

ALLEGHENY TECHNOLOGIES INC  
Form DEF 14A  
March 28, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant To Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

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
- Soliciting Material Pursuant to §240.14a-12

**Allegheny Technologies Incorporated**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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1000 Six PPG Place

Pittsburgh, PA 15222-5479

**Dear Stockholders:**

I am pleased to invite you to attend Allegheny Technologies Incorporated's 2016 Annual Meeting of Stockholders. As in prior years, we will consider matters that are important to our company.

Although 2015 was a difficult year in terms of financial performance, we were still able to accomplish strategic goals and advance strategic objectives that are crucial to the long-term growth of ATI. Our Rowley titanium sponge facility achieved premium-grade product and process qualification for jet engine rotating parts. Our Hot-Rolling and Processing Facility is fully integrated into our daily operations and able to serve both of our business segments. Our capital investments in nickel alloy powder and titanium investment castings to support future aerospace market demand are continuing on schedule. These significant capital investments have been a focus of our company for the past several years, and now we are turning our attention to achieving an acceptable return on these investments. In 2015, we also took necessary actions to rightsize our Flat Rolled Products business by idling certain facilities, in order for the whole company to be able to effectively compete in global markets. To do this, ATI must have the most advanced specialty materials technologies, offer innovative products that create value for customers, use unsurpassed manufacturing capabilities, and maintain a competitive cost structure. Our goal is to better position ATI for long-term profitable growth and enhance the opportunities to create value for our stockholders throughout business cycles.

The views of our stockholders are important to us. We conducted extensive stockholder outreach this year and listened to your concerns. For 2016, we completely redesigned our executive compensation program. We believe that, going forward, we will have a more transparent program that continues to emphasize pay for performance. Based on stockholder feedback, the Board is sponsoring a proposal at this Annual Meeting to implement declassification of the Board of Directors. We also redesigned the format of this proxy statement to make it easier for our stockholders to navigate and understand.

These changes and the multitude of executive compensation and corporate governance improvements that ATI has implemented over the past several years, as described in this proxy statement, illustrate that our Board of Directors is responsive to stockholder priorities. We are, and will remain, accountable to you.

All of us at ATI are committed to *Creating Value Thru Relentless Innovation*<sup>®</sup>, and we look forward to 2016 being a better year. Thank you for your continued support.

Sincerely,

[RICHARD J. HARSHMAN](#)

Chairman, President and Chief Executive Officer

[March 28, 2016](#)

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**Notice of annual meeting of stockholders**

**DATE:**

**Friday, May 6, 2016**

**TIME:**

**11:00 a.m. Pacific Time**

**PLACE:**

**The Fairmont Newport Beach Hotel**

**Sequoia Ballroom**

**4500 MacArthur Boulevard**

**Newport Beach, California 92660**

**RECORD DATE:**

**March 9, 2016**

**AGENDA:**

**1. Election** of four directors;

**2. Approval** of amendments to the Company's Certificate of Incorporation to declassify the board of directors;



**3. Advisory vote** to approve the compensation of our named executive officers; and

**4. Ratification** of the selection of Ernst & Young LLP as our independent auditors for 2016.

## YOUR VOTE IS IMPORTANT

**Please vote as soon as possible.**

You can help the Company reduce expenses by voting your shares by telephone or Internet; your proxy card or voting instruction card contains the instructions. Or complete, sign and date your proxy card or voting instruction card and return it as soon as possible in the enclosed postage-paid envelope.

## HOW TO VOTE

### VIA THE INTERNET

Visit the website listed on our proxy card

### BY MAIL

Sign, date and return your proxy card in the enclosed envelope

### BY TELEPHONE

Call the telephone number on your proxy card

### IN PERSON

Attend the Annual Meeting in person

## ADMISSION TO THE MEETING

Only holders of ATI common stock or their authorized representatives by proxy may attend the meeting.

If you are a stockholder of record and plan to attend the meeting, please mark the appropriate box on the proxy card, or enter the appropriate information when voting by telephone or Internet.

If your shares are held through an intermediary such as a broker or a bank, you will need to present proof of your ownership as of the record date, March 9, 2016, for admission to the meeting. Proof of ownership could include a proxy card from your bank or broker or a copy of your account statement.

All attendees will need to present valid photo identification for admission to the meeting.

The approximate date of the mailing of this proxy statement, proxy card, and ATI's 2015 Annual Report is March 28, 2016. For further information about ATI, please visit our website at [www.atimetals.com](http://www.atimetals.com).

On behalf of the Board of Directors:

**ELLIOT S. DAVIS**

Corporate Secretary

Dated: March 28, 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ATI ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON FRIDAY, MAY 6, 2016.**

The proxy statement, proxy card and 2015 annual report of Allegheny Technologies Incorporated are available for review at: <http://www.envisionreports.com/ATI>

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**Proxy Statement Summary**

**Annual meeting of stockholders**

*This summary highlights information that is contained elsewhere in this proxy statement. You should carefully read this proxy statement in its entirety before voting, as this summary does not contain all of the information that you should consider.*

**Meeting date:** Friday, May 6, 2016  
**Time:** 11:00 a.m. Pacific Time  
**Place:** The Fairmont Newport Beach Hotel, Sequoia Ballroom  
 4500 MacArthur Boulevard,  
 Newport Beach, California 92660  
**Record date** **March 9, 2016**  
**and Voting:** ATI stockholders as of the record date are entitled to vote on the matters presented at the meeting. Each share of common stock of the Company is entitled to one vote for each director nominee and one vote on each other matter presented.

