

HEXCEL CORP /DE/
Form DEF 14A
March 20, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
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HEXCEL CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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Hexcel Corporation

Two Stamford Plaza

281 Tresser Boulevard

Stamford, Connecticut 06901-3238

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 8, 2014

The Annual Meeting of Stockholders of Hexcel Corporation will be held in the Community Room, Two Stamford Plaza, 281 Tresser Boulevard, Stamford, Connecticut, on May 8, 2014 at 10:30 a.m. for the following matters:

1. To elect ten individuals (Nick L. Stanage, Joel S. Beckman, Lynn Brubaker, Jeffrey C. Campbell, Sandra L. Derickson, W. Kim Foster, Thomas A. Gendron, Jeffrey A. Graves, David C. Hill and David L. Pugh) to serve as directors until the next annual meeting of stockholders and until their successors are duly elected and qualified;
 2. To conduct an advisory vote to approve the company's 2013 executive compensation;
 3. To ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for 2014; and
 4. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.
- Stockholders of record at the close of business on March 13, 2014 will be entitled to vote at the meeting and any adjournments or postponements. A list of these stockholders will be available for inspection at the executive offices of Hexcel and will also be available for inspection at the annual meeting.

By order of the board of directors

Ira J. Krakower

Senior Vice President, General Counsel and Secretary

Dated: March 20, 2014

YOUR VOTE IS IMPORTANT. PLEASE SIGN, DATE AND COMPLETE THE

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PRE-ADDRESSED, POSTAGE-PAID, RETURN ENVELOPE.**

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Hexcel Corporation

Two Stamford Plaza

281 Tresser Boulevard

Stamford, Connecticut 06901-3238

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To be held on May 8, 2014

THE MEETING

This proxy statement is furnished to the holders of Hexcel Corporation (Hexcel or the company) common stock, in connection with the solicitation of proxies by Hexcel on behalf of the Board of Directors of the company (the board of directors or the board) for use at the Annual Meeting of Stockholders, or any adjournments or postponements of the meeting (the Annual Meeting) to be held on May 8, 2014. This proxy statement and the accompanying proxy/voting instruction card are first being distributed or made available to stockholders on or about March 20, 2014.

You will be eligible to vote your shares of common stock at the Annual Meeting if you were a stockholder of record at the close of business on March 13, 2014. As of that date, 98,006,357 shares of common stock were issued and outstanding and such shares were held by 873 holders of record. The holders of 49,003,179 shares will constitute a quorum at the meeting.

Each share of common stock that you hold will entitle you to cast one vote with respect to each matter that will be voted on at the Annual Meeting. All shares that are represented by effective proxies that we receive in time to be voted shall be voted at the Annual Meeting. If you direct how your votes shall be cast, shares will be voted in accordance with your directions. If you return a signed proxy and do not otherwise instruct how to vote on the proposals, then the shares represented by your proxy will be voted for each of the director candidates nominated by the board, for approval of the company s 2013 executive compensation, and in favor of the ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for 2014, and in the discretion of the proxy holders on any other matters that may come before the Annual Meeting. If you return a signed proxy with abstentions, your shares will be included in determining whether or not a quorum is present.

Pursuant to the rules of the New York Stock Exchange (NYSE), if you hold your shares in street name through a broker, your broker is not permitted to vote your shares on Proposal 1 (election of directors) or Proposal 2 (advisory vote on the company s 2013 executive compensation) unless you give your broker specific instructions as to how to vote. If you are a street name holder and do not provide instructions to your broker on Proposals 1 and 2, your shares that are voted on any other matter will count toward a quorum but your broker cannot vote your shares on Proposals 1 and 2 (a broker non-vote). Accordingly, shares subject to a broker non-vote will be disregarded and will have no effect on the

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outcome of the vote on Proposals 1 and 2. However, if you obtain, sign and return a voting instruction card to your broker, your shares will be voted as you instruct or, if you do not provide instructions on the returned card, your shares will not be voted on Proposals 1 and 2, but may be voted, in the proxy holder's discretion, on Proposal 3 and any other matters on which the proxy holder may properly vote.

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We will pay all costs of preparing, assembling, printing and distributing the proxy materials. We have retained Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut, 06902, to assist in soliciting proxies for a fee of approximately \$9,000, plus reasonable out-of-pocket expenses. Our employees may solicit proxies on behalf of our board through the mail, in person, and by telecommunications. We will request that brokers and nominees who hold shares of common stock in their names furnish proxy solicitation materials to beneficial owners of the shares, and we will reimburse the brokers and nominees for reasonable expenses they incur to do this.

Revoking a Proxy

If you give a proxy, you may revoke it at any time prior to the Annual Meeting by:

mailing a revocation to Mr. Ira J. Krakower, the Secretary of the company, at the above address with a later date than any proxy you previously provided so long as it is received prior to the Annual Meeting;

submitting another properly completed proxy dated later than any proxy you previously provided so long as it is received by Mr. Krakower prior to the Annual Meeting;

by filing a written revocation at the Annual Meeting with Mr. Krakower; or

by casting a ballot at the meeting.

If you are an employee stockholder who holds shares through one of our benefit plans, you may revoke voting instructions given to the trustee for the applicable plan by following the instructions under *How to Vote Your Shares Employee Stockholders* in this proxy statement.

Matters of Business, Votes Needed and Recommendations of the Board of Directors

Proposal 1 Election of Directors

Each outstanding share of our stock is entitled to one vote for as many separate nominees as there are directors to be elected. There are ten directors to be elected. The board has nominated Nick L. Stanage, Joel S. Beckman, Lynn Brubaker, Jeffrey C. Campbell, Sandra L. Derickson, W. Kim Foster, Thomas A. Gendron, Jeffrey A. Graves, David C. Hill and David L. Pugh for election to the board. Each of these ten nominees is currently a director of the company. Once a quorum is present, a majority of the votes cast in person or represented by proxy at the Annual Meeting and entitled to vote is required to elect each of the nominees for director. This means that each nominee must receive more votes for than against to be elected. Broker non-votes and abstentions will be disregarded and will have no effect on the outcome of the vote. **The board of directors recommends that you vote FOR the election of each of the board's nominees for director.**

Proposal 2 Advisory Vote to Approve Executive Compensation

Approval of the company's 2013 executive compensation requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting once a quorum is present. In determining whether the proposal to approve 2013 executive compensation receives the required number of affirmative votes, abstentions will be counted and will have the same effect as a vote against the proposal. Broker non-votes will be disregarded and will have no effect on the outcome of the vote. The vote is advisory and non-binding; however, the compensation committee will consider the voting results among other factors when making future decisions regarding executive compensation. **The board of directors recommends that you vote FOR the resolution approving the company's 2013 executive compensation.**

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Proposal 3 Ratification of Independent Registered Public Accounting Firm

Ratification of the appointment of PricewaterhouseCoopers LLP to audit the company's financial statements for 2014 requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting once a quorum is present. Abstentions will be counted and will have the same effect as a vote against the proposal. The audit committee is responsible for appointing the company's independent registered public accounting firm. The audit committee is not bound by the outcome of this vote but, if the appointment of PricewaterhouseCoopers LLP is not ratified by stockholders, the audit committee will reconsider the appointment. **The board of directors recommends that you vote FOR the ratification of the selection of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for 2014.**

How to Vote Your Shares

Voting shares you hold through a nominee

If you hold shares through someone else, such as a stockbroker, bank or nominee, you will receive material from that firm asking you for instructions on how you want them to vote your shares. You can complete that firm's voting instruction form and return it as requested by the firm. If the firm offers Internet or telephone voting, the voting form will contain instructions on how to vote using those methods.

If you plan to attend the meeting

Please note that attendance will be limited to stockholders as of the record date. Admission will be on a first-come, first-served basis. If you attend the Annual Meeting, you will need to present valid picture identification, such as a driver's license or passport. If you hold your shares through someone else, such as a stockbroker, bank or other nominee, you will need to show a brokerage statement or account statement reflecting your stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. You may contact Morrow & Co., LLC at (800) 607-0088 to obtain directions to the site of the Annual Meeting. The doors to the meeting will open at 10:00 a.m. local time and the meeting will begin at 10:30 a.m. local time.

Voting in person

If you are a registered stockholder, you may vote your shares in person by ballot at the Annual Meeting.

If you hold your shares in a stock brokerage account or through a bank or other nominee, you will not be able to vote in person at the Annual Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Annual Meeting along with a properly completed ballot.

