with a board of directors that it believes is focused on the interests of all stockholders, not the personal agenda of one.

In December 2013 and January 2014, GrafTech exchanged correspondence with the Milikowskys and their counsel regarding their breaches of the Stockholders' Agreement, the effect on their nomination rights and their standstill obligations and related matters. GrafTech reserved its rights in connection with such exchange of correspondence.

On January 17, 2014, pursuant to a written request from counsel to the Milikowskys, GrafTech delivered a form of non-employee director questionnaire to such counsel.

On January 24, 2014, Nathan Milikowsky delivered to the Company a notice of intent to nominate a slate of five nominees for election as directors at the Annual Meeting and to present at the meeting a proposal to repeal any new by-law or amendment of the by-laws as of the date of the Annual Meeting adopted after September 30, 2012 that is inconsistent with or disadvantageous to Nathan Milikowsky or to the election of the Milikowsky nominees.

Since the Daniel and Nathan Milikowsky Group first made its intentions public, Nathan Milikowsky and Joel L. Hawthorne, President and Chief Executive Officer of GrafTech, have had three in-person meetings and numerous telephone conversations. The Company has put forward multiple settlement offers. Joel Hawthorne, acting on behalf of the Board, initially presented a settlement offer to Mr. Milikowsky in which the Company would agree to add two of Milikowsky nominees to the Board's slate for election at the Annual Meeting as well as a standstill through the 2016 annual meeting of stockholders. Subsequently, Joel Hawthorne, acting on behalf of the Board, presented a settlement offer to Mr. Milikowsky in which GrafTech would add four new candidates to the Board's slate for election at the Annual Meeting as well as a standstill through the 2015 annual meeting of stockholders. The four new candidates would have included two of the Daniel and Nathan Milikowsky Group's nominees who meet GrafTech's corporate governance criteria (David Jardini and Karen Finerman) and two new and highly qualified independent candidates with relevant industry experience selected by the GrafTech Board. Management would also agree to meet with Daniel and Nathan Milikowsky on a quarterly basis like the

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Company does with all stockholders, to discuss business progress and strategy. On April 9, 2014, Joel Hawthorne, acting on behalf of the Board, presented another settlement offer in which GrafTech would add four new candidates to the Board's slate for election at the Annual Meeting, two of the Daniel and Nathan Milikowsky Group's nominees who meet GrafTech's corporate governance criteria (David Jardini and Karen Finerman) and our two new and highly qualified independent candidates with relevant industry experience (Thomas A. Danjczek and M. Catherine Morris), and two of our current long-serving directors (Harold E. Layman and Craig S. Shular) would retire from the Board at the Annual Meeting, with a standstill only through the Annual Meeting. Nathan Milikowsky, acting on behalf of the Daniel and Nathan Milikowsky Group, has rejected all of these offers, including refusing on April 10, 2014, the April 9th offer described above, insisting that four of his nominees be added to the Board, one of whom must be Nathan Milikowsky, that Craig Shular and Mary Cranston must resign from the Board immediately, and that the Milikowskys be free to conduct further proxy contests or other control-related actions, at the 2015 annual meeting of stockholders or otherwise.

On April 11, 2014, the Daniel and Nathan Milikowsky Group presented a settlement offer to GrafTech in which GrafTech would add six new directors immediately, three of their nominees (Karen Finerman, David Jardini and Nathan Milikowsky), one nominee mutually acceptable to the Board and the Daniel and Nathan Milikowsky Group, Thomas A. Danjczek and M. Catherine Morris, and three of our current long-serving directors (Harold E. Layman, Craig S. Shular and Mary Cranston) wo