

## **GRAFTECH INTERNATIONAL LTD.**

### **CHARTER OF THE ORGANIZATION, COMPENSATION AND PENSION COMMITTEE**

#### **I. Purpose and Power**

The Committee has been established by the Board to assist the Board in discharging and performing the duties of the Board with respect to management compensation, succession planning and employee benefits, including:

- The assessment and compensation of the chief executive officer.
- The compensation of directors and other executive officers.
- The assessment of compensation arrangements, plans, policies and programs.
- The assessment of benefit and welfare plans and programs.
- The assessment of organizational systems and plans, including those relating to management development and succession planning.

The Committee has the right to exercise any and all power and authority of the Board with respect to matters within the scope of this Charter, subject to the ultimate power and authority of the Board. The Board shall continue to have the ultimate duty and responsibility to manage or direct the management of the business and affairs of the Corporation.

The Committee has the authority to conduct any and all investigations it deems necessary or appropriate, to contact directly the human resources department, internal audit department and other employees and advisors and require them to provide any and all information and advice it deems necessary or appropriate, and to retain legal, human resource or other advisors it deems necessary or appropriate.

The Committee has the authority to set aside for payment, pay and direct the payment of such legal, human resource and other advisors.

The advisors retained by the Committee shall report directly to the Committee, and shall be accountable to the Committee and the Board, for their services.

#### **II. Composition**

The Committee shall be comprised of that number of directors (but not less than three) as may be determined from time to time by the Board. Each member of the Committee shall be a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 and an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986. Each member of the Committee shall also be an independent director within the meaning of the rules of the NYSE. A copy of those rules is attached to the charter of the Nominating and Governance Committee.

The Nominating and Governance Committee shall recommend directors to be elected or terminated as members of the Committee. The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or at such other times as the Board may determine. Each member of the Committee shall serve until the next annual organizational meeting of the Board or the earlier of his or her termination as a member of the Committee by the Board, the election of his or her successor as a member of the Committee or his or her death, resignation or removal. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by a majority vote.

### **III. Meetings**

The Committee shall meet in regular sessions at least four times annually and in special sessions as circumstances warrant. Committee members are expected to attend meetings (which may include attendance by telephone) and to spend the time needed to properly discharge their responsibilities.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee.

The Committee shall keep minutes of its meetings and other proceedings.

### **IV. Procedures**

The Committee shall determine its meeting schedule, the agenda for each meeting, the information to be provided to it before or at each meeting and all other matters relating to the conduct of its meetings and other activities.

The Chair of the Committee shall establish and distribute (or request the Secretary to distribute) to each Committee member prior to each meeting an agenda for the meeting. Each Committee member is free to raise at any meeting subjects that are not on the agenda for that meeting.

Information that is important to understanding the business to be conducted at a meeting should generally be distributed to the Committee members at least one week (or, if that is not feasible, as soon as practicable) before the meeting, and Committee members should review these materials before the meeting.

It is the sense of the Board that, subject to Section V below, the activities and procedures of the Committee should remain flexible so that it may appropriately respond to changing circumstances.

### **V. Primary Activities**

Without limiting the scope of its responsibilities, duties and authority set forth above, the Committee shall:

#### **Senior management and Director Compensation**

1. Review and approve annually the goals and objectives relevant to compensation of the chief executive officer, evaluate his or her performance in light of those goals and objectives and set his or her compensation based on such evaluation (and the Committee shall have the sole authority to determine the compensation of the chief executive officer based on its evaluation of such performance in light of such goals and objectives).<sup>1</sup>
2. Review and approve, as appropriate, annually the compensation of the other executive officers and review compensation of other members of senior management and other employees generally.<sup>2</sup>
3. Review and approve, as appropriate, annually the compensation of the directors (see Annex A to this Charter).
4. Review and approve, as appropriate, the bonus and incentive compensation arrangements, plans, policies and programs, including annual and long-term and cash and stock-based plans.