**Agenda for annual meeting and voting**

	<b>Board s</b>	<b>Page</b>
<b>Proposal</b>	<b>recommendation</b>	<b>reference</b>

	<b>1. Election of four directors</b>	<b>FOR</b>	12
	<b>2. Approval of amendments to the Company's Certificate of Incorporation to declassify the board of directors</b>	<b>FOR</b>	31
	<b>3. Advisory vote to approve the compensation of our named executive officers</b>	<b>FOR</b>	37
	<b>4. Ratification of the selection of Ernst &amp; Young LLP as our independent auditors for 2016</b>	<b>FOR</b>	82
<b>Director nominees</b>	<b>Class II</b>	<b>Term to expire in 2019</b>	

	<b>Director</b>	<b>Experience and</b>	
<b>Name</b>	<b>Since</b>	<b>Qualifications</b>	<b>Board Committees</b>
<b>Richard J. Harshman</b>	2011	Leadership Industry Finance	N/A
<i>Chairman, President and Chief Executive Officer</i>			
<b>Carolyn Corvi</b>	2012	Industry Operations Technical	Finance Personnel and Compensation
<b>Barbara S. Jeremiah</b>	2008	Industry Strategic	Technology Finance Technology
<b>John D. Turner</b>	2004	International Leadership Industry Technical	Finance Nominating and Governance Technology (Chair)

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**PROXY STATEMENT SUMMARY | HIGHLIGHTS**

**WHAT'S NEW IN OUR PROXY STATEMENT THIS YEAR?**

**We significantly changed our proxy statement this year in terms of design and presentation.** We made these changes for several reasons. First, we want to help stockholders better understand our company's governance and compensation practices, and specifically the recent actions we have taken in these areas. In addition, we want this proxy statement to be easier for you to read and navigate, so we made a concerted effort to simplify and clarify what we say. We hope that this new proxy statement presentation format will make it easier to review and understand these materials.

**Corporate Governance Highlights**

Our commitment to good corporate governance is illustrated by the following practices:

Board independence (10 out of 11 directors are independent)

Board diversity (female and minority directors comprise over 35% of our Board)

Majority voting/director resignation policy for uncontested elections

Robust stock ownership guidelines for directors and executive management

97% director attendance at Board and Board Committee meetings in 2015

100% independent Audit, Personnel & Compensation and Nominating & Governance Committees

Lead Independent Director with strong and clear responsibilities



Independent directors regularly meet in executive sessions without management present

Succession planning

Board risk oversight

Strong corporate governance guidelines and policies

## 2016 Say on Pay Proposal

### Why should you vote in favor of our 2016 Say on Pay proposal?

We were able to position the Company for future growth and success, despite that 2015 was a difficult year.

We listened to stockholders, redesigned our compensation program for 2016 to simplify it, and reduced total long-term compensation opportunities for the CEO to below the market median, and other NEOs to align with the market median.

Our Chief Executive Officer ( CEO ) did not receive an annual incentive award for 2015 even though earned.

There are no salary increases in 2016 for the CEO and NEOs.

The earned annual incentive awards for the other named executive officers ( NEOs ) were below target and further reduced by the maximum of 20%.

We implemented more rigorous stock ownership guidelines for management.

There were no payouts under long-term incentive programs for performance periods ending 2015.



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## PROXY STATEMENT SUMMARY | HIGHLIGHTS

## Executive Compensation Highlights

## WHAT WE DO

- o **Link compensation to ATI performance.**

Performance drives pay. A significant portion of compensation opportunities for the NEOs is variable, that is, tied to performance. Cash and equity incentive plans are based on the attainment of business plan performance metrics. Payments are made only when the performance targets are achieved.

- o **Compensation aligned with stockholder interests.**

Long-term incentive compensation opportunities for the NEOs are equity-based and tied to business plan performance metrics. New simplified compensation program in effect for 2016 is more aligned with stockholders' interests.

- o **Double trigger change in control agreements.**

- o **Clawback policy.** Clawback arrangements require the return of compensation to the extent that information used to calculate the achievement of earnings or other performance measures is subsequently determined to be

## WHAT WE DON'T DO

- X **No employment agreements for executive officers.**

- X **No excise tax gross-ups in change in control agreements.**

- X **Executive perquisites.** We do not have executive perquisites such as personal air travel and club dues and tax gross-ups.

- X **No hedging transactions or pledging of ATI stock by officers and directors.** We have always prohibited officers and directors from engaging in hedging or pledging transactions with respect to ATI stock.

- X **No repricing of awards.** No previously granted awards can be repriced or surrendered in exchange for new awards.

materially incorrect.