Employee stockholders

If you hold shares through our employee stock purchase plan or our tax-deferred 401(k) savings plan, you will receive a separate voting instruction form to instruct the custodian or trustee for the applicable plan as to how to vote your shares. With respect to the 401(k) plan, all shares of common stock for which the trustee has not received timely instructions shall be voted by the trustee in the same proportion as the shares of common stock for which the trustee received timely instructions, except if that would be inconsistent with the provisions of Title I of ERISA. With respect to our employee stock purchase plan, we consider all shares of common stock for which the custodian has not received timely instructions not present for quorum purposes and those shares will not be voted by the custodian.

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Inspectors of Election

At the Annual Meeting, American Stock Transfer & Trust Company will count the votes. Its officers or employees will serve as inspectors of election.

PROPOSAL 1 ELECTION OF DIRECTORS

At the 2014 annual meeting, ten directors will be elected to hold office until the 2015 annual meeting and until their successors are duly elected and qualified. All nominees identified in this proxy statement for election to the board are currently serving as directors of the company.

Shares represented by an executed and returned proxy card will be voted for the election of each of the ten nominees recommended by the board, unless the proxy is marked against any nominee. If any nominee for any reason is unable to serve, the shares of common stock represented by the proxy card may, at the board's discretion, be voted for an alternate person that the board nominates. We are not aware of any nominee who will be unable to or will not serve as a director. Each of the nominees has consented to being named in this proxy statement and to serve if elected.

Majority Voting Standard for Election of Directors.

Our Amended and Restated Bylaws provide for a majority voting standard for the election of directors in uncontested elections. Under this standard, a director nominee will be elected only if the number of votes cast for that nominee exceeds the number of votes cast against that nominee. Broker non-votes and abstentions will be disregarded and will have no effect on the outcome of the vote. Each director nominee must submit an irrevocable resignation in advance of the stockholder vote regarding the election of directors. This addresses the situation in which there is a holdover director who has not received the required number of votes for re-election, but who, in accordance with Delaware law, remains on the board until his or her successor is elected and qualified. The resignation is contingent upon both the nominee not receiving the required vote for re-election and the board's acceptance of the resignation which the board, in its discretion, may reject if it deems such rejection to be in the best interest of the company.

Prior to the board's determination to accept or reject the resignation, the nominating and corporate governance committee, composed entirely of independent directors, will make a recommendation to the board with respect to the tendered resignation. In its review, the committee will consider those factors deemed relevant to the determination, and whether the director's resignation from the board would be in the best interest of the company and our stockholders.

The board must take action on the committee's recommendation within 90 days following the meeting at which the election of directors occurred. An incumbent director whose resignation is the subject of the board's determination is not permitted to participate in the deliberations or recommendation of the committee or the board regarding the acceptance of the resignation.

In the case of contested elections (a situation in which the number of nominees exceeds the number of directors to be elected) the plurality voting standard will apply.

Information Regarding the Directors

All of our current directors have been nominated for re-election to the board. In concluding that our current directors should continue to serve on our board, the nominating and corporate governance committee considered the following attributes of our directors: extensive familiarity with large-scale operations; industry expertise and professional relationships; the ability to utilize extensive past experience in management, finance, technology and operations, and other areas, to address issues we face on a recurring basis; collegiality and the

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ability to work together as a group; outstanding integrity and business judgment; and the ability to ask probing questions during board discussions and to carefully scrutinize significant business, financing and other proposals suggested by management. In addition to these factors, the committee also considered the attributes below in concluding that our current directors should continue to serve on our board:

NICK L. STANAGE, 55, director since 2013

Position, Principal Occupation, Business Experience and Directorships:

Mr. Stanage became a director and President and Chief Executive Officer on August 1, 2013 and became Chairman of the Board on January 1, 2014. He has served as our President since November 2009, and also as Chief Operating Officer from May 2012 until assuming the Chief Executive Officer position. Prior to joining Hexcel, Mr. Stanage was President of the Heavy Vehicle Products group (including both Commercial Vehicle Products and Off Highway Products) at Dana Holding Corporation from December 2005 to October 2009, and served as Vice President and General Manager of the Commercial Vehicle group at Dana from August 2005 to December 2005. From 1986 to 2005, Mr. Stanage held positions of increasing responsibility in engineering, operations and marketing with Honeywell Inc. (formerly AlliedSignal Inc.) including: Vice President Integrated Supply Chain and Technology for the Consumer Products Group from 2003 to January 2005, and Vice President and General Manager of the Aerospace Group's Engine Systems and Accessories Division from January 2005 to August 2005. Mr. Stanage also serves on the board of directors of TriMas Corporation, as well as on the audit, compensation, and corporate governance and nominating committees of TriMas.

Key Attributes, Experience and Skills:

Through his service at Hexcel as President for four years and President and Chief Operating Officer for 14 months, Mr. Stanage has developed an in-depth understanding of the company's business operations, growth opportunities and challenges and its customer and product base. His over 20 years' management and operations experience at Dana Corporation and Honeywell provide him with critical expertise in the management, financial and operational requirements of a global manufacturing company.

JOEL S. BECKMAN, 58, director since 2003

Position, Principal Occupation, Business Experience and Directorships:

Mr. Beckman is a Managing Partner of Greenbriar Equity Group LLC, a private equity fund focused exclusively on making investments in transportation and transportation-related companies. Prior to founding Greenbriar in 2000, Mr. Beckman was a Managing Director and Partner of Goldman, Sachs & Co., which he joined in 1981. Mr. Beckman is on the board of a number of private companies, and is active in various civic organizations.

Key Attributes, Experience and Skills:

Mr. Beckman brings nearly 30 years' experience as a banker and an investor in transportation (including aerospace) companies with both Greenbriar Equity Group and Goldman Sachs to his role on the board. In addition to Mr. Beckman's valuable contributions related to the transportation sector, his experience in private equity led to his appointment as chair of our finance committee and has made him a key contributor to refinancing discussions since joining the board.

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LYNN BRUBAKER, 56, director since 2005

Position, Principal Occupation, Business Experience and Directorships:

Ms. Brubaker retired after spending thirty years in the aerospace industry in a variety of executive, operations, sales and marketing and customer support roles. From 1999 until June 2005 she was Vice President/General Manager Commercial Aerospace for Honeywell International Inc., with her primary focus in that role being on business strategies and customer operations for Honeywell's global commercial markets. From 1997 to 1999, Ms. Brubaker was Vice President Americas for Honeywell, and from 1995 to 1997, prior to AlliedSignal's merger with Honeywell, she was Vice President, Marketing, Sales and Support Operations, for AlliedSignal. Prior to joining AlliedSignal, Ms. Brubaker held a variety of management positions with McDonnell Douglas, Republic (predecessor to Northwest Airlines), and Comair. Ms. Brubaker has been a director of FARO Technologies, Inc. since July 2009, and serves on its audit, compensation and nominating and corporate governance committees. Ms. Brubaker also currently serves on the board of a private company and from March to December 2011, was a director of Force Protection Inc.

Key Attributes, Experience and Skills:

Ms. Brubaker's extensive experience in the commercial aerospace, defense and space industries, in a wide variety of roles, makes her a valuable contributor to the board of Hexcel. Ms. Brubaker's aerospace experience runs the gamut from operator, to original equipment manufacturer, to aftermarket. Her ongoing aerospace industry involvement and relationships provide the board with additional customer feedback independent of management. In addition, Ms. Brubaker has used her expertise in sales and marketing management to assess and advise our marketing and sales managers. Ms. Brubaker's extensive contacts within key markets for Hexcel, as well as her experience on the boards of other companies, make her well-suited to lead our nominating and corporate governance committee.

JEFFREY C. CAMPBELL, 53, director since 2003

Position, Principal Occupation, Business Experience and Directorships:

Mr. Campbell has served as Executive Vice President and Chief Financial Officer of the American Express Company, a global services company, since August 2013. From January 2004 to June 2013, he served as Executive Vice President and Chief Financial Officer of McKesson Corporation, a leading healthcare services, information technology and distribution company. Mr. Campbell was Senior Vice President and Chief Financial Officer of AMR Corp, the parent company of American Airlines, from June 2002 to December 2003, served as a Vice President of American Airlines from 1998 to June 2002 and served in various management positions of American Airlines from 1990 to 1998. Mr. Campbell worked as a Certified Public Accountant with Deloitte, Haskins & Sells from 1986 to 1988.

