GRAFTECH INTERNATIONAL LTD
Form PRE 14A
March 21, 2014

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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x 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)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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

(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:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

GrafTech International Ltd.

Notice of Annual Meeting of

Stockholders to be held on

May 15, 2014 and Proxy Statement

This Proxy Statement is dated

[ ], 2014

GrafTech International Ltd.

Joel L. Hawthorne

Chief Executive Officer & President

[ ], 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 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.

Joel L. Hawthorne *12900 Snow Road Parma, Ohio 44130*
Chief Executive Officer & President

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 nine 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 nine 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 has increased the size of the Board from its current size of seven members to nine members, effective upon the election of directors at the Annual Meeting. Our Board recommends that you vote FOR ALL of the Board s nine 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 offer to add two nominees from their slate to our Board. We believe that Daniel and Nathan Milikowsky, along 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), 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 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 potentially costly and distracting proxy contest, the Company has made two separate settlement offers to the Daniel and Nathan Milikowsky Group. The Daniel and Nathan Milikowsky Group has rejected both offers.

Since the size of our Board will be increased at the Annual Meeting by two directors, our Board has offered the Milikowskys the right for up to 10 calendar days from the date of filing of this preliminary proxy statement to submit two additional nominations in accordance with our by–laws. Even if the Milikowskys do not nominate two additional individuals for election at the Annual Meeting, that decision would not change the fact that the Milikowskys seek control of the Board. The Milikowskys nominees, if elected, would still constitute a controlling majority (5 of 9) of the members of the Board.

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 NINE NOMINEES NAMED IN PROPOSAL 1 IN THE ATTACHED PROXY STATEMENT, (ii) FOR PROPOSALS 2, 3, AND 4 AND (iii) AGAINST PROPOSAL 5.

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

GrafTech International Ltd. *12900 Snow Road Parma, Ohio 44130*

PROXY STATEMENT

for Annual Meeting of Stockholders for 2014

TABLE OF CONTENTS

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 [ ], 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 nine 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 [ ] shares of our common stock issued and outstanding.

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.

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 at both meetings. 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-issues 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.

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.

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 nine 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 nine 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.

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.

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.

PROPOSAL ONE:

ELECTION OF NINE 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 nine 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, with the exception of Mr. Shular, who has informed the Company that it is his intention to serve as Executive Chairman and a director until December 31, 2014 (as noted in his biography below). 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.

Daniel and Nathan Milikowsky have 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.

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 nine 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

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.

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, particularly the confidentiality and standstill provisions. GrafTech has not waived or released any of its rights with respect to their breach of the Stockholders Agreement.

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).

From November 2013 to 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 Milikowskys 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 most recent settlement offer was put forward in a meeting between Mr. Hawthorne and Nathan Milikowsky on March 20, 2014. Mr. Hawthorne, acting on behalf of the Board, proposed that GrafTech would add four new candidates for election to the Board at the upcoming Annual Meeting as well as a standstill through the 2015 Annual Meeting. The four new candidates would have included two of the Daniel and Nathan Milikowsky Group s nominees who meet GrafTech s corporate governance criteria and two highly qualified independent candidates with relevant industry experience selected by the GrafTech Board. The Milikowskys refused the Company s offer.

Since the size of our Board will be increased at the Annual Meeting by two directors, our Board has offered the Milikowskys the right for up to 10 calendar days from the date of filing of this preliminary proxy statement to submit two additional nominations in accordance with our by-laws. Even if the Milikowskys do not nominate two additional individuals for election at the Annual Meeting, that decision would not change the fact that the Milikowskys seek control of the Board. The Milikowskys nominees, if elected, would still constitute a controlling majority (5 of 9) of the members of the Board.

Our Nominating Committee and our Board regularly meets to consider various potential nominees for election as directors, whether submitted by directors, management, stockholders or others. In addition, our Nominating Committee has periodically engaged independent advisors to assist with identification of potential nominees and assessment of the functioning of the Board and its committees. In connection with its consideration of nominees to recommend for the Annual Meeting, our Nominating Committee considered many candidates, including our current directors, candidates identified by an independent director search firm and the nominees of the Milikowskys, in accordance with its established policies and procedures for considering potential director nominees. Consistent with the qualifications and characteristics expected of all directors of the Company as set forth in our Governance Guidelines and the Nominating Committee Charter, our Nominating Committee unanimously recommended the nominees named in this proxy statement as the individuals with the experience, industry knowledge, integrity, ability to devote time and energy, and commitment to the interests of all stockholders best qualified to execute our strategic plan and create value for all our stockholders.

Director Qualifications

In considering whether to recommend any candidate for inclusion in the Board s slate of recommended director nominees, including candidates recommended by our stockholders or others, the Nominating Committee applies the criteria set forth in our Governance Guidelines and the Nominating Committee Charter. These criteria includes the candidate s integrity, business acumen, age, independence, experience, commitment, diligence, conflicts of interest and ability to act in the interests of all of our stockholders. The Nominating Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our Board to fulfill its responsibilities and provide value to our stockholders. The Nominating Committee believes that the 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;

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

International Markets: ability to appreciate the importance of global business needs and trends;

Industry Knowledge: ability to assess opportunities and threats unique to our industries;

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 Nominating Committee also believes that each director should possess the following skills, qualifications 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;

Ability to be an effective team member;

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;

No unreasonable geographic travel restrictions;

Ability and willingness to learn our businesses or, ideally, experience in our businesses or in professional fields (i.e., finance, accounting, law or banking) or other industries or as a manager of international businesses so as to have the ability to bring new insight, experience or contacts and resources to GrafTech;

No direct affiliations with major customers or vendors; and

Previous public company board experience together with good references.

Diversity

Our Governance Guidelines specify that the Nominating Committee should consider the value of diversity on the Board in the candidate identification and nomination process. The Nominating Committee seeks candidates with a broad diversity of experience and strategic and operational views and philosophies. The Nominating Committee s evaluation of director candidates also includes consideration of their ability to contribute to the diversity of age, backgrounds, geographic regions, and experience represented on the Board. Nominees are not discriminated against on the basis of race, color, religion, sex, ancestry, national origin, sexual orientation, disability or any other basis proscribed by law. Under our Governance Guidelines, a director will not 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.

Background Information with Respect to Nominees

The following paragraphs provide information about each director nominee recommended by the Board. We believe that all of our director nominees adhere to high standards for integrity, honesty and ethics and that each has demonstrated business acumen and an ability to exercise sound judgment independent of personal interests, as well as a commitment of service to GrafTech and the Board. In his or her individual biography below, we provide the following information for each director nominee recommended by the Board:

Name;

Age as of March 1, 2014;

Principal occupations for at least the past five years;

The names of any other public companies where the nominee currently serves or has served during the past five years as a director; and

The particular experience, qualifications, attributes or skills that led the Board to conclude that the person should serve as a director.

RANDY W. CARSON Director since 2009

Age 63

From 2000 to February 2009, Mr. Carson served as Chief Executive Officer Electrical Group of Eaton Corporation, a diversified power management company with 2008 sales of $15.4 billion. Eaton s Electrical Group is a global technology leader in electrical components and systems for power quality, distribution and control with 2008 revenues of approximately $6.9 billion. Mr. Carson retired from Eaton in May 2009 following 10 years with the company. Prior to Eaton Corporation, Mr. Carson held several executive positions with Rockwell International. He was also Chairman of the National Electrical Manufacturers Association. Mr. Carson currently serves as a Director of Fairchild Semiconductor International, Inc. and Nordson Corporation, and serves on the audit committee of its Board of Directors. Our Board believes that Mr. Carson s deep operational experience in global industrial businesses enables him to provide unique common sense insight to the Board with respect to meeting marketplace challenges, implementing LEAN and other internal initiatives, integrating business units and anticipating and planning for commercial risks and uncertainties. As a result of his senior executive and deep operational experience managing large, multi-billion-dollar global businesses together with his strategic vision, leadership, and understanding of financial accounting, finance and disclosure matters, the Board believes he is well qualified to continue serving as a member of the Board. Mr. Carson holds a Bachelor of Science in Electrical Engineering from Valparaiso University.

MARY B. CRANSTON Director since 2000

Age 66

Ms. Cranston is a Retired Senior Partner of Pillsbury Winthrop Shaw Pittman LLP, or Pillsbury, an international law firm. Ms. Cranston was the Chair and Chief Executive Officer of Pillsbury from January 1999 until April 2006, and continued to serve as Chair of Pillsbury until December 2006. Ms. Cranston practiced complex litigation, including antitrust, telecommunications and securities litigation, with Pillsbury beginning in 1975. She currently serves as a Director of Visa, Inc., and serves as Chair on the Audit and Risk Committee of its Board of Directors; a Director of Juniper Networks Inc., and serves as Chair of its Nominating and Governance Committee; a Director of International Rectifier Corporation, and serves as Chair of its Nominating and Governance Committee; and a Director of Exponent, Inc., and serves as Chair of its Compensation Committee. She also serves as Chair of the Board of Directors of the Lucile Packard Children s Hospital and is a past Chair of the Board of the Commonwealth Club of California, both of which are non-profit organizations. Ms. Cranston also served on the Board of Trustees of Stanford University for ten years. Ms. Cranston s total public company directorships will be reduced to four, including GrafTech, in May 2014. Ms. Cranston joined the Board in 2000 to assist the Board with, among other things, exercising strong compliance and other oversight. She has brought unique guidance to bear, not only in that regard, but also in regard to crisis management, effective leadership through a judicious combination of consensus, process and internal controls, and keen insight into evaluating strategic decisions. The separation of the roles of Chairperson and Chief Executive Officer is expected to continue after Mr. Shular s previously announced intention to step down as a director on December 31, 2014, when Ms. Cranston is expected to become our Chairperson.

Through her tenure at Pillsbury, Ms. Cranston has gained a broad understanding of the management of a global enterprise including through global expansion of the firm, as well as 20 years litigating cases on behalf of Chevron with extensive knowledge of oil and gas extraction, oil pricing and refining economics. In addition to her financial services background, Ms. Cranston has substantial expertise in complex antitrust, class action and securities law and was recognized as one of the 100 Most Influential Lawyers in America by the National Law Journal in 2002 and as an Outstanding Director by the Silicon Valley and San Francisco Business Times in 2013. Ms. Cranston is frequently a faculty member of programs offered by the NACD, the Stanford Director s College, and Catalyst on topics of board governance, board best practices, board risk management and board diversity. As a director of four other U.S. publicly-traded companies she has regularly reviewed corporate strategies and financial and operational risks, and throughout her legal career has identified and managed legal risks for many Fortune 500 companies, which has helped inform her service as a Director and next Chair of the Board. Ms. Cranston s experience and background also provide her with significant insight into the legal and regulatory issues facing GrafTech, as well as into the challenges of operating a diverse multinational enterprise. Our Board believes that Ms. Cranston s board service, legal expertise in antitrust, securities and other matters and business management experience, as well as her demonstrated successful performance as a GrafTech Director, well qualify her to continue serving as a member of the Board.

Ms. Cranston holds an A.B. degree in Political Science from Stanford University, a Juris Doctorate from Stanford Law School, and a Master of Arts in Educational Psychology from the University of California, Los Angeles.

THOMAS A. DANJCZEK

Age 66

Mr. Danjczek has served as Senior Advisor for the Steel Manufacturers Association (SMA) since November 2013. From February 1998 to November 2013, Mr. Danjczek served as President of the SMA and functioned as its Chief Executive, Operating, and Administrative Officer and a member of the Board and Executive Committee. Prior to joining SMA, Mr. Danjczek held various leadership positions at a number of public companies, including Wheeling-Pittsburgh Steel Corporation, Bethlehem Steel Corporation and Kaiser Steel Corporation. Mr. Danjczek also serves as Vice Chairman of the U.S. Industry Trade Advisory Committee (ITAC 12) and since 1999 has been an Advisor to the U.S. Trade Representative and Department of Commerce.

Mr. Danjczek currently serves as a Director of Globe Specialty Metals, Inc., and serves as a member of its Audit Committee and Compensation Committee. Globe Specialty Metals is one of the world s largest producers of silicon metal and silicon-based specialty alloys serving major silicone chemical, aluminum and steel manufacturers. Mr. Danjczek also serves on the Board of Walker Magnetics, a privately held controls manufacturer that services the scrap and steel industries and on the advisory board of Byer Steel Group, a privately held steel service center.

The Board believes that Mr. Danjczek is well qualified to serve as a member of the Board. He has a strong background and relationships in the steel and manufacturing industry, relevant leadership experience with proven business judgment primarily in operations, as well as extensive international steel industry experience and regulatory, legislative and trade related experience.

Mr. Danjczek earned a B.S. from Villanova University and a Masters Degree in Industrial Management from Purdue University.

JOEL L. HAWTHORNE Director since 2014

Age 49

Mr. Hawthorne was elected to the Board and became Chief Executive Officer and President in January 2014. Previously, he was Vice President and President, Engineered Solutions since March 2011 and over the last three years led the segment to more than 20% annual sales growth rates through many successful new product introductions. Mr. Hawthorne joined GrafTech as a Director of Investor Relations in August 1999. During his time in Investor Relations, he was an integral part of the management team that turned the Company around. In January 2001, he was appointed Director of Electrode Sales & Marketing, United States and Canada and was promoted to Director of Electrode Marketing and Sales for the Americas in 2003. In October 2005, he was appointed Director Worldwide Marketing and Americas Sales. During this period, Mr. Hawthorne was instrumental in the development and execution of global sales and marketing strategies for the graphite electrodes business and a driving force in more than doubling sales to over $1 billion. In January 2009, he was appointed Vice President, Global Marketing & Sales for Industrial Materials with responsibility for worldwide sales, strategy and tactical planning. Prior to joining GrafTech, Mr. Hawthorne spent over ten years in the steel industry with extensive financial and strategic planning experience including as Director of Strategic Planning for a major steel company. Mr. Hawthorne currently serves on the Board of Directors of CE National, Inc., a non-profit organization. Mr. Hawthorne holds a Bachelor of Science (accounting) and a Master of Science (business education) from the University of Akron.

13

HAROLD E. LAYMAN Director since 2003

Age 67

From 2001 until his retirement in 2002, Mr. Layman was President and Chief Executive Officer of Blount International, Inc., a manufacturer of outdoor products, industrial and power equipment, and lawnmowers. 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 currently serves as a Director of Blount International, and serves as Chair of its Nominating and Corporate Governance Committee. Mr. Layman also currently serves as a Director of Infinity Property and Casualty Corporation, and serves as Chair of its Compensation Committee, a member of its Audit Committee and a member of its Nominating and Corporate Governance Committee. The Board believes that Mr. Layman s experience as the Chief Executive Officer and Chief Financial Officer of a large international industrial enterprise enables him to provide practical expertise on the unique leadership challenges inherent to that position. These challenges arise in areas ranging from strategic vision and opportunity and risk assessment to operational, financial and legal processes and issues, and Mr. Layman has wide experience in all of these areas. Together with his board service, the Board believes these factors make him well- qualified to continue serving as a member of the Board. Mr. Layman holds a Bachelor of Science in Finance from Florida State University.

FERRELL P. McCLEAN Director since 2002

Age 67

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. She currently serves as a Director of NRG Yield, Inc., which owns contracted renewable and conventional generation and thermal infrastructure assets. Ms. McClean retired as a Director of Unocal Corporation in 2005 and as a Director of El Paso Corporation in 2012. The Board believes that Ms. McClean s deep experience in investment banking for international industrial companies has enabled, and will continue to enable, her to provide essential guidance to the Board and our management team on the critical areas of capital formation and resources, liquidity management and investor relations. The Board believes that Ms. McClean s insight and her board service, including global exposure and vision, international markets experience and understanding of financial accounting, finance and disclosure matters, well qualify her to continue serving as a member of the Board. Ms. McClean holds an A.B. in Fine Arts from Radcliff College.

MARY CATHERINE MORRIS

Age 56

Ms. Morris is the Senior Vice President and Chief Strategy Officer for Arrow Electronics, Inc., a leading global distributor of electronic components and computer products with more than $21 billion in revenues. Ms. Morris has served in this position since 2008 and leads strategic initiatives for Arrow, including global merger and acquisition activity. Prior to her current position, Ms. Morris was President of Arrow s Enterprise Computing Solutions (ECS) business segment, with responsibility for managing Arrow s computer products business in North America and Europe, and which doubled in size to over $5 billion in annual revenues under her leadership. Ms. Morris has over 25 years of experience in computer products and electronic components distribution and has held a number of senior leadership roles at Arrow, including Vice President of Support Services in North America, Vice President of Finance and Support Services for Arrow ECS, and Vice President of Corporate Development. Ms. Morris joined Arrow in 1994 through its acquisition of Anthem Electronics, where she served as Vice President of Finance and Corporate Controller. Prior to joining Anthem, Ms. Morris held various financial leadership roles in the banking and manufacturing industries.

The Board believes that Ms. Morris high level of strategic, operational and financial acumen, particularly in the electronics and advanced technologies industries well qualify Ms. Morris to serve as a member of the Board.

Ms. Morris has been recognized with numerous awards, including VARBusiness (2007) and CRN (2009) magazines naming her as one of the most powerful women in the technology channel and Top 100 Women. A member of YWCA s Society of Women Achievers, she received her Bachelor s degree in finance from Colorado State University and completed Harvard Business School s General Management Program.

STEVEN R. SHAWLEY Director since 2010

Age 61

Mr. Shawley retired in November 2013 as the Senior Vice President and Chief Financial Officer of Ingersoll Rand, a global diversified industrial firm providing products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and enhance industrial productivity and efficiency. Mr. Shawley was named Chief Financial Officer of Ingersoll Rand in June 2008. Previously, he was Senior Vice President and President of the Climate Control Technologies Sector (2005 2008). Mr. Shawley joined Ingersoll Rand in 1997 through the acquisition of Thermo King, a business of Westinghouse Electric Corporation, where he was Vice President and Controller. In August of 2002, he was named President of Thermo King North America. and became President, Climate Control Americas (2003-2005). Mr. Shawley currently serves as a Director of Hubbell Incorporated. Mr. Shawley has an exceptional depth and breadth of operational and financial experience related to global diversified industrial products. He has had responsibility for all finance, information technology and treasury activities and served in numerous key financial positions with Westinghouse in a career that spanned over 20 years, including for major divisions and plants with broad financial and commercial responsibilities for operations throughout Europe, Asia and Latin America, as well as North America. The Board believes Mr. Shawley s background and experience make him well qualified to serve on the Board. Mr. Shawley s education includes a Bachelor of Science degree from the University of Virginia and a Master s degree in business administration from the University of Pittsburgh.

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

Age 61

Mr. Shular retired as Chief Executive Officer and President and was elected executive Chairman of the Board in January 2014. He served as Chief Executive Officer and a director of GrafTech since January 2003 and served as President since May 2002. Mr. Shular also served as the interim Chief Financial Officer from December 2005 until May 2006 and again from April through July 2011. 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 currently serves as a Director and audit committee member of Materion Corporation. He also serves on the board of Junior Achievement of Greater Cleveland and Nortec, both of which are non-profit organizations.

Mr. Shular joined our company as Chief Financial Officer at a time when the Company was in the midst of an extraordinary financial, legal and operational crisis. Drawing on his deep and broad global experience, he has since then been a driving force in growing our sales, organically and through acquisitions, optimizing our capital structure, reducing our debt, and generating stockholder value. His experience encompasses business management, sales and marketing, operations, government relations, internal audit, international finance and accounting, treasury, investor relations, mergers and acquisitions, insurance, cash management, foreign exchange risk management, pension fund administration and banking relations. Together with his Board service experience, the Board believes he is well qualified to continue serving as a member of the Board. Mr. Shular has informed the Company that it is his intention to serve as executive Chairman and a director until December 31, 2014. Mr. Shular holds a Bachelor of Science in business and marketing and an MBA in finance and accounting from the State University of New York at Buffalo. In 1990, Mr. Shular became a certified public accountant in the State of New York.

Information about the number of shares beneficially owned by each of the nominees and current directors appears below under Security Ownership of Management and Certain Beneficial Owners. There are no family relationships among any of the directors and executive officers of GrafTech. For additional information, see Related Person Transactions. None of the nominees named above was selected as a nominee pursuant to any arrangement or understanding between such nominee and any other person.