**o Robust Stock Ownership Guidelines for Directors and Executive Management.** In February 2016, stock ownership guidelines for management were updated to include 6X base salary ownership for the CEO and require 100% retention until ownership guidelines are met.

**o Board compensation risk oversight.**

**o Balanced compensation program.** The compensation program includes complementary but diverse performance goals, a balance of types of compensation, and caps on the amount of compensation that can be awarded.

**o Independent Compensation Consultant** of the Personnel and Compensation Committee.

**o 162(m) compliant.** We intend that payouts under our short- and long-term incentive programs satisfy the requirements of qualified performance-based compensation under Section 162(m) of the Internal Revenue Code.

**X No defined benefit plan restoration.** The company froze future accruals under the Supplemental Pension Plan and the defined benefit portion of the Benefit Restoration Plan as of December 31, 2014.

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**PROXY STATEMENT SUMMARY | EXECUTIVE COMPENSATION PROGRAM ACTIONS**

**Executive Compensation And Governance Program Changes (2011-2016)**

**Actions Taken In Response to 2015 Say-On-Pay Vote**

At our 2015 Annual Meeting, our stockholders expressed a disappointing level of support for our executive compensation program, with only 49% of the votes cast for the approval of our Say-On-Pay proposal. We heard your concerns and have acted in response:

**INVESTOR OUTREACH**

We significantly strengthened outreach to our stockholders about our executive compensation program and made substantive changes to better align our pay practices with performance. ATI engaged extensively with our stockholders during and after the 2015 proxy season and after the Say on Pay vote, in the summer and fall of 2015, to discuss stockholders' comments on our executive compensation program and corporate governance practices. In particular, we proactively engaged with our 50 largest stockholders, which represent over 60% of our share ownership. *See page 46.*

**Your comments addressed:**

Desire for a simplified executive compensation program

Perception that operational goals are discretionary in the short-term cash incentive plan

Removal of the discretionary portion above 100% in our short-term cash incentive plan

Inclusion of a return on capital metric as part of the long-term equity incentive compensation plan

Greater weight on financial goals in the short-term cash incentive plan

Declassification of the board

We used this opportunity to review the design concepts and features of a new executive compensation program, as more fully described in the Compensation Discussion & Analysis section, including the CD&A summary.

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**PROXY STATEMENT SUMMARY | EXECUTIVE COMPENSATION PROGRAM ACTIONS**

**2016 NEW EXECUTIVE COMPENSATION PROGRAM STRENGTHENING PAY FOR PERFORMANCE**

As an outgrowth to the company’s transformation and significant strategic investments over the past several years, and as result of prior say on pay votes, including the 2015 results, we overhauled our executive compensation program and took a “clean sheet” approach to its re-design. ATI engaged external compensation consultants and advisors to provide research and review peer company practices and the practices of other manufacturing companies. We also considered the business challenges and goals, and motivation and retention issues that we face. In the fall of 2015, we also reached out to our largest stockholders to solicit their feedback on a tentative program design. As a result of this extensive process, we developed a new executive compensation program that is more aligned with stockholders’ interests, easier to understand, retentive, and focused on ATI’s business objectives.

**Redesigned our short-term incentive program (annual cash performance-based incentives)**

Changed our financial measures to put more emphasis on total ATI results through income/income-related and cash flow

**Redesigned our long-term incentive program (3-year equity performance-based incentives)**

Re-aligned our long-term incentives to match our business strategies, with 70% weighting

**Simplified our Executive Compensation Program**

Long-term equity performance-based incentive program has been reduced from its current format of three plans with multiple

**Competitive and Market-Based**

Decreased the 2016 long-term incentive opportunities for the CEO and all Executive Council members to reflect a target at the market

<p>measures.</p> <p>Changed the weighting of the financial portion to 90% for the CEO and Executive Council members.</p> <p>Program prohibits positive discretion to increase award amounts.</p>	<p>on performance shares for the CEO and Executive Council and top leaders.</p> <p>Long-term incentive financial performance metrics, with a focus on: ROIC (return on invested capital) and net income.</p> <p>Maintained total stockholder return performance relative to a peer group of companies as a modifier to ROIC and net income performance.</p> <p>No dividends are earned on restricted stock units.</p>	<p>metrics and features.</p> <p>There are no separate programs for the CEO and Executive Council members.</p> <p>The new executive compensation program is more transparent and easier to understand.</p>	<p>median based on position. This resulted in decreases from 20% to 33% as a percentage of base salary. Specifically, the CEO's LTI was reduced from 400% of base salary to 320%.</p> <p>Contemporary design that aligns with other mid-sized and large manufacturing companies.</p>
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*These changes are effective for awards beginning in 2016. Please read the Executive Compensation section in this proxy statement to learn more.*

**BOARD DECLASSIFICATION**

The Board of Directors is sponsoring and recommending a proposal to the stockholders at the 2016 annual meeting to amend ATI's charter to implement declassification of the board. After a similar declassification proposal nearly passed with stockholder approval in 2014, the Board further considered this topic. As part of our stockholder engagement in 2015, ATI received positive feedback and support from its stockholders with respect to board declassification.