Key Attributes, Experience and Skills:

As a result of Mr. Campbell's extensive experience in finance and accounting, including his current role as CFO of American Express, a \$30 billion global services company, and his prior role as CFO of McKesson, a \$100 billion healthcare services company, and over ten years in executive and management positions in the aerospace industry (American Airlines), he brings significant financial acumen to the board, including valuable expertise and guidance in areas such as compliance, risk management, financing, investor relations and systems solutions. Mr. Campbell's breadth and depth of experience in financial roles, including that of CFO of three multi-national, publicly traded companies, provides us with the financial expertise that is critical in the role of chair of the audit committee.

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SANDRA L. DERICKSON, 61, director since 2002

Position, Principal Occupation, Business Experience and Directorships:

Ms. Derickson retired from HSBC in February 2007. She held several management positions at HSBC from September 2000 to February 2007 including President and Chief Executive Officer, HSBC Bank USA; Vice Chairman, HSBC Finance; and Group Executive, HSBC Finance. During her tenure, she was responsible for private label credit cards, insurance services, taxpayer services, auto financing and some of the Group's mortgage businesses. From 1976 to 1999, Ms. Derickson held various management positions with General Electric Capital Corporation, the last of which was President of GE Capital Auto Financial Services. Ms. Derickson was also an officer of the General Electric Company.

Key Attributes, Experience and Skills:

Ms. Derickson has 30 years' executive and global operating experience with HSBC and General Electric, including overseeing acquisitions, start-ups and restructurings. Her long career with large international companies provides important best practice perspectives in such areas as manpower development, succession planning, organizational design and growth.

W. KIM FOSTER, 65, director since 2007, Lead Director

Position, Principal Occupation, Business Experience and Directorships:

From 2001 until October 2012, Mr. Foster served as Executive Vice President and Chief Financial Officer of FMC Corporation, a chemical manufacturer serving various agricultural, industrial and consumer markets. Prior to serving in this role, Mr. Foster held numerous other executive and management positions with FMC, including Vice President and General Manager Agricultural Products Group from 1998-2001; Director, International, Agricultural Products Group from 1996-1998; General Manager, Airport Products and Systems Division, 1991-1996; and Program Director, Naval Gun Systems, FMC Defense Group, from 1989 to 1991. Mr. Foster has been a director of Teleflex, Inc. since May 2013 and serves on its audit committee.

Key Attributes, Experience and Skills:

Mr. Foster has over 30 years' management, operations and finance experience with FMC Corporation, including over eleven years as CFO, as well as experience as a director of another public company. Mr. Foster has been a valuable member of the audit committee since joining the board. He provides expertise and advice in the finance and investor relations areas, and his background in chemical operations has proven valuable in connection with discussions of capital spending and global sourcing. Mr. Foster's many years of managing a large and geographically dispersed finance organization, his experience as the CFO of a publicly-traded company and his seven years as a member of the board of Hexcel led his fellow directors to appoint him as Lead Director starting in January 2014.

THOMAS A. GENDRON, 53, director since 2010

Position, Principal Occupation, Business Experience and Directorships:

Mr. Gendron has been Chairman, Chief Executive Officer and President of Woodward, Inc., a designer, manufacturer and service provider of energy control and optimization solutions used in global infrastructure equipment, serving the aerospace, power generation and distribution and transportation markets, since 2007. Mr. Gendron was President and Chief Executive Officer of Woodward from 2005 to 2007 and President and Chief Operating Officer from 2002 to 2005. Prior to becoming President of Woodward, Mr. Gendron served in a variety of management positions at Woodward.

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Key Attributes, Experience and Skills:

Mr. Gendron's experience as president and CEO of Woodward, a NASDAQ-listed company, includes extensive operations and marketing experience in the aerospace and wind power industries. Woodward's global aircraft and wind turbine controls business enables Mr. Gendron to provide the board with insight as to the aerospace and wind power industry, and offer guidance on the development of marketing strategies. In addition, Mr. Gendron's significant manufacturing management experience makes him well-suited to advise our operations team.

JEFFREY A. GRAVES, 52, director since 2007

Position, Principal Occupation, Business Experience and Directorships:

Since May 2012, Dr. Graves has served as Chief Executive Officer of MTS Systems Corporation, a leading global supplier of test systems and industrial position sensors. From 2005 until May 2012, Dr. Graves served as President and Chief Executive Officer of C&D Technologies, Inc., a producer of electrical power storage systems. From 2001 to 2005 he was employed by Kemet Corporation as Chief Executive Officer (2003 to 2005); President and Chief Operating Officer (2002-2003); and Vice President of Technology and Engineering (2001-2002). From 1994 to 2001 Dr. Graves was employed by the General Electric Company, holding a variety of management positions in GE's Power Systems division from 1996 to 2001, and in the Corporate Research and Development Center from 1994 to 1996. Prior to General Electric, Dr. Graves was employed by Rockwell International and Howmet Corporation, now a part of Alcoa Corporation. Dr. Graves is also a member of the board of directors of MTS Systems Corporation and Teleflex, Inc. Dr. Graves serves on Teleflex's compensation committee. Dr. Graves was a member of the board of directors of C&D Technologies, Inc. from 2005 through 2012.

Key Attributes, Experience and Skills:

Dr. Graves has ten years' experience as a CEO of three NYSE-listed companies and significant experience as a director of other US public companies. Dr. Graves has significant global operations and R&D experience, including with GE, holds a PhD in Materials Science and has extensive prior involvement in materials development and application processes for airframe, propulsion systems and energy fields. In addition to the obvious value as an experienced CEO of three public companies, Dr. Graves was recruited to the board to help provide additional technical expertise. He has extensive experience doing business in China and India, enabling him to provide valuable contributions to discussions related to our Asia and Far East strategy, particularly with respect to industrial markets. Dr. Graves and Dr. Hill regularly review our R&D programs and organization and report back to the board their findings and recommendations. In addition, Dr. Graves has advised on information technology projects based on his past experience with the implementation of enterprise resource planning systems.

DAVID C. HILL, 67, director since 2008

Position, Principal Occupation, Business Experience and Directorships:

Dr. Hill served as President and Chief Executive Officer of Sun Chemical Corporation, a producer of printing inks and pigments, from January 2006 until his retirement in December 2007. During this time he was also a Supervisory Board member of Sun Chemical Group B.V. From 2001 to 2005, Dr. Hill was Sun Chemical's Chief Technology and Operating Officer. Prior to joining Sun Chemical Corporation in 2001, Dr. Hill spent four years at JM Huber Corporation as President of Engineered Materials. From 1980 to 1997, Dr. Hill served at AlliedSignal Inc., where he was President, Fibers from 1991 to 1994, Chief Technology Officer, Engineered Materials from 1994 to 1995 and President, Specialty Chemicals through 1997. Dr. Hill began his career at

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Union Carbide Corporation in 1970, and has also been Director of Exploratory and New Ventures Research at Occidental Petroleum Corporation. He holds a Ph.D. in Materials Science and Engineering as well as an M.S. in Engineering and a B.S. in Materials Science and Engineering from Massachusetts Institute of Technology. Dr. Hill was a member of the board of directors of Symyx Technologies, Inc. from 2007 to 2010, and served as a member of its compensation committee and as the chair of its governance committee.

Key Attributes, Experience and Skills:

Dr. Hill brings over 40 years management, operations and technology experience in large-scale chemicals and engineered materials organizations to the Hexcel board, including two years as CEO of Sun Chemical Corporation and membership in the National Association of Corporate Directors. In addition to his advanced technical degrees (Ph.D. and M.S.), Dr. Hill has extensive knowledge regarding the development, manufacture and use of advanced fibers. Dr. Hill was selected to provide the board and management additional technical expertise, particularly related to our fibers and chemical-based products. His extensive experience with the application of continuous improvement techniques to maximize capital efficiency has made him a key contributor to the board, particularly in connection with capital expansion, utilization and resources. Dr. Hill and Dr. Graves regularly review our R&D programs and organization and report back to the board their findings and recommendations.

DAVID L. PUGH, 65, director since 2006

Position, Principal Occupation, Business Experience and Directorships:

Mr. Pugh served as the Chairman and Chief Executive Officer of Applied Industrial Technologies Inc., one of North America's leading industrial product distributors, from October 2000 until October 2011. He was President and Chief Operating Officer of Applied from January 1999 to January 2000 and President and Chief Executive Officer of Applied from January 2000 to October 2000. Prior to joining Applied, Mr. Pugh was senior vice president of Rockwell Automation and general manager of Rockwell's Industrial Control Group. Prior to joining Rockwell, Mr. Pugh held various sales, marketing and operations positions at Square D. Co. and Westinghouse Electric Corp. Mr. Pugh is also a member of the board of directors of NN, Inc. and serves on its audit and compensation committees.