Director nominees are elected by a plurality of the votes cast by holders of outstanding shares.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE

FOLLOWING NINE DIRECTORS, EACH TO SERVE UNTIL THE NEXT ANNUAL MEETING OF STOCKHOLDERS AND UNTIL HIS OR HER SUCCESSOR HAS BEEN DULY ELECTED AND QUALIFIED: RANDY W. CARSON, MARY B. CRANSTON, JOEL L. HAWTHORNE, HAROLD E. LAYMAN, FERRELL P. MCCLEAN, STEVEN R. SHAWLEY, AND CRAIG S. SHULAR.

THE BOARD OF DIRECTORS

Structure of the Board

Under our by-laws, the Board fixes the size of the Board, so long as the number of directors is not less than three or more than fifteen. The Board currently consists of seven 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. Hawthorne and Mr. Shular, who are GrafTech employees. The Board has approved an increase in the number of directors to nine effective upon the election of directors at the Annual Meeting.

The Board has determined that, to be considered independent, an outside director may not have a material relationship with the Company (directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). 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 received in any 12-month period during the past three years more than $120,000 in direct compensation from the Company (other than director fees and pension or other deferred compensation for prior service), whether the director has in the last three years been a Company employee (or whether a member of the director s immediate family has in the last three years been a GrafTech executive officer), whether the director or a member of the director s immediate family is or has been affiliated with a current or former auditor of GrafTech, and whether the director 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 those set forth in the listing standards of the NYSE.

The Board selects the Chairperson of the Board, or the Chairperson, following each annual meeting of stockholders. It is expected that Mr. Shular will be selected to continue as executive Chairman after the 2014 Annual Meeting until his previously announced departure date of December 31, 2014. Effective January 1, 2015, Ms. Cranston, who is an independent director and who has been our lead director since 2008, is expected to become our Chairperson.

Our Board has established three standing committees, the Audit and Finance Committee, or the Audit Committee, the Nominating and Governance Committee, or the Nominating Committee, and the Organization, Compensation and Pension Committee, or 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 our Governance Guidelines and the 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 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, as required by the committee s charter, and must include an audit committee financial expert within the meaning of the SEC rules. Our Board has determined that the three standing committees currently consist of members who satisfy such requirements.

Board Leadership Structure and Separation of Chair and CEO Roles

Our Board believes it is in the best interests of the Company and its stockholders that the Board make its own determinations, based on all of the then current facts and circumstances, regarding whether to separate the roles of Chairperson and Chief Executive Officer and whether the Chairperson, if not the Chief Executive Officer, should be an independent director. While separation of those roles relates to corporate governance, it also relates to succession planning and our Board believes it is in the best interests of GrafTech and our stockholders for the Board to make a determination with respect to this matter on a case-by-case basis as part of succession planning.

Upon Mr. Shular s appointment as executive Chairman and Mr. Hawthorne s appointment as our Chief Executive Officer in January 2014, the role of Chairperson of the Board and Chief Executive Officer were separated. As noted above, effective January 1, 2015, Ms. Cranston is expected to become our Chairperson, given her broad business, leadership and legal experience as described on page 12. Ms. Cranston has served, and is expected to continue to serve, as our independent presiding or lead director. Her responsibilities as lead director include presiding at all meetings of the Board at which the Chairperson is not present, including executive sessions of the independent directors, serving as a liaison between the Chairperson and the independent directors, reviewing information sent to the Board, consulting on Board meeting agendas and schedules, recommending meetings of the independent directors, and serving as liaison for communications with stockholders, employees and other interested parties (including those who are not stockholders or employees).

The Board believes the current leadership structure is appropriate given the Company s and the Board s current needs.

The Board s Role in Risk Oversight

The Board and its committees are actively involved in overseeing the assessment and management of risk for the Company . The Board receives reports from each committee chair regarding the committee s considerations and actions. The risk oversight process includes receiving regular reports from members of senior management on areas of material risk, including operational, financial, legal and regulatory, and strategic and reputational risks, and on the Company s processes regarding enterprise risk management. Our Governance Guidelines and Nominating Committee Charter provide, among other things, that the Board as a whole should possess as one of its competencies the ability to assess business risk.

Under principles articulated by the NYSE, it is the job of the Chief Executive Officer and senior management to assess and manage our Company s exposure to risk, and our Audit Committee must discuss guidelines and policies to govern the process by which this is handled. The duties of our Audit Committee include, with respect to financial affairs, the identification, assessment and management of financial risks and uncertainties, such as:

- Reviewing with management and the independent registered public accounting firm our financial reporting risk assessment and management policies and practices, including related corporate approval requirements and internal auditing systems, and initiatives to minimize related risks;
- Discussing guidelines and policies to govern the process by which risk assessment and management is undertaken;
- Reviewing with management our compliance with covenants under debt securities and credit facilities;
- Reviewing contingencies that could reasonably be expected to have significant impact on financial performance or condition; and
- Reviewing with the General Counsel all legal matters that could reasonably be expected to have a significant impact on financial condition or performance.

We maintain an internal audit function, which reports directly to the Audit Committee, to provide management and the Audit Committee with ongoing assessments of our risk management processes and system of internal control.

The Audit Committee Charter provides that the duty and responsibility of the Audit Committee and each of its members is one of oversight and neither the Committee nor any of its members has any duty or responsibility to, among other things, guarantee or provide other assurances that there are no financial risks or uncertainties or that such risks or uncertainties have been reduced or eliminated.

Meetings of the Board

Each director is expected to attend Board meetings and the meetings of those committees of the 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 2013, the Board met seven times and each director who was then serving attended at

least 75% of the total number of meetings of the Board and the committees of which he or she was a member. Directors are encouraged, but not required, to attend our annual meetings of stockholders. All of our current directors attended the 2013 annual meeting of stockholders.

Committees of the Board

A description of the functions of each standing committee is set forth below. A list of the members of each standing committee at March 17, 2014 and the number of meetings held in 2013 by each standing committee is also set forth below. All committees have the authority to retain and pay advisors and conduct investigations without further approval of the 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, which is required to be retained by and be responsible directly to the Audit Committee.

Board and Committee Charters

The Board adopted our Governance Guidelines and a written charter for each committee that, at a minimum, are intended to satisfy the listing standards of the NYSE and that are reviewed by the Board annually. Our Governance Guidelines and charters cover such matters as purpose and powers, composition, meetings, procedures, required responsibilities and discretionary activities which the Board or the appropriate committee should periodically consider undertaking. Each committee is authorized to exercise all power of the Board with respect to matters within the scope of its charter.

Our Governance Guidelines and each of the standing committee charters are available on our website at *http://www.graftech.com/CORPORATE-INFO/Corporate-Governance.aspx*. The information contained on our website is not part of this proxy statement.

Our Governance Guidelines and the committee charters are not intended to, and do not, expand or increase the duties, liabilities or responsibilities of any director under any circumstance beyond those that a director would otherwise have under applicable laws, rules and regulations.

Corporate Governance

Our Governance Guidelines provide, 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 Committee simultaneously serves on an audit committee of more than three public companies, our Board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the Audit 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;
- the Board shall meet in regular sessions at least six times annually (including telephonic meetings and the annual retreat described below);
- the 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.

Mr. Hawthorne and Mr. Shular are the only members of management who serve as GrafTech directors. All of our non-management directors are independent under NYSE listing standards. Our independent directors meet in executive session in connection with our regular Board meetings.

Communications with Non-Management Directors

Our Governance Guidelines require the Board, 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, Connecticut 06901, (203) 324-1400 (phone), (203) 327-2669 (fax), and mrbarker@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. Our Code of Conduct and Ethics applies to all employees, including senior executives and financial officers, as well as to 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 website at *http://www.graftech.com/CORPORATE-INFO/Corporate-Governance.aspx*. The information contained on our website is not part of this proxy statement. Only the Board or the Audit 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

The Board recognizes that transactions, in which we participate and in which a related person (executive officer, director, director nominee, five percent or greater stockholder, or an immediate family member of one of the foregoing) 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 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 is addressed by the Compensation Committee).

The Board has adopted a Statement of Policy with respect to related person transactions that is administered by the Audit Committee. The Policy requires approval or ratification by the Audit Committee of any transaction involving the Company and any related person, other than a transaction between the Company and a related person:

- that is available to all employees generally, including compensation and other related benefits resulting from employment with the Company;

- involving less than $5,000 when aggregated annually with all similar transactions;

where the rates or charges involved are determined by competitive bids; or

that is otherwise excluded from reporting under Item 404 of Regulation S-K under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

At least annually, the Audit Committee must approve or disapprove related person transactions. The Statement of Policy provides that the factors to be considered by the Audit Committee may include: (i) whether the terms or conditions of the transaction are generally available to third-parties under similar terms or conditions; (ii) the level of the interest of or benefit to the related person; (iii) the availability of alternative suppliers or customers; (iv) whether the transaction would impair a director s independence or limit a director s ability to serve on any committee of the Board; and (v) the anticipated benefit to the Company.

If advance approval of a transaction is not feasible, the transaction will be considered for ratification by the Audit Committee. If a transaction relates to a member of the Audit Committee, that member will not participate in the Audit Committee s deliberations. In addition, the Audit Committee chair (provided he or she is not recused) or, if the chair is recused, another member of the Audit Committee, may pre-approve or ratify any related person transactions involving up to $100,000.

We also require each executive officer and director to annually provide us with 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 Nominating Committee and Audit Committee review our disclosure of related party transactions, both on an as needed basis and on an annual basis in connection with the preparation of our annual report and proxy statement.

Nathan Milikowsky served as a director of GrafTech through May 13, 2013. Mr. Milikowsky, certain members of his immediate family and certain entities in which he and members of his immediate family have interests were substantial equity owners of Seadrift and C/G prior to the acquisitions of those entities by the Company in November 2010. In connection with those acquisitions, Mr. Milikowsky, his immediate family members and those entities received a portion of the aggregate consideration paid to the equity holders of Seadrift and C/G, which was comprised of shares of common stock, cash and non-interest bearing senior subordinated notes due 2015 (the Senior Notes). Because the Senior Notes are non-interest bearing, they are subject to imputed interest each year, or interest that is considered by the IRS to have been paid for tax purposes pursuant to the Internal Revenue Code of 1986, as amended, or the Code. The Senior Notes held by Mr. Milikowsky, the members of his immediate family and those entities were subject to approximately $11.5 million of imputed interest in 2013.

Until November 30, 2013, Mr. Shawley, one of our directors, was an executive officer of Ingersoll Rand, a global diversified industrial firm with approximately $14 billion in annual sales and that, among other things, provides machinery and equipment of the type used in our business. As such, we have treated transactions with Ingersoll Rand under our Statement of Policy described above. In 2013, we purchased approximately $187,000 of products from Ingersoll Rand not otherwise excluded from the reporting provisions of Item 404 of Regulation S-K. The substantial majority of such purchases were for equipment and parts for a customized machine originally purchased from Ingersoll Rand prior to Mr. Shawley s joining our Board. While the majority of the expenditures for such purchases were made after Mr. Shawley retired from Ingersoll Rand, our Audit Committee (with Mr. Shawley recusing himself) reviewed and ratified such purchases and concluded that there was no conflict of interest.

Compensation Consultant

As described under Compensation of Executive Officers and Directors Compensation Discussion and Analysis below, our Compensation Committee engaged Mercer (US) Inc., or Mercer, as its compensation consultant. The total amount of fees paid to Mercer for 2013 for executive compensation consulting services provided to the Compensation Committee was approximately $140,000. Mercer Limited (United Kingdom) provided non-executive compensation related actuarial services to the trustees of a closed UK pension plan and Mercer provided other non-executive compensation services for surveys, retirement plan calculations and actuarial services in Mexico, France and the United States, and received an aggregate of approximately $185,000 for such services. Our management and, as to the UK pension plan, its trustees made the decision to engage Mercer and its affiliates for these non- executive compensation related services. Both the executive compensation consulting services and the non-executive compensation actuarial and administrative services were approved in accordance with applicable Company policies.

COMMITTEES OF THE BOARD

Audit and Finance Committee

The Audit Committee assists the Board in discharging and performing its duties and responsibilities with respect to the financial affairs of the Company. Without limiting the scope of such activities, the Audit Committee has authority and responsibility to:

- 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 audit and the independent registered public accounting firm, the audit report and related management letter, any audit problems, questions or difficulties, the disposition of all audit adjustments, and all significant financial reporting issues and judgments and management s responses 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 generally accepted accounting principles 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 sessions to discuss any matters that any of them believe should be discussed privately;
- assess the adequacy of codes of conduct, including codes relating to business integrity, ethics and 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;
- direct the establishment of procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- review and approve the Company s decisions to enter into swaps and other derivatives and hedging transactions, and review and discuss with management applicable policies governing the use of swaps subject to the end-user exception.

No member of the Audit Committee serves as a member of an audit or similar committee of more than three public companies.

Organization, Compensation and Pension Committee

The Compensation Committee assists the Board in discharging and performing its duties and responsibilities with respect to management compensation and succession planning, employee benefits and director compensation. To the extent that the Compensation Committee deems appropriate or desirable, it may appoint one or more subcommittees and delegate to any such subcommittee 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 has authority and responsibility to:

- review and approve annually the goals and objectives relevant to compensation of the Chief Executive Officer, evaluate the Chief Executive Officer s performance in light of those goals and objectives, and set the Chief Executive Officer s compensation based on such evaluation;
- review and evaluate annually the compensation (including incentive compensation) for other executive officers and review the compensation of other members of senior management and other employees generally and determine compensation for directors;
- assess 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 such other programs as may be designated by the Board;
- assess whether compensation programs present unreasonable risks;
- be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant , legal counsel or other advisor (only after taking into consideration all factors relevant to their independence) retained by the Committee; and
- review the Compensation Discussion and Analysis for inclusion in our proxy statement.

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

Nominating and Governance Committee

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

- review candidates for nomination for election as directors submitted by directors, officers, employees, stockholders and others;
- review at least annually the current directors of our Board to determine whether such individuals are independent under the listing standards of the NYSE and applicable SEC rules; and
- review and report to the Board on a periodic basis with regard to matters of corporate responsibility, diversity and sustainability performance, including trends and impacts to our business of environmental, social and governance issues.

The Nominating Committee annually assesses the composition of our Board and its standing committees to determine whether they comply with requirements under our Governance Guidelines and committee charters, SEC rules, NYSE listing standards and applicable laws, and possess the core competencies, skills, qualifications and characteristics described above (see Director Qualifications). In addition, the Nominating Committee undertakes succession and other planning as to the future needs of the Company. The Nominating 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, retained search firms, and other parties with whom 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 Nominating Committee determines that a relatively near term need exists and if, following a preliminary review, the Nominating Committee believes that an individual may strengthen the core competencies and possess the skills, qualifications and characteristics described above, the Nominating Committee will contact the individual to ascertain his or her interest in serving us and obtain further information about and insight as to such individual. In connection therewith, the Nominating Committee typically reviews detailed resumes and reports, contacts references, conducts in-depth interviews and undertakes in-depth searches of public information. Based thereon and on the Nominating Committee s evaluation of other potential nominees and the Company s needs, the Nominating Committee determines whether to recommend nomination of the individual for election as a director.

There are no material differences in the manner in which the Nominating Committee evaluates nominees for election as a director whether recommended by a stockholder or otherwise recommended or known to the Nominating Committee. To submit a nominee for election as a director for consideration by the Nominating Committee, a stockholder must submit a written notice to that effect to our Secretary at our corporate headquarters. Any such notice must comply with the requirements under our by-laws and applicable laws. See Other Information When Are Stockholder Proposals for the 2015 Annual Meeting Due and What Information is Required for Stockholder Proposals and Nominations.

Board Committee Membership Roster as of March 28, 2014

Name	**Audit and Finance**	**Organization, Compensation and Pension**	**Nominating and Governance**
Randy W. Carson		x*	x
Mary B. Cranston		x	x
Harold E. Layman (1)	x	x	
Ferrell P. McClean (1)	x		x*
Steven R. Shawley (1)	x*		
Number of meetings in 2013	**5**	**5**	**2**

* Committee Chairperson.

(1) Messrs. Shawley and Layman and Ms. McClean have each been designated by our Board as an audit committee financial expert within the meaning of the SEC rules under the Sarbanes-Oxley Act of 2002.

Compensation Committee Interlocks and Insider Participation

None of Randy W. Carson, Mary B. Cranston or Harold E. Layman, the members of the Compensation Committee, served as an officer or employee of GrafTech or any of its subsidiaries at any time during or prior to 2013. During 2013, no executive officer of GrafTech served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, an executive officer of which served as a director or member of the Compensation Committee.

AUDIT AND FINANCE COMMITTEE REPORT

The Audit Committee reviews GrafTech s financial reporting process on behalf of the Board. Management has the primary responsibility for establishing and maintaining adequate internal financial controls, for preparing the financial statements and for the public reporting process. PricewaterhouseCoopers LLP, or PwC, the Company s independent registered public accounting firm for 2013, was responsible for expressing opinions on the conformity of the Company s audited financial statements with generally accepted accounting principles and on the Company s internal control over financial reporting.

In this context, the Audit Committee has reviewed and discussed with management and PwC the audited financial statements for the year ended December 31, 2013 and PwC s evaluation of the Company s internal control over financial reporting. The Audit Committee has discussed with PwC the matters that are required to be discussed by the Public Company Accounting Oversight Board s Auditing Standard No. 16. PwC has provided to the Audit Committee the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered accounting firm s communications with an audit committee concerning independence, and the Audit Committee has discussed with PwC that firm s independence. The Audit Committee has concluded that PwC s provision of audit and non-audit services to the Company is compatible with PwC s independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements for the year ended December 31, 2013 be included in our Annual Report on Form 10-K for 2013 for filing with the SEC. This report is provided by the following independent directors, who comprise the Audit Committee:

AUDIT AND FINANCE COMMITTEE

Steven R. Shawley, Chairman

Ferrell P. McClean

Harold E. Layman

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

We have designed a compensation program for the named executive officers of GrafTech that is driven by our strategic goals and the primary principle of pay for performance. This section of the proxy describes the executive compensation program and explains the compensation policies and decisions of the Compensation Committee with respect to our named executive officers. The compensation program for this group primarily consists of a base salary, cash incentive awards and equity awards.

During 2013, the named executive officers were:

- Craig S. Shular, Chairman, President and Chief Executive Officer;
- Joel L. Hawthorne, Vice President, President Engineered Solutions;
- Erick R. Asmussen, Vice President and Chief Financial Officer, beginning September 6, 2013;
- Lindon G. Robertson, former Vice President and Chief Financial Officer, until September 5, 2013;
- Petrus J. Barnard, Vice President, President Industrial Materials; and
- John D. Moran, Vice President, General Counsel and Secretary.

Executive Summary

Compensation Framework

We provide an executive compensation program that is focused on promoting performance and maximizing long-term stockholder value. The design and operation of the program reflect the following objectives:

- driving long-term financial and operational performance that will deliver value to our stockholders including through incentives that drive return based performance, propel growth, and increase stockholder value;
- attracting and retaining talented executive leadership;
- providing competitive pay opportunities relative to the executive s position in the relevant market and within the Company;
- motivating executives to achieve or exceed Company and individual performance goals that are established at a high standard; and
- aligning the interests of our executives with those of our stockholders by encouraging equity ownership.

Our executive compensation program emphasizes pay for performance through annual cash incentive and long-term incentive programs, which collectively are the majority of our named executive officers targeted annual compensation. The annual incentive plan and a substantial portion of our long-term incentive plan only provide value if specific financial and performance goals that require diligent management focus and significant effort are achieved, including long-term incentives that our relative EPS growth performance equals or exceeds the performance of our Performance Peer Group described below. In addition, our executives also receive base salaries set by competitive market data, individual performance and other factors, as well as retirement savings and other limited benefits.

Performance Summary

Over the past decade, we have accomplished a significant transformation. Our management team has responded to challenging economic conditions by focusing on strong performance, optimization of our capital structure, financial flexibility, and building a low cost, global business model. Our business model is focused on maximizing sustainable competitive advantages.

Despite the challenges faced in 2013, primarily in a difficult market environment in our Industrial Materials segment, we made progress as we navigated through a cyclically low period in our industry, including several strategic decisions that allowed us to significantly improve our cost structure and enhance our global competitiveness. In our Engineered Solutions segment, we continued to provide innovative graphite solutions, which helped us achieve 16 percent growth and record sales. In response to difficult market conditions, we decreased headcount, froze salaries, and reduced discretionary expenses, working capital and planned capital expenditures.