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**PROXY STATEMENT SUMMARY | 2015 BUSINESS PERFORMANCE**

**2015 Business Performance    Executing our long-term growth strategy**

2015 was a difficult year for ATI but one from which we aim to emerge a stronger, leaner and more nimble company. While our financial performance in 2015 was disappointing, we continued to focus on strategic initiatives designed to position ATI for improved financial performance and long-term profitable growth. Throughout 2015, we continued our journey of *Building the World's Best Specialty Materials & Components Company<sup>TM</sup>*. These actions included:

**Investing in enhanced manufacturing capabilities in the High Performance Materials & Components (HPMC) segment** for nickel alloy powder, titanium investment castings, and forgings to support the anticipated market demand increases, and growing new part introductions (NPIs) for the aerospace market.

**Advancing the strategy of operating as an integrated and aligned business**, by consolidating the leadership in the HPMC segment under one executive vice president to streamline and improve operating efficiencies and enhance the competitive position of the segment. We integrated multiple business units within the HPMC segment. We also furthered alignment by implementing more consistent and market- and cost- competitive health, welfare and retirement benefit programs across our operations.

**Implementing rightsizing actions that are intended to return the Flat Rolled Products (FRP) business to profitability** as quickly as possible and the further advancement of our strategy for sustainable long-term profitable growth. Certain production facilities that serve commodity-oriented markets that currently are facing very challenging business conditions are being temporarily idled.

**Fully integrating our Hot-Rolling and Processing Facility (HRPF) into all applicable production processes.** The HRPF enables ATI to grow our high value product lines, such as nickel-based and specialty alloys, and titanium and titanium alloys, across both business segments. These differentiated products serve key global markets including Aerospace and Defense, Oil & Gas/Chemical and Hydrocarbon Processing Industry and Electrical Energy. The HRPF also enables the decommissioning of two higher-cost legacy hot-rolling operations.

**Completing the premium-quality (PQ) qualification process** for our products used in jet engine rotating parts made with titanium sponge produced by our Rowley, UT facility. This marked the completion of a journey to full qualification of Rowley as a PQ titanium sponge producer for all applications.

**Continuing our focus on safety**, with our 2015 OSHA Total Recordable Incident Rate of 1.88 and our Lost Time Case Rate of 0.29, which we believe to be competitive with world-class performance for our industry.

**Maintaining a solid liquidity position** with \$150 million in cash at year-end 2015 and a \$400 million domestic asset-based lending (ABL) facility, which was undrawn at year-end 2015. We have no significant debt maturities for the next three years.

ATI's business is cyclical, as are the end markets that use our products. In 2015, ATI's stock price declined significantly, by over 67%, due to weak demand and historically low base prices for our commodity stainless steel sheet products driven mainly by global excess capacity and exacerbated by falling nickel prices throughout the year. These factors resulted in historic low transaction prices for commodity stainless steel sheet products. In addition, due to falling prices for crude oil and natural gas, demand for our products from the oil and gas market, which is ATI's second largest end market weakened significantly. Other manufacturing companies, specifically those in steel, metals and mining, were similarly affected. While earnings and stockholder returns are depressed during a down business cycle, such as 2015, our actions to improve and enhance ATI's manufacturing capabilities through capital investments, cost reduction and productivity improvements, restructuring our businesses, and repositioning ATI to be more focused on growing global markets using ATI's more differentiated high-value products enables ATI to optimize returns as business conditions and end market demand improve.

### **Our Compensation Philosophy Pay for Performance**

The overriding principle in designing ATI's executive compensation program is to drive our long-term strategic vision, and to ensure that the program is aligned with our pay-for-performance philosophy. It is designed to reward executive management based on company performance, create long-term stockholder value and attract and retain key employees.

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**PROXY STATEMENT SUMMARY | PAY FOR PERFORMANCE**

Paying for performance is a key attribute of ATI's compensation philosophy. As such, a significant portion of the NEOs' compensation is subject to the achievement of rigorous performance goals and, therefore, is at risk.

**In 2015, our CEO, Rich Harshman, was paid only his base salary. No amounts were earned under the long-term incentive plans in effect for the 2013-2015 performance period. In addition, the Personnel and Compensation Committee determined that our CEO should forego his earned AIP (annual cash incentive) in 2015 due to overall company performance.**

The other NEOs earned cash awards under the 2015 Annual Incentive Plan, however, the Committee reduced their respective AIP payouts by the 20% maximum to reflect ATI's overall performance.

The following shows target and realizable pay to the CEO over the past three-years in terms of total compensation, annual cash incentive, and long-term incentives. Realizable pay is well below targeted amounts.

*\* The CEO was paid no incentive award under the Annual Incentive Plan for 2013 and 2015.*

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The Personnel & Compensation Committee views the amounts in the Summary Compensation Table as the target compensation opportunity for each NEO under the executive compensation program. When making determinations and awards under the plans, the Committee looks to the actual dollar value of awards to be delivered to the NEOs in any given year, as illustrated by the Total Realized Compensation figures below.