Key Attributes, Experience and Skills:

Mr. Pugh was CEO of an NYSE-listed company for eleven years until retirement in 2011. Throughout his career, he gained extensive operations and sales and marketing experience in large-scale global manufacturing organizations; and extensive experience as a director of public companies. Mr. Pugh's expertise in factory control systems and equipment maintenance programs has provided valuable expertise to the board and to our operations management team. Mr. Pugh is chair of the compensation committee and brings important perspectives in the executive compensation area to both the compensation committee and the board, as a result of his varied experiences with other public boards.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR

ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR

Independence of Directors

We currently have nine independent directors out of ten directors. Our board affirmatively determined that each director nominee, other than Mr. Stanage, who is our Chairman, Chief Executive Officer and President, meets the NYSE director independence requirements. In making these determinations our board considered whether a director has a material relationship with us as contemplated by the NYSE listing standards. One non-employee director has a relationship with us other than as a director of Hexcel. Ms. Brubaker is a director of a private aerospace company that is our customer. In determining that Ms. Brubaker did not have a material relationship with us, and thus was independent, our

board considered, among other things, the sales to this private

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aerospace company as a percentage of our total sales, as well as that Ms. Brubaker has no significant direct or indirect pecuniary interest in the business relationship between us and this private aerospace company. Under the NYSE listing standards, Mr. Stanage is not independent by virtue of his being employed by us.

Meetings and Standing Committees of the Board of Directors*General*

During 2013 there were eight meetings of the board and 21 meetings (and one action by written consent) in the aggregate of the four standing committees of the board. The board did not take any action by written consent. Each of the incumbent directors who served on the board and its committees during 2013 attended or participated in at least 75% of the aggregate number of board meetings and applicable committee meetings held during 2013, except for Mr. Stanage, who became a director in August 2013. Mr. Stanage attended 100% of the meetings held after his nomination as a director. A director is expected to regularly attend and participate in meetings of the board and of committees on which the director serves, and to attend the annual meeting of stockholders. Each of the incumbent directors attended the last annual meeting of stockholders.

The board has established the following standing committees: audit committee; compensation committee; finance committee; and nominating and corporate governance committee. The board may establish other special or standing committees from time to time. Members of committees serve at the discretion of the board. Each of our four standing committees operates under a charter adopted by the board. The charter for each committee except the finance committee requires that all members be independent as required by NYSE listing standards. The charter of the finance committee prohibits the committee from taking any action that is required by NYSE rules to be taken by a committee composed entirely of independent directors, unless the finance committee is composed entirely of independent directors. Our board has also adopted a set of corporate governance guidelines. All committee charters and the corporate governance guidelines can be viewed on the investor relations section of our website, www.hexcel.com, under Corporate Governance. You may obtain a copy of any of these documents, free of charge, by directing your request to Hexcel Corporation, Attention: Investor Relations Manager, Two Stamford Plaza, 281 Tresser Boulevard, Stamford, CT 06901, telephone (203) 352-6826.

The table below provides information regarding membership of each board committee and meeting held during fiscal year 2013:

Name	Audit	Compensation	Nominating and Corporate Governance	Finance
Joel S. Beckman		Ö		Chair
Lynn Brubaker	Ö		Chair	
Jeffrey C. Campbell	Chair			
Sandra L. Derickson		Ö	Ö	
W. Kim Foster	Ö		Ö	
Thomas A. Gendron		Ö		
Jeffrey A. Graves			Ö	Ö
David C. Hill	Ö			Ö
David L. Pugh		Chair		
Number of Meetings	8	8	3*	2

* In addition, the Nominating and Corporation Governance Committee acted once by written consent.

Audit Committee

The audit committee assists with the board's oversight of the integrity of our financial statements, our exposure to risk and mitigation of those risks, our compliance with legal and regulatory requirements, our independent registered public accounting firm's qualifications, independence and performance, and our internal

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audit function. Additional information regarding the audit committee, including additional detail about the functions performed by the audit committee, is set forth in the Audit Committee Report included on page 62 of this proxy statement.

All members of our audit committee meet the financial literacy requirements of the NYSE and at least one member has accounting or related financial management expertise as required by the NYSE. In addition, our board has determined that Jeffrey C. Campbell is an audit committee financial expert under SEC rules.

The audit committee has adopted procedures for the receipt, retention and handling of concerns regarding accounting, internal accounting controls and auditing matters by employees, stockholders or other persons. Any person with such a concern should report it to the board as set forth under *Contacting the Board* on page 14. The audit committee has also adopted procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The audit committee has established policies and procedures for the pre-approval of all services provided by our independent registered public accounting firm. These policies and procedures are described on pages 63-64 of this proxy statement.

Finance Committee

The finance committee provides guidance to the board and management on significant financial matters, including the Company's capital structure, credit facilities, equity and debt issuances, acquisitions, divestitures and liquidity.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee regularly seeks input from the board regarding the skills and attributes it believes new nominees should possess in order to strengthen the board; identifies and recommends to the board individuals qualified to serve as directors and on committees of the board; advises the board with respect to board and committee procedures; develops and recommends to the board, and reviews periodically, our corporate governance principles; and oversees the evaluation of the board, the committees of the board and management. The committee has independent authority to select and retain any search firm to assist it in identifying qualified candidates for board membership, and has the sole authority to approve the search firm's fees and terms of engagement.

The nominating and corporate governance committee believes that each nominee for director should demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the board's supervision and oversight of our business and affairs. The committee also considers the following when selecting candidates for recommendation to the board: broad business knowledge, experience, professional relationships, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, potential conflicts of interest and such other relevant factors that the committee considers appropriate in the context of the needs or stated requirements of the board.

We do not have a formal policy with regard to consideration of diversity in identifying director nominees. However, both the charter of the nominating and corporate governance committee and our corporate governance guidelines list diversity as one of many attributes and criteria that the committee will consider when identifying and recruiting candidates to fill positions on the board. Our corporate governance guidelines also state that our board should generally have no fewer than ten directors to permit diversity of experience. The committee considers a broad range of diversity, including diversity with respect to experience, skill set, areas of expertise and professional background, as well as race, gender and national origin. Our informal policy regarding consideration of diversity is implemented through discussions among the committee members, and by the committee with our outside search firm and with senior management. The committee assesses the effectiveness of this policy through its annual self-evaluation, a report of which is delivered to the board. Every board candidate search undertaken by us includes diversity as a desired attribute for the candidate.

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The nominating and corporate governance committee will consider director candidates recommended by stockholders, as well as by other means such as our non-management directors, our chief executive officer, and other executive officers. In considering candidates submitted by stockholders, the committee will take into consideration the needs of the board and the qualifications of the candidate. The company's policy on the consideration of all director candidates, regardless of source, is set forth in the charter of the nominating and corporate governance committee. To have a candidate considered by the committee, a stockholder must submit the recommendation in writing to our corporate secretary at the address listed below under "Contacting the Board" so that it is received at least 120 days prior to the anniversary date of our prior year's annual meeting of stockholders. The stockholder must supply the following information with his or her recommendation:

The name and record address of the stockholder and evidence of the stockholder's ownership of Hexcel stock, including the class and number of shares owned of record or beneficially (and including any other direct or indirect pecuniary or economic interest in Hexcel stock) and the length of time the interest in the shares have been held

The name, age, business address and residence address of the candidate, a listing of the candidate's qualifications to be a director, and the person's consent to be named as a director if selected by the committee and nominated by the board

An advance irrevocable resignation letter providing for the contingent resignation of the candidate in the event that the candidate is elected to the board and subsequently becomes a holdover director

Any information about the stockholder and the candidate which would be required to be disclosed in a proxy statement or other filing relating to the election of directors

A representation that the stockholder intends to appear in person at the annual meeting to nominate the candidate

Any material interest of the stockholder relating to the nomination of the candidate, including a description of all arrangements or understandings between the stockholder and the candidate

A description of all arrangements or understandings between the stockholder and any other person, naming such other person, relating to the recommendation of such candidate

The committee's evaluation process does not vary based on whether or not a candidate is recommended by a stockholder, although the board may take into consideration the number of shares held by a recommending stockholder and the length of time that such shares have been held. No stockholder recommendations were made for this Annual Meeting.

Compensation Committee

The compensation committee defines the goals of our compensation policy, reviews and approves our compensation and oversees our benefit plans. In this capacity, the compensation committee administers our incentive plans and may make grants, for example, of non-qualified stock options (NQOs), restricted stock units (RSUs) and performance-based share awards (PSAs) to executive officers, other key employees, directors and consultants.

