

GRAFTECH INTERNATIONAL LTD  
Form DEFA14A  
April 24, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14A-101)**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No.    )**

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ ..

Check the appropriate box:

☐ .. Preliminary Proxy Statement

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

☐ .. Definitive Proxy Statement

☒ x 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):

☒ No fee required.

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

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**For Immediate Release**

**GRAFTECH SENDS LETTER TO STOCKHOLDERS AND FILES INVESTOR PRESENTATION**

*Highlights Track Record of Performance and Reiterates Commitment to Executing Strategic Plan*

*Urges Stockholders to Vote FOR the GrafTech Director Nominees on the WHITE Proxy Card*

**PARMA, Ohio** April 24, 2014 GrafTech International Ltd. (NYSE:GTI) ( GrafTech ) today announced that it has mailed a letter to stockholders in connection with the Company's May 15, 2014 Annual Meeting of Stockholders urging them to protect their investment by voting the **WHITE** proxy card **FOR** GrafTech's seven experienced and highly qualified director nominees. In addition, GrafTech filed a presentation with the U.S. Securities and Exchange Commission ( SEC ), which is available on the Investor Relations section of the Company's website and on the SEC's website at [www.sec.gov](http://www.sec.gov).

Highlights of the presentation include:

GrafTech's Board and management team have a strong track record of value creation and a clear, winning strategy to drive long-term stockholder value;

GrafTech's experienced and highly qualified Board is committed to serving the interests of ALL stockholders;

The Milikowsky Group's platform is based on flawed analysis and misleading statements, and demonstrates a fundamental lack of understanding of GrafTech's global businesses and industry;

If implemented, the Milikowsky Group's proposed strategy would be detrimental to stockholder value; and

Nathan Milikowsky was not re-nominated to the Board in 2013 following serious governance breaches and conduct that demonstrate he is not qualified to serve on the Board.

The full text of the letter follows:

April 24, 2014

Dear Fellow Stockholders,

GrafTech's May 15, 2014 Annual Meeting is only a few weeks away and your vote is extremely important. Your Board of Directors is focused on driving value for all stockholders and positioning GrafTech for continued success. We urge you not to allow GrafTech's meaningful progress to be derailed by an individual with an agenda that is not aligned with the interests of **ALL** stockholders.

The Daniel and Nathan Milikowsky Group (the Milikowsky Group ), led by former Board member Nathan Milikowsky, is seeking to install its own nominees to the Board at the Annual Meeting. While the Milikowsky Group initially nominated five candidates for election at the meeting, they recently announced that they would nominate three individuals, including Nathan Milikowsky.

Your Board unanimously recommends that stockholders vote the enclosed **WHITE** proxy card **FOR** GrafTech's seven highly qualified and experienced director nominees, including two new independent nominees: **Joel Hawthorne, Randy Carson, Mary Cranston, Thomas Danjczek, Ferrell McClean, Catherine Morris and Steven Shawley.**

**GRAFTECH HAS THE RIGHT BOARD, THE RIGHT MANAGEMENT TEAM AND  
THE RIGHT STRATEGY TO CONTINUE DRIVING VALUE FOR STOCKHOLDERS**

Over the past five years, your Board and management team have implemented initiatives to improve the competitive strength of the Company during the industry's current severe cyclical downturn and to best position GrafTech in anticipation of a recovery in the steel market. **We are confident that GrafTech has the right Board, the right management team and the right strategy to continue to drive value for all stockholders.**

**In contrast, the Milikowsky Group's platform is filled with unsound analysis and misinformation, and indicates a basic lack of industry understanding.** We are writing today to address the Milikowsky Group's flawed platform and to ensure that you have all the facts when making this important decision about the future of your investment.