	<b>2014 Total Realized</b>	<b>2015 Total Realized</b>	<b>Percentage</b>
<b>Name</b>	<b>Compensation</b>	<b>Compensation</b>	<b>Change</b>
<b>Harshman</b>	\$ 3,289,353	\$ 1,431,303	(56%)
<b>DeCourcy</b>	\$ 895,137	\$ 672,371	(25%)
<b>Dalton</b>	\$ 1,330,309	\$ 809,692	(39%)
<b>Sims</b>	\$ 1,246,772	\$ 843,211	(32%)
<b>Kramer</b>	N/A <sup>(1)</sup>	\$ 741,144	N/A

(1) Mr. Kramer was not a named executive officer in 2014.  
Total Realized Compensation is calculated as follows:

<b>Total Compensation as determined</b>	-	<b>the aggregate grant date fair value of equity</b>	-	<b>any vested but unpaid amounts for the KEPP</b>	-	<b>the year-over-year change in</b>	+	<b>if any, the value realized in 2015 from shares</b>
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by SEC rules and set forth in the Total column of the Summary Compensation Table

**awards** (as reflected in the Stock Awards column of the 2015 Summary Compensation Table)

performance period 2013-2015 (as reflected in the Non-Equity Incentive Plan Compensation column of the 2015 Summary Compensation Table), **which amount is zero for all participants**

**pension value and non-qualified deferred compensation** (as reflected in the Change in Pension Value and Non-Qualified Deferred Compensation Earnings column of the 2015 Summary Compensation Table)

**awarded** under the 2013-2015 TSRP and PRSP; **which amount is zero for all participants**, as no shares vested under those plans for 2013- 2015 (as reflected in the Options Exercised and Stock Vested Table)

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**Item 1 Election of Directors**

The Board of Directors has nominated four directors for election. Richard J. Harshman, Carolyn Corvi, Barbara S. Jeremiah and John D. Turner are standing for election to the Board as Class II directors for a three-year term expiring in 2019. If Item 2 Approval of Amendments to the Certificate of Incorporation to Declassify the Board of Directors is approved by the requisite number of votes, declassification of the Board of Directors would be phased in over a three-year period. In accordance with Delaware corporate law, declassification of the board would not result in the curtailment of any incumbent director's term of office prior to expiration of the term. *For more information, please see Item 2.*

**Plurality Voting:** Directors are elected by a plurality of the votes cast. This means that the four individuals nominated for election to the Board of Directors who receive the most FOR votes (among votes properly cast in person, electronically, telephonically or by proxy) will be elected.

**Director Resignation Policy:** While directors are elected by a plurality of the votes cast, our Bylaws include a director resignation policy. This policy states that in an uncontested election, if any director nominee receives a greater number of votes WITHHELD from his or her election, as compared to votes FOR such election, the director nominee must tender his or her resignation. The Nominating and Governance Committee of the Board is required to make recommendations to the Board of Directors regarding any such tendered resignation. The Board of Directors will act on the tendered resignation within 90 days from the certification of the vote and will publicly disclose its decision, including its rationale.

**Only votes FOR or WITHHELD are counted** in determining whether a plurality has been cast in favor of a director nominee; abstentions are not counted for purposes of the election of directors. If you withhold authority to vote with respect to the election of some or all of the nominees, your shares will not be voted with respect to those nominees indicated. For a WITHHOLD vote, your shares will be counted for purposes of determining whether there is a quorum and will have a similar effect as a vote against that director nominee for purposes of our director resignation policy.

**If a nominee becomes unable to serve**, the proxies will vote for a Board-designated substitute or the Board may reduce the number of directors. The Company has no reason to believe that any of the nominees for election will be unable to serve.

**Director Terms**

The directors currently are divided into three classes and the directors in each class generally serve for a three-year term unless the director is unable to serve due to death, retirement or disability. The term of one class of directors currently expires each year at the annual meeting of stockholders. The Board may fill a vacancy by electing a new director to the same class as the director being replaced or by effectively reassigning a director from another class. The

Board may also create a new director position in any class and elect a director to hold the newly created position. It is expected that new directors elected by the Board will stand for election by the stockholders at the next annual meeting.

### **Our Director Nomination Process**

The Board is responsible for recommending director nominees to the stockholders and for selecting directors to fill vacancies between stockholder meetings. The Nominating and Governance Committee recommends candidates to the Board.

The Committee considers director candidates suggested by members of the Committee, other directors, senior management and stockholders. *For information on how to submit a candidate for consideration, please see*



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**ITEM 1 ELECTION OF DIRECTORS | OUR DIRECTOR NOMINATION PROCESS**

*2017 Annual Meeting and Stockholder Proposals* . Preliminary interviews of director candidates may be conducted by the Chair of the Nominating and Governance Committee or, at her request, any other member of the Committee or the Chairman of the Board. Background material pertaining to director candidates is distributed to the Committee for review. The Chair of the Committee and other Committee members, directors and key senior management interviews director candidates who merit further consideration. The Nominating and Governance Committee consider the results of these interviews in its deliberations.