Additional information regarding the compensation committee, including additional detail about the objectives, policies, processes and procedures of the compensation committee, and information with regard to the compensation consultant retained by the compensation committee, which includes a description of all services provided, is set forth in Compensation Discussion and Analysis beginning on page 20 of this proxy statement.

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Board Leadership Structure

As stated in our Corporate Governance Guidelines, we do not require separation of the offices of the Chairman of the Board and Chief Executive Officer. The board believes that it is appropriate for Mr. Stanage to hold both offices because the combined role enables decisive leadership and clear accountability and enhances our ability to communicate our strategy clearly and consistently to stockholders and other key constituencies, such as our employees and key customers and suppliers. We also believe we have in place sound counter-balancing mechanisms to ensure that we maintain the highest standards of corporate governance and effective accountability of the CEO to the board, including the following:

Each of the other nine directors on the board is independent

The board has named a lead director, whose responsibilities are described in detail below

Mr. Stanage's performance and compensation is reviewed, and Mr. Stanage's compensation is set, by the compensation committee, with formal oversight by the independent directors as a group

The independent directors meet regularly in executive sessions without management

The board regularly reviews performance, management development and succession plans for executive positions. Our bylaws dictate that if the chairman of the board is independent, then the chairman will be the lead director or, if the chairman is not independent, as is the case with Mr. Stanage, then the independent directors are required to designate an independent board member to serve as lead director. The independent directors have designated Mr. Foster to serve as lead director. Mr. Foster has the authority to call a meeting of the independent directors in addition to the responsibilities listed below.

Oversees the flow of information to the board

Determines the agenda for board meetings with input from management and other directors

Oversees the board's performance evaluations of the CEO and provides feedback directly to the CEO

Supervises the board and committee annual self-evaluation process

Chairs executive sessions of the board and meets with the CEO to discuss matters of board concern

Collaborates with the nominating and corporate governance committee in monitoring the composition and structure of the board and leads director recruitment efforts.

Under our corporate governance guidelines, the independent directors are required to meet as a board in executive session, without management, a minimum of two times a year, but normally do so at every regular board meeting.

Risk Oversight

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The board is responsible for overseeing our risk management. The board sets our risk management strategy and oversees the implementation of our risk management framework. Specific board committees are responsible for overseeing specific types of risk. Our audit committee periodically reviews our insurance coverage, currency exchange and hedging policies, tax exposures and our processes to ensure compliance with

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laws and regulations, and also reviews reports from our anonymous hotline that employees can use to report suspected violations of our Code of Business Conduct. The audit committee also regularly meets in executive sessions without management present with our outsourced internal audit firm and our independent registered public accounting firm to discuss areas of concern of which the board should be aware. The board, and when specific need arises, the finance committee, addresses significant financing matters such as our capital structure, credit facilities, equity and debt issuances, acquisitions and divestitures, and liquidity. Our compensation committee establishes compensation policies and programs that do not incentivize executives and employees to take on an inappropriate level of risk, as discussed under **The Process for Setting Compensation Compensation Risk Oversight** on page 25 of this proxy statement. The nominating and corporate governance committee is responsible for ensuring that we have an adequate succession plan in place for our senior leadership. Each of our board committees delivers a report to the board, at the next board meeting, regarding matters considered at committee meetings that have taken place since the last board meeting.

Our senior management meets periodically with our operations leadership teams to discuss and review the risks that exist in connection with our business. Management makes regular presentations to the board, no less than two times per year (and more frequently if circumstances warrant), regarding all types of material risks facing the company. At these meetings the board discusses and reviews these risks and determines what, if any, new actions should be taken to mitigate these risks.

Succession Planning

At least annually, the board engages in a review of management developmental and succession planning to assess employee development programs and organizational effectiveness, and conducts in-depth discussions regarding specific succession and contingency planning for all key senior leadership positions.

Contacting the Board

Stockholders and other interested parties may contact the non-management members of the board or the lead director by sending their concerns to: Board of Directors, c/o Corporate Secretary, Hexcel Corporation, Two Stamford Plaza, 281 Tresser Boulevard, Stamford, CT 06901; facsimile number (203) 358-3972; e-mail address boardofdirectors@hexcel.com. The Corporate Secretary will review all communications and forward them to the lead director. The Corporate Secretary may, however, filter out communications that do not relate to our business activities, operations or our public disclosures, but will maintain a record of these communications and make them available to the lead director. Any communications received by the lead director regarding concerns relating to accounting, internal accounting controls or auditing matters will be immediately brought to the attention of the audit committee and will be handled in accordance with the procedures established by the audit committee to address these matters.

Code of Business Conduct

It is our policy that all of our officers, directors and employees worldwide conduct our business in an honest and ethical manner and in compliance with all applicable laws and regulations. Our board has adopted the Hexcel Code of Business Conduct in order to clarify, disseminate and enforce this policy. The Code applies to all of our officers, directors and employees worldwide, including our chief executive officer, chief financial officer and controller. The Code can be viewed on the investor relations section of our website, www.hexcel.com, under **Corporate Governance**. In addition, you may obtain a free copy of the Code by directing your request to Hexcel Corporation, Attention: Investor Relations Manager, Two Stamford Plaza, 281 Tresser Boulevard, Stamford, CT 06901, telephone (203) 352-6826. Any amendment to the Code of Business Conduct (other than technical, administrative or non-substantive amendments), or any waiver of a provision of the Code that applies to our directors or executive officers, will be promptly disclosed on the investor relations section of our website under **Corporate Governance**.

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Director Compensation in 2013

Our non-employee director compensation program is comprised of a mix of cash and stock-based incentive compensation designed to attract and retain qualified candidates to serve on our board. In May 2013, the board performed its annual review of the director compensation program against survey data from the National Association of Corporate Directors (NACD) and our comparator group (as described on page 26). The review indicated that despite an increase in annual compensation that was made in 2012, our directors were still compensated below the median of the compensation level indicated by the NACD survey. The compensation committee had previously concluded it was important that directors be competitively compensated at the median level determined in the NACD survey and therefore recommended that the board approve a \$10,000 increase to the annual compensation, in the form of additional RSUs, rather than cash, to further align the interests of directors with stockholders. The recommendation of the committee was adopted by the board, effective immediately following the annual meeting in May 2013. In addition, based on the same survey data, the committee recommended and the board adopted an increase in the cash retainer for our lead director of \$12,500.

Annual non-employee director cash compensation consists of a retainer of \$48,000 plus:

\$25,000 for the lead director

\$12,500 for the audit committee chair

\$7,500 for the compensation committee chair

\$5,000 for each of the nominating and corporate governance committee and the finance committee chairs

\$10,000 paid to each member of the audit committee (including the chair of the committee)

\$7,500 paid to each member of the compensation committee (including the chair of the committee)

\$5,000 paid to each member of the nominating and corporate governance committee and the finance committee (including the chairs of the committees)

Upon initial election to the board and on each re-election thereafter, each non-employee director receives a grant of RSUs in an amount determined by the compensation committee as guided by the advice of its independent compensation consultant and other relevant factors. The target grant date value of RSUs issued to directors immediately following the 2013 annual meeting of stockholders was \$105,000. The closing price of our common stock that day was \$30.45, which resulted in a grant of 3,448 RSUs to each director. The RSUs vest daily over the twelve months following the date of grant and convert into an equal number of shares of our common stock on the first anniversary of grant unless the director elects to defer conversion until termination of service as a director.

In addition to the annual compensation described above, each non-employee director receives \$1,000 for attendance at a meeting of a special committee of the board.

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Our stock ownership guidelines, which are described on page 37, apply to non-employee directors as well as executive officers. Each non-employee director is expected to own shares of our common stock that have a value equal to at least three times his or her annual cash retainer. The table below summarizes the compensation paid by the company to non-employee Directors for the fiscal year ended December 31, 2013.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)(2)	Total (\$)
Joel S. Beckman	65,500	104,992	170,492
Lynn Brubaker	63,000	104,992	167,992
Jeffrey C. Campbell	70,500	104,992	175,492
Sandra L. Derickson	78,000	104,992	182,992
W. Kim Foster	58,000	104,992	162,992
Thomas A. Gendron	55,500	104,992	160,492
Jeffrey A. Graves	58,000	104,992	162,992
David C. Hill	63,000	104,992	167,992
David L. Pugh	63,000	104,992	167,992

- (1) The grant date fair value of each RSU granted to directors was \$30.45, computed in accordance with FASB ASC Topic 718. These amounts do not correspond to the actual value that will be realized by the director. For additional information regarding the assumptions made in calculating these amounts, see Note 10, Stock-Based Compensation, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.
- (2) As of December 31, 2013, our non-employee directors had RSUs outstanding as follows:

	Outstanding RSUs(a)
Joel S. Beckman	26,763(b)
Lynn Brubaker	3,448
Jeffrey C. Campbell	28,266
Sandra L. Derickson	17,121
W. Kim Foster	23,122
Thomas A. Gendron	13,678
Jeffrey A. Graves	23,002
David C. Hill	17,424
David L. Pugh	26,514

- (a) All RSUs granted prior to the 2013 annual meeting are vested. Outstanding RSUs include any grants for which the director has elected to defer the conversion of such grant into shares until such time as the director ceases to be a member of the board. Each director (other than Ms. Brubaker, Ms. Derickson and Dr. Hill) has elected to defer the conversion of his or her RSUs granted in 2013.
- (b) Includes 1,590 RSUs held for the benefit of Greenbriar Equity Group LLC. Mr. Beckman disclaims beneficial ownership of these RSUs.