Summary of key actions we took in 2013:

- Announced global initiatives to significantly improve GrafTech s competitive position to drive operating efficiencies, global competitiveness and shareholder value, primarily in our Industrial Materials segment.

- Reduced selling and administrative expense by 18 percent (adjusted for pension accounting) from prior year.

- Implemented LEAN and procurement initiatives in 2013 expected to generate savings of $20 million or more in 2014.

- Reduced working capital by $32 million compared to the prior year, primarily driven by decreases in inventory and accounts receivable.

- Generated net cash provided by operating activities of $117 million versus $101 million in 2012.

- Lowered capital expenditures by $41 million compared to 2012.

We have built an advantaged, backward integrated, low-cost business model supported by a solid capital structure, which we believe positions us well to capitalize on future growth opportunities.

Since November 2010, we have completed four acquisitions in both our Industrial Materials and Engineered Solutions business segments, furthering our strategic goals of continued and sustainable growth. We are expanding our Engineered Solutions segment into new growth markets and achieved a record $257 million of segment sales in 2013, an increase of 16 percent year-over-year. We have been awarded seven R&D 100 Awards in the last 11 years and are leveraging our portfolio of approximately 723 patents.

We have also returned significant capital to shareholders. From December 2011 through July 2012 we bought back 8.2% of our outstanding shares. We also announced a new 10 million share buyback program in July 2012. We have built a strong balance sheet and achieved nine straight years of positive operating cash flow generating an aggregate of over $1.1 billion.

Summary Analysis of Competitive Levels of Pay, Dilution, and Stock Ownership Guidelines

In its 2013 review of the compensation levels of our named executive officers and use of our stock as incentives, Mercer, the Compensation Committee s independent compensation consultant, concluded that:

- in the aggregate, our base salary levels and target total cash compensation are at approximate market median levels compared to our Compensation Peer Group, although some variability exists from position to position;

- total direct compensation opportunities for the named executive officers are competitive with market levels at 92% of the market median, compared to 95% in the prior year s analysis; we generally consider compensation to be competitive if it falls within a range of 90% to 110% of the market median for base salary and total target cash compensation and 85% to 115% for total direct compensation;

our dilution and run rate levels are appropriate versus the Compensation Peer Group with both at or below the 25th percentile; and our named executive officers currently comply with applicable ownership guidelines we have in place and those ownership guidelines are generally aligned with Compensation Peer Group levels.

2013 Compensation Decisions

The following highlight the Compensation Committee s key compensation decisions for 2013:

As a countermeasure to address the difficult global economic conditions we faced in 2013, management recommended, and the Board and the Compensation Committee determined to make, no upward adjustments to the named executive officers salaries in 2013. This is the second consecutive year that no such upward adjustments have been made.

We established stretch goals for our 2013 annual ICP bonus program that were approved by the Compensation Committee and the Board February 2013. At management s recommendation, the Compensation Committee approved an annual bonus program for 2013 under which payouts upon achievement of target under the annual business plans would be at a 0.5 times targeted compensation level instead of the 1.0 times targeted compensation level as has been historically used. Correspondingly, threshold payout was reduced from 50% to 25%. This recommendation was based on the challenging economic environment the Company was facing and in recognition that the annual business plan targets were lower than actual 2012 results. The Compensation Committee also approved management s recommendation of a 0.25 payout for achievement of threshold performance to reflect the global economic volatility and intent to avoid circumstances where it becomes clear early in the year that payout may be doubtful due to economic conditions. Our 2013 performance resulted in no payouts for the named executive officers, other than for Mr. Hawthorne whose bonus was based in part on the performance measures of the Engineered Solutions segment.

In connection with equity awards granted in 2013, the Board and the Compensation Committee, with the assistance of Mercer, reviewed current incentive pay practices, analyzed survey data, and took into consideration feedback from institutional investors. Incentive compensation programs continue to emphasize our objectives of return based performance, propelling growth, and increasing stockholder value. To promote management s continued alignment with our stockholders interests, the Board and the Compensation Committee granted awards that placed substantial weight on pay for performance:

awards granted to our named executive officers in November 2012 and November 2013 included a mix of stock options (20%), restricted stock units (30%) and performance share units (50%). By comparison, in each of 2011 and 2010, awards to our named executive officers included a mix of stock options (30%), restricted stock units (30%) and performance share units (40%);

performance measures for awards granted in 2013 were based on EPS growth (40%) measured against our Performance Peer Group and ROIC (60%). Performance measures for awards granted in 2012 were based on ROIC (60%) and EPS growth (40%) measured against our Performance Peer Group. By comparison, performance measures under performance share unit awards granted in 2011 were based on Revenue (40%) and EBITDA (60%) growth over the three-year period measured against our Performance Peer Group;

we adopted performance measures we used for our 2013 and 2014 ICP/annual bonus program based on EBIT/Operating Income (50%) and Free Cash Flow (50%). By comparison, our 2012 annual incentive program s performance measures were based on EBITDA (75%) and operating cash flow (25%).

2013 Stockholder Vote on Executive Compensation

At the 2013 annual meeting of stockholders, in connection with a non-binding advisory vote by stockholders, our executive compensation was approved by 82% of the votes cast.

Reaction to Shareholder Say on Pay Vote

In connection with reviewing our executive compensation programs for 2014, the Compensation Committee considered the favorable results of the advisory votes from our 2012 and 2013 annual meetings of stockholders, as well as feedback from institutional investors. Taking those considerations into account, to emphasize our objectives of return based performance, propelling growth, and increasing stockholder value, and to further align management s interests with our stockholders interests, the Board and the Compensation Committee made the changes in the performance measures for performance share units and ICP/annual bonus program described under 2013 Compensation Decisions above. Beginning with equity grants awarded in November 2012, the performance measures of our performance share units were changed to ROIC and EPS growth measured against our Performance Peer Group because the Compensation Committee believes that ROIC and EPS are a more comprehensive measure of the Company s performance since, among other things, the full impact of acquisitions and capital allocation decisions are reflected in those performance measures. In 2013, to put a greater emphasis on improving growth in our ROIC rates, the ROIC measure was modified to establish an absolute target rather than a relative measure against the Performance Peer Group. The 2013 ICP performance measures were changed to EBIT (50%) and Free Cash Flow (50%). The 2014 ICP performance measures have been changed to Operating Income (50%) and Free Cash Flow (50%). The Compensation Committee believes EBIT and Operating Income are both widely accepted methods of measuring profitability and Free Cash Flow is directly linked to key operating activities that impact financial stability.

Beginning with equity awards granted in 2012, the Board and the Compensation Committee also made the changes in the mix of awards and in the performance measures for the performance share units described above to place further emphasis on pay for performance and focus the management team on returns to shareholders. The Committee put a heavier weight on the performance share unit component of the equity award to reflect that pay for performance is a key element of our compensation philosophy and having more pay at risk further motivates the GrafTech team to excel in its performance.

The Compensation Committee will continue to focus on responsible executive compensation practices that attract, motivate and retain high performance executives, that reward those executives for the achievement of short-term and long-term performance, that support our other executive compensation objectives, including long-term career development and retention goals, drive return based performance, propel growth, and increase stockholder value, and that take into consideration feedback from our investors.

Executive Compensation Philosophy and Approach

Our stated philosophy is to provide market competitive pay for achieving targeted results. We target named executive officer total direct compensation packages that are competitive against the median compensation for equivalent positions with other global corporations of comparable size and complexity that comprise our Compensation Peer Group described below under Peer Groups *Compensation Peer Group.* We believe that a median target provides a sufficiently competitive compensation opportunity to attract, retain and motivate our executives in a manner that enhances stockholder value. We also emphasize a pay-for-performance approach and structure our compensation program so that a significant proportion of total compensation is variable in the form of annual and long-term performance-based incentive compensation. The majority of the annual total direct compensation opportunity of our current named executive officers is at risk as illustrated (based on 2014 base salaries and incentive targets) by the following table:

Total Targeted Direct Compensation

	Salary	ICP	LTIP	
Craig S. Shular	19%	19%	62%	100%
Joel L. Hawthorne	19%	19%	62%	100%
Erick R. Asmussen	32%	21%	47%	100%
Petrus J. Barnard	32%	21%	47%	100%
John D. Moran	35%	20%	45%	100%

Our performance measures are set at target levels that are expected to be achieved, but represent a level of difficulty that requires diligent management focus and attention and does not ensure value if our stretch performance objectives are not attained. Our named executive officers are required to devote significant effort and produce significant results to attain payment for performance at, or above, our goals. Annual incentives include business unit objectives for positions that require the management of business units and corporate objectives for other positions.

We also evaluate individual performance based on pre-established criteria, which we use in establishing base salary levels and for making negative adjustments to annual incentive awards. A portion of our long-term incentive opportunities are equity awards that realize value based on performance over a designated period. We believe that these criteria align the interests of our named executive officers with the interests of GrafTech and its stockholders and that achievement of the criteria will enhance stockholder value. Specifically, the Compensation Committee reviews: the competitiveness of the current compensation levels of our named executive officers; our pay and performance relative to those of our peer organizations; typical market practices surrounding short- and long- term incentive programs; dilution and run-rate levels at GrafTech and our peer organizations; and our share ownership guidelines compared to peers.

We encourage retention and long-term value creation by offering long-term incentives that can be earned or vested over several years as well as a competitive package of benefits. In order to align our key executives interests with those of our stockholders, we grant equity interests and encourage ongoing stock retention by our named executive officers, all of whom are subject to minimum ownership guidelines.

The Compensation Committee reviews the following compensation elements for each named executive officer: base salary; annual and long-term incentive compensation levels; retirement; health, life, and disability insurance; and vacation. The Compensation Committee considers each individual named executive officer s level and complexity of responsibility, experience and skills, and performance in his or her position over time in considering changes to that named executive officer s total compensation opportunity. Our management provides the Compensation Committee with tally sheets that include an analysis of the total compensation paid to, and other information with respect to, each named executive officer and information concerning the performance of such named executive officer. The tally sheets are used to benchmark the named executives compensation against the Compensation Peer Group. Together with evaluations of the executives performance, the tally sheets are also used to develop recommended compensation actions for changes in base salaries and alignment of annual and long-term incentive grant levels. In determining each named executive officer s compensation package, the Compensation Committee reviews management s recommendations, considers how each element of compensation as well as the total compensation package compare with the market median for the named executive officer, the named executive officer s performance and the Company s internal pay equities. Chief Executive Officer compensation is determined by the Compensation Committee in consultation with Mercer.

Compensation Consultant

The Compensation Committee followed a careful selection process before it retained Mercer in 2009 as its third-party consultant on executive compensation matters to serve at the sole pleasure of the Compensation Committee and work with the Committee and management on the organization, strategy, structure and effectiveness of our executive compensation program. After each candidate had an opportunity to review our executive compensation plans, analyze compensation data, and conduct interviews with our named executive officers and members of the Compensation Committee, they provided a pay-for-performance analysis of our compensation program along with their recommendations with respect to the overall design of our executive compensation program.

The Compensation Committee has engaged Mercer each year since 2009. Mercer has assisted the Compensation Committee in its process of reviewing the peer group of companies used to benchmark pay practices and the peer group against which our long-term performance incentives are measured, reviewing the compensation programs of members of the peer groups and making recommendations and providing detailed analysis of, and advice with respect to, the compensation of our named executive officers and the overall effectiveness of our executive compensation program, as described in more detail below.

In connection with the Compensation Committee s most recent engagement of Mercer for compensation advisory services, and in accordance with the rules issued under the Dodd-Frank Act, each of the following independence factors was considered:

- The provision of other services to the Company by Mercer and its affiliates;
- The amount of fees received from the Company by Mercer and its affiliates, as a percentage of it and its parent company s consolidated total revenue;
- The policies and procedures adopted by Mercer and its affiliates that are designed to prevent conflicts of interest;
- Any business or personal relationship of our Mercer consultants with a member of the Compensation Committee;
- Mercer and our Mercer consultants ownership of the Company s stock; and
- Any business or personal relationships between the Company s executive officers and our Mercer consultants, Mercer, and Mercer s parent company.

The Compensation Committee concluded that there was no conflict of interest associated with its engagement of Mercer.

Peer Groups

When determining an executive s overall compensation package, the different elements of compensation are considered in light of the compensation packages provided to similarly situated executives at comparable companies, which we refer to as our Compensation Peer Group , as well as the role the executive is expected, and should be able, to play in achieving our short- and long-term goals. The Compensation Peer Group and Performance Peer Group have been constructed to include organizations of comparable size, revenue, assets, employees, market capitalization, complexity, business focus and geographical scope.

Compensation Peer Group

The Compensation Peer Group currently consists of 18 publicly-traded companies in industries similar or related to our own and with revenues comparable to our historical revenue level. Our Compensation Peer Group is adjusted from time to time to reflect the impact of mergers, acquisitions, or other significant events to ensure the reference companies continue to meet the established criteria for comparison.

In 2013, we made changes to more closely align the Compensation Peer Group with GrafTech s size and to help ensure that our Compensation Peer Group is appropriate for benchmarking our executive compensation as well as comprising a meaningful component of our Performance Peer Group. Accordingly, we removed from the Compensation Peer Group certain larger companies (AMETEK, Inc., Hubbell Incorporated, Pentair, Inc. Roper Industries, Inc., and Valmont Industries, Inc.) to bring the desired range of peer company revenues to 50% to 200% of GrafTech s annual revenues. We added three new companies and moved five companies, from the additional companies that were previously only included in our Performance Peer Group, to our Compensation Peer Group. These new members meet the established criteria of the Compensation Peer Group.

The 2012 median revenue of the Compensation Peer Group was $1.5 billion (based on revenues reported in each company s annual report on Form 10-K) compared to our 2012 revenue of $1.2 billion. The 2013 Compensation Peer Group consisted of the following:

Acuity Brands, Inc.**	IDEX Corporation
Actuant Corporation **	Materion Corporation
Amkor Technology, Inc.	MKS Instruments, Inc.
Belden Inc.*	Nordson Corporation
Carpenter Technology Corporation	Polypore International, Inc.**
Encore Wire Corporation**	Powell Industries, Inc.**
Enersys*	Watts Water Technologies, Inc.*
Ferro Corporation	Woodward Inc.
Franklin Electric Co, Inc.	
Hexcel Corporation	

* Added to Compensation Peer Group.
** Moved from Performance Peer Group additional companies to Compensation Peer Group.

Performance Peer Group

In 2009, we adopted an expanded peer group against which to measure our long-term incentive plan performance and which we refer to as our Performance Peer Group. Our Performance Peer Group is comprised of our Compensation Peer Group plus 11 additional companies that are primarily engaged in the design, manufacture, and supply of electrical equipment. While the majority of our revenue is derived from our Industrial Materials segment, which sells products for applications in the steel and various other ferrous and nonferrous metals industries, upon consultation with Mercer, we reviewed and selected additional peer group companies for inclusion in our Performance Peer Group that are more aspirational in the sense that their performance generally has been or, we believe, is anticipated to be superior to the steel and metals industries. We also believe a larger Performance Peer Group eliminates some of the outliers in terms of extreme positive or negative performance.

The identity of the additional companies included in our Performance Peer Group is adjusted from time to time to reflect the impact of mergers, acquisitions, or other significant events to ensure the reference companies continue to meet the established criteria for comparison. As noted above under Compensation Peer Group, in 2013, we moved five companies, from the additional companies that were previously only included in our Performance Peer Group, to our Compensation Peer Group. In addition to the peers included in our Compensation Peer Group, the Performance Peer Group includes the following 11 companies in the electrical equipment industry with 2012 revenues ranging from approximately $821 million to $3.4 billion:

A. O. Smith Corporation	First Solar Inc.
Barnes Group Inc.	International Wire Group, Inc.
Brady Corporation	Mueller Water Products, Inc.
Crane Co.	Regal-Beloit Corporation
Donaldson Company Inc.	SunPower Corporation
Entegris, Inc.	

Structure of Executive Compensation Program

Components

We believe that our executive compensation program, each element alone and in total, effectively achieves our objectives. The primary elements of our executive compensation program, which are key to the attraction, retention and motivation of our named executive officers, are shown in the following table.

Element	Objective	Key Features
Base Salary	Values the competencies, skills, experience and performance of individual executives. Attracts and retains executive talent by providing a fixed level of compensation that is financially stable and not at risk.	Targeted at the median of our Compensation Peer Group, since we strive to have the majority of executive officer pay at risk and tied to Company performance.
Executive Incentive Compensation Plan (Executive Plan or ICP)	Provides competitive incentives to executive officers by having a portion of their annual compensation dependent upon annual performance and at risk. Motivates and rewards executives for the achievement of targeted financial and strategic operational goals.	Our annual bonus plan, which provides for annual awards targeted at market median, which may be paid in cash, common stock, or a combination of cash and common stock based upon the attainment and certification of certain performance measures established by the Compensation Committee over the applicable performance period. Amounts earned will vary, based on actual results achieved. For 2013, the performance measures were EBIT (50%) and Free Cash Flow (50%). For 2014, the performance measures have been changed to Operating Income (50%) and Free Cash Flow (50%).

Element	Objective	Key Features
2005 Equity Incentive Plan (Equity Incentive Plan, 2005 Plan or LTIP)	Retain executive officers and align their interests with those of stockholders. Motivate and reward executives for the achievement of long-term financial goals and creation of stockholder value.	Awards targeted at market median award levels. Grants in 2013 included a mix of time-based awards that vest ratably over, or at the end of, a three-year period and performance-based awards: stock options, restricted stock units, and performance share units. For 2013 performance share unit awards, our performance will be based on EPS growth (40%) measured against the Performance Peer Group and ROIC improvement (60%) over the three- year performance period.
Retirement Savings Plan	Provide competitive market-based retirement savings benefits in a tax- efficient manner.	Broad-based plan under which we make matching contributions that vary, based on the employee s contribution, on eligible earnings up to the Code limit of $260,000 for 2014.
Compensation Deferral Plan	Provides savings in a tax-efficient manner.	Matching contributions that are comparable to the Retirement Savings Plan on eligible earnings in excess of the Code limit of $260,000 for 2014.
Health, Welfare, and Other Benefits	Attract and retain key executives by providing competitive health, welfare and other benefits.	Generally, benefits are made available to executive officers on the same basis as benefits are made available to other eligible employees.

Performance measure definitions

For purposes of our incentive compensation plans:

EBIT means earnings before interest and taxes;

EBITDA means EBIT before depreciation and amortization;

EPS means earnings per share;

Free Cash Flow means cash flow from operations after capital expenditures;

Operating Income means net sales less cost of sales, research and development costs, and selling and administrative costs; and

ROIC means return on invested capital.

The foregoing definitions are subject to and qualified by reference to the calculation methods set forth in the applicable plan, Compensation Committee minutes and related documents. Our calculation methods for these performance measures provide for certain adjustments to the foregoing definitions including the inclusion or exclusion of certain special items not specifically mentioned above, which may differ from performance period to performance period.

Base Salaries

We provide base salaries to our named executive officers that we believe are competitive to attract and retain key executive talent and to provide a compensation component that is financially stable. Base salaries for our named executive officers are targeted at the market median of the Compensation Peer Group, with individual variations based on job scope, tenure, promotions, retention risks, and performance. Base salaries also form the basis for calculating other compensation opportunities for our named executive officers. For example, an executive s base salary is used to determine each executive officer s annual and long-term incentive opportunity levels and is included in the formula for calculating severance benefits in the event of termination of the executive s employment in connection with a change in control.

Year-to-Year Base Rate Annualized Salary Changes

In 2013, the Compensation Committee, with assistance from Mercer, assessed the competitiveness of the base salaries of our named executive officers. Mercer provided the Compensation Committee with a detailed analysis of their executive compensation review of our named executive officers. This executive compensation review and analysis showed that, although several of our named executive officers base salaries were below market median, in the aggregate our named executive officers base salary levels approximate market median levels. Mercer generally considers base salary and total cash compensation to be competitive if it falls within a range of 90% to 110% of the market median for base salary. As noted above, for the second consecutive year, in light of the challenging economic environment and at management s recommendation, the Compensation Committee decided not to provide any salary increases in 2013 for our named executive officers.