**Board Diversity** is one of many criteria considered by the Board when evaluating candidates, though the Board does not have a formal policy regarding diversity. *A key factor in determining director nominees is building a cognitively diverse board representing a wide breadth of experience and perspectives.*

**Director Criteria For Nominees**

Director candidates are generally selected on the basis of the following criteria:

- |  |  |
|--|--|
| their business or professional experience,                       | the diversity of their backgrounds,  |
| recognized achievement in their respective fields,               | ability to represent the interests of all stockholders,  |
| integrity and judgment,  | the skills and experience that their membership adds to the overall competencies of the Board, and |
| ability to devote sufficient time to the affairs of the Company, | the current needs of the Company.  |

In accordance with our mandatory retirement policy for directors, if a director will reach his or her 72nd birthday during the director's subsequent term, the Nominating and Governance Committee should take this fact into account in determining whether to recommend the nomination of the director. New directors added to the Board or to fill vacancies are expected to stand for re-election at the next annual meeting of stockholders.

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**ITEM 1 ELECTION OF DIRECTORS | OUR DIRECTOR NOMINATION PROCESS**

In evaluating the needs of the Board, the Nominating and Governance Committee considers the qualifications of sitting directors and consults with other members of the Board (including as part of the Board’s annual self-evaluation), the Chairman, President and Chief Executive Officer, and other members of executive management. At a minimum, all recommended candidates must exemplify the highest standards of personal and professional integrity, meet any required independence standards, and be willing and able to constructively participate in and contribute to Board and committee meetings. Additionally, the Committee conducts individual reviews of current directors whose terms are nearing expiration, but who may be proposed for re-election, in light of the considerations described above and their past contributions to the Board.

**Director Skills Summary**

	Industry/ Manufacturing	Operations/ Production	Financial Expertise	Technical or Legal	Labor/ Human Resources	Marketing/ Communications	Government/ Environmental	Inter M Ac
CEO Experience	n	n		n				
	n			n	n	n	n	
	n		n	n	n		n	
	n	n	n		n	n	n	

n	n	n	n	n	n	n	n
	n		n		n		
n		n		n		n	n
	n		n				
n			n		n		
	n	n		n	n		
n	n	n		n	n		n

**Our 2016 Director Nominees and Continuing Directors**

The Board of Directors determined that each of the four director nominees qualifies for election under the criteria for evaluation of directors. The Board of Directors determined that Mses. Corvi and Jeremiah and that Mr. Turner qualify

as independent directors under applicable rules and regulations and our categorical Board independence standards.

All of our directors bring to our Board a wealth of leadership experience derived from their service in executive and managerial roles and also extensive board experience. Background information about the nominees and the continuing directors, including their business experience and directorships held during the past five years, and certain individual qualifications and skills of our directors that contribute to the Board's effectiveness as a whole, are described in the following pages.

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**ITEM 1 ELECTION OF DIRECTORS | 2016 DIRECTOR NOMINEES**

**Nominees Class II Term to Expire at the 2019 Annual Meeting**

**Richard J. Harshman**

Mr. Harshman became Chairman, President and Chief Executive Officer in May 2011. He was President and Chief Operating Officer from 2010 until May 2011. Prior to that, he served as Executive Vice President, Finance and Chief Financial Officer from 2003 to 2010. Mr. Harshman joined the Company in 1978 and served in several financial management roles for the Company.

Director since 2011

Age 59

**SKILLS AND QUALIFICATIONS:**

The Board believes that Mr. Harshman's qualifications include his experience in senior leadership positions, his intimate knowledge of the industry and ATI's business given his tenure with the Company, and his financial expertise. Furthermore, the Board believes that Mr. Harshman's current position as Chairman, President and Chief Executive Officer provides a unified vision for ATI.

**CURRENT DIRECTORSHIPS:**

Ameren Corporation

**Carolyn Corvi**

Upon her retirement in 2008, Ms. Corvi concluded a 34-year career with The Boeing Company, a diversified aerospace company, where she most recently served as Vice President, General

Manager of Airplane Programs, Boeing Commercial Airplanes, a position she held from 2005 until her retirement.

Director since 2012

Age 64

Ms. Corvi is a member of the Finance Committee, the Personnel and Compensation Committee, and the Technology Committee.

#### **SKILLS AND QUALIFICATIONS:**

The Board believes that Ms. Corvi's qualifications include her extensive experience in the aerospace industry (ATI's largest end market) and her knowledge of and experience in manufacturing.

#### **CURRENT DIRECTORSHIPS:**

#### **PAST DIRECTORSHIPS:**

Hyster-Yale Materials Handling, Inc. and  
United Continental Holdings, Inc.

Goodrich Corporation and Continental  
Airlines, Inc.

#### **Barbara S. Jeremiah**

Prior to her retirement in 2009, Ms. Jeremiah served as Executive Vice President of Alcoa, Inc., a leading aluminum producer, from 2002 until 2008, when she also assumed the position of Chairman's Counsel.

Director since 2008

Age 64

Ms. Jeremiah currently serves on the Finance Committee and the Technology Committee.