Table of Contents**EXECUTIVE OFFICERS**

Set forth below is certain information concerning each of our executive officers in 2013. For additional information concerning Mr. Stanage, see PROPOSAL 1 ELECTION OF DIRECTORS Information Regarding the Directors on page 5.

Name	Age on March 20, 2014	Executive Officer Since	Position(s) With Hexcel
David E. Berges	64	2001	Executive Chairman of the Board(1)
Nick L. Stanage	55	2009	Chairman of the Board; Chief Executive Officer; President; Director(2)
Wayne C. Pensky	58	2007	Senior Vice President; Chief Financial Officer
Ira J. Krakower	73	1996	Senior Vice President; General Counsel; Secretary
Robert G. Hennemuth	58	2006	Senior Vice President, Human Resources

(1) Mr. Berges served as Chairman of the Board and Chief Executive Officer until July 31, 2013. He served as Executive Chairman of the Board from August 1 until his retirement on December 31, 2013.

(2) Mr. Stanage served as President and Chief Operating Officer until August 1, 2013, when he was named Chief Executive Officer and President, and was elected director. He became Chairman of the Board of Directors effective January 1, 2014.

DAVID E. BERGES served as Executive Chairman of the Board of Directors from August 1, 2013 until his retirement on December 31, 2013, at which time he became a consultant to the company for the one-year period ending December 31, 2014. He served as Chairman of the Board of Directors and Chief Executive Officer from July 2001 until July 31, 2013, and was our President from February 2002 to February 2007. Prior to joining Hexcel, Mr. Berges was President of the Automotive Products Group of Honeywell International Inc. from 1997 to July 2001 and Vice President and General Manager, Engine Systems and Accessories, at AlliedSignal Aerospace from 1994 to 1997. Previously Mr. Berges was President and Chief Operating Officer of Barnes Aerospace, a division of Barnes Group Inc. Mr. Berges spent the first 15 years of his career in a variety of managerial and technical positions with the General Electric Company. Mr. Berges was a director of Dana Corporation from 2004 to January 2008.

WAYNE C. PENSKY has served as our Senior Vice President and Chief Financial Officer since April 2007. Prior to serving in his current role, Mr. Pensky served as Vice President, Finance and Controller of our Composites global business unit since 1998. From 1993 to 1998 Mr. Pensky was our Corporate Controller and Chief Accounting Officer. Prior to joining Hexcel in 1993, Mr. Pensky was a partner at Arthur Andersen & Co., where he had been employed since 1979.

IRA J. KRAKOWER has served as our Senior Vice President, General Counsel and Secretary since September 1996. Prior to joining Hexcel, Mr. Krakower served as Vice President and General Counsel to Uniroyal Chemical Corporation from 1986 to August 1996 and served on the board and as Secretary of Uniroyal Chemical Company, Inc. from 1989 to 1996.

ROBERT G. HENNEMUTH has served as our Senior Vice President, Human Resources since March 2006. Prior to joining Hexcel, Mr. Hennemuth served as Vice President Human Resources of Jacuzzi Brands, Inc. from July 2003 to September 2005. Previously, he was employed by Honeywell International Inc., (formerly known as AlliedSignal Inc.), where he served as Vice President of Human Resources & Communications for various businesses from December 1996 to June 2003, including the Honeywell Consumer Products Group.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Stock Beneficially Owned by Principal Stockholders**

The following table sets forth certain information as of February 28, 2014 with respect to the ownership by any person (including any group as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934 (the Exchange Act)) known to us to be the beneficial owner of more than five percent of the issued and outstanding shares of Hexcel common stock:

Name and Address	Number of Shares of Common Stock(1)	Percent of Common Stock(1)
The Vanguard Group(2) 100 Vanguard Boulevard Malvern, PA 19355	5,752,688	5.74%

(1) Number of Shares is based on information contained in a Statement on Schedule 13D, 13D/A, 13G or 13G/A filed with the SEC as indicated in footnote (2) below. The Percent of Common Stock is based on such number of shares and on 97,991,284 shares of common stock issued and outstanding as of February 28, 2014.

(2) Based on information contained in a Statement on Schedule 13G/A filed with the SEC on February 11, 2014. Based on the Schedule 13G/A, The Vanguard Group is an investment advisor that has sole voting power with respect to 63,347 shares, sole dispositive power with respect to 5,752,688 shares and shared dispositive power with respect to 55,947 shares.

Table of Contents**Stock Beneficially Owned by Directors and Officers**

The following table contains information regarding the beneficial ownership of shares of Hexcel common stock as of February 28, 2014 by our current directors and the executive officers listed in the Summary Compensation Table and by all directors and executive officers as a group. The information appearing under the heading "Number of Shares of Common Stock" was supplied to us by the persons listed in the table.

Name	Number of Shares of Common Stock(1)	Percent of Common Stock(2)(3)
Nick L. Stanage	317,628	*
Joel S. Beckman(4)	28,199	*
Lynn Brubaker	6,920	*
Jeffrey C. Campbell	36,041	*
Sandra L. Derickson(5)	49,856	*
W. Kim Foster	23,094	*
Thomas A. Gendron	23,650	*
Jeffrey A. Graves	22,974	*
David Hill(6)	20,896	*
David L. Pugh	31,486	*
Wayne C. Pensky	344,205	*
Ira J. Krakower	456,701	*
Robert G. Hennemuth	182,170	*
David E. Berges(7)	2,008,004	2.0%
All executive officers and directors as a group (14 persons)	3,471,824	3.5%

- (1) Includes shares underlying stock-based awards that either were vested as of February 28, 2014, or will vest within 60 days of this date. These shares are beneficially owned as follows: Mr. Stanage 179,058; Mr. Beckman 26,696; Ms. Brubaker 3,420; Mr. Campbell 28,238; Ms. Derickson 17,093; Mr. Foster 23,094; Mr. Gendron 13,650; Dr. Graves 22,974; Dr. Hill 17,396; Mr. Pugh 26,486; Mr. Berges 1,167,852; Mr. Pensky 244,470; Mr. Krakower 218,890; Mr. Hennemuth 138,122; and all executive officers and directors as a group 2,127,439. None of our directors or named executive officers has pledged any of our common stock as security.
- (2) Based on 97,991,284 shares of common stock issued and outstanding as of February 28, 2014. As required by SEC rules, for each individual person listed in the chart the percentage is calculated assuming that the shares listed in footnote (1) above for such person are outstanding, but that none of the other shares referred to in footnote (1) above are outstanding.
- (3) An asterisk represents beneficial ownership of less than 1%.
- (4) Includes 1,590 shares underlying stock-based awards granted to Mr. Beckman that are held for the benefit of Greenbriar Equity Group LLC. Mr. Beckman disclaims beneficial ownership of these shares.
- (5) Includes 32,763 shares held by the Derickson Revocable Trust. Ms. Derickson has investment and voting control over such shares.
- (6) Includes 3,500 shares held by the David C. Hill Trust. Dr. Hill has investment and voting control over such shares.
- (7) Reflects Mr. Berges' ownership as of his retirement from the board on December 31, 2013, including shares underlying stock-based awards that either were vested as of December 31, 2013, or would vest within 60 days of this date. Includes 158,648 shares held by the

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Berges Family Trust, 640 shares held by the Trust for the benefit of Kelly Margaret Fontanella and 640 shares held by the Trust for the benefit of Scott Dean. Mr. Berges has investment and voting control over such shares. Also includes 500 shares held by Mr. Berges spouse.