Short-Term Incentives through the Executive Incentive Compensation Plan

The purpose of the Executive Incentive Compensation Plan, or the ICP or annual ICP, is to provide competitive incentives to executive officers by having a portion of their annual compensation dependent upon annual performance and to motivate and reward executives for the achievement of targeted financial and operational goals that create stockholder value.

Under the annual ICP, payments may be made in cash or stock or a combination thereof, assuming applicable performance measures are achieved and individual criteria satisfied.

Based on 2013 performance, no bonuses were paid to our named executive officers other than to Mr. Hawthorne, whose incentive was based in part on the performance measures of the Engineered Solutions segment.

Named Executive Officer	**Threshold($)**	**Target($)**	**Maximum($)**	**Actual($)**	**Actual as % of Target**
Craig S. Shular	200,000	800,000	1,920,000		0%
Joel L. Hawthorne	48,750	195,000	468,000	22,230	11.4%
Erick R. Asmussen (1)	61,000	244,000	512,000		0%
Lindon G. Robertson (1)	65,000	260,000	624,000		0%
Petrus J. Barnard	62,500	250,000	600,000		0%
John D. Moran	44,000	176,000	422,400		0%

(1) The ICP threshold, target, and maximum figures for Messrs. Robertson and Asmussen are based upon full year award opportunity for their position as a named executive officer. Actual awards, if any, are prorated based upon their time in job and reflect the extent to which payout is made with respect to each individual performance measure.

Our performance measures for our annual ICP are set at target levels that are expected to be achievable, but represent a level of difficulty that requires diligent management focus and attention and does not ensure value if our stretch performance objectives are not attained. For 2013 the threshold payout opportunity was lowered from 50% of target to 25% of target. Threshold, target and maximum amounts represent the sum of the threshold, target and maximum amounts of each respective performance measure, which for 2013 were EBIT (50%) and Free Cash Flow (50%). We intend that our named executive officers are required to devote significant effort and produce meaningful results to attain payment for performance at, or above, our goals. Annual incentives include business unit objectives for positions that require the management of business units and corporate objectives for other positions.

ICP Target Opportunities

Annual incentive award targets for our named executive officers are established to drive achievement of stockholder return objectives. The Compensation Committee aims for total cash compensation to be at market median levels. Based on Mercer s benchmarking analysis against the Compensation Peer Group, the target level for 2013 ICP was set at an amount between 55% and 100% of a named executive officer s actual base salary. For 2014, the percentages of compensation target levels are the same as in 2013.

ICP Performance Measures for 2013

The performance measures for 2013 were EBIT and Free Cash Flow. We believed that by achieving profitability objectives and maximizing our cash flows, we would deliver enhanced financial performance and return on shareholder value and be in the best position to capitalize on growth opportunities. We identified these performance measures as key elements in our business strategy to drive profitable growth, and, accordingly, based 2013 awards under the ICP on the level of their achievement.

Annual bonuses under our ICP were earned with respect to the 2013 performance of our Engineered Solutions segment based on its Free Cash Flow, which was above the threshold level. The 2013 incentive targets for Messrs. Shular, Asmussen, Robertson and Moran were based on our total company threshold, target and maximum performance measures. The 2013 incentive targets for Messrs. Barnard and Hawthorne were based 40% on total company results and 60% on their respective operating segment results.

Company-as-a-Whole Performance Measures	**Weight (%)**	**Threshold**	**Target($) (in millions)**	**Maximum**	**Actual**
EBIT	50	64	104	144	49
Free Cash Flow	50	20	53	85	15
Total	100				

ICP Performance Measures for 2014

For 2014, Mercer recommended, and the Compensation Committee approved, performance measures that correlate with our continued focus on growth. Accordingly, the ICP performance measures for the 2014 performance period will be based on Operating Income (50%) and Free Cash Flow (50%). We believe that Operating Income is a generally accepted method of measuring operational profitability. Management uses Operating Income as well as other financial measures in connection with its decision-making activities. We believe that generation of Free Cash Flow is directly linked to key operating activities that impact financial stability and allow a company to pursue opportunities that enhance shareholder value. We believe that these measures are key elements in our business plan to drive profitable growth in order to create additional shareholder value in coming years.

The maximum amount payable is based on 240% of the named executive officer s targeted bonus. The Compensation Committee may make downward adjustments from 240% to 0% of the named executive officer s targeted incentive, based on the achievement of performance measures, individual performance, and other factors that the Compensation Committee deems relevant in determining the amount payable.

In addition, we subjectively consider the following attributes on an individual basis to determine whether any awards should be adjusted downward, which adjustment would be permissible and still allow the awards to not be subject to the limitation on deductibility under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code:

- contribution to the generation of free cash flow and achievement of stated annual objectives;
- excellence in our core competencies customer focus, drive for results, ethics, values and peer relationships;
- delivery on business plan commitments;
- adaptability to change;
- commitment to continuous improvement and our guiding principles;
- efficiency and effectiveness of execution;
- health, safety, and environment excellence safety statistic performance and follow through on applicable audit action plans;
- leadership demonstrates strong leadership and seizes opportunities to lead;
- Sarbanes-Oxley compliance;
- teamwork;
- active participation in LEAN/six sigma and continuous improvement activities; and
- special accomplishments and strong initiative.

Long-Term Incentives through Management Stock Ownership

We believe that compensation in the form of stock-based awards helps create a culture focused on long-term stockholder value.

Our Equity Incentive Plan is designed to:

- provide rewards for the achievement of financial and strategic goals and stockholder value, including through incentives that drive return based performance, propel growth, and increase stockholder value;
- encourage retention of our top performers;

- reward our top leaders those who have the ability to make a material difference in our Company; and

- align management s interests with those of our stockholders by aligning rewards with growth in stockholder value.

Awards granted to our named executive officers are determined based on their levels of responsibility, ability to make a positive impact on GrafTech, current or new positions, current base salaries, and salaries and other compensation offered by other similarly situated companies for individuals in equivalent positions. These awards are consistent with our pay-for-performance principles because they are designed to focus the attention of executives on strategic and performance goals spanning more than the current year, and to align the interest of executives with our goal of creating long-term stockholder value. The primary difference between units versus shares is that units represent a promise to pay, provide tax efficiencies for international employees, and do not carry the right to vote or receive dividends.

Our Compensation Committee has adopted a practice of granting equity incentive awards to our named executive officers and other members of our global management team at the Committee s last meeting of the year, the date of which was established in the preceding calendar year. We have adopted a portfolio approach to equity, as recommended by Mercer, that is consistent with practices within our Compensation Peer Group. This approach includes a mix of (i) time-based stock options, (ii) time-based restricted stock units, and (iii) performance share units.

In each of 2009, 2010 and 2011, the Compensation Committee granted awards to our named executive officers that include a mix of stock options (30%), restricted stock units (30%) and performance share units (40%). The mix of our November 2012 and November 2013 awards to our named executive officers was changed to stock options (20%), restricted stock units (30%) and performance share units (50%) to put a heavier weight on the performance share unit component to reflect that pay for performance is a key element of our compensation philosophy and having more pay at risk motivates the GrafTech team to excel in its performance.

The stock options and restricted stock units vest ratably on each of the first three anniversaries of grant. Performance share units are measured and earned on the basis of performance over a three-year period, cliff vest after the end of the performance period, and are payable in shares of common stock after completion of the performance period to the extent earned.

In March 2013, the Compensation Committee granted time-vested restricted stock units to Mr. Hawthorne that vest ratably on each of the first three anniversaries of grant in recognition of his leadership and support of our strategic growth initiatives, particularly in our Engineered Solutions segment.

Performance Share Unit Awards 2010 2013

In selecting performance measures for the performance share units, the Compensation Committee determined, in consultation with Mercer, that the Equity Incentive Plan should provide rewards for successful, profitable growth over a three-year time horizon and that the best way to measure GrafTech s success was through relative performance versus our Performance Peer Group.

For awards made in December 2010, potential payouts, which would have vested on March 31, 2014, were based 40% on revenue growth and 60% on operating income growth computed based on EBIT. Based on actual performance, which was certified by the Compensation Committee, no shares were earned under the 2010 grant.

The performance measures for the December 2011 awards consist of EBITDA growth (60%) and revenue growth (40%) as measured against the Performance Peer Group. All growth numbers reflect a percentage change from the start of the three- year performance period until the end of the performance period. All performance is measured using published financial information in each peer company s annual report.

The performance measures for the performance share units granted in November 2012 are based on ROIC (60%) and EPS growth (40%) as measured against the Performance Peer Group. The performance measures for the performance share units granted in November 2013 are based on EPS growth (40%) as measured against the Performance Peer Group and ROIC (60%). ROIC for each of the three years of the performance period will be calculated individually, and then averaged to make the final calculation. The EPS performance measure is based on the compound annual growth rate (CAGR) in our EPS over the performance period, as measured against the Performance Peer Group.

Performance share unit awards are leveraged with payouts of 50%, 100%, and 200% at threshold, target, and maximum, respectively. Threshold payouts based on EPS growth are earned at 30th percentile performance (35th percentile performance for the December 2011 grant), target at 50th percentile performance, and maximum at or above 75th percentile performance (when compared to the performance of the Performance Peer Group), and amounts are pro-rated between 50% and 200% payouts based on pro-rated performance. Further, with respect to the 2011 grants, if EBITDA growth does not achieve at least 35th percentile performance, no awards will be earned for the revenue growth component.

2013 Performance Share Units	**ROIC Performance Measure**	**Percentages in this Column Apply to 60% of the Target Award***	**EPS CAGR Performance Measure**	**Percentages in this Column Apply to 40% of the Target Award***
Level of Performance Achieved During Performance Period	ROIC growth for Performance Period	Resulting Performance Shares Earned	Rank in Peer Group for EPS CAGR for Performance Period	Resulting Performance Shares Earned
Threshold	80% of target	50%	30th Percentile	50%
Target	100% of target	100%	50th Percentile	100%
Maximum	120% of target	200%	75th Percentile	200%

* Meaning 60% or 40%, respectively, of the number of performance shares granted under the target award.

The Performance Peer Group against which we measure relative performance under the performance share units currently includes the 18 Compensation Peer Group companies used in the compensation benchmarking for named executive officers, as well as the additional 11 companies primarily in the electrical equipment industry. See Peer Groups above.

Retirement and Welfare Plans

Pension Plan

We previously froze our defined benefit plans, including the GrafTech International Holdings Inc. Retirement Plan, or our Retirement Plan, and no additional benefits are accruing under the plans, although benefits previously accrued under the Retirement Plan will still be payable from the Plan when due. See Pension Benefits at Fiscal Year-End December 31, 2013 below for a description of the Retirement Plan and benefit formulas.

Retirement Savings Plan

We provide retirement savings opportunities through our defined contribution plans. We maintain the Savings Plan, which is intended to be qualified under Section 401(a) of the Code. The Savings Plan permits employees to contribute up to 50% of their compensation on a pre-tax or after-tax basis, up to IRS maximums. We provide a match, in common stock, equal to 100% of the first 3% of compensation deferred and 50% of the next 2% of compensation deferred. We also make employer contributions to the Savings Plan equal to 1% of compensation (up to statutory limits). See Other Compensation Arrangements below for additional information regarding the Savings Plan.

Deferred Compensation Plan

We maintain a deferred compensation plan to provide savings in a tax-efficient manner for the benefit of eligible management employees who participate in our performance-based compensation programs and employees whose benefits under the Savings Plan are limited by the benefit restrictions of Section 415 of the Code. Participants are able to defer up to 85% of their ICP compensation, up to 50% of their base salary and up to 50% of their compensation in excess of the amounts that may be recognized under the Savings Plan (in 2013, such amount was $255,000) (deferrals on compensation in excess of the Code limit are referred to as participants Excess Deferrals). We make quarterly matching allocations in shares of our common stock equal to 100% of the first 3% and 50% of the next 2% of the participant s Excess Deferrals. In addition, participants are credited with nonqualified defined contribution retirement plan employer allocations equal to 1% of their compensation in excess of the amount that may be considered under the Savings Plan. Participants are immediately vested in the matching allocation. Generally, Participants vest in the other GrafTech allocations when they have completed three years of service. See Nonqualified Deferred Compensation at Fiscal Year-End December 31, 2013 below for additional information regarding the compensation deferral plan.

Benefit Security

Retirement and other benefits are paid out of our general assets, except for payments out of the tax-qualified trusts for the Retirement Plan and the Savings Plan and except for payments out of grantor trusts (called rabbi trusts) or funded by the purchase of annuities.

Health, Welfare and Other Personal Benefits

In addition to the principal compensation components described above, our named executive officers are entitled to participate in all health, welfare, fringe benefit, relocation assistance and other arrangements generally available to other salaried employees. Generally, benefits are made available to our named executive officers on the same basis as benefits are made available to eligible employees under the terms of applicable plans.

The Compensation Committee also may, as considered reasonable and appropriate on a case by case basis, provide our officers, including our named executive officers, with limited additional perquisites and other personal benefits. In 2013, we did not provide perquisites to our named executive officers.

The Compensation Committee believes that these health, welfare, and other personal benefits are reasonable and consistent with the practices of public companies in the United States. The Compensation Committee also believes that these benefits assist us in attracting and retaining key executives.

Change in Control Agreements

We do not have employment agreements with any of our executive officers. The Compensation Committee believes that the absence of employment agreements provides us with more flexibility in adjusting the compensation levels of our executive officers.

Our Board has, however, approved change in control severance compensation agreements for certain members of senior management, including the named executive officers. Messrs. Shular, Hawthorne and Asmussen entered into the agreements with us in 2000, while Mr. Barnard did so in 2005. Messrs. Robertson and Moran entered into agreements with us in 2011, which included cut-back adjustments (approved by our Board in 2011) to eliminate the possibility of reimbursement for certain excise tax liabilities (and income tax liabilities attributable to the excise tax reimbursement) if the total severance equals or exceeds three times the executive s base amount and accordingly their agreements do not provide for gross-up payments.

These agreements are based on a double trigger scenario in which there must be both a change in control and a termination of the named executive officer s employment prior to the expiration of the change in control agreement. Accordingly, the severance benefits under these agreements are payable only in the event the named executive officer s employment with us is terminated under certain circumstance following a change in control. The Board recognizes that the possibility of a change in control of GrafTech exists, as is the case with many publicly held corporations, and that the uncertainty and questions which it may raise among management may result in the departure or distraction of management personnel to the detriment of GrafTech and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of our management to their assigned duties without distraction in the face of potentially disturbing circumstances arising from a possible change in control. The Board has also determined that it is in the best interests of GrafTech and its stockholders to ensure continued availability of our named executive officers in the event of a potential change in control.

In the case of our eligible named executive officers who remain our employees, the agreements provide for the payment, in the event of a change in control and if the employment of the executive is terminated under certain circumstances, of severance compensation equal to 2.99 times (2.0 times for Messrs. Hawthorne and Moran) the sum of the officer s base salary and ICP targeted bonus opportunity, extended insurance coverage and, except as to Messrs. Moran and Robertson, reimbursement for certain excise tax liabilities (and income tax liabilities on this reimbursement). The officers are entitled to the compensation if their employment is terminated by us (other than for cause) or if they resign for good reason within three years after a change in control.

In addition, under the terms of applicable equity agreements, all unvested equity awards become vested (at target in the case of performance share unit awards) upon the occurrence of a change in control. Further, we have the right to cancel substantially all outstanding options in the event of a change in control, in which event we are required to pay option holders an amount equal to the difference between the exercise price of the canceled options and the fair market value of the underlying shares. See Potential Payments on Termination or Change in Control below for a description of the agreements and aggregate amounts payable.

We review the change in control agreements periodically, but not necessarily as part of the annual compensation review. This is because we generally consider the change in control agreements as compensation elements separate and apart from the other elements of our compensation arrangements. More specifically, the payments or benefits available under the change in control agreements do not have any significant impact on annual compensation decisions relating to salary and incentive payments. Instead, our Compensation Committee considers that the change in control agreements are in place to cover a specific circumstance, that is, a change in control where the executives lose their jobs. We also believe that change in control agreements may be a desirable component for attracting executive management. Accordingly, payments and benefits available under the change in control agreements are not viewed by the Compensation Committee as amounts that should impact the compensation amounts awarded on a year-to-year basis to the named executive officers for their ongoing management of the Company.

Section 162(m) of the Code

Section 162(m) of the Code generally limits the tax deductibility of compensation paid by a public company to its chief executive officer and certain other highly compensated executive officers to $1 million in the year the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements.

We consider the impact of this rule when developing and implementing our executive compensation program. We also believe that it is important to preserve flexibility in administering compensation programs in a manner designed to promote varying corporate goals. Accordingly, we have not adopted a policy that all compensation must qualify as deductible under Section 162(m); however, consistent with our pay for performance philosophy, our stock options and performance share unit awards are intended to qualify as deductible as are awards under our Executive Incentive Compensation Plan that are based on measurable, quantifiable criteria. Similarly, as a result of our stockholder s re-approval of the performance measures under our Equity Incentive Plan, which we obtained at our 2010 Annual Meeting, we expect that certain types of awards will continue to qualify as performance-based compensation that is exempt from the limitation on deductibility.

Amounts paid under certain compensation programs, including salaries and grants of time-vested restricted stock and restricted stock units, may not qualify as performance-based compensation that is exempt from the limitation on deductibility. Our awards under the ICP, performance share unit awards, and stock option awards with exercise prices no less than the fair market value of a share on the date of grant are intended to qualify as deductible under Section 162(m). No other component of compensation for a covered employee (within the meaning of Code section 162(m)) is expected to qualify as performance-based compensation under Section 162(m), and compensation may not be deductible to GrafTech to the extent that the applicable executive recognizes more than $1 million in compensation that is not performance-based in any taxable year.

Stock Ownership Guidelines

Our Board has adopted guidelines for ownership of shares of our common stock by directors and members of senior management to promote alignment with stockholders interests. The guidelines provide that directors and members of senior management have five years from the date of their election to accumulate the required amount of shares of our common stock. We also have a policy discouraging officers and directors from pledging our shares as collateral for margin loans. Compliance with the guidelines is voluntary in that there is no formal enforcement mechanism, but all persons subject to the guidelines are expected to comply. All of our directors and named executive officers in their current position within the past five years are in compliance with our stock ownership guidelines.

Members of Senior Management

Certain members of senior management are expected, within five years after appointment as a member of senior management, to own a number of shares of our common stock equal to two times annual base salary or in the case of the chief executive officer, four times annual base salary. Unvested restricted stock (time-vesting) is included in the calculation of achievement of the guidelines. Unvested performance share units and restricted stock units (performance-based) and unexercised stock options are not included in the calculation. In addition, until these guidelines are achieved, executive officers are expected to hold 50% of the stock previously subject to vested performance share unit or restricted stock unit awards and 50% of the stock previously subject to exercised stock options. Executive officers and other employees are encouraged to hold at least 50% of the stock previously subject to vested performance shares or restricted stock awards for at least one year after vesting. Calculation of the 50% is made after sale of any stock in the minimum amount sufficient to pay withholding taxes and exercise prices thereon.

Hedging and Pledging Policy

Directors and executive officers are prohibited from buying or selling options (including puts, calls and straddles) on our securities, engaging in any short sale of our securities or buying or selling our securities on margin and sales against the box. Further, no hedging is permitted while a 10b5-1 Plan is in effect. Although we do not explicitly prohibit the pledging of GrafTech securities by executive officers to secure loans, under our policies, directors and executive officers are advised to avoid pledging in order to prevent inadvertent violations of insider trading restrictions resulting from delayed execution or foreclosure (including sell out in response to a margin call).

Recoupment Provisions and Policy

Our Equity Incentive Plan and annual ICP awards contain forfeiture and recoupment provisions that take effect in the event of certain misconduct by the recipient. Since 2010, our Equity Incentive Plan awards contain recoupment or clawback provisions as contemplated under the Dodd-Frank Act. We are in the process of reviewing our recoupment policy and plan to take into account provisions included in final SEC rules under the Dodd-Frank Act once they are issued.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with the management of GrafTech in accordance with the SEC s disclosure requirements for executive compensation and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated in GrafTech s Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

ORGANIZATION, COMPENSATION

AND PENSION COMMITTEE

Randy W. Carson, Chairman

Mary B. Cranston

Harold E. Layman

Summary Compensation Table

The following table sets forth certain information concerning compensation received by our chief executive officer, our chief financial officer, and the three other executive officers who were the most highly compensated for the year ended December 31, 2013, whom we refer to as our named executive officers.