**THE MILIKOWSKY GROUP'S STRATEGY UNDERSCORES ITS FUNDAMENTAL  
LACK OF UNDERSTANDING OF GRAFTECH'S GLOBAL BUSINESSES AND INDUSTRY**

In connection with its campaign to reinstall Nathan Milikowsky on the GrafTech Board, the Milikowsky Group has presented a platform that, if implemented, would be detrimental to stockholder value. In addition, the only Milikowsky Group initiatives based on sound business principles are those that the GrafTech Board has long been driving and that were implemented before the Milikowsky Group launched its proxy contest. Apart from the initiatives underway at GrafTech, the strategies presented by the Milikowsky Group are either unsound, based on flawed assumptions, misleading in nature or simply inappropriate for a global carbon and graphite material sciences business like GrafTech. The Board urges stockholders to consider each of the Milikowsky Group's claims in light of the facts:

- û **Milikowsky Group Claim:** GrafTech should redefine its commercial strategy to a commodity pricing approach to gain market share, claiming this would increase sales by 30,000 metric tons and generate an additional \$60 million in EBITDA.
- ü **FACT:** The Milikowsky Group's suggestion would disrupt GrafTech's sound and appropriate pricing strategy, with a long-term negative impact on GrafTech's margins. **GrafTech recently announced global rationalization initiatives, which reduced its capacity and costs and increased utilization to over 90%.** We believe the market recognized that GrafTech is pursuing the right strategy through its very favorable reaction—the stock rallied approximately 40 percent in the five trading days following the announcement. **The Milikowsky Group's plan essentially recommends undoing GrafTech's global rationalization initiatives and starting a pricing war.**

Furthermore, the Milikowsky Group's strategy assumes no competitive response to its attempt to capture increased market share, which is inconsistent with the competitive marketplace in which we operate. This proposal demonstrates a fundamental misunderstanding of one of GrafTech's global businesses.

Importantly, the Milikowsky Group chooses not to disclose the assumptions underlying its EBITDA estimates, which in reality necessitates an unprecedented industry margin on product and would imply a 40% increase in graphite electrode prices.

û **Milikowsky Group Claim:** GrafTech should expand the capacity of Seadrift, suggesting that would add \$24 million in EBITDA.

ü **FACT:** At this point in the cycle, **Seadrift capacity expansion would be value destructive.** The needle coke industry is currently operating at an estimated 80% utilization rate. Low utilization has put significant pressure on pricing, and therefore an expansion of capacity at Seadrift would not result in increased profitability and is not in the best near term interest of stockholders.

**Further, as Nathan Milikowsky is aware, GrafTech has made its intentions clear about its plans to expand capacity at Seadrift at the appropriate time** based on projected increased demand and capacity utilization. Once again, the Milikowsky Group neglects to disclose the assumptions underlying the implied EBITDA improvement it touts, which would require a 35% price increase for needle coke.

û **Milikowsky Group Claim:** GrafTech should evaluate opportunities available to Engineered Solutions.

ü **FACT: Engineered Solutions is core to GrafTech's materials science technologies and allows for penetration of high growth markets.** Engineered Solutions, which represented 22% of GrafTech's total revenue in 2013, diversifies GrafTech's revenue base. In addition, the Engineered Solutions segment leverages GrafTech's carbon and graphite technology leadership for new product development. We believe that the Milikowsky Group wants to evaluate opportunities available to Engineered Solutions as a **pretense for initiating a sale**, which would be detrimental to stockholder value.

In addition, stockholders should consider the view of an independent third party, who noted:

*We also note that the [Milikowsky Group] proposal includes statements related to evaluating all actionable opportunities available for the engineered solutions business. We believe the company's ownership of this business enhances its credit profile because it supports greater overall stability in earnings and cash flow.*

Moody's, Shareholder proposal would be credit negative for GrafTech, March 14, 2014

û **Milikowsky Group Claim:** GrafTech should streamline its organizational structure to be similar to that of steel minimill producers.

ü **FACT:** GrafTech **already has a similar organizational structure to that proposed by the Milikowsky Group.** The Company has a flat structure on par with its efficient customers, apart from a few additional managers whose expertise is necessary because of the scale and international scope of GrafTech's operations. Contrary to the Milikowsky Group claims, the savings associated with removing a small number of global operations managers would be far less than \$28 million and would require GrafTech to forego a favorable

tax benefit.



In reality, the \$28 million would represent the entire SG&A budget needed to support the Engineered Solutions business, substantially all of the Industrial Materials business or the corporate organization.

û **Milikowsky Group Claim:** GrafTech should improve its corporate governance practices.

ü **FACT:** GrafTech has a **strong corporate governance culture and an independent Board**. GrafTech's annually elected Board is composed of experienced and highly qualified directors who bring new perspectives and accountability and are committed to serving the interests of all stockholders. Importantly, the Board has been aggressively involved in driving stockholder returns that outperform the weighted average of GrafTech's industry peer group over the one and five year periods.