#### **SKILLS AND QUALIFICATIONS:**

The Board believes that Ms. Jeremiah's qualifications include her strong background in the metals industry and significant strategic development and international experience.

#### **PAST DIRECTORSHIPS:**

Boart Longyear Limited (Chair of its Board of Directors from 2013 to 2015), EQT Corporation, and First Niagara Financial Group, Inc.



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**ITEM 1 ELECTION OF DIRECTORS | 2016 DIRECTOR NOMINEES**

**John D. Turner**

Mr. Turner served as Chairman and Chief Executive Officer of Copperweld Corporation, a manufacturer of tubular and bimetallic wire products, from 2001 until his retirement in 2003.

Director since 2004

Age 70

Mr. Turner serves as the Chair of the Technology Committee and is a member of the Finance Committee and the Nominating and Governance Committee.

**SKILLS AND QUALIFICATIONS:**

The Board believes that Mr. Turner's qualifications include his experience in executive oversight and senior leadership positions, background in the manufacturing sector, and familiarity with industrial and technical matters.

**CURRENT DIRECTORSHIPS:**

Continuing Directors     Matthews International Corporation (Chairman since 2010)  
**Class III     Term to Expire at the 2017 Annual Meeting**

**James C. Diggs**

Director since 2001      Prior to his retirement in 2010, Mr. Diggs was Senior Vice President and General Counsel of PPG Industries, Inc., a producer of coatings, glass and chemicals, since 1997. He held the position of Secretary from 2004 to 2009.

Age 67

Mr. Diggs is Chair of the Finance Committee and also serves on the Audit Committee and the Nominating and Governance Committee.

#### **SKILLS AND QUALIFICATIONS:**

The Board believes that Mr. Diggs's qualifications include his experience with industry and legal matters, his senior leadership at a global public company, and his experience with domestic and international operations.

#### **CURRENT DIRECTORSHIPS:**

Brandywine Realty Trust

#### **J. Brett Harvey**

Director since 2007      Mr. Harvey is Chairman of CONSOL Energy Inc., a leading diversified energy company in the United States, a position he has held since 2010. He was Executive Chairman from May 2014 to January 2015. Mr. Harvey announced that he will retire from his position as Chairman effective immediately upon the conclusion of the annual meeting of the stockholders of CONSOL Energy Inc. scheduled to occur in May 2016. Mr. Harvey was Chief Executive Officer of CONSOL Energy Inc. from 1998 until May 2014. He also served as President from 1998 until 2011. Mr. Harvey was Chief Executive Officer of CNX Gas Corporation, a subsidiary of CONSOL Energy, Inc., from 2009 to 2010.

Age 65

Mr. Harvey currently serves on the Nominating and Governance Committee and the Personnel and Compensation Committee.

#### **SKILLS AND QUALIFICATIONS:**

The Board believes that Mr. Harvey's qualifications include his significant oversight experience from serving as chief executive officer of public companies, his industry experience in the oil and gas market (a large end market for ATI), and his operational expertise.

**CURRENT DIRECTORSHIPS:**

CONSOL Energy Inc. and Barrick Gold Corporation

**PAST DIRECTORSHIPS:**

CNX Gas Corporation (Chairman from 2009 to 2010)

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**ITEM 1 ELECTION OF DIRECTORS | CONTINUING DIRECTORS**

**David J. Morehouse**

New Director in  
2015

Age 55

Mr. Morehouse is Chief Executive Officer and President of Pittsburgh Penguins LLC, which owns and operates the Pittsburgh Penguins National Hockey League team. He was named President of the Pittsburgh Penguins in 2007 and has also served as Chief Executive Officer since 2010. He joined the Pittsburgh Penguins in 2004 as a consultant for special projects, including the team's new arena.

Mr. Morehouse is a member of the Audit Committee and the Technology Committee.

**SKILLS AND QUALIFICATIONS:**

The Board believes that Mr. Morehouse's qualifications include his leadership, strategic planning and development, operations, branding and marketing, and government experience.

**Louis J. Thomas**

Director since 2004

Age 73

Mr. Thomas served as Director, District 4, United Steelworkers of America for the Northeastern United States and Puerto Rico, prior to his retirement in 2004.

Mr. Thomas is a member of the Audit Committee and Technology Committee. The United Steelworkers (USW) initially proposed the nomination of Mr. Thomas in connection with the 2004 labor negotiations with Allegheny Ludlum, an ATI company. At that time, the Company agreed that the International President of the USW can propose to the Company's Chairman a nominee for director.

## SKILLS AND QUALIFICATIONS:

The USW nominee is to be a prominent individual with experience in public service, labor, education or business who meets the qualifications review required of all Company directors. Upon recommendation by the Nominating and Governance Committee and election to the Board by the stockholders, the USW nominee is expected to serve for a term as would any other director. The Board believes that Mr. Thomas's qualifications include his broad experience with labor relations and the industrial and technical matters affecting our business.