Name	Year	Salary ($) (4)	Stock Awards (5)	Option Awards ($) (5)	Non-Equity Incentive Plan Compensation ($) (4) (6)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (7)	All Other Compensation ($) (8)	Total ($)
Craig S. Shular	2013	800,000	2,184,840	578,550		(9,560)	60,800	3,614,630
	2012	800,000	1,978,080	521,040	416,000	24,046	40,000	3,779,166
	2011	762,500	2,180,691	769,600		25,891	81,625	3,820,307
Joel L. Hawthorne (1)	2013	300,000	379,168	99,876	22,230	(5,777)	17,102	812,599
	2012	300,000	326,193	83,667	103,350	6,839	12,000	832,049
	2011	280,002	243,075	111,000		6,702	14,888	655,667
Erick R. Asmussen (2)	2013	290,080	472,804	124,845		(7,810)	15,117	895,036
Lindon G. Robertson (3)	2013	283,333					150,605	433,938
	2012	400,000	471,696	124,248	135,200		20,662	1,151,806
	2011	182,051	1,885,611	395,366			8,487	2,471,515
Petrus J. Barnard	2013	384,400	484,364	127,281		(132,374)	15,294	878,965
	2012	384,400	365,184	96,192	125,000	55,724	13,844	1,040,344
	2011	384,400	311,136	142,080		75,386	30,997	943,999
John D. Moran	2013	320,000	336,396	88,305			18,345	763,046
	2012	320,000	304,320	80,160	91,520		15,360	811,360
	2011	280,250	381,533	118,400			19,912	800,095

(1) The 2011 compensation figures for Mr. Hawthorne relate to his compensation in all capacities with us during 2011, including cash and equity awards.

(2) The 2013 compensation figures for Mr. Asmussen relate to his compensation in all capacities with us during 2013, including cash and equity awards. Because Mr. Asmussen has been included as a named executive officer for the first time in 2013, the SEC does not require disclosure of his compensation prior to 2013.

(3) The 2011 compensation figures for Mr. Robertson relate to the period from July 2011 when he commenced employment through December 31, 2011.

(4) Includes compensation earned but deferred under compensation deferral or other applicable plans or statutory provisions. See Non-Qualified Deferred Compensation at Fiscal Year-End 2013 for the amounts deferred.

(5) The amounts shown in these columns represent the aggregate grant date fair value (computed in accordance with FASB ASC Topic 718) of stock options, restricted stock units and performance share units granted. These columns include awards granted pursuant to the Equity Incentive Plan to our named executive officers on November 21, 2013. The options granted to our named executive officers on

November 21, 2013 had a fair market value of $6.09 per share, based on a Black-Scholes option-pricing model for options. See Note 13 of our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013 for an explanation of the assumptions made in the valuation of these awards. The fair value of the restricted stock unit awards and performance share unit awards was computed based on the $11.56 per share closing market price of GrafTech s common stock on the NYSE on November 21, 2013, and for the performance based awards was determined based on the probable outcome, or attainment, of the performance conditions. The value of the performance share unit awards at the grant date, assuming that the highest level of performance conditions will be achieved, is $2,728,160; $473,960; $591,872; $605,744; and $420,784, respectively, as to grants made to Messrs. Shular, Hawthorne, Asmussen, Barnard, and Moran, in November 2013. The actual value realized under these awards is dependent upon our stock price, our achievement of applicable performance targets, and the continued employment of the named executive officers.

(6) This column shows the annual incentive award earned by our named executive officers under the short-term incentives through the annual ICP for the applicable performance period. No awards under the ICP were earned for 2013 because the performance thresholds were not met other than Mr. Hawthorne, whose incentive was based in part on the performance measures of the Engineered Solutions segment. For additional information about the 2013 annual incentive opportunities under the ICP please refer to Compensation Discussion and Analysis and Grants of Plan Based Awards in Fiscal Year Ended December 31, 2013.

(7) This column shows the change in the actuarial present value of the accumulated benefits under the GrafTech International Holdings Inc. Retirement Plan, which was frozen in 2003. The change in the actuarial present value of the accumulated benefits was measured from December 31, 2012 to December 31, 2013 (the measurement date used for reporting purposes in our Annual Report on Form 10-K for the year ended December 31, 2013). No portion of the earnings credited under our nonqualified deferred compensation plan during 2013 was above market or preferential. Consequently, our named executive officers did not accrue any above-market earnings under the deferred compensation plan during 2013, and we have not reported any earnings credited under that plan in this column. See Nonqualified Deferred Compensation at Fiscal Year-End December 31, 2013 below for a discussion of how earnings are calculated under our deferred compensation plan.

(8) The following table describes each component of the All Other Compensation column in the Summary Compensation Table for 2013.

Name	Employer Matching Contribution to Savings Plan ($)	Additional Employer Contribution to Savings Plan ($)	Employer Matching Contribution on Excess Deferrals ($)	Additional Employer Contribution to Compensation Deferral Plan ($)	Other ($)(a)	Total ($)
Craig S. Shular	10,200	2,550	38,440	9,610		60,800
Joel L. Hawthorne	7,134	2,550	5,934	1,484		17,102
Erick R. Asmussen	7,750	2,550	3,854	963		15,117
Lindon G. Robertson	10,200	2,550	6,541	802	130,512	150,605
Petrus J. Barnard	10,200	2,550		2,544		15,294
John D. Moran	10,200	2,550	4,029	1,566		18,345

(a) This amount represents payment made under the Agreement and General Release with Mr. Robertson in connection with his departure from GrafTech. Pursuant to the agreement, Mr. Robertson was entitled to regular payments equivalent to his monthly base salary from September 16, 2013 through December 31, 2013 which totaled $116,667, plus accrued unused vacation of $13,845.

Grants of Plan Based Awards in Fiscal Year Ended December 31, 2013

The following table provides information about equity and non-equity awards granted to our named executive officers in 2013.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)			Estimated Future Payments Under Equity Incentive Plan Awards: Number of Shares of Stock or Units (#) (3)			All Other Option Awards: Number of Securities Underlying Options (#) (3)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($) (4)
Name	**Type (1)**	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**			
Craig S. Shular	ICP	n/a	200,000	800,000	1,920,000						
	Options	11/21/2013							95,000	11.56	578,550
	RSU	11/21/2013					71,000				820,760
	PSU	11/21/2013				59,000	118,000	236,000			1,364,080
Joel L. Hawthorne	ICP	n/a	48,750	195,000	468,000						
	RSU	03/01/2013					40,000				278,800
	Options	11/21/2013							16,400	11.56	99,876
	RSU	11/21/2013					12,300				142,188
	PSU	11/21/2013				10,250	20,500	41,000			236,980
Erick R. Asmussen	ICP	n/a	61,000	244,000	512,000						
	Options	11/21/2013							20,500	11.56	124,845
	RSU	11/21/2013					15,300				176,868
	PSU	11/21/2013				12,800	25,600	51,200			295,936
Lindon G. Robertson	ICP	n/a	65,000	260,000	624,000						
Petrus J. Barnard	ICP	n/a	62,500	250,000	600,000						
	Options	11/21/2013							20,900	11.56	127,281
	RSU	11/21/2013					15,700				181,492
	PSU	11/27/2013				13,100	26,200	52,400			302,872
John D. Moran	ICP	n/a	44,000	176,000	422,400						
	Options	11/21/2013							14,500	11.56	88,305
	RSU	11/21/2013					10,900				126,004
	PSU	11/21/2013				9,100	18,200	36,400			210,392

(1) For a better understanding of this Table, we have included a column identifying the type of each plan based award. ICP amounts represent cash incentive bonus opportunities under the ICP for 2013. Option (Stock Options), RSU (Restricted Share Units), and PSU (Performance Share Units) amounts represent grants made during March and November 2013 pursuant to the Equity Incentive Plan.

(2) Amounts represent cash incentive bonus opportunities under the ICP for 2013. Target awards for 2013 are expressed as a specified percentage of an individual s salary. Threshold, target and maximum amounts represent the sum of the threshold, target and maximum amounts of each respective performance measure. For more information on ICP payments made in 2013, see the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. The threshold, target and maximum amounts set forth above represent guidelines based on performance measures and/or criteria that the Compensation Committee takes into account in the design of the annual ICP opportunity. The targeted opportunity represents the targeted annual bonus based on benchmarking of the named executives compensation. Under the 2013 annual ICP for named executive officers, the threshold amount is equal to 25% of the targeted opportunity and the maximum bonus is equal to 240% of the executive s targeted bonus opportunity. The Compensation Committee may make downward adjustments from 240% to 0% of the named executive officer s targeted incentive, based on the individual s performance and other factors that the Compensation Committee deems relevant in determining the amount payable. Such adjustments, if made, are based on an

evaluation of each individual s contribution to achieving corporate opportunities and meeting corporate challenges, as well as an evaluation of the quality of the individual s performance in discharging the responsibilities of his position description. In addition, the Compensation Committee can make discretionary downward adjustments based on developments during the performance year and other factors. Please refer to Compensation Discussion and Analysis Short- Term Incentives through the Executive Incentive Compensation Plan above for a general description of the criteria applied in determining the amounts payable under the annual ICP.

(3) Represents the number of stock options, restricted stock units, and target award number of performance share units granted during 2013 pursuant to the Equity Incentive Plan.

Stock options and restricted stock units vest ratably over a three-year period with each tranche vesting on the anniversary of the grant date in each of the three years following the award.

The number of performance share units earned and the vesting thereof is conditioned on the attainment of performance targets established by the Compensation Committee. The performance measures of the awards granted in 2013 are based on EPS growth (40%) as measured against the Performance Peer Group and ROIC (60%). ROIC for each of the three years of the performance period will be calculated individually, and then averaged to make the final calculation. The EPS performance measure is based on the compound annual growth rate (CAGR) in our EPS over the performance period, as measured against the Performance Peer Group. At the end of the Performance Period, Performance Peer Group companies will be ranked by EPS CAGR from the preceding three years, from highest to lowest. The performance share units will be measured and earned on three years of performance, will cliff vest after the end of the performance period, and, to the extent earned and vested, will be payable in shares of unrestricted common stock after completion of the performance period. The resulting number of performance shares, or earned shares, will be set aside as unvested earned shares for the participant as of the date of such determination**;** provided, that the individual is still employed on such date. Subject to applicable terms of the award agreements (relating to accelerated vesting), the earned shares do not vest until March 2017. GrafTech s Board or the Compensation Committee has the right to accelerate the vesting of any or all unvested awards at any time. On November 21, 2013, the performance measures were established for a three-year performance period. If the minimum threshold performance measure is attained, 50% of the target performance shares will become earned shares; if the targeted performance measure is attained, 100% of the target performance shares will become earned shares; if the maximum performance measure is attained, 200% of the target performance shares will become earned shares. Payouts for EPS growth will be earned at threshold for 30th percentile performance, target for 50th percentile performance, and maximum for 75th percentile performance against the Performance Peer Group.

(4) The amounts in this column represent the grant date fair value of 2013 equity awards of restricted stock units, targeted performance share units, and stock options approved in 2013, determined in accordance with FASB ASC Topic 718. See Note 13 of our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013. As so calculated, the options granted to our named executive officers on November 21, 2013 had a fair market value of $6.09 per share. Subject to the attainment of performance measures and adjustments made as a result thereof, unvested performance share units which become earned shares (as described in footnote (3) above) are scheduled to vest in March 2017. The fair value of the restricted stock unit awards and performance share unit awards granted on November 21, 2013 was computed based on the $11.56 per share, closing market price of GrafTech s common stock on the NYSE on that date, and for the performance based awards determined based on the probable outcome, or attainment, of the performance conditions. For further description of the terms of these awards, see *Performance Share Unit Awards 2010 2013* in the Compensation Discussion and Analysis above.

For a further description of the terms of the compensation payable to our named executive officers, see the Compensation Discussion and Analysis above and the remaining executive compensation tables and discussions below.

Outstanding Equity Awards at Fiscal Year-End December 31, 2013

The following table shows the number of shares covered by stock options, unvested restricted stock units, and, at target, unvested performance share units as of December 31, 2013.

		Options				RSUs		PSUs	
Name	Grant Date (1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (4)	Option Exercise Price ($)	Option Expiration Date	Number of Units That Have Not Vested #	Market Value of Units That Have Not Vested ($) (2)	Equity Incentive Plan Awards: Number of Unearned Units That Have Not Vested (#) (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Units That Have Not Vested ($) (2)
Craig S. Shular	04/02/2007	300,000		9.05	04/02/2017				
	12/10/2009	56,000		16.41	12/10/2019				
	12/09/2010(5)	48,000		19.89	12/09/2020			32,000	359,360
	02/18/2011					7,036	79,014		
	12/13/2011(6)	69,333	34,667	13.89	12/13/2021	17,333	194,650	69,000	774,870
	11/27/2012(7)	34,667	69,333	9.51	11/27/2022	52,000	583,960	130,000	1,459,900
	11/21/2013(8)		95,000	11.56	11/21/2023	71,000	797,330	118,000	1,325,140
Joel L. Hawthorne	12/10/2009	3,500		16.41	12/10/2019				
	12/09/2010(5)	4,000		19.89	12/09/2020			2,700	30,321
	12/13/2011(6)	10,000	5,000	13.89	12/13/2021	2,500	28,075	10,000	112,300
	11/27/2012(7)	5,567	11,133	9.51	11/27/2022	8,667	97,330	21,300	239,199
	03/01/2013					40,000	449,200		
	11/21/2013(8)		16,400	11.56	11/21/2023	12,300	138,129	20,500	230,215
Erick R. Asmussen	12/10/2009	4,300		16.41	12/10/2019				
	12/09/2010(5)	3,800		19.89	12/09/2020			2,600	29,198
	12/13/2011(6)	7,333	3,667	13.89	12/13/2021	2,333	26,200	10,000	112,300
	11/27/2012(7)	3,333	6,667	9.51	11/27/2022	6,667	74,870	15,000	168,450
	11/21/2013(8)		20,500	11.56	11/21/2023	15,300	171,819	25,600	287,488
Lindon G. Robertson	07/18/2011	6,200	12,400	20.70	07/18/2021	39,533	443,956	12,400	139,252
	12/13/2011(6)	8,333	16,667	13.89	12/13/2021	8,267	92,838	16,500	185,295
	11/27/2012(7)		24,800	9.51	11/27/2022	18,600	208,878	31,000	348,130
Petrus J. Barnard	04/01/2005	50,000		5.46	04/01/2015				
	12/10/2009	18,000		16.41	12/10/2019				
	12/09/2010(5)	16,000		19.89	12/09/2020			11,000	123,530
	12/13/2011(6)	12,800	6,400	13.89	12/13/2021	3,200	35,936	12,800	143,744
	11/27/2012(7)	6,400	12,800	9.51	11/27/2022	9,600	107,808	24,000	269,520
	11/21/2013(8)		20,900	11.56	11/21/2023	15,700	176,311	26,200	294,226
John D. Moran	12/10/2009	7,700		16.41	12/10/2019				
	12/09/2010(5)	6,800		19.89	12/09/2020			4,500	50,535
	02/18/2011					1,714	19,248		
	12/13/2011(6)	10,667	5,333	13.89	12/13/2021	2,667	29,950	10,700	120,161
	11/27/2012(7)	5,333	10,667	9.51	11/27/2022	8,000	89,840	20,000	224,600
	11/21/2013(8)		14,500	11.56	11/21/2023	10,900	122,407	18,200	204,386

(1) For a better understanding of this table, we have included an additional column showing the grant dates of stock options, restricted stock and performance share unit awards. The stock options and restricted stock units vest ratably on each of the first three anniversaries of grant.

(2) The market value of restricted share units or performance share units of stock that have not vested was computed based on $11.23 per share, the closing price of our common stock on the NYSE on December 31, 2013.

(3) The shares in this column reflect the target award number of performance share units granted in December 2010 and 2011 and November 2012 and 2013 pursuant to the Equity Incentive Plan. Target awards vest and the performance share unit portion earned is subject to upward or downward adjustment based on performance but not in excess of maximum, as described in Compensation Discussion and Analysis above.

(4) On the grant dates set forth in the table, our named executive officers were granted options to purchase the number of shares of our common stock set forth above with an exercise price at fair market value as of the date of grant. All such options have a 10 year term and become exercisable as to one-third of the respective option on each of the first three anniversaries of the date of grant.

(5) Potential payouts under performance share units granted in 2010, and which would have vested on March 31, 2014, were measured on the basis of performance over a three-year period ending December 31, 2013. Based on actual performance, the Compensation Committee determined on March 17, 2014 that no shares were earned under the 2010 grant.

(6) Performance share units granted in 2011 are measured and earned on the basis of performance over a three-year period ending December 31, 2014. Except as otherwise provided in the applicable award agreement, earned shares cliff vest on March 31, 2015, and are payable in shares of common stock after completion of the performance period to the extent earned.

(7) Performance share units granted in 2012 are measured and earned on the basis of performance over a three-year period ending December 31, 2015. Except as otherwise provided in the applicable award agreement, earned shares cliff vest on March 31, 2016, and are payable in shares of common stock after completion of the performance period to the extent earned.

(8) Performance share units granted in 2013 are measured and earned on the basis of performance over a three-year period ending December 31, 2016. Except as otherwise provided in the applicable award agreement, earned shares cliff vest on March 31, 2017, and are payable in shares of common stock after completion of the performance period to the extent earned.

Option Exercises and Stock Vested at Fiscal Year-End December 31, 2013

The following table shows the number of options exercised and the number of restricted stock units that vested in the fiscal year ending December 31, 2013 and the value realized on the date of exercise and vesting, respectively.

	Option Awards		Stock Unit Awards (2)	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Units Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Craig S. Shular			112,969	1,069,687
Joel L. Hawthorne			11,000	112,003
Erick R. Asmussen			10,500	103,661
Lindon G. Robertson			30,100	262,916
Petrus J. Barnard (1)	50,000	255,220	28,587	258,771
John D. Moran			17,073	163,090

(1) The underlying options exercised were granted in 2005, had an exercise price of $5.46 and a fair market value on the date of exercise equal to $10.56.

(2) The shares vested and value realized included one-third of the restricted stock unit awards granted in each of 2010, 2011, and 2012 as well as the 2009 performance share unit awards that vested in 2013. The value realized is based on the per share closing price of a share of

GrafTech stock on the NYSE as of the applicable date of vesting.

Pension Benefits at Fiscal Year-End December 31, 2013

The following table shows the number of years of service credited to the named executive officers under the GrafTech International Holdings Inc. Retirement Plan, which has been frozen, including the number of such years credited for service with Union Carbide and its affiliates, as well as the present value of the executives benefits and payments made to the executives in the last fiscal year. The terms of the Retirement Plan are described below the table.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($) (1)	Payments During Last Fiscal Year ($)
Craig S. Shular	GrafTech International Holdings Inc.	8(2)	196,304(3)	
Joel L. Hawthorne	GrafTech International Holdings Inc.	2(4)	29,858(5)	
Erick R. Asmussen	GrafTech International Holdings Inc.	2(6)	36,079(7)	
Lindon G. Robertson	n/a			
Petrus J. Barnard	GrafTech International Holdings Inc.	31(8)	1,137,460(9)	
John D. Moran	n/a			

(1) The present values have been computed using an interest rate of 4.61% using an RP2000 table with mortality improvement projected to 2013 as of December 31, 2013, which is the same pension plan measurement dated used for our financial reporting purposes.

(2) Includes for Mr. Shular 4 years of prior service with Union Carbide or its affiliates and 4 years of service with GrafTech through March 31, 2003 (the date that grandfathered participants ceased accruing benefits and had their benefit accruals frozen under the Retirement Plan).

(3) Mr. Shular s benefit has been valued assuming termination of employment as of December 31, 2013 and retirement commencement at age 62, the earliest time at which Mr. Shular may retire without any benefit reduction due to age.

(4) Includes for Mr. Hawthorne 2 years of service with GrafTech through December 31, 2001 (the date that non-grandfathered participants ceased accruing benefits and had their benefit accruals frozen under the Retirement Plan).

(5) Mr. Hawthorne s benefit has been valued assuming termination of employment as of December 31, 2013 and retirement at age 65, the earliest time at which Mr. Hawthorne may retire without any benefit reduction due to age.