Nathan Milikowsky was not re-nominated to the Board in 2013 for **his own failure** to meet GrafTech's corporate governance standards. **GrafTech's Board and management will not compromise on good corporate governance and ethics, plain and simple.**

### **THE ONLY REALITY-BASED ACTIONS THE MILIKOWSKY GROUP CITES ARE THOSE ALREADY UNDERWAY AT GRAFTECH**

The Milikowsky Group makes a number of suggestions for actions and initiatives that are already being executed by GrafTech. Whether this is intended to mislead stockholders or is simply further evidence of a lack of understanding of GrafTech's global businesses is less important than the fact that your Board and management team are working diligently to execute GrafTech's strategy. For example, the Milikowsky Group states that GrafTech should reduce SG&A, reduce inventory and run Seadrift at full capacity. The truth is, the Board has long been driving these initiatives and we were implementing them before the Milikowsky Group launched its proxy contest. Specifically:

û **Milikowsky Group Claim:** GrafTech should reduce SG&A by 25%.

ü **FACT:** GrafTech is already a **lean organization that employs Lean Six Sigma practices, and the Company has consistently had lower SG&A spend relative to its peers**. GrafTech reduced SG&A by \$25 million<sup>2</sup>, or 18%, in 2013, which represents SG&A spending as a percentage of revenue 0.6% lower in 2013 than it was in 2004. In addition, on an absolute basis, **SG&A has only increased \$5 million even after the effects of four acquisitions**, sales growth, increases from changes in accounting rules and inflation, while revenue has grown over \$300 million.

û **Milikowsky Group Claim:** GrafTech should reduce inventory to \$300 million.

<sup>1</sup> Industry peers include: SGL Carbon, Tokai Carbon, Graphite India, HEG Limited, IBIDEN, Showa Denko, Mersen, Toyo Tanso and Nippon Carbon.

<sup>2</sup> Excluding pension mark to market.

- ü **FACT:** GrafTech announced its **intention to reduce inventory by \$150 million by the end of 2015**. Management has been keenly focused on inventory levels, which have been artificially high due to GrafTech's acquisition of Seadrift in 2010 and a related DOJ-triggered three-year wind-down contract with Phillips 66 that expired at the end of 2013.

- û **Milikowsky Group Claim:** GrafTech should ensure Seadrift is run at full capacity.

- ü **FACT:** Since the beginning of the fourth quarter of 2012, **Seadrift has been running at full capacity**. Once again, as a condition of its acquisition of Seadrift, GrafTech was subject to a DOJ-triggered three-year wind-down contract with Phillips 66 that expired at the end of 2013. Since the acquisitions, Seadrift has operated at an average utilization rate of over 90%.

**It is important for stockholders to recognize that the Milikowsky Group cannot claim ignorance of these facts,** especially given the prominent position Daniel and Nathan Milikowsky played in negotiating the sale of Seadrift, and the fact that Nathan Milikowsky previously served on GrafTech's Board.

### **NATHAN MILIKOWSKY IS NOT QUALIFIED TO SERVE ON THE COMPANY'S BOARD OF DIRECTORS**

**Nathan Milikowsky's personal quest to reinstate himself to GrafTech's Board in spite of his clear breaches of good corporate governance and ethics is at the heart of the issue.**

In 2012, the GrafTech Board unanimously appointed a committee of independent directors as well as independent investigatory counsel to conduct a thorough investigation into apparent leaks of confidential inside information that were brought to the Board's attention by several members of the management team. After completion of its investigation, investigatory counsel reported its conclusion that there had been leaks of material nonpublic information, that there was evidence that Nathan Milikowsky was the source of the leaks, that there was no evidence to support a conclusion that management or any other director was the source of the leaks and that at least some of that information could not have been developed independently.

GrafTech's independent Nominating Committee concluded that the facts, circumstances and evidence it considered in advance of the 2013 Annual Meeting established that the conditions to the re-nomination of Nathan Milikowsky for election as a director were not satisfied, that the Stockholders' Agreement was breached, and that Nathan Milikowsky's presence on the Board was disruptive to Board functioning.

