

HEXCEL CORP /DE/
Form DEF 14A
March 15, 2013
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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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
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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 2, 2013

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 2, 2013 at 10:30 a.m. for the following matters:

1. To elect ten individuals (David E. Berges, 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 2012 executive compensation;
 3. To approve the Hexcel Corporation 2013 Incentive Stock Plan;
 4. To ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for 2013; and
 5. 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 7, 2013 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

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Dated: March 15, 2013

**YOUR VOTE IS IMPORTANT. PLEASE SIGN, DATE AND COMPLETE THE
ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED
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 2, 2013

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 2, 2013. This proxy statement and the accompanying proxy/voting instruction card are first being distributed or made available to stockholders on or about March 15, 2013.

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 7, 2013. As of that date, 100,227,440 shares of common stock were issued and outstanding and such shares were held by 934 holders of record. The holders of 50,113,721 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 a 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 2012 executive compensation, for approval of the Hexcel Corporation 2013 Incentive Stock Plan, and in favor of the ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for 2013, 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), Proposal 2 (advisory vote on the company s 2012 executive compensation) or Proposal 3 (approval of the Hexcel Corporation 2013 Incentive Stock Plan) unless you give your broker specific instructions as to how to vote. If

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you are a street name holder and do not provide instructions to your broker on Proposals 1, 2 and 3, your shares that are voted on any other matter will count toward a quorum but your broker cannot vote your shares on Proposals 1, 2 and 3 (a broker non-vote). Accordingly, shares subject to a broker non-vote will be disregarded and will have no effect on the outcome of the vote on Proposals 1, 2 and 3, except that on Proposal 3, for purposes of the NYSE Standard (as defined below), shares subject to a broker non-vote will be counted and will have the same effect as a vote against the proposal. 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, 2 and 3, but may be voted, in the proxy holder's discretion, on Proposal 4 and any other matters on which the proxy holder may properly vote.

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 prior to the Annual Meeting;

by filing a written revocation at the Annual Meeting with Mr. Krakower, the Secretary of the company; 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 David E. Berges, 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.**

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Proposal 2 Advisory Vote to Approve Executive Compensation

Approval of the company's 2012 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 2012 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 2012 executive compensation.**

Proposal 3 Approval of the Hexcel Corporation 2013 Incentive Stock Plan

Approval of the Hexcel Corporation 2013 Incentive Stock Plan 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. For purposes of the foregoing standard, broker non-votes will be disregarded and will have no effect on the outcome of the vote. Under applicable NYSE rules, the total number of votes cast on the proposal must represent over 50% in interest of all shares of common stock entitled to vote on the proposal (the NYSE Standard). For purposes of the NYSE Standard, broker non-votes will be counted and will have the same effect as a vote against the proposal. For purposes of both of the foregoing voting standards, abstentions will be counted and will have the same effect as a vote against the proposal. **The board of directors recommends that you vote FOR the adoption of the Hexcel Corporation 2013 Incentive Stock Plan.**

Proposal 4 Ratification of Independent Registered Public Accounting Firm

Ratification of the appointment of PricewaterhouseCoopers LLP to audit the company's financial statements for 2013 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 2013.**

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

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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.

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 2013 annual meeting, ten directors will be elected to hold office until the 2014 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.

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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. Information about our directors is provided below.

Name	Age on March 15, 2013	Director Since	Position(s) With Hexcel
David E. Berges	63	2001	Chairman of the Board; Chief Executive Officer; Director
Joel S. Beckman	57	2003	Director
Lynn Brubaker	55	2005	Director
Jeffrey C. Campbell	52	2003	Director
Sandra L. Derickson	60	2002	Director
W. Kim Foster	64	2007	Director
Thomas A. Gendron	52	2010	Director
Jeffrey A. Graves	51	2007	Director
David C. Hill	66	2008	Director
David L. Pugh	64	2006	Director

DAVID E. BERGES has served as our Chairman of the Board of Directors and Chief Executive Officer since July 2001, 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.

JOEL S. BECKMAN has been a director of Hexcel since March 2003, and is chair of our finance committee and a member of our compensation committee. 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.

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LYNN BRUBAKER has been a director of Hexcel since December 2005, and is a member of our audit committee and nominating and corporate governance committee. She 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, currently serves on the board of a variety of private companies and other business organizations and from March to December 2011, was a director of Force Protection Inc.

JEFFREY C. CAMPBELL has been a director of Hexcel since November 2003, and is chair of our audit committee. Mr. Campbell has served as Executive Vice President and Chief Financial Officer of McKesson Corporation, a leading healthcare services, information technology and distribution company, since January 2004. 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 is also a member of the board of directors of the San Francisco Chamber of Commerce.

SANDRA L. DERICKSON has been a director of Hexcel since February 2002. Ms. Derickson is chair of our nominating and corporate governance committee, a member of our compensation committee and Lead Independent Director. 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.

W. KIM FOSTER has been a director of Hexcel since May 2007, and is a member of our audit committee and nominating and corporate governance committee. 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 to 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.