(6) Includes for Mr. Asmussen 2 years of service with GrafTech through December 31, 2001 (the date that non-grandfathered participants ceased accruing benefits and had their benefit accruals frozen under the Retirement Plan).

(7) Mr. Asmussen s benefit has been valued assuming termination of employment as of December 31, 2013 and retirement at age 65, the earliest time at which Mr. Asmussen may retire without any benefit reduction due to age.

(8) For purposes of computing the accumulated benefit used to determine the present value above, Mr. Barnard was credited with three additional years of service and age in connection with a voluntary and selective severance program in which Mr. Barnard participated in 2003.

(9) For Mr. Barnard, who was not an employee from April 2003 through March 2005, the benefit has been valued based on a suspended retirement benefit payable as an annuity.

For further information concerning our pension plan, including assumptions and estimates used in projecting pension costs and projected benefit obligations, see Note 12 of our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the SEC and Compensation Discussion and Analysis above.

Nonqualified Deferred Compensation at Fiscal Year-End December 31, 2013

The following table shows the executive s contributions, our contributions, earnings, and year-end account balances for our named executive officers in GrafTech s Compensation Deferral Plan, which is an unfunded, unsecured deferred compensation plan. The terms of the Compensation Deferral Plan are described below the table.

Name	Executive s Contributions $ (1)	Company Contributions $ (2)	Earnings $ (3)	Balance 12/31/2013 $ (4)(5)
Craig S. Shular	48,050	48,050	224,335	5,626,718
Joel L. Hawthorne	7,418	7,168	14,267	82,033
Erick R. Asmussen	4,817	3,890	(18,107)	99,574
Lindon G. Robertson	8,177	8,343	9,974	40,249
Petrus J. Barnard	0	2,544	50,864	376,528
John D. Moran	62,858	5,374	121,430	677,688

(1) The amounts listed in this column include amounts that are also reported as Salary in the Summary Compensation Table above.

(2) The amounts listed in this column are also reported in the All Other Compensation column of the Summary Compensation Table above and consist of Employer Matching Contribution on Excess Deferrals and Additional Employer Contribution to Compensation Deferral Plan reported in the All Other Compensation table under those columns. The amounts in this column include GrafTech contributions recognized in 2013 with respect to 2012 salary. Contributions attributable to 2012 salary that were recognized in 2013 were: for Mr. Shular, $2,000; for Mr. Hawthorne $600; Mr. Asmussen $11; for Mr. Barnard, $961; and for Mr. Moran $580.

(3) The amounts listed in this column are not included in the Summary Compensation Table above because none of the earnings were above market or preferential. Earnings are based on the performance of investments available under the Compensation Deferral Plan, which are notional investments, including any interest and dividends paid on the investments.

(4) Effective in 2001 and 2003, our three nonqualified defined benefit retirement plans, which were designed to provide benefits that could not be paid under the qualified Retirement Plan because of IRS limits, were frozen. With certain exceptions, amounts equal to the lump sum actuarial values of the benefits accrued by the participants in those nonqualified plans were added to the respective participants accounts in our Compensation Deferral Plan. We refer to these allocations as the Frozen Lump Sums. As to Mr. Shular, $2,993,141 was previously transferred to his deferred compensation account which represented the lump sum actuarial value of his accrued benefit based on 26 years of service, which included credit for 22.5 years of prior service with Union Carbide, offset by the amount of benefits receivable under the Union Carbide Retirement Program (See Pension Benefits at Fiscal Year-End December 31, 2013 above).

(5) The amounts listed in this column include amounts previously reported in prior years summary compensation tables for the following executives: for Mr. Shular, $1,072,730, for Mr. Hawthorne, $25,583, for Mr. Barnard, $250,727, and for Mr. Moran, $411,677.

The named executive officers all participate in our non-qualified Compensation Deferral Plan. Under the Compensation Deferral Plan, participants are able to defer up to 85% of their ICP compensation, up to 50% of their base salary, and up to 50% of their compensation in excess of the amounts that may be recognized under the Savings Plan (in 2013, such amount was $255,000) (i.e., their Excess Deferrals). In addition, each calendar quarter, we record a matching contribution in shares of our common stock equal to 100% of the first 3% and 50% of the next 2% of participants Excess Deferrals. Participants were also credited with additional GrafTech allocations equal to 1% of their compensation in excess of the amount that may be considered under the Savings Plan to executives bookkeeping accounts. Participants are immediately vested in the matching allocation, but are not vested in the other GrafTech allocation until they have completed three years of service.

Deferrals and contributions to our Compensation Deferral Plan are credited with a rate of return based on the performance of various funds selected by the participants from indices which are designated by the Plan Administrator. These funds include a fund that tracks the value of our common stock. An employee may prospectively change the funds for crediting rates of return at any time. The account balances of participants are credited with both their deferrals and our additions, as well as the rate of return on the funds selected by the participants for those amounts. Frozen Lump Sums and their earnings are held in notional investment accounts selected by the employee.

Distributions of account balances from the Compensation Deferral Plan are generally made in January following retirement or other termination of employment or, if elected by the participant, upon a future date specified by the participant, except that Frozen Lump Sums and GrafTech allocations may not be distributed prior to age 50. Participants may also elect to have their account balances distributed upon a change in control of GrafTech. For purposes of the Compensation Deferral Plan, a change in control is generally defined in accordance with requirements of the American Jobs Creation Act of 2004 for amounts deferred as noted after December 31, 2004. For amounts accrued and vested as of December 31, 2004, the definition of a change in control is described under Potential Payments on Termination or Change in Control. The Compensation Deferral Plan is intended to comply with Section 409A of the Code governing deferred compensation arrangements except that amounts that were contributed to the Compensation Deferral Plan and fully vested by December 31, 2004, including all of the Frozen Lump Sums, are not subject to the restrictions of Section 409A. Amounts under the Compensation Deferral Plan are generally payable in a lump sum, although participants may elect to have their accounts payable in annual installments instead.

Benefit Security

Retirement and other benefits are paid out of our general assets, except for payments out of the tax-qualified trusts for the UCAR Carbon Retirement Plan and the Savings Plan and except for payments out of grantor trusts or funded by the purchase of annuities.

Potential Payments on Termination or Change in Control

Double-trigger Change in Control Agreements

Each named executive officer entered into a double-trigger Severance Compensation Agreement with us that applies only when there is (i) a change in control of the Company and (ii) the executive s employment is terminated in connection with or following such change in control. Both a change in control of the Company and corresponding executive termination must occur to trigger payment of the benefits under the Severance Compensation Agreement.

As discussed in Compensation Discussion and Analysis above, Messrs. Shular, Hawthorne, Asmussen and Barnard entered into change in control agreements with us several years ago, before our Board eliminated the potential for gross-up payments to be made to executive officers. Their change in control agreements include a modified cut-back adjustment whereby the severance payment will be reduced to an amount less than the limitations under Section 280G of the Code if total amounts payable (that are subject to the limitations under Section 280G) exceed those limitations by an amount not in excess of $50,000. The agreement signed by Mr. Moran in 2011 includes a cut-back adjustment that was approved by our Board in 2011 for inclusion prospectively in change in control agreements and eliminates reimbursement for certain excise tax liabilities (and income tax liabilities attributable to excise tax reimbursement) if the total severance equals or exceeds three times the executive s base amount.

Under the agreements, if a named executive officer s employment is terminated due to a Termination for Cause or by the named executive officer other than with Good Reason for Resignation (as such terms are defined in the Severance Compensation Agreements), the executive will be paid his full base salary and accrued vacation pay through the date of termination, plus any benefits or awards which have been earned or become payable but which have not yet been paid and all unvested shares of restricted stock will be forfeited.

If the named executive officer s employment is terminated due to Disability or Retirement (as such terms are defined in the Severance Compensation Agreements) or death, the executive s benefits will be determined in accordance with GrafTech s retirement, disability and insurance programs then in effect. In addition, unvested shares of restricted stock will be forfeited upon Retirement or death.

Under the terms of applicable agreements, all unvested equity awards will become vested upon the occurrence of a change in control. Further, GrafTech has the right to cancel substantially all outstanding options in the event of a change in control, in which case GrafTech is required to pay optionees an amount equal to the difference between the exercise price of the canceled options and the fair market value of the underlying shares.

Payments on Terminations following a Change in Control

Under each of the agreements, upon termination or while disabled following a change in control (as defined below), the named executive officer is entitled to certain benefits. If the named executive officer s employment is terminated subsequent to a change in control (a) by GrafTech other than for Retirement, Death, Disability or Termination for Cause or (b) by the executive for Good Reason for Resignation then the executive is entitled to the benefits described below:

- accrued salary and vacation pay through the date of termination;
- accrued ICP compensation at target for the prior year if not previously paid plus a prorated portion of the targeted ICP compensation for the year of termination;
- a severance payment equal to 2.99 (2.0 for Messrs. Hawthorne and Moran) multiplied by the sum of the following amounts:
  - the greater of the named executive officer s annual base salary immediately prior to the Date of Termination or immediately prior to the change in control; plus
  - the greater of the amount of the named executive officer s target ICP (or comparable compensation payment) for the year in which the Date of Termination occurs or for the year in which the change in control occurs;
- extended health, life and disability insurance coverage;
- with respect to our named executive officers, other than Mr. Moran, reimbursement for certain excise tax liabilities (and income tax liabilities attributable to the excise tax reimbursement) if the total severance equals or exceeds three times the executive s base amount (as determined pursuant to section 280G of the Code) by more than $50,000; and
- accelerated vesting of unvested options and shares of restricted stock.

During any period prior to the date of termination that the named executive officer is disabled, the executive will continue to receive his or her base salary at the rate in effect at the commencement of the disability period, together with all other compensation and benefits that are payable or provided under GrafTech s benefit plans, including its disability plans. After the date of termination for disability, the executive s benefits shall be determined in accordance with any retirement plan, insurance and other applicable programs of GrafTech. The compensation and benefits, other than salary, payable or provided under the agreement by reason of a disability will be the greater of (x) the amounts computed under any retirement plan, disability benefit plan, insurance and other applicable program in effect immediately prior to a change in control and (y) the amounts computed under any retirement plan, disability benefit plan, insurance and other applicable program in effect at the time the compensation and benefits are paid.

For purposes of the agreements with our named executive officers, a change in control generally occurs on:

the date on which any person or group becomes the beneficial owner of 15% or more of the then issued and outstanding common stock or voting securities of GrafTech (not including securities held by GrafTech employee benefit plans or related trusts);

the date on which any person or group acquires the right to vote on any matter, by proxy or otherwise, with respect to 15% or more of the then issued and outstanding common stock or voting securities of GrafTech (not including securities held by GrafTech employee benefit plans or related trusts);

the date, at the end of any two-year period, on which individuals, who at the beginning of such period were directors of GrafTech, or individuals nominated or elected by a vote of two-thirds of such directors or directors previously so elected or nominated, cease to constitute a majority of GrafTech s Board;

the date on which stockholders of GrafTech approve a complete liquidation or dissolution of GrafTech; or

the date on which GrafTech consummates certain reorganizations, mergers, asset sales or similar transactions.

Amounts deferred under the Compensation Deferral Plan become immediately payable upon a change in control if the participant elected to receive payment of deferred amounts upon a change in control. All other payments under the Compensation Deferral Plan will be distributed in accordance with the elections of the executive, which may include payments of all or some of the deferred amounts upon termination of employment. Change in control for purposes of amounts deferred or vested under the Compensation Deferral Plan after December 31, 2004 must, in addition to meeting the definition outlined above, also constitute a change in ownership or effective control within the meaning of Section 409A of the Code.

Good Reason for Resignation includes certain changes in the named executive officer s status or position, reductions in the level of reporting responsibility, diminution of duties or responsibilities, reductions in compensation or benefits, relocation, failure of a successor to assume the severance agreement, and failure to pay certain earned compensation.

Assuming a change in control occurred as of December 31, 2013 and the employment of each of our named executive officers had either terminated due to the named executive officer s having Good Reason for Resignation or had been terminated by GrafTech or its successor on December 31, 2013, other than for Retirement, Death, Disability or a Termination for Cause, they would have been entitled to the payments and benefits listed in the table below. Although the calculations are intended to provide reasonable estimates of the potential benefits, they are based on numerous assumptions and are rounded to the nearest thousand and may not represent the actual amount an executive would receive if an eligible termination event were to occur.

Name	Severance Payment Based on Salary ($)	Severance Payment Based on Incentive Compensation ($)	Payment on Stock Option Cancellation ($) (1)	Restricted Stock Vesting ($) (1)	Performance Share Unit Vesting ($) (1)	Value of Health, Life and Disability Insurance Benefits ($) (2)	Payout of Non-qualified Deferred Compensation (3)	Total ($)
Craig S. Shular	2,392,000	2,392,000	833,000	1,655,000	3,920,000	58,000	5,627,000	16,877,000
Joel L. Hawthorne	600,000	390,000	29,000	713,000	612,000	36,000	82,000	2,462,000
Erick R. Asmussen	1,121,000	730,000	17,000	273,000	597,000	54,000	100,000	2,892,000
Petrus J. Barnard	1,149,000	747,000	322,000	320,000	831,000	54,000	377,000	3,800,000
John D. Moran	640,000	352,000	28,000	262,000	600,000	36,000	678,000	2,596,000

(1) The value in the Payment on Stock Option Cancellation, Restricted Stock Vesting, and Performance Share Unit Vesting columns assumes a fair market value for our common stock of $11.23 on December 31, 2013. The Payment on Stock Option Cancellation column assumes that after all outstanding options accelerate at the time of the change in control they will be exercised and cashed out.

(2) The value of the health benefits, medical and dental, was determined applying the maximum monthly premiums we charge former employees for continuation coverage of medical benefits under COBRA (presently $1,213 per month). In calculating disability insurance benefits, the value of the short-term

55

disability benefits (which is a self-insured plan) were assumed to be the same as the premiums for long-term disability (which is provided by a third party insurance provider), increased to reflect administrative costs. The value of life and accident insurance were assumed to be the same as current premiums for such benefits increased to reflect administrative costs.

(3) Amounts in this column include all amounts payable on a termination and/or change in control pursuant to executives elections, which are made on an annual basis with respect to the next year s deferral election.

We concluded that there would be no tax gross-up and no reduction, as applicable, on the hypothetical termination payments upon change in control presented above based on the facts and circumstances and taking the following into account:

- the sum of base salary rate in effect on December 31, 2013 and target incentive compensation multiplied by 2.99 (2.0 for Messrs. Hawthorne and Moran);
- medical and dental insurance assuming family coverage (without reduction to present value);
- other insurance coverage such as life, accident and disability coverage assuming certain insurance rates described in footnote (2) above (without reduction to present value);
- the value of the accelerated vesting of the options and the restricted stock (which value may be lower than the actual value of the options and the restricted stock listed in the table);
- for purposes of testing whether a theoretical tax gross up would have been payable as contemplated in the agreements for Messrs. Shular, Hawthorne, Asmussen and Barnard we assumed a 51% income tax rate, for purposes of this table we calculated that there would be no such gross up; and
- Applicable Federal Rate (AFR) interest rates for purposes of calculating present value rates for accelerated payments.

Payments on Termination Prior to a Change in Control

The Severance Compensation Agreements do not give our named executive officers any specific rights following a termination prior to a change in control (a) by GrafTech other than for Retirement, Death, Disability or Termination for Cause or (b) by the executive for Good Reason for Resignation. Each named executive officer is, however, entitled to receive his or her accrued base salary and vacation pay through the date of termination, plus any benefits or awards which have been earned or become payable but which have not yet been paid if his or her employment is terminated prior to a change in control. All unvested shares of restricted stock will be forfeited upon a termination of employment by GrafTech or the executive for any reason.

Other Compensation Arrangements

Savings Plan

All of our regular, full-time U.S. employees, including eligible named executive officers, are eligible to participate in our Savings Plan. Assets in the Savings Plan are held in five types of accounts: an after-tax account to which participants may make contributions on an after-tax basis; a before-tax account to which participants may make contributions on a pre-tax basis; a Company contribution account to which matching contributions are allocated; an employer contribution account to which certain additional Company contributions are allocated; and a Roth 401(k) after-tax account to which participants may make contributions on an after-tax basis. The maximum employee contribution (pre-tax and after-tax combined) for any year for any participant is 50.0% of such participant s compensation (subject to statutory limits).

We make a matching contribution to the Savings Plan, in the form of shares of our common stock, for each participant who elects to contribute to the Savings Plan. The matching contribution is 100% of the first 3% of compensation and 50% of the next 2% of compensation that a participant contributes. Matching contributions under the Savings Plan are fully vested at all times. In addition to matching contributions, we make employer

contributions to the Savings Plan each year equal to 1% of a participant s eligible compensation. A participant becomes vested in these employer contributions to the Savings Plan once he or she has completed three years of service.

Contributions to the Savings Plan are invested, as the employee directs, in various funds offered under the Savings Plan from time to time, including a fund that invests entirely in our common stock. Amounts invested under the Savings Plan, including amounts in our common stock fund, may be switched into another investment option at any time subject to applicable insider trading policies. The account balances of participants reflect both their contributions and our contributions as well as the investment performance of the investments in which those amounts are invested. Distributions of account balances from the Savings Plan are generally made upon retirement or other termination of employment, unless deferred by the participant.

Compensation Plan Risk

We regularly assess the risks related to our compensation programs and policies, including our executive compensation programs, and analyze the checks and balances associated with such plans. We have implemented control to manage those risks that include:

- balanced and competitive mix of salaries, benefits, and annual and long-term incentives aligned with our operational and strategic goals;
- our Compensation Committee s and its outside consultant s guidance in developing our compensation arrangements, plans, programs and policies;
- approval by our Board and the Compensation Committee of significant compensation plans and programs;
- oversight by the Compensation Committee of compensation plans and programs for management employees, including approval of incentive plan goals, review of actual performance against goals, and approval of award payouts;
- our short and long term incentive awards contain forfeiture and recoupment provisions in the event of misconduct of the individual, including recoupment or clawback provisions as contemplated under the Dodd-Frank Act under our Equity Incentive Plan awards;
- as further described in Hedging Policy under Compensation Discussion and Analysis , our named executive officers are prohibited from buying or selling options on our securities, engaging in any short sale of our securities or buying or selling our securities on margin and sales against the box. Under our policies, pledging GrafTech securities is discouraged; and
- as further described in Stock Ownership Guidelines under Compensation Discussion and Analysis , our named executive officers are subject to minimum ownership guidelines and are expected, within five years after appointment as a member of senior management, to own a number of shares of our common stock (including unvested restricted stock) equal to two times annual base salary or in the case of the chief executive officer, four times annual base salary.

We have concluded that our compensation plans do not create risks that are reasonably likely to have a material adverse effect on the Company.

Director Compensation for 2013

The following table summarizes the annual cash and equity compensation payable to GrafTech s directors (other than employee directors) during 2013. Employee directors do not receive compensation for rendering services as directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Total ($)
Randy W. Carson	69,350	80,000	149,350
Mary B. Cranston	92,500	80,000	172,500
Harold E. Layman	81,500	80,000	161,500
Ferrell P. McClean	71,409	80,000	151,409
Nathan Milikowsky(2)		29,000	29,000
Michael C. Nahl(2)	39,500	80,000	119,500
Steven R. Shawley		158,228	158,228

(1) The grant date fair value of stock awards was determined in accordance with FASB ASC Topic 718. See Note 13 of our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013, for an explanation of the assumptions made in the valuation of these awards.

(2) Messrs. Milikowsky and Nahl ceased directorship as of May 14, 2013.