The GrafTech Board stands behind its investigation, process and findings. The Board's investigation was thorough and thoughtful and conducted with the assistance of well-recognized, highly experienced, independent investigatory counsel, Morris, Nichols, Arsht & Tunnell LLP, which reported to a Special Committee of the Board composed entirely of independent directors.

Despite multiple attempts to work constructively with the Milikowsky Group to find a resolution that would avoid a proxy contest, including several offers to appoint certain Milikowsky Group

nominees to the Board, no such resolution has been achieved. Nathan Milikowsky continues to insist that he include himself as a nominee, despite the Board's evidence-based conclusion that his prior governance breaches and conduct demonstrate that he is not a qualified candidate.

As we have noted previously, if all of our seven nominees are elected, your Board intends to offer to add representation from the Milikowsky Group's slate to the Board after the Annual Meeting. The Company maintains that commitment and, given the current composition of the Milikowsky Group slate, the GrafTech Board expects that if all of the Company's seven nominees are elected, either Karen Finerman, David Jardini or both would be invited to join the Board. In determining which candidates to invite to the Board, the Nominating Committee would consider the views of GrafTech's stockholders and could also request an interview with Ms. Finerman, Mr. Jardini or both.

**SUPPORT GRAFTECH'S VALUE ENHANCING STRATEGY BY VOTING THE WHITE PROXY CARD TODAY**

**We are confident that we have the right Board, the right team and the right strategy to continue to drive value for ALL stockholders.** Your Board unanimously recommends that you vote **FOR** GrafTech's seven highly qualified and experienced director nominees to protect your investment in GrafTech.

Your Board would like to remind you that **your vote is extremely important no matter how many shares you own.** Whether or not you plan to attend the annual meeting, please sign, date and return the **WHITE** proxy card **TODAY** and discard all blue proxy cards that you may receive from the Milikowsky Group.

We thank you for your continued confidence and support of GrafTech.

Sincerely,

The GrafTech Board of Directors

/s/  
Joel L. Hawthorne

/s/  
Randy W. Carson

/s/  
Mary B. Cranston

/s/  
Harold E. Layman

/s/  
Ferrell P. McClean

/s/  
Steven R. Shawley

/s/  
Craig S. Shular

If stockholders have questions or need assistance in voting their shares, please call:

480 Washington Boulevard, 26<sup>th</sup> Floor

Jersey City, NJ 07310

**(800) 509-0917 (Toll Free)**

e-mail: [graftechproxy@georgeson.com](mailto:graftechproxy@georgeson.com)

GrafTech International is a global company that has been redefining limits for more than 125 years. We offer innovative graphite material solutions for our customers in a wide range of industries and end markets, including steel manufacturing, advanced energy applications and latest generation electronics. GrafTech operates 20 principal manufacturing facilities on four continents and sells products in over 70 countries. Headquartered in Parma, Ohio, GrafTech employs approximately 3,000 people. For more information, call 216-676-2000 or visit [www.GrafTech.com](http://www.GrafTech.com).

**NOTE ON FORWARD-LOOKING STATEMENTS:** This letter contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) about our strategy, stockholder value, future board representation, election of directors, operational and financial performance, growth prospects and rates, the markets we serve, plans and our position in our industry. Our expectations are not predictions of actual performance and historically our performance has deviated, often significantly, from our expectations. Actual future events, circumstances, performance and trends could differ materially, positively or negatively, from those set forth in these statements due to various factors, including: unforeseen delays, costs or liabilities associated with our initiatives as well as our growth and other plans, changes in market prices of our securities, changes in business and economic conditions and growth trends in the industry, changes in global demand and supply for our products, changes in customer markets and various geographic regions, uncertainties in the geopolitical environment, and other risks and uncertainties, including those detailed in our SEC filings, as well as future decisions by us. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any of them in light of new information, future events or otherwise. This letter does not constitute an offer to sell or solicitation to buy with respect to any securities.