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COMPENSATION DISCUSSION AND ANALYSIS

This section describes and analyzes the material elements of 2013 compensation for our executive officers identified in the Summary Compensation Table on page 42. We refer to these individuals as the named executive officers, or NEOs. The compensation committee of the board of directors is responsible for determining the compensation and benefits of the NEOs. The committee's determination of the compensation of our CEO is subject to ratification by our independent directors.

Executive Summary

In setting NEO compensation for 2013, the committee focused on the alignment of pay and performance, with short-term and long-term goals designed to incentivize improvements in key financial and operational measures. Our 2013 results demonstrate such alignment. We achieved our highest historical full year results for sales, gross margin, operating income, and adjusted net income in 2013, exceeding our 2012 performance, which was also a record-setting year for these measures. At the same time, we continued to make significant investments in new products, research and technology, and global manufacturing capacity to meet customer demands. Our year-over-year net sales increased 6.3%, which we leveraged into a 12.8% increase in Adjusted EBIT. Our strong performance was reflected in an 18.6% increase in our Adjusted Diluted Earnings per Share. Cash from Operating Activities grew by 21.5% over the prior measurement period, which maintained our ability to fund investments in 2013 to meet projected customer demand. See *Pay for Performance MICP Annual Cash Incentive* on pages 22-23 for a description of these metrics as they relate to our cash incentive awards. Our total stockholder return (TSR) for the period January 1 through December 31, 2013 was 65.8%.

In addition, the committee considered the results of the stockholder advisory vote on executive compensation held at our 2012 annual meeting of stockholders, at which over 88% of the votes cast were for approval of our executive compensation. This was one factor considered by the committee in its decision to maintain the principles underlying our existing compensation strategy for 2013. Furthermore, in evaluating the NEOs' performance in 2013 and setting compensation for 2014, the committee considered the result of the stockholder advisory vote on executive compensation held at our 2013 annual meeting of stockholders, at which over 91% of the votes cast were for approval of our executive compensation.

Pay for Performance

We recognize that our stockholders invest in the company with the expectation that we will deliver a level of performance that creates value. We seek to deliver sustainable value, meaning that our actions to generate short-term results should be balanced with the need for investments in technologies, capabilities, products, markets and employees to provide increased profitability over the long-term.

When evaluating the appropriateness of our executive compensation for 2013 relative to our performance, the following considerations are relevant:

Did our profitability generate meaningful TSR?

Did our selection of short-term and long-term financial objectives create incentives to deliver acceptable levels of performance improvement?

Are we investing our capital and resources prudently to generate operating returns that exceed our cost of capital?
As explained below, we believe the answer to these questions is *yes*.

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Total Stockholder Return

TSR is one reflection of company performance. The long-term compensation of Mr. Berges, our CEO until August 1, 2013 and thereafter Executive Chairman through December 31, 2013, is closely aligned with our TSR performance because over 50% of his target compensation consisted of equity awards, and our stock ownership guidelines require a significant holding of equity. However, TSR can be affected by external forces beyond the company's control that may not reflect the operating performance of the company over the measurement period. We believe it is more appropriate to link our CEO's compensation to cash and equity incentives that reflect short-term and long-term financial and operational goals that will promote growth in TSR. The chart below shows our cumulative TSR for the five-year period ending December 31, 2013 compared with Mr. Berges' total direct compensation (TDC) for 2009 through 2013. Total direct compensation includes the following components: salary, actual cash incentive award, grant date value of annual equity awards and all other compensation, as derived from the Summary Compensation Table.

The SEC's calculation of total compensation, as shown in the Summary Compensation Table set forth on page 42, includes changes in the value of pensions and nonqualified deferred compensation earnings, which reflect amounts that are driven by accounting and actuarial assumptions, and which are not necessarily reflective of compensation actually realized by the NEOs for a particular year. We believe that TDC provides a more meaningful measurement for assessment.

The five-year cumulative TSR shows the increase or decrease in value of a \$100 investment in Hexcel common stock made on January 1, 2009, as of the end of each fiscal year in the five-year period.

The chart shows the TDC for Mr. Berges, who served as CEO until August 1, 2013, and thereafter as Executive Chairman through December 31, 2013. We did not show the TDC for Mr. Stanage because he served as CEO for just five months during 2013, and therefore there is insufficient data to show a correlation between his TDC as CEO and five-year TSR.

Compensation Components

Target compensation in 2013 for our NEOs included salary, annual cash incentive awards granted under our Management Incentive Compensation Plan (MICP), and equity awards in the form of restricted stock units (RSUs), non-qualified stock options (NQOs) and performance-based share awards (PSAs). A significant portion of NEO compensation, ranging from 46% to 56% of total target compensation in 2013, was in the form of long-term equity incentives. We believe that the long tenure of our NEOs and their demonstrated commitment to the long-term performance of the company (NEOs hold their NQOs for an average of almost six years), reflects the effectiveness of our compensation strategy.

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*Shows NEOs at beginning of 2013

Actual NEO compensation in 2013 included the following elements:

Element	2013 Pay Action
Base Salary	Increased NEO salaries at the start of the year based on individual performance and evaluation against our comparator group. Increases ranged from 3.3% to 10.0%.
MICP	Awarded a payout of 137.1% of target under our MICP based on performance against targets for Cash from Operating Activities, Adjusted EBIT and Adjusted Diluted Earnings per Share. See Pay for Performance MICP Annual Cash Incentive below.
Equity-Based Awards	Continued our practice of awarding our NEOs a mix of NQOs, RSUs and PSAs with an overall design to provide performance-based incentives aligned with stockholder interests and long-term company strategy. Target equity compensation for Mr. Berges and Mr. Stanage consisted of 37.5% NQOs and 62.5% PSAs, while the other NEOs target equity compensation for 2013 consisted of 25% RSUs, 37.5% PSAs and 37.5% NQOs. See Components of Executive Compensation for 2013 Equity Awards on pages 31-33.

MICP Annual Cash Incentive

Our performance measures for 2013 MICP awards were designed to incentivize our leaders to achieve improvements in three areas: Adjusted EBIT, Cash from Operating Activities and Adjusted Diluted Earnings per Share, with each component given equal weight. In January 2014, the compensation committee certified the degree of attainment of the 2013 financial measures, which resulted in a payout percentage of 137.1% of the aggregated target awards for all participants in the MICP, as shown in the graph below. Even though the company achieved record high results under each of these measures in 2012, the 2013 targets were set in excess of 2012 actual results by approximately 10%. This challenged the management team to build on our 2012 performance, and in 2013 we achieved above-target performance for all three measures. See Components of Executive Compensation for 2013 MICP Awards on pages 30-31.

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The following GAAP and non-GAAP financial measures were used to measure performance for our 2013 annual cash incentive awards granted under the MICP:

Cash from Operating Activities means cash provided by operating activities of continuing operations from the consolidated statement of cash flows, measured from September 30, 2012 to December 31, 2013.

Adjusted EBIT means operating income plus the sum of business consolidation and restructuring expense and other expenses (income) and eligible severance payments.

Adjusted Diluted Earnings per Share means the quotient of Adjusted EBIT minus interest expense minus income taxes, as adjusted, divided by the weighted average number of diluted shares of common stock outstanding.

Performance-Based Share Awards

The PSAs awarded in 2011 used Return on Invested Capital, or **ROIC**, for the purpose of assessing our performance for the three-year performance period ending December 31, 2013. ROIC rewards both earnings and the efficient management of the assets of the company. ROIC for these PSAs was defined as the average return for 2011, 2012 and 2013 divided by the average invested capital as of December 31, 2010, 2011, 2012 and 2013, where:

Return generally means operating income, adjusted for other operating expense (income), taxes and including equity in earnings from affiliated companies, and

Invested capital generally means stockholders' equity plus total debt.

In January 2014, the compensation committee certified that for the 2011-2013 performance cycle, we achieved ROIC of 14.7%, which was just below the maximum performance level of 14.8% and resulted in an award of 194% of target, as shown in the graph below. This result demonstrates that our performance continued to be strong in the long-term as well as in the short-term, as our investments generated a return that greatly exceeded our cost of capital, while we continued to make substantial investments in capacity to support customer demands.

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We pay incentive compensation only after the committee has certified our performance results and corresponding MICP and PSA awards for the performance period. In certifying the results, the committee first performs a review of our financial performance against goals following verification of the calculations by our independent auditors.