On December 31, 2013, outstanding stock awards, comprised of unvested restricted stock and deferred stock units, and option awards, were:

Name	Outstanding Stock Awards (# of shares)	Outstanding Option Awards (# of shares)
Randy W. Carson	43,672	5,000
Mary B. Cranston	8,466	3,500
Harold E. Layman	8,466	3,500

Fund	Total Non-Audit Fees Billed to Fund		Billed to Adviser and Adviser Entities (Engagements Related Directly to the Operations and Financial Reporting of Fund)		Total Non-Audit Fees Billed to Adviser and Adviser Entities (All Other Engagements)		Total	
	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011

Massachusetts Dividend Advantage	$ 850	$ 0	$ 0	$ 0	$ 0	$ 0	$ 850	$ 0
Massachusetts Premium Income	850	850	0	0	0	0	850	850
Michigan Dividend Advantage	850	850	0	0	0	0	850	850
Michigan Premium Income	3,400	3,400	0	0	0	0	3,400	3,400
Michigan Quality Income	3,400	3,400	0	0	0	0	3,400	3,400
Missouri Premium Income	850	850	0	0	0	0	850	850
New Jersey Dividend Advantage	850	850	0	0	0	0	850	850
New Jersey Dividend Advantage 2	850	850	0	0	0	0	850	850
New Jersey Investment Quality	3,400	1,700	0	0	0	0	3,400	1,700
New Jersey Value	0	0	0	0	0	0	0	0
New Jersey Premium Income	3,400	1,700	0	0	0	0	3,400	1,700
Ohio Dividend Advantage	850	850	0	0	0	0	850	850
Ohio Dividend Advantage 2	850	850	0	0	0	0	850	850
Ohio Dividend Advantage 3	850	850	0	0	0	0	850	850
Ohio Quality Income	3,400	3,400	0	0	0	0	3,400	3,400
Pennsylvania Value	0	0	0	0	0	0	0	0
Pennsylvania Dividend Advantage	850	850	0	0	0	0	850	850
Pennsylvania Dividend Advantage 2	850	850	0	0	0	0	850	850
Pennsylvania Investment Quality	850	850	0	0	0	0	850	850
Pennsylvania Premium Income 2	850	850	0	0	0	0	850	850
Texas Quality Income	850	850	0	0	0	0	850	850
Virginia Dividend Advantage	850	0	0	0	0	0	850	0
Virginia Dividend Advantage 2	850	0	0	0	0	0	850	0
Virginia Premium Income	850	850	0	0	0	0	850	850

Audit Committee Pre-Approval Policies and Procedures. Generally, the audit committee must approve each Fund s independent registered public accounting firm s engagements (i) with the Fund for audit or non-audit services and (ii) with the Adviser and Adviser Entities for non-audit services if the engagement relates directly to the operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent registered public accounting firm for each Fund and the Adviser and Adviser Entities (with respect to the operations and financial reporting of each Fund), such engagements will be (i) pre-approved by the audit committee if they are expected to be for amounts greater than 10,000; (ii) reported to the audit committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under 10,000 but greater than 5,000; and (iii) reported to the audit committee at the next audit committee meeting if they are expected to be for an amount under 5,000.

The audit committee has approved in advance all audit services and non-audit services that the independent registered public accounting firm provided to each Fund and to the Adviser and Adviser Entities (with respect to the operations and financial reporting of each Fund). None of the

services rendered by the independent registered public accounting firm to each Fund or the Adviser or Adviser Entities were pre-approved by the audit committee pursuant to the pre-approval exception under Rule 2-01(c)(7)(i)(c) or Rule 2-01(c)(7)(ii) of Regulation S-X.

Additional Information

Appointment of the Independent Registered Public Accounting Firm

Each Board has appointed Ernst & Young LLP as independent registered public accounting firm to audit the books and records of each Fund for its current fiscal year. A representative of Ernst & Young LLP will be present at the Annual Meetings to make a statement, if such representative so desires, and to respond to shareholders questions. Ernst & Young LLP has informed each Fund that it has no direct or indirect material financial interest in the Funds, Nuveen, the Adviser or any other investment company sponsored by Nuveen.

Section 16(a) Beneficial Interest Reporting Compliance

Section 30(h) of the 1940 Act and Section 16(a) of the 1934 Act require Board Members and officers, the Adviser, affiliated persons of the Adviser and persons who own more than 10% of a registered class of a Fund s equity securities to file forms reporting their affiliation with that Fund and reports of ownership and changes in ownership of that Fund s shares with the SEC and the New York Stock Exchange or NYSE Amex, as applicable. These persons and entities are required by SEC regulation to furnish the Funds with copies of all Section 16(a) forms they file. Based on a review of these forms furnished to each Fund, each Fund believes that its Board Members and officers, Adviser and affiliated persons of the Adviser have complied with all applicable Section 16(a) filing requirements during its last fiscal year. [NUVEEN, PLEASE ADVISE] To the knowledge of management of the Funds, no shareholder of a Fund owns more than 10% of a registered class of a Fund s equity securities, except as provided in Appendix B.

Information About the Adviser

The Adviser, located at 333 West Wacker Drive, Chicago, Illinois 60606, serves as investment adviser and manager for each Fund. The Adviser is a wholly-owned subsidiary of Nuveen. Nuveen is a wholly-owned subsidiary of Windy City, a corporation formed by investors led by

Madison Dearborn Partners, LLC (MDP), a private equity investment firm based in Chicago, Illinois. Windy City is controlled by MDP on behalf of the Madison Dearborn Capital Partner V funds.

Shareholder Proposals

To be considered for presentation at the annual meeting of shareholders of the Funds to be held in 2012, a shareholder proposal submitted pursuant to Rule 14a-8 of the 1934 Act must be received at the offices of that Fund, 333 West Wacker Drive, Chicago, Illinois 60606, not later than June 7, 2012. A shareholder wishing to provide notice in the manner prescribed by Rule 14a-4(c)(1) of a proposal submitted outside of the process of Rule 14a-8 must, pursuant to each Fund s By-Laws, submit such written notice to the Fund not later than August 22, 2012 or prior to August 5, 2012. Timely submission of a proposal does not mean that such proposal will be included in a proxy statement.

Shareholder Communications

Fund shareholders who want to communicate with the Board or any individual Board Member should write to the attention of Lorna Ferguson, Manager of Fund Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606. The letter should indicate that you are a Fund shareholder and note the fund or funds that you own. If the communication is intended for a specific Board Member and so indicates it will be sent only to that Board Member. If a communication does not indicate a specific Board Member it will be sent to the Independent Chairman and the outside counsel to the Independent Board Members for further distribution as deemed appropriate by such persons.

Expenses of Proxy Solicitation

With respect to routine items, such as the election of Board Members, the cost of preparing, printing and mailing the enclosed proxy, accompanying notice and proxy statement and all other costs in connection with the solicitation of proxies will be paid by the Funds pro rata based on the number of shareholder accounts. For non-routine items, such as updating investment policies, the costs in connection with the solicitation of proxies will be paid by the Funds subject to such non-routine items based on the number of shareholder accounts. Additional solicitation may be made by letter or telephone by officers or employees of Nuveen or the Adviser, or by dealers and their representatives. Any additional costs of solicitation will be paid by the Fund that requires additional solicitation.

Fiscal Year

The fiscal year end is: February 28 for Arizona Dividend Advantage, Arizona Dividend Advantage 2, Arizona Dividend Advantage 3, Arizona Premium Income, and Texas Quality Income. California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Investment Quality, California Market Opportunity, California Value, California Value 2, California Performance Plus, California Premium Income, California Quality Income, California Select Quality, Michigan Dividend Advantage, Michigan Premium Income, Michigan Quality Income, Ohio Dividend Advantage, Ohio Dividend Advantage 2, Ohio Dividend Advantage 3, Ohio Quality Income, Texas Quality Income; April 30 for New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, New Jersey Investment Quality, New Jersey Value, New Jersey Premium Income, Pennsylvania Value, Pennsylvania Dividend Advantage, Pennsylvania Dividend Advantage 2, Pennsylvania Investment Quality and Pennsylvania

Premium Income 2; May 31 for Maryland Dividend Advantage, Maryland Dividend Advantage 2, Maryland Dividend Advantage 3, Massachusetts Dividend Advantage, Massachusetts Premium Income, Missouri Premium Income, Virginia Dividend Advantage, Virginia Dividend Advantage 2 and Virginia Premium Income; June 30 for Tax-Advantaged Floating Rate; and July 31 for Floating Rate Income, Floating Rate Income Opportunity and Senior Income.

Annual Report Delivery

Annual reports will be sent to shareholders of record of each Fund following each Fund s fiscal year end. Each Fund will furnish, without charge, a copy of its annual report and/or semi-annual report as available upon request. Such written or oral requests should be directed to such Fund at 333 West Wacker Drive, Chicago, Illinois 60606 or by calling 1-800-257-8787.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on November 15, 2011:

Each Fund s Proxy Statement is available at www.nuveen.com/proxyinfo/CEF/Default.aspx. For more information, shareholders may also contact the applicable Fund at the address and phone number set forth above.

Please note that only one annual report, semi-annual report or proxy statement may be delivered to two or more shareholders of a Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of an annual report, semi-annual report or proxy statement, or for instructions as to how to request a separate copy of such documents or as to how to request a single copy if multiple copies of such documents are received, shareholders should contact the applicable Fund at the address and phone number set forth above.

General

Management does not intend to present and does not have reason to believe that any other items of business will be presented at the Annual Meetings. However, if other matters are properly presented to the Annual Meetings for a vote, the proxies will be voted by the persons acting under the proxies upon such matters in accordance with their judgment of the best interests of the Fund.

A list of shareholders entitled to be present and to vote at each Annual Meeting will be available at the offices of the Funds, 333 West Wacker Drive, Chicago, Illinois, for inspection by any shareholder during regular business hours beginning ten days prior to the date of the Annual Meeting.

A majority of the shares entitled to vote at each Annual Meeting, represented in person or by proxy, shall constitute a quorum, except that for the election of the two Board member nominees to be elected by holders of Preferred Shares for each applicable Fund, 331/3% of the shares present and entitled to vote, represented in person or by proxy, will constitute a quorum. In the absence of a quorum, business may proceed on any other matter or matters which may properly come before the Annual Meeting if there shall be present, in person or by proxy, a quorum of shareholders in respect of such other matters. Failure of a quorum of any Fund to be present at the Annual Meeting will necessitate adjournment and will subject the applicable Fund to additional expense. Abstentions and broker non-votes will be treated as shares that are present for purposes of determining the presence of a quorum for transacting business at the Annual Meeting. If a quorum is present and a Fund has not received enough votes by the time of the Annual Meeting to approve a proposal, the shareholders of the Fund present in person or by proxy and entitled to vote at the Annual Meeting may propose that such Annual Meeting be adjourned one or more times with respect to such Fund to permit further solicitation of proxies. The persons named in the enclosed proxy may also move for an adjournment of the meeting to permit further solicitation of proxies with respect to any of the proposals if they determine that adjournment and further solicitation is reasonable and in the best interests of the shareholders whether or not a quorum is present. Under each Fund s By-Laws, an adjournment of a meeting requires the affirmative vote of a majority of the shares present in person or represented by proxy at such meeting.

IF YOU CANNOT BE PRESENT AT THE MEETING, YOU ARE REQUESTED TO FILL IN, SIGN AND RETURN THE ENCLOSED PROXY PROMPTLY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

Kevin J. McCarthy
Vice President and Secretary
The Nuveen Funds

October 17, 2011

APPENDIX A

[NUVEEN TO UPDATE]

Beneficial Ownership

The following table lists the dollar range of equity securities beneficially owned by each Board Member nominee in each Fund and in all Nuveen funds overseen by the Board Member nominee as of December 31, 2010. The information as to beneficial ownership is based on statements furnished by each Board Member and officer.

Board Member Nominees	Floating Rate Income	Floating Rate Income Opportunity	Senior Income	Tax-Advantaged Floating Rate	Arizona Dividend Advantage	Arizona Dividend Advantage 2
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	$10,001-$50,000	$0	$50,001-$100,000	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0
Virginia L. Stringer	$0	$0	$0	$0	$0	$0
Terence J. Toth	$0	$50,001-$100,000	Over $100,000	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian	$0	$0	$0	$10,001-$50,000	$0	$0

Board Member Nominees	Arizona Dividend Advantage 3	Arizona Premium Income	California Premium Advantage	California Dividend Advantage 2	California Dividend Advantage 3	California Investment Quality
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0

David J. Kundert	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0
Virginia L. Stringer	$0	$0	$0	$0	$0	$0
Terence J. Toth	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian	$0	$0	$0	$0	$0	$0

A-1

	Dollar Range of Equity Securities						
Board Member Nominees	California Market Opportunity	California Value	California Value 2	California Performance Plus	California Premium Income	California Quality Income	California Select Quality
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	$0	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0	$0
Virginia L. Stringer	$0	$0	$0	$0	$0	$0	$0
Terence J. Toth	$0	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	$0	$0	$0	$0	$0	$0	$0

Board Member Nominees	Maryland Dividend Advantage	Maryland Dividend Advantage 2	Maryland Dividend Advantage 3	Maryland Premium Income	Massachusetts Dividend Advantage	Massachusetts Premium Income	Michigan Dividend Advantage
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	$0	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0	$0
Virginia L. Stringer	$0	$0	$0	$0	$0	$0	$0
Terence J. Toth	$0	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	$0	$0	$0	$0	$0	$0	$0

	Dollar Range of Equity Securities						
Board Member Nominees	Michigan Premium Income	Michigan Quality Income	Missouri Premium Income	New Jersey Dividend Advantage	New Jersey Dividend Advantage 2	New Jersey Investment Quality	New Jersey Value
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	$0	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0	$0
Virginia L. Stringer	$0	$0	$0	$0	$0	$0	$0
Terence J. Toth	$0	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	$0	$0	$0	$0	$0	$0	$0

Board Member Nominees	New Jersey Premium Income	Ohio Dividend Advantage	Ohio Dividend Advantage 2	Ohio Dividend Advantage 3	Ohio Quality Income	Pennsylvania Value	Pennsylvania Dividend Advantage
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	$0	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0	$0
Virginia L. Stringer	$0	$0	$0	$0	$0	$0	$0
Terence J. Toth	$0	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	$0	$0	$0	$0	$0	$0	$0

	Dollar Range of Equity Securities						
Board Member Nominees	Pennsylvania Dividend Advantage 2	Pennsylvania Investment Quality	Pennsylvania Premium Income 2	Texas Quality Income	Virginia Dividend Advantage	Virginia Dividend Advantage 2	Virginia Premium Income
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	$0	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0	$0
Virginia L. Stringer	$0	$0	$0	$0	$0	$0	$0
Terence J. Toth	$0	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	$0	$0	$0	$0	$0	$0	$0

	Dollar Range of Equity Securities
Board Member Nominees	Aggregate Range of Securities All Registered Investment Companies Overseen by Board Member Nominees in Family of Investment Companies(1)
Board Members/Nominees who are not interested persons of the Funds	
Robert P. Bremner	Over $100,000
Jack B. Evans	Over $100,000
William C. Hunter	Over $100,000
David J. Kundert	Over $100,000
William J. Schneider	Over $100,000
Judith M. Stockdale	Over $100,000
Carole E. Stone	Over $100,000
Virginia L. Stringer	Over $100,000
Terence J. Toth	Over $100,000

Board Member/Nominee who is an interested person of the Funds	
John P. Amboian	Over $100,000

(1) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Funds and in all Nuveen funds overseen by the Board Member.

A-4

The following table sets forth, for each Board Member and Board Member Nominee and for the Board Members and Board Member Nominees and officers as a group, the amount of shares beneficially owned in each Fund as of December 31, 2010. The information as to beneficial ownership is based on statements furnished by each Board Member and officer.

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Floating Rate Income	Floating Rate Income Opportunity	Senior Income	Tax-Advantaged Floating Rate	Arizona Dividend Advantage	Arizona Dividend Advantage 2	Arizona Dividend Advantage 3
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	0	0	0	0	0	0	0
Jack B. Evans	1,600	0	10,000	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0
Terence J. Toth	0	8,329	14,608	0	0	0	0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	0	0	0	16,845	0	0	0
All Board Members and Officers as a Group	1,600	8,329	24,608	16,845	0	0	0

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Arizona Premium Income	California Dividend Advantage	California Dividend Advantage 2	California Dividend Advantage 3	California Investment Quality	California Market Opportunity	California Value
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	0	0	0	0	0	0	0
Jack B. Evans	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0

Virginia L. Stringer	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	0	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

A-5

Fund Shares Owned By Board Members And Officers[(1)]

Board Member Nominees	**California Value 2**	**California Performance Plus**	**California Premium Income**	**California Quality Income**	**California Select Quality**	**Maryland Dividend Advantage**	**Maryland Dividend Advantage 2**
Robert P. Bremner	0	0	0	0	0	0	0
Jack B. Evans	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	0	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0	0

Board Member Nominees	**Maryland Dividend Advantage 3**	**Maryland Premium Income**	**Massachusetts Dividend Advantage**	**Massachusetts Premium Income**	**Michigan Dividend Advantage**	**Michigan Premium Income**	**Michigan Quality Income**
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	0	0	0	0	0	0	0
Jack B. Evans	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	0	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Missouri Premium Income	New Jersey Dividend Advantage	New Jersey Dividend Advantage 2	New Jersey Investment Quality	New Jersey Value	New Jersey Premium Income	Ohio Dividend Advantage
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	0	0	0	0	0	0	0
Jack B. Evans	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds							
John P. Amboian	0	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

Board Member Nominees	Ohio Dividend Advantage 2	Ohio Dividend Advantage 3	Ohio Quality Income	Pennsylvania Value	Pennsylvania Dividend Advantage	Pennsylvania Dividend Advantage 2	Pennsylvania Investment Quality
Board Members/Nominees who are not interested persons of the Funds							
Robert P. Bremner	0	0	0	0	0	0	0
Jack B. Evans	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0
William J. Schneider	0	0	57	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds							

John P. Amboian	0	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	57	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Pennsylvania Premium Income 2	Texas Quality Income	Virginia Dividend Advantage	Virginia Dividend Advantage 2	Virginia Premium Income
Board Members/Nominees who are not interested persons of the Funds					
Robert P. Bremner	0	0	0	0	0
Jack B. Evans	0	0	0	0	0
William C. Hunter	0	0	0	0	0
David J. Kundert	0	0	0	0	0
William J. Schneider	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0
Carole E. Stone	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0
Terence J. Toth	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds					
John P. Amboian	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

APPENDIX B

List of Beneficial Owners Who Own More Than 5% of Any Class of Shares in Any Fund

The following chart lists each shareholder or group of shareholders who beneficially own more than 5% of any class of shares of any Fund*:

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
Floating Rate Income (JFR) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	10,307,575	21.80%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
Floating Rate Income Opportunity (JRO) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	6,392,308	21.40%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
Senior Income (NSL) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	5,918,390	19.8%

	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
Arizona Dividend Advantage (NFZ) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	68	16.00%
	Bank of America, N.A. 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	27	6.40%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	41	9.70%

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
	Merrill Lynch, Pierce, Fenner & Smith, Inc. 4 World Financial Center 250 Vesey Street New York, NY 10080	27	6.40%
Arizona Dividend Advantage 2 (NKR) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	139	20.90%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	128	19.20%
	Merrill Lynch, Pierce, Fenner & Smith, Inc. 4 World Financial Center 250 Vesey Street New York, NY 10080	128	15.10%
	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	85	12.78%
Arizona Premium Income (NAZ) Auction Rate Preferred Shares	UBS AG Bahnhoftstrasse 45 PO Box CH-8021 Zurich, Switzerland	94	8.43%
	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	74	6.64%

California Dividend Advantage 2 (NVX) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	858,400	20.03%
(NVX) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,522,477	10.30%
	First Trust Advisors L.P.[a] 1001 Warrenville Road Lisle, IL 60532		
	The Charger Corporation[a] 1001 Warrenville Road Lisle, IL 60532		

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
California Dividend Advantage 3 (NZH) Auction Rate Preferred Shares	UBS AG Bahnhoftstrasse 45 PO Box CH-8021 Zurich, Switzerland	186	6.69%
(NZH) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	1,172,000	26.58%
(NZH) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	2,033,040	8.40%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
California Investment Quality (NQC) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	870,793	6.40%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
		430	22.04%

California Market Opportunity (NCO) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255		
	Merrill Lynch, Pierce, Fenner & Smith, Inc. 4 World Financial Center 250 Vesey Street New York, NY 10080	140	7.20%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	201	10.30%
California Performance Plus (NCP) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	842,490	6.50%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
California Premium Income (NCU) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	572	41.60%
	Bank of America, N.A. 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	105	7.60%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	467	34.00%
California Quality Income (NUC) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,507,908	6.90%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
(NUC) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	912	14.50%

	Bank of America, N.A. 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	441	7.01%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	471	7.49%
California Select Quality (NVC) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,682,505	7.30%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
(NVC) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	927	14.67%
	Bank of America, N.A. 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	371	5.87%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	556	8.80%
	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	385	6.09%
Maryland Dividend Advantage (NFM) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	71	6.90%
(NFM) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	197,115	7.44%
Maryland Dividend Advantage 2 (NZR) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	89	8.40%
		56	5.30%

	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255		
(NZR) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	408,583	14.97%
Maryland Dividend Advantage 3 (NWI) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	193,394	9.34%
Maryland Premium Income (NMY) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	160	5.60%

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	157	5.50%
(NMY) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	253,873	6.55%
Massachusetts Dividend Advantage (NMB) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	86	15.10%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	80	14.00%
(NMB) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	152,600	10.36%
Massachusetts Premium Income (NMT) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	194,600	9.63%
Michigan Premium Income (NMP) Auction Rate Preferred Shares	UBS AG Bahnhoftstrasse 45 PO Box CH-8021 Zurich, Switzerland	282	13.13%
		471	13.48%

Michigan Quality Income (NUM) Auction Rate Preferred Shares	UBS AG Bahnhoftstrasse 45 PO Box CH-8021 Zurich, Switzerland		
Missouri Premium Income (NOM) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	255	39.80%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	96	15.00%
	Bank of America, N.A. 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	159	24.80%

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
New Jersey Dividend Advantage (NXJ) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	539,701	8.20%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
New Jersey Dividend Advantage 2 (NUJ) Auction Rate Preferred Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	358,334	7.90%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	283	22.70%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	203	16.30%

Ohio Dividend Advantage (NXI) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	140,000	12.01%
Ohio Dividend Advantage 3 (NVJ) Auction Rate Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	62	10.00%
(NVJ) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	250,000	13.54%
Ohio Quality Income (NUO) Auction Rate Preferred Shares	UBS AG Bahnhoftstrasse 45 PO Box CH-8021 Zurich, Switzerland	342	11.51%
	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	218	7.08%

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
Pennsylvania Dividend Advantage (NXM) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	51	5.60%
Texas Quality Income (NTX) Auction Rate Preferred Shares	Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255	1,274	49.00%
	Blue Ridge Investments, L.L.C. 214 North Tryon Street Bank of America Corporate Center Charlotte, NC 28255	1,159	44.50%
(NTX) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	787,578	11.11%
Virginia Dividend Advantage (NGB) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	444,600	19.50%
Virginia Dividend Advantage 2 (NNB) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	506,800	13.41%
Virginia Premium Income (NPV) MuniFund Term Preferred Shares	Karpus Management, Inc., d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, New York 14534	296,650	10.16%

* The information contained in this table is based on Schedule 13G filings made on or after December 1, 2010.