THOMAS A. GENDRON has been a director of Hexcel since December 2010, and is a member of our compensation committee. Since 2007, 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. 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.

JEFFREY A. GRAVES has been a director of Hexcel since July 2007, and is a member of our finance committee and nominating and corporate governance committee. 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

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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 2012.¹

DAVID C. HILL has been a director of Hexcel since May 2008, and is a member of our audit committee and finance committee. Dr. Hill served as President and Chief Executive Officer of Sun Chemical Corporation, a producer of printing inks and pigments, from 2001 until his retirement in December 2007. During this time he was also a Supervisory Board member of Sun Chemical Group B.V. 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 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 and governance committees.

DAVID L. PUGH has been a director of Hexcel since July 2006, and is chair of our compensation committee. 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 of Applied from January 1999 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 committee.

**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. Berges, who is our Chairman and Chief Executive Officer, 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 was thus, independent, our board considered, among other things, the sales to this private 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. Berges is not independent by virtue of his being employed by us.

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Meetings and Standing Committees of the Board of Directors

General

During 2012 there were five meetings of the board and 19 meetings 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 2012 attended or participated in at least 75% of the aggregate number of board meetings and applicable committee meetings held during 2012. 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.

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 audit function. During 2012, the audit committee held eight meetings. 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 66 of this proxy statement. The current members of the audit committee are Mr. Campbell (chair), Ms. Brubaker, Mr. Foster and Mr. Hill.

Each member of our audit committee is independent under applicable law and NYSE listing standards. 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, who currently is Executive Vice President and Chief Financial Officer of McKesson Corporation, 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 page 67 of this proxy statement.

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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. During 2012 the finance committee held four meetings. The current members of the finance committee are Mr. Beckman (chair), Dr. Graves and Mr. Hill.

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 current members of the nominating and corporate governance committee are Ms. Derickson (chair), Ms. Brubaker, Mr. Foster and Dr. Graves, each of whom is independent under NYSE listing standards. During 2012 the nominating and corporate governance committee held two meetings and acted once by written consent.

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.

All nominees for election to the board are currently serving as directors, and have served on our board for between two years to almost twelve years. In concluding that our current directors should continue to serve on our board, we considered the following attributes of our directors, which we have observed during the tenure of our directors' service: 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 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 and those mentioned in the preceding paragraph, we also considered the following in concluding that our current directors should continue to serve on our board:

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Mr. Berges: Chairman and CEO of Hexcel for more than ten years. Prior to becoming CEO of Hexcel, Mr. Berges had 30 years management and operations experience at GE, Barnes Group and Honeywell, including three years as President of the Automotive Group at Honeywell International Inc., a \$2.5 billion business with over 10,000 employees.

Mr. Beckman: over ten years experience as managing partner of, and a founder of, Greenbriar Equity Group, a private equity firm that invests exclusively in transportation (including aerospace) companies. Previously, Mr. Beckman had 18 years experience at Goldman Sachs, where he founded the global transportation business group. 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 the finance committee and has made him a key contributor to refinancing discussions since joining the board.

Ms. Brubaker: over 30 years experience in the commercial aerospace, defense and space industries, in a variety of executive, operations, sales, marketing, customer support and independent consultant roles. 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. Ms. Brubaker has used her expertise in sales and marketing management to assess and advise our marketing and sales managers.

Mr. Campbell: extensive experience in finance and accounting, including his current 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). Mr. Campbell's financial acumen has made him a valuable audit committee contributor (Mr. Campbell is chair of our audit committee), and due to his experience as CFO of a major public company he has provided valuable expertise and guidance in areas such as compliance, risk management, financing, investor relations and systems solutions.

Ms. Derickson: 30 years executive and global operating experience with HSBC and General Electric, including overseeing acquisitions, start-ups and restructurings. Ms. Derickson's long career with large international companies provides important best practice perspectives in such areas as manpower development, succession planning, organizational design and growth. As chair of the nominating and corporate governance committee she has led the development of a better balanced board, and scheduled corporate governance training for all directors.

Mr. Foster: over 30 years management, operations and finance experience with FMC Corporation, an NYSE-listed chemical manufacturer, including over seven 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. Gendron: experience as president and CEO of Woodward, a NASDAQ-listed company spanning eight years; extensive operations and marketing experience in the aerospace and wind power industries. Woodward's global wind turbine controls business enables Mr. Gendron to provide the board with insight as to the 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.

Dr. Graves: nine 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

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fill a critical need for 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 Mr. 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 initiatives.

Mr. Hill: over 40 years management, operations and technology experience in large-scale chemicals and engineered materials organizations, including six 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.), Mr. Hill has extensive knowledge regarding the development, manufacture and use of advanced fibers. Mr. 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. Mr. Hill and Dr. Graves regularly review our R&D programs and organization and report back to the board their findings and recommendations.

Mr. Pugh: CEO of an NYSE-listed company for ten years until retirement in 2011; extensive operations and sales and marketing experience in large-scale 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 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