5. Obtain recommendations from the chief executive officer and review and approve, as appropriate, specific annual individual awards for executive officers and the aggregate amount of annual awards under such arrangements, plans, policies and programs.
6. Review periodically and approve, as appropriate, policies on management perquisites. Where necessary, review management's determination of whether particular perquisites are business-related or personal. Advise the Audit and Finance Committee as to such policies.
7. Review compliance with prohibitions on personal loans to directors and executive officers.
8. Review and approve, as appropriate, any severance, change of control, indemnification or other similar arrangements with executive officers specifically and employees generally.
9. Review any compensation or other benefit received by any director or executive officer from any affiliated entities (using an appropriately low threshold for the definition of an affiliated entity) to confirm compliance with the Corporation's Code of Conduct and Ethics and applicable law.
10. Select, retain, evaluate and, as appropriate, terminate and replace any executive search firm or compensation consultant or consulting firm with respect to the selection and compensation of the directors, the chief executive officer or the other executive officers (and the Committee shall have the sole authority to take any such action and to approve any related fees). Monitor the search for, and approve, as appropriate, all proposed compensation arrangements for, any new employee whose proposed base salary would exceed \$200,000 per year.

#### **Administration of Plans**

11. Administer all stock-based compensation plans and such other programs as may be designated by the Board, in each case subject to any limitations prescribed by the Board and subject to any authority delegated by the Committee to the subcommittee described below.
12. Review compliance with laws governing retirement and benefit plans.
13. Review the administration of the self-directed retirement and other plans as to whether the rules relating to investments in the common stock are properly protective of employee interests.
14. Review creation, modification, termination and funding of compensation, retirement, benefit and welfare arrangements, plans, policies and programs for senior management and other employees generally.
15. Search for, select and review annually the performance of investment managers for qualified and non-qualified retirement and benefit plans.
16. Review and make recommendations to the Audit and Finance Committee relating to actuarial assumptions applicable to and funding for retirement and benefit plans.
17. Review periodically financial and investment policies and objectives of qualified and non-qualified retirement and benefit plans.

#### **Succession Planning**

18. Coordinate with senior management the long-range planning for development and succession of senior management, including contingency planning for unanticipated sudden developments.

## **Employee Matters**

19. Foster continuous improvement in those systems, plans, arrangements, policies and practices at all levels within the enterprise to attract and retain qualified employees, align interests of stockholders and employees, incent employees to improve performance and reward employees for improvements in performance, in each case on both a long term and short-term basis.
20. Provide for open communication among senior management, the human resources department and the Board.
21. Review periodically employee relations policies generally.
22. Review periodically equal opportunity employment and sexual harassment prevention policies. Monitor compliance with such policies and applicable laws.

## **Regulatory Matters**

23. Prepare annually the report to stockholders to be included in the annual proxy statement as required by the rules of the SEC.

## **Other Matters**

24. To the extent that the Committee deems appropriate or desirable, appoint one or more subcommittees whose members are non-employee directors and outside directors as set forth above and delegate to such subcommittee or subcommittees the authority to make (including determining the terms and conditions of) grants or awards under, and to otherwise administer, bonus and incentive compensation plans and programs.
25. Approve all option plans (and amendments thereto) that are not subject to stockholder approval.
26. Review and assess the adequacy of this Charter at least annually. Submit changes to this Charter to the Board for approval.
27. Conduct an annual self-assessment to determine whether the Committee is functioning effectively, including evaluating the Committee's contributions to the Corporation, with a specific emphasis on areas in which such contributions could be improved.
28. Report on its meetings, proceedings and other activities at each meeting of the Board.

## **VI. Web Site**

This Charter shall be placed on the Corporation's web site.  
Date: September 28, 2010

## **ANNEX A**

### **NON-EMPLOYEE DIRECTOR COMPENSATION**

#### **Annual Retainer:**

An annual retainer will be paid semi-annually in advance (paid on January 15th for the first half of the year and on July 15th for the second half of that year; provided, that, if the 15th falls on a weekend or holiday, then payment shall be made on the next business day).

Annual Retainer	\$45,000
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Additional annual retainers are as follows:

Chairperson of the Board	\$25,000
Lead or Presiding Director	\$20,000
Chairperson of Audit and Finance Committee	\$15,000
Chairperson of Organization, Compensation and Pension Committee	\$10,000
Chairperson of one or more standing Committees	\$ 5,000

If a director becomes a Board member (or a Chairperson) after January 1st, the annual retainer (or the relevant increase) for that year is pro-rated on a per diem basis.