(a) First Trust Portfolios L.P., First Trust Advisors L.P. and The Charger Corporation filed their schedule 13G jointly and did not differentiate holdings as to each entity.

APPENDIX C

NUMBER OF BOARD AND COMMITTEE MEETINGS HELD DURING EACH FUND S LAST FISCAL YEAR

Fund	Regular Board Meeting	Special Board Meeting	Executive Committee Meeting	Dividend Committee Meeting	Compliance, Risk Management and Regulatory Oversight Committee Meeting	Audit Committee Meeting	Nominating and Governance Committee Meeting
Floating Rate Income							
Floating Rate Income Opportunity							
Senior Income							
Tax Advantaged Floating Rate							
Arizona Dividend Advantage							
Arizona Dividend Advantage 2							
Arizona Dividend Advantage 3							
Arizona Premium Income							
California Dividend Advantage							
California Dividend Advantage 2							
California Dividend Advantage 3							
California Investment Quality							
California Market Opportunity							
California Value							
California Value 2							
California Performance Plus							
California Premium Income							
California Quality Income							
California Select Quality							
Maryland Dividend Advantage							
Maryland Dividend Advantage 2							
Maryland Dividend Advantage 3							
Maryland Premium Income							
Massachusetts Dividend Advantage							

C-1

Fund	Regular Board Meeting	Special Board Meeting	Executive Committee Meeting	Dividend Committee Meeting	Compliance, Risk Management and Regulatory Oversight Committee Meeting	Audit Committee Meeting	Nominating and Governance Committee Meeting
Massachusetts Premium Income							
Michigan Dividend Advantage							
Michigan Premium Income							
Michigan Quality Income							
Missouri Premium Income							
New Jersey Dividend Advantage							
New Jersey Dividend Advantage 2							
New Jersey Investment Quality							
New Jersey Value							
New Jersey Premium Income							
Ohio Dividend Advantage 2							
Ohio Dividend Advantage 3							
Ohio Quality Income							
Pennsylvania Value							
Pennsylvania Dividend Advantage							
Pennsylvania Dividend Advantage 2							
Pennsylvania Investment Quality							
Pennsylvania Premium Income 2							
Texas Quality Income							
Virginia Dividend Advantage							
Virginia Dividend Advantage 2							
Virginia Premium Income							

APPENDIX D

NUVEEN FUND BOARD
AUDIT COMMITTEE CHARTER

I. Organization and Membership

There shall be a committee of each Board of Directors/Trustees (the Board) of the Nuveen Management Investment Companies (the Funds or, individually, a Fund) to be known as the Audit Committee. The Audit Committee shall be comprised of at least three Directors/Trustees. Audit Committee members shall be independent of the Funds and free of any relationship that, in the opinion of the Directors/Trustees, would interfere with their exercise of independent judgment as an Audit Committee member. In particular, each member must meet the independence and experience requirements applicable to the Funds of the exchanges on which shares of the Funds are listed, Section 10A of the Securities Exchange Act of 1934 (the Exchange Act), and the rules and regulations of the Securities and Exchange Commission (the Commission). Each such member of the Audit Committee shall have a basic understanding of finance and accounting, be able to read and understand fundamental financial statements, and be financially literate, and at least one such member shall have accounting or related financial management expertise, in each case as determined by the Directors/Trustees, exercising their business judgment (this person may also serve as the Audit Committee s financial expert as defined by the Commission). The Board shall appoint the members and the Chairman of the Audit Committee, on the recommendation of the Nominating and Governance Committee. The Audit Committee shall meet periodically but in any event no less frequently than on a semi-annual basis. Except for the Funds, Audit Committee members shall not serve simultaneously on the audit committees of more than two other public companies.

II. Statement of Policy, Purpose and Processes

The Audit Committee shall assist the Board in oversight and monitoring of (1) the accounting and reporting policies, processes and practices, and the audits of the financial statements, of the Funds; (2) the quality and integrity of the financial statements of the Funds; (3) the Funds compliance with legal and regulatory requirements, (4) the independent auditors qualifications, performance and independence; and (5) oversight of the Pricing Procedures of the Funds and the Valuation Group. In exercising this oversight, the Audit Committee can request other committees of the Board to assume responsibility for some of the monitoring as long as the other committees are composed exclusively of independent directors.

In doing so, the Audit Committee shall seek to maintain free and open means of communication among the Directors/Trustees, the independent auditors, the internal auditors and the management of the Funds. The Audit Committee shall meet periodically with Fund management, the Funds internal auditor, and the Funds independent auditors, in separate executive sessions. The Audit Committee shall prepare reports of the Audit Committee as required by the Commission to be included in the Fund s annual proxy statements or otherwise.

The Audit Committee shall have the authority and resources in its discretion to retain special legal, accounting or other consultants to advise the Audit Committee and to otherwise discharge its responsibilities, including appropriate funding as determined by the Audit Committee for compensation to independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for a Fund, compensation to advisers employed by the Audit Committee, and ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties, as determined in its discretion. The Audit Committee may request any officer or employee of Nuveen Investments, Inc. (or its affiliates) (collectively, Nuveen) or the Funds independent auditors or outside counsel to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Funds independent auditors and internal auditors shall have unrestricted accessibility at any time to Committee members.

Responsibilities

Fund management has the primary responsibility to establish and maintain systems for accounting, reporting, disclosure and internal control.

The independent auditors have the primary responsibility to plan and implement an audit, with proper consideration given to the accounting, reporting and internal controls. Each independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Funds shall report directly to the Audit Committee. The independent auditors are ultimately accountable to the Board and the Audit Committee. It is the ultimate responsibility of the Audit Committee to select, appoint, retain, evaluate, oversee and replace any independent auditors and to determine their compensation, subject to ratification of the Board, if required. These Audit Committee responsibilities may not be delegated to any other Committee or the Board.

The Audit Committee is responsible for the following:

With respect to Fund financial statements:

1. Reviewing and discussing the annual audited financial statements and semi-annual financial statements with Fund management and the independent auditors including major issues regarding accounting and auditing principles and practices, and the Funds disclosures in its periodic reports under Management s Discussion and Analysis.

2. Requiring the independent auditors to deliver to the Chairman of the Audit Committee a timely report on any issues relating to the significant accounting policies, management judgments and accounting estimates or other matters that would need to be communicated under PCAOB AU 380, Communications with Audit Committees., that arise during the auditors review of the Funds financial statements, which information the Chairman shall further communicate to the other members of the Audit Committee, as deemed necessary or appropriate in the Chairman s judgment.

3. Discussing with management the Funds press releases regarding financial results and dividends, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally, consisting of discussing the types of information to be disclosed and the types of presentations to be made. The Chairman of the Audit Committee shall be authorized to have these discussions with management on behalf of the Audit Committee.

4. Discussing with management and the independent auditors (a) significant financial reporting issues and judgments made in connection with the preparation and

presentation of the Funds financial statements, including any significant changes in the Funds selection or application of accounting principles and any major issues as to the adequacy of the Funds internal controls and any special audit steps adopted in light of material control deficiencies; and (b) analyses prepared by Fund management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

5. Discussing with management and the independent auditors the effect of regulatory and accounting initiatives on the Funds financial statements.

6. Reviewing and discussing reports, both written and oral, from the independent auditors and/or Fund management regarding (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative treatments and disclosures, and the treatment preferred by the independent auditors; and (c) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

7. Discussing with Fund management the Funds major financial risk exposures and the steps management has taken to monitor and control these exposures, including the Funds risk assessment and risk management policies and guidelines. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to risk assessment and risk management.

8. Reviewing disclosures made to the Audit Committee by the Funds principal executive officer and principal financial officer during their certification process for the Funds periodic reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Funds internal controls. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to deficiencies in internal controls, material weaknesses, or any fraud associated with internal controls.

With respect to the independent auditors:

1. Selecting, appointing, retaining or replacing the independent auditors, subject, if applicable, only to Board and shareholder ratification; and compensating, evaluating and overseeing the work of the independent auditor (including the resolution of disagreements between Fund management and the independent auditor regarding financial reporting).

2. Meeting with the independent auditors and Fund management to review the scope, fees, audit plans and staffing for the audit, for the current year. At the conclusion of the audit, reviewing such audit results, including the independent auditors evaluation of the Funds financial and internal controls, any comments or recommendations of the independent auditors, any audit problems or difficulties and

management s response, including any restrictions on the scope of the independent auditor s activities or on access to requested information, any significant disagreements with management, any accounting adjustments noted or proposed by the auditor but not made by the Fund, any communications between the audit team and the audit firm s national office regarding auditing or accounting issues presented by the engagement, any significant changes required from the originally planned audit programs and any adjustments to the financial statements recommended by the auditors.

3. Pre-approving all audit services and permitted non-audit services, and the terms thereof, to be performed for the Funds by their independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10a of the Exchange Act that the Audit Committee approves prior to the completion of the audit, in accordance with any policies or procedures relating thereto as adopted by the Board or the Audit Committee. The Chairman of the Audit Committee shall be authorized to give pre-approvals of such non-audit services on behalf of the Audit Committee.

4. Obtaining and reviewing a report or reports from the independent auditors at least annually (including a formal written statement delineating all relationships between the auditors and the Funds consistent with PCAOB Ethics and Independence Rule 3526, as may be amended, restated, modified or replaced) regarding (a) the independent auditor s internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Funds and their affiliates, in order to assist the Audit committee in assessing the auditor s independence. After reviewing the foregoing report[s] and the independent auditor s work throughout the year, the Audit Committee shall be responsible for evaluating the qualifications, performance and independence of the independent auditor and their compliance with all applicable requirements for independence and peer review, and a review and evaluation of the lead partner, taking into account the opinions of Fund management and the internal auditors, and discussing such reports with the independent auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

5. Reviewing any reports from the independent auditors mandated by Section 10a(b) of the Exchange Act regarding any illegal act detected by the independent auditor (whether or not perceived to have a material effect on the Funds financial statements) and obtaining from the independent auditors any information about illegal acts in accordance with Section 10a(b).

6. Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, and further considering the rotation of the independent auditor firm itself.

7. Establishing and recommending to the Board for ratification policies for the Funds , Fund management or the Fund adviser s hiring of employees or former employees of the independent auditor who participated in the audits of the Funds.

8. Taking, or recommending that the Board take, appropriate action to oversee the independence of the outside auditor.

With respect to any internal auditor:

9. Reviewing the proposed programs of the internal auditor for the coming year. It is not the obligation or responsibility of the Audit Committee to confirm the independence of any Nuveen internal auditors performing services relating to the Funds or to approve any termination or replacement of the Nuveen Manager of Internal Audit.

10. Receiving a summary of findings from any completed internal audits pertaining to the Funds and a progress report on the proposed internal audit plan for the Funds, with explanations for significant deviations from the original plan.

With respect to pricing and valuation oversight:

11. The Board has responsibilities regarding the pricing of a Fund s securities under the 1940 Act. The Board has delegated this responsibility to the Committee to address valuation issues that arise between Board meetings, subject to the Board s general supervision of such actions. The Committee is primarily responsible for the oversight of the Pricing Procedures and actions taken by the internal Valuation Group (Valuation Matters). The Valuation Group will report on Valuation Matters to the Committee and/or the Board of Directors/Trustees, as appropriate.

12. Performing all duties assigned to it under the Funds Pricing Procedures, as such may be amended from time to time.

13. Periodically reviewing and making recommendations regarding modifications to the Pricing Procedures as well as consider recommendations by the Valuation Group regarding the Pricing Procedures.

14. Reviewing any issues relating to the valuation of a Fund s securities brought to the Committee s attention, including suspensions in pricing, pricing irregularities, price overrides, self-pricing, NAV errors and corrections thereto, and other pricing matters. In this regard, the Committee should consider the risks to the Funds in assessing the possible resolutions of these Valuation Matters.

15. Evaluating, as it deems necessary or appropriate, the performance of any pricing agent and recommend changes thereto to the full Board.

16. Reviewing any reports or comments from examinations by regulatory authorities relating to Valuation Matters of the Funds and consider management s responses to any such comments and, to the extent the Committee deems necessary or appropriate, propose to management and/or the full Board the modification of the Fund s policies and procedures relating to such matters. The Committee, if deemed necessary or desirable, may also meet with regulators.

17. Meeting with members of management of the Funds, outside counsel, or others in fulfilling its duties hereunder, including assessing the continued appropriateness and adequacy of the Pricing Procedures, eliciting any recommendations for improvements of such procedures or other Valuation Matters, and assessing the possible resolutions of issues regarding Valuation Matters brought to its attention.

18. Performing any special review, investigations or oversight responsibilities relating to Valuation as requested by the Board of Directors/Trustees.

19. Investigating or initiating an investigation of reports of improprieties or suspected improprieties in connection with the Fund s policies and procedures relating to Valuation Matters not otherwise assigned to another Board committee.

Other responsibilities:

20. Reviewing with counsel to the Funds, counsel to Nuveen, the Fund adviser s counsel and independent counsel to the Board legal matters that may have a material impact on the Fund s financial statements or compliance policies.

21. Receiving and reviewing periodic or special reports issued on exposure/controls, irregularities and control failures related to the Funds.

22. Reviewing with the independent auditors, with any internal auditor and with Fund management, the adequacy and effectiveness of the accounting and financial controls of the Funds, and eliciting any recommendations for the improvement of internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose payments, transactions or procedures that might be deemed illegal or otherwise improper.

23. Reviewing the reports of examinations by regulatory authorities as they relate to financial statement matters.

24. Discussing with management and the independent auditor any correspondence with regulators or governmental agencies that raises material issues regarding the Funds financial statements or accounting policies.

25. Obtaining reports from management with respect to the Funds policies and procedures regarding compliance with applicable laws and regulations.

26. Reporting regularly to the Board on the results of the activities of the Audit Committee, including any issues that arise with respect to the quality or integrity of the Funds financial statements, the Funds compliance with legal or regulatory requirements, the performance and independence of the Funds independent auditors, or the performance of the internal audit function.

27. Performing any special reviews, investigations or oversight responsibilities requested by the Board.

28. Reviewing and reassessing annually the adequacy of this charter and recommending to the Board approval of any proposed changes deemed necessary or advisable by the Audit Committee.

D-6

29. Undertaking an annual review of the performance of the Audit Committee.

30. Establishing procedures for the receipt, retention and treatment of complaints received by the Funds regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of Fund management, the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the Funds, as well as employees of the Funds.

Although the Audit Committee shall have the authority and responsibilities set forth in this Charter, it is not the responsibility of the Audit Committee to plan or conduct audits or to determine that the Funds financial statements are complete and accurate and are in accordance with generally accepted accounting principles. That is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to ensure compliance with laws and regulations.

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606-1286

(800) 257-8787

www.nuveen.com JFR1111

Nuveen Investments 333 West Wacker Dr. Chicago IL 60606
www.nuveen.com

999 999 999 999 99

Your Proxy Vote is important!

And now you can Vote your Proxy on the *PHONE* or the *INTERNET*.

It saves Money! Telephone and Internet voting saves postage costs. Savings which can help minimize fund expenses.

It saves Time! Telephone and Internet voting is instantaneous 24 hours a day.

It s Easy! Just follow these simple steps:

1. Read your Combined Prospectus/Proxy Statement and have it at hand.

2. Call toll-free *1-800-254-4997 or go to website: www.proxy-direct.com*

3. Follow the recorded or on-screen directions.

4. Do *not* mail your Proxy Card when you vote by phone or Internet.

FUND NAME PRINTS HERE

COMMON SHARES

THIS PROXY IS SOLICITED BY THE BOARD OF THE FUND FOR AN ANNUAL MEETING OF SHAREHOLDERS, NOVEMBER 15, 2011

The Annual Meeting of shareholders will be held Tuesday, November 15, 2011 at 10:30 a.m. Central time, in the offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois, 60606. At this meeting, you will be asked to vote on the proposals described in the proxy statement attached. The undersigned hereby appoints Kevin J. McCarthy and Gifford R. Zimmerman, and each of them, with full power of substitution, proxies for the undersigned, to represent and vote the shares of the undersigned at the Annual Meeting of shareholders to be held on November 15, 2011, or any adjournment or adjournments thereof.

WHETHER OR NOT YOU PLAN TO JOIN US AT THE MEETING, PLEASE COMPLETE, DATE AND SIGN YOUR PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE SO THAT YOUR VOTE WILL BE COUNTED. AS AN ALTERNATIVE, PLEASE CONSIDER VOTING BY TELEPHONE AT (800)254-4997 OR OVER THE INTERNET (www.proxy-direct.com).

\- Date:____________________

SIGN HERE EXACTLY AS NAME(S) APPEAR(S) ON LEFT.
(Please sign in Box)

NOTE: PLEASE SIGN YOUR NAME EXACTLY AS IT APPEARS ON THIS PROXY. IF SHARES ARE HELD JOINTLY, EACH HOLDER MUST SIGN THE PROXY. IF YOU ARE SIGNING ON BEHALF OF AN ESTATE, TRUST OR CORPORATION, PLEASE STATE YOUR TITLE OR CAPACITY.

- - JFR-JRO-JFP-NCB-NJV-NPN

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting.

Properly executed proxies will be voted as specified. If no specification is made, such shares will be voted FOR each proposal.

Please fill in box(es) as shown using black or blue ink or number 2 pencil. x
PLEASE DO NOT USE FINE POINT PENS.

1d.	Election of Board Members: Class II: (01) John P. Amboian (02) David J. Kundert (03) Terence J. Toth	**FOR NOMINEES** listed at left (except as marked to the contrary)	**WITHHOLD AUTHORITY** to vote for all nominees listed at left
		o	o

(INSTRUCTION: To withhold authority to vote for any individual nominee(s), write the number(s) of the nominee(s) on the line provided above.)

PLEASE SIGN ON REVERSE SIDE