The Process for Setting Compensation

Compensation Philosophy

The company's compensation philosophy, as determined by the compensation committee, is:

To attract, retain and motivate a high caliber of executive talent

To ensure that a significant portion of total target compensation is variable compensation based on company performance

To encourage long-term focus while recognizing the importance of short-term performance

To determine compensation based on forward-looking considerations and not solely on the basis of past compensation or results

To align executive and stockholder interests by requiring NEOs to meet ownership guidelines and prohibiting them from hedging our stock

To establish goals for performance-based compensation that are challenging yet attainable

To discourage excessive risk taking by structuring our pay to consist of a blend of both fixed and variable elements, using an appropriate mix of short and long-term company performance metrics, and setting maximum total payouts

To prevent and remedy executive misconduct, and impose appropriate discipline on individuals who engage in misconduct. See page 38 for a description of our policy regarding executive misconduct, which authorizes recoupment of incentive compensation from an executive whose misconduct results in the inaccurate reporting of financial results.

The process used by the company to implement this philosophy is described below.

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The Compensation Committee

The compensation committee operates under a written charter approved by the board and reviewed by the committee annually. The charter provides that the committee is accountable for defining the goals of our compensation policy, reviewing and approving our compensation programs, and overseeing our benefit programs. The committee reviews and approves the compensation of the NEOs on an annual basis, including salary, cash incentives, equity grants and benefits. The committee's approval of the compensation of our CEO is subject to ratification by our independent directors. The committee also reviews annually the benefit plans applicable to all of our employees, including the NEOs. In addition, the committee periodically reviews our retirement benefits for NEOs.

Compensation Consultant

The committee retains an independent compensation consultant, Semler Brossy Consulting Group, LLC (Semler Brossy or the consultant), to assist it in establishing and reviewing executive compensation. The consultant reports directly to the compensation committee and the committee has the sole authority to approve the consultant's fees and the other terms of engagement. In accordance with NYSE listing standards, the committee assessed the independence of Semler Brossy and determined that it was independent and that its work for the committee has not raised any conflict of interest.

The committee instructs the consultant to provide advice to the committee with the objective of creating long-term value for stockholders through our compensation programs. In providing this advice, the committee asks the consultant to periodically inform the committee of compensation-related developments that may influence the committee's decision-making processes, including changes to regulations. The consultant is expected to communicate regularly with management to understand the company's business environment, talent needs, and compensation considerations (from the perspective of both the committee and management). In addition, prior to committee meetings, the consultant confers with the committee chair regarding the matters to be discussed at the meeting, and confers with management on management presentations to the committee. In the event the consultant may differ with management after conferring, the consultant will review any differences independently with the committee, or together with management and the committee. The consultant has not performed, and does not currently perform, consulting work for management outside the scope of the engagement by the committee. If management requests additional work, the consultant must first obtain the approval of the chair of the committee.

With the recommendation and consent of the committee, our CEO confers with the consultant when developing compensation recommendations for the other NEOs. On behalf of the committee, senior management periodically confers with the consultant on our executive compensation programs and may request the consultant's views regarding modifying or adopting new programs or preparing offers of employment to senior executives.

Compensation Risk Oversight

In December 2013, the committee conducted its annual risk assessment of our compensation policies and practices and evaluated whether our incentive compensation programs would encourage undue risk-taking. The committee considered risk-mitigation features, such as maximum award levels, the use of multiple financial measures, multi-year vesting and stock retention requirements, and a clawback policy. As a result of its review, the committee concluded that we have an incentive compensation program that balances pay and performance but does not drive excessive financial risk-taking. We believe that risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on our company.

Competitive Assessment

Each year the committee specifically reviews performance and authorizes the salaries, incentives, and equity grants for the NEOs. In making these determinations, the committee considers prevailing compensation practices of the comparator group as well as general industry survey data, experience, tenure in position and other factors it deems relevant.

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The Comparator Group

The comparator group is comprised of companies which have attributes that, when viewed as a whole, represent a reasonable comparison to us in a number of relevant respects. In particular, the following criteria are considered in selecting our comparator group:

Industry, such as aerospace, defense and specialty chemicals

Business complexity and international scope and operations

Market for investor capital

Company characteristics such as revenues, market capitalization and geographic location

Competition for executive and managerial talent

The comparator group is selected by the committee based on recommendations by our consultant with input from management. The companies included in the comparator group are reviewed annually, and periodically we conduct a detailed assessment of their continued relevance to the company. For 2013, the committee removed Solutia Inc. because of its acquisition by Eastman Chemical Company in 2012, at which time Solutia ceased to be a publicly traded company.

The comparator group companies considered by the committee in determining NEO compensation for 2013 were:

AAR Corp.

Albemarle Corporation

Barnes Group Inc.

BE Aerospace, Inc.

Cabot Corporation

General Industry Survey Data

Crane Co.

Curtiss-Wright Corporation

Cytec Industries Inc.

Esterline Technologies Corporation

FMC Corporation

H.B. Fuller Company

Kaman Corporation

Moog Inc.

A. Schulman, Inc.

Teledyne Technologies Inc.

In addition to comparator group data, the committee also reviewed the Towers Watson General Industry Executive Database (Towers Watson), a large compensation survey of hundreds of companies in various industries, including aerospace, chemicals, automotive and defense. Neither the committee nor the company has any input into the scope of the companies included in the survey. Due to the broad scope of the survey, we size adjust the data based on our revenue for purpose of comparison. While we primarily rely upon the comparator group data, the committee uses the Towers Watson data as a secondary reference to ensure that the company's compensation practices are similar to those in a broader industry index of companies.

Use of Company Performance in our Compensation Programs

We provide the opportunity for both cash and stock incentives based on achievement of performance measures. Cash awards are available under the MICP. PSAs that convert into shares of common stock are earned over a three-year performance period and are granted under our general long-term incentive plan that provides for the granting of various stock-based awards. Our compensation committee considers and grants MICP and stock-based awards on an annual basis. With input from management and the consultant, and following management's presentation to the board of a five-year strategic review and current year business plan, the committee selects performance measures and goals and determines the relationship between the achievement of performance and the size of the award payable at threshold, target and maximum performance levels. The selected measures and goals are intended to incent high levels of achievement consistent with our overall business objectives for the performance period.

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Use of Individual Performance in our Compensation Programs

CEO

Each year the committee establishes individual performance objectives for the CEO for the year, and evaluates the CEO's performance against the objectives for the preceding year. The CEO's MICP award opportunity is based solely on company performance. However, the committee considers achievement of his individual objectives in deciding whether to exercise negative discretion to reduce his MICP award and in setting his target compensation for the subsequent year. At least twice annually, the full board of directors reviews the CEO's performance, and the lead director then discusses the board's assessment with the CEO. This assessment includes a review of overall performance of the company, the degree to which strategic objectives are being met, leadership accomplishments, and other factors deemed relevant to the CEO's performance. The consultant assists the committee in evaluating competitive CEO compensation data and potential compensation actions that could be taken in light of this performance. Our compensation committee charter requires that all decisions regarding CEO compensation be ratified by our independent directors. The CEO has no role in setting his own compensation.

Other NEOs

Each year, the CEO establishes individual performance objectives for the other NEOs and evaluates their performance against the objectives for the preceding year with additional input from the board. MICP award opportunities for the other NEOs are based solely on company performance, subject to the committee's authority to exercise negative discretion to reduce an NEO's MICP award. The committee receives the CEO's assessment of each NEO's overall performance, criticality to business strategy, career potential, and retention risk. For each NEO, the CEO makes recommendations regarding the MICP award and compensation for the next year. These recommendations are reviewed with the consultant, who advises the committee on the reasonableness of the recommendations relative to competitive norms. While the committee gives appropriate weight to competitive data and the CEO's recommendations, the committee also exercises its judgment based on the committee's assessment of the performance of each NEO.

Committee's Use of Tally Sheets

As part of the committee's review of the annual target compensation of the NEOs, the committee reviews tally sheets for each of the NEOs which reflect base salaries, annual bonuses and equity awards plus other forms of compensation such as employer contributions to our qualified and non-qualified deferred compensation plans, health insurance, and perquisites. With the assistance of the consultant, the committee also uses the tally sheets to provide assurance that our compensation programs are reasonable and in line with industry practices. In addition to the tally sheets, the committee reviews various termination scenarios for our NEOs.

Components of Executive Compensation for 2013

In establishing appropriate compensation opportunities for NEOs, the committee considers a variety of factors, such as, but not limited to, depth of experience, tenure in position, past performance, internal equity, retention risks, and market data. We consider total compensation as well as each component of total compensation against the comparator group. See "The Process for Setting Compensation Competitive Assessment" on pages 25-26 of this proxy statement. Currently, target pay for each NEO falls between the median and 75th percentile of the comparator group, reflecting the experience of several of our NEOs as well as their sustained good performance.

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