**IMPORTANT ADDITIONAL INFORMATION:** GrafTech and its directors and executive officers may be deemed to be participants in the solicitation of proxies from GrafTech stockholders in respect of the 2014 Annual Meeting. GrafTech has filed a definitive proxy statement with the SEC in connection with the solicitation of proxies from GrafTech stockholders for the 2014 Annual Meeting. A definitive proxy statement and a form of proxy has been mailed to GrafTech stockholders. **STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ THE DEFINITIVE PROXY STATEMENT AND ACCOMPANYING WHITE PROXY CARD WITH RESPECT TO THE 2014 ANNUAL MEETING AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY AS THEY CONTAIN IMPORTANT INFORMATION.** Information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in the definitive proxy statement and other materials filed with the SEC in connection with the 2014 Annual Meeting. Information regarding the direct and indirect beneficial ownership of GrafTech's directors and executive officers in GrafTech securities is set forth in the definitive proxy statement and other materials filed with the SEC in connection with the 2014 Annual Meeting. Stockholders are able to obtain free copies of the definitive proxy statement, any amendments or supplements to the definitive proxy statement and other documents filed with the SEC by GrafTech through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov) and on GrafTech's web site at <http://ir.graftech.com/>.

To the extent holdings of GrafTech securities by directors or executive officers have changed since the amounts printed in the definitive proxy statement, such changes have been or will be reflected in Statements of Change in Ownership on Form 4 filed with the SEC. Stockholders can obtain free copies of these documents from the web sites maintained by the SEC and by GrafTech set forth above.

**Contacts:**

GrafTech International

Kelly Taylor, Director, Investor Relations & Corporate Communications, 216-676-2293

or

Joele Frank, Wilkinson Brimmer Katcher

Jamie Moser / Jed Repko, 212-355-4449

GrafTech Investor Presentation  
April 2014

Important Disclosures

NOTE ON FORWARD-LOOKING STATEMENTS: This presentation and related discussions may contain forward-looking statements, including but not limited to: our outlook for 2014 and beyond; future or targeted operational and financial performance; growth prospects and rates; the targeted profitability, cash flow, and liquidity; future or targeted sales, costs, cost management, working capital, inventory management, business opportunities and positioning; strategic plans; stock repurchase plans; supply chain management; the impact of rationalization on competitiveness and

liquidity  
initiatives;  
expected  
or  
targeted  
changes  
in  
production  
capacity,  
operating  
rates  
or  
efficiency  
in  
our  
operations  
or  
our  
competitors' or customers' operations; expected or targeted capital expenditures; future prices and demand for our products and  
quality;  
diversification,  
new  
products,  
and  
product  
improvements  
and  
their  
impact  
on  
our  
business;  
the  
impact  
of  
acquired  
businesses  
and  
backward  
integration; investments and acquisitions that we may make in the future; the integration of acquisitions into our operations; po  
factoring  
and  
supply  
chain  
financing)  
activities;  
expected  
or  
targeted  
debt



levels;  
our  
customers'  
operations,  
production  
levels  
and  
demand  
for  
their

products; our position in markets we serve; regional and global economic and industry market conditions and changes therein, concerning their impact on us and our customers and suppliers; conditions and changes in the global financial and credit markets; the impact of jurisdictional mix; the impact of accounting changes; expected depreciation and amortization expenses, and currency exchange expenses.

We  
have  
no  
duty  
to  
update  
these  
statements.

Our  
expectations  
and  
targets  
are  
not  
predictions  
of  
actual  
performance  
and  
historically  
our  
performance  
has

deviated, often significantly, from our expectations and targets. Actual future events, circumstances, performance and trends could differ positively or negatively, due to various factors, including: failure to achieve earnings or other estimates; actual outcome of uncertain assumptions

and  
estimates  
used  
when  
applying  
critical  
accounting  
policies  
and  
preparing

financial  
statements;  
failure  
to  
successfully  
develop  
and

commercialize new or improved products; adverse changes in inventory or supply chain management; limitations or delays on business interruptions including those caused by weather, natural disaster, or other causes; delays or changes in or non-consumption of investments or acquisitions; failure to successfully integrate into our business any completed investments and acquisitions or to complete investments; failure to achieve expected synergies or the performance or returns expected from any completed investments; inability to protect our intellectual property rights or infringement of intellectual property rights of others; changes in market prices in our ability to obtain financing on acceptable terms; adverse changes in labor relations; adverse developments in legal proceedings; realization of anticipated benefits from, or variances in the cost or timing of, organizational changes, rationalizations and restructuring or sales due to rationalization activities; negative developments relating to health, safety or environmental compliance or remediation; downturns, production reductions or suspensions, or changes in steel and other markets we or our customers serve; customer or supplier insolvency events; political unrest which adversely impacts us or our customers' businesses; declines in demand; intensified competition; margin decreases; graphite electrode and needle coke manufacturing capacity increases; fluctuating market prices for our products and price differences