#### **Board Meeting Fees:**

\$1,500 for each Board meeting attended, including attendance by telephone. The fee is paid semi-annually in arrears (paid on July 15th for the first half of the year and on the following January 15th for the second half of the year; provided, that, if the 15th falls on a weekend or holiday, then payment shall be made on the next business day) when meeting attendance is known.

#### **Committee Meeting Fees:**

\$1,000 for each Committee meeting attended, including attendance by telephone. The fee is paid semi-annually in arrears (paid on July 15th for the first half of the year and on the following January 15th for the second half of the year; provided, that, if the 15th falls on a weekend or holiday, then payment shall be made on the next business day) when meeting attendance is known.

#### **Attendance:**

Meeting fees are paid for each meeting attended, including attendance by telephone, regardless of the number of meetings during a day or the length of a meeting. Executive sessions and private meetings during the course of the same meeting are not considered separate meetings. Committee meeting fees are only paid to Committee members. A meeting of non-management directors is considered a separate meeting of the Board even if it takes place on the same day as a meeting of the Board.

#### **Stock Options and Restricted Shares:**

**A. Initial Grants:** Options to purchase 5,000 shares of GTI Common Stock are granted to new directors when they become Board members. These options become fully vested and exercisable after one year of service (or on date of death, if sooner), so long as the director is then serving as a Board member. These options expire upon the earlier of ten years after date of grant or four years after the director ceases to be a Board member.

**B. Additional Grants:** In addition to the initial stock option grant, restricted shares of GTI Common Stock shall be granted to directors on January 15th of each year (provided, that, if the 15th falls on a weekend or holiday, then such grant shall be made on the next business

day). These restricted shares or these options become fully vested after one year of service (or on date of death or a change of control, if sooner), so long as the director is then serving as a Board member. These restricted shares or options become exercisable on the date on which they become fully vested and expire upon the earlier of ten years after date of grant or four years after the director ceases to be a Board member. If a director becomes a Board member after January 1st, the number of these restricted shares or the number of shares subject to these options, as the case may be, for that year is pro-rated on a per diem basis. The number of these restricted shares or the number of shares as to which these options are granted is determined by the Organization, Compensation and Pension Committee each year at the end of the prior year or the beginning of that year. The intent of the Organization, Compensation and Pension Committee is annually to grant that number of restricted shares with a market value of \$80,000 measured by the price of the last trade at closing of the NYSE as close as practical before the date of such grant.

#### **Deferred Stock Unit Awards in Lieu of cash Payments and Restricted Shares:**

Since January 1, 2004, the directors are permitted to elect to receive awards of deferred stock units related to GTI Common Stock in lieu of cash payments for annual retainers and meeting fees and in lieu of restricted shares. Generally, any such election must be made by December 31st of the year immediately preceding the year in which the related services are performed. In such instances, the intent of the Organization, Compensation and Pension Committee is to award deferred stock units with a value as of the grant date that approximates the retainers and fees that would have been paid and the value of the restricted shares that would have been granted. Each deferred stock unit represents one share of GTI Common Stock. Shares of GTI Common Stock represented by the deferred stock units awarded will be distributed to the director in settlement of the awards on the earliest of the date indicated by the director (which must be at least one year after the date the election is made), the occurrence of a change of control of GTI, the death of the director, or, five years after the director ceases to be a Board member.

#### **Fair Market Value:**

The exercise price of all options granted as described above is not less than, and the value of all restricted shares and deferred stock units awarded as described above is based on, the fair market value of GTI Common Stock on the date of grant or award.

#### **Notes:**

<sup>1</sup> In determining the long-term incentive component of the chief executive officer's compensation, the Committee should consider the Corporation's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the Corporation's chief executive officer in past years, compliance with Section 162(m) of the Internal Revenue Code, and such other factors as the Committee deems appropriate.

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<sup>2</sup> To the extent that long-term incentive compensation is a component of any executive officer's compensation, the Committee should consider all relevant factors in determining the appropriate level of such compensation, including the factors applicable with respect to the chief executive officer.

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