between  
actual  
graphite  
electrode  
prices  
and  
spot  
or  
announced  
prices;  
consolidation  
of  
steel  
producers;  
mismatches  
between  
manufacturing

capacity and demand; significant changes in our provision for income taxes and effective income tax rate; changes in the availability of, including petroleum-based coke or energy; changes in interest or currency exchange rates; inflation or deflation; failure to satisfy government grants; continuing uncertainty over U.S. fiscal policy or condition; continuation of the European debt crisis; changes in government policy; a protracted regional or global financial or economic crisis; and other risks and uncertainties, including those detailed in our future decisions by us.

This presentation and any related discussions do not constitute an offer to sell or solicitation to buy as to any securities.

Conclusion

6

Response to Daniel and Nathan Milikowsky Group Plan

4

GrafTech Corporate Governance & Board Nominees

3

A History of Success and Innovation

GrafTech Strategy

2

GrafTech Overview & Track Record

1

GrafTech Efforts to Settle

5

Appendix

7

3

Company Overview  
Incorporation  
NYSE ticker  
Stock  
price  
Market  
capitalization

Net  
debt  
Sales (2013)  
EBITDA (2013)  
Employees (2013)  
4  
Delaware  
GTI  
\$10.92  
\$1,481M  
\$540M  
\$1,167M  
\$144M  
3,034  
Segment Information  
Company Facts  
Graphite electrodes  
Needle coke  
Refractory bricks  
Industrial  
Materials  
Engineered  
Solutions  
Source: Company filings, FactSet  
(1) Stock price as of March 31, 2014  
(2) Net debt as of December 31, 2013  
Graphite electrodes  
Advanced materials  
Needle coke plant  
Sales offices  
Revenue  
by region  
Advanced Electronics  
Industrial  
Alternative Energy  
Aerospace & Defense  
Consumer  
GrafTech is a leader in carbon and graphite material sciences  
1  
1  
2  
Product Offerings

Key Markets

Industrial  
Materials  
78%  
Engineered  
Solutions  
22%  
% of sales

5

GrafTech's Strong Track Record

GrafTech management and Independent Board has transformed and strengthened the business

and

remains

focused



on  
creating  
value  
for  
all  
stockholders

Turned around the company from near bankruptcy

Successfully completed and integrated four acquisitions

Secured the supply of key raw material

Expanded end markets, and technology and processing capabilities

Continues to maintain a strong balance sheet  
GrafTech management and Board have created clear leadership in carbon and graphite material sciences and has a unique and integrated platform that is unmatched  
GrafTech has proactively taken timely and decisive action to best position the Company upon emergence from this severe cyclical industry downturn

Right sized capacity

Rationalized SG&A

Optimized cash flows  
GrafTech has the right strategy, Board and management to drive stockholder value

- (1) Excludes dispositions on a pro forma and estimated basis
  - (2) Non-GAAP financial measure; refer to appendix for reconciliation to GAAP
  - (3) Includes \$98M of antitrust obligations
  - (4) Peak and trough market capitalizations; trough on October 29, 2002, peak on September 30, 2008
- Strong Track Record of Creating Value Through the Cycle  
Board and management instrumental to successful turnaround

In 2002, GrafTech was on the verge of bankruptcy, due to ethics violations by the pre-1999 management team

Price fixing scandal in early 1990s

The Company since then has transformed its culture of ethics and values

GrafTech's management team has created a strong track record of driving change to achieve stockholder value:

Winning commercial strategy

Divestiture of non-performing assets

Rationalization of three GE plants

Reduction of over \$700M of debt

Launched Engineered Solutions ( ES ) segment in 2007

Creation of ~\$3B of stockholder value  
Trough

Peak

2002

2008

Sales

(1)

\$506M

\$1.2B

Adjusted

EBITDA

(1)(2)

\$55M

\$369M

Sales

/

Team

Member

(1)

~\$159k

~\$474k

Operating Cash Flow

(\$60M)

\$249M

Net Debt

\$818M