### Continuing Directors Class I Term to Expire at the 2018 Annual Meeting

#### Diane C. Creel

Prior to her retirement in 2008, Ms. Creel served as Chairman, Chief Executive Officer and President of Ecovation, Inc., a subsidiary of Ecolab Inc. and a waste stream technology company using patented technologies, beginning in 2003. Ecovation, Inc. became a subsidiary of Ecolab Inc. in 2008. Previously, Ms. Creel served as Chief Executive Officer and President of Earth Tech, an international consulting engineering firm, from 1992 to 2003.

Director since 1996

Age 67

Lead Independent Director Ms. Creel has served as Lead Independent Director since the position was established in 2011. Ms. Creel is Chair of the Nominating and Governance Committee and a member of the Personnel and Compensation Committee.

## SKILLS AND QUALIFICATIONS:

The Board believes that Ms. Creel's qualifications include her experience as a chief executive officer of various companies and her entrepreneurial, management and technical experience.

### CURRENT DIRECTORSHIPS:

Timken Steel Corporation and Enpro Industries, Inc.

### PAST DIRECTORSHIPS:

URS Corporation and Goodrich Corporation



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**ITEM 1 ELECTION OF DIRECTORS | CONTINUING DIRECTORS**

**John R. Pipski**

Director since 2011 Mr. Pipski was a tax partner of Ernst & Young LLP, a public accounting firm, until his retirement in 2001. Thereafter, he provided business advisory and financial and tax accounting services through his own firm until 2013.

Age 68

Audit Committee Mr. Pipski is Chair of the Audit Committee and a member of the Finance Committee.

Financial Expert

**SKILLS AND QUALIFICATIONS:**

The Board believes that Mr. Pipski's qualifications include his expertise in financial and tax accounting for public companies, including those in the metals and mining industries, and his general business experience.

**PAST DIRECTORSHIPS:**

CNX Gas Corporation (Chairman of its Audit Committee)

**James E. Rohr**

Mr. Rohr served as Executive Chairman of The PNC Financial Services Group, Inc., a diversified financial services organization, from May 2013 until his retirement in April 2014; previously, he was Chairman from 2001 until April 2013 and Chief Executive Officer from 2000 until April 2013. He served as President of The PNC Financial Services Group from 1990 to

Director since 1996 2002.

Age 67

Mr. Rohr is Chair of the Personnel and Compensation Committee.

**SKILLS AND QUALIFICATIONS:**

The Board believes that Mr. Rohr's qualifications include his significant leadership and management experience from his years of serving as a chief executive officer of a large, publicly traded company and his expertise in capital markets and financial matters.

**CURRENT DIRECTORSHIPS:**

EQT Corporation, Marathon Petroleum Corporation and General Electric Company

**PAST DIRECTORSHIPS:**

The PNC Financial Services Group, Inc., and BlackRock Inc.



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**Our Corporate Governance**

We at ATI are committed to a strong self-governance program. Our corporate governance practices are designed to maintain high standards of oversight, compliance, integrity and ethics, while promoting growth in long-term stockholder value. The role of our Board of Directors is to ensure that ATI is managed for the long-term benefit of our stockholders and other stakeholders.

Each year we review our corporate governance and compensation policies and practices and engage with our stockholders. We compare our policies and practices to best practice models suggested by governance authorities, stockholders, or as shown by other public companies. In this way, we affirm our commitment to **RELENTLESS INNOVATION** by continually evolving our programs to benefit all of our stakeholders.

**Our Commitment to Integrity**

ATI is committed to conducting its business in an honest, ethical and lawful manner. Our employees strive to satisfy the spirit and intent, as well as the technical requirements, of the contracts we enter into and the laws, regulations and rules that govern us.

We are committed to protecting the health and safety of our employees, the environment, and our communities. We support sustainable development and work to constantly improve our operations to the benefit of our stockholders, employees, our customers and local communities.

We are committed to providing a workplace where employees are treated with dignity and respect, free of discrimination, and where all employees can fulfill their potential based on merit and ability.

We value our reputation. We pledge to promptly address issues in a lawful and proper manner. We strive to create value for our stakeholders while continually improving our performance as a good corporate citizen.

We are also committed to providing information in our financial reporting that is accurate, complete, objective, relevant, timely and transparent, and we have a robust system of internal controls.

We take these commitments seriously. Our management and Board of Directors have instilled a culture, throughout our organization, that supports and honors these commitments. We expect that the actions of our employees, officers and directors comply with these principles and all policies undertaken to further these objectives.

**[Corporate Governance Information on our Website](#)**

The following governance documents are available on our website [www.atimetals.com](http://www.atimetals.com), at About ATI Corporate Governance .

Corporate Governance Guidelines

Corporate Guidelines for Business Conduct and Ethics (including Financial Code of Ethics)

Board Committee Charters

Certificate of Incorporation and Bylaws

Paper copies can be obtained by writing to the Corporate Secretary, Allegheny Technologies Incorporated, 1000 Six PPG Place, Pittsburgh, PA 15222-5479.

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**OUR CORPORATE GOVERNANCE | ATI CORPORATE GOVERNANCE AT A GLANCE**

**ATI Corporate Governance at a Glance**

Presented below are some highlights of the ATI corporate governance program. You can find details about these and other corporate governance policies and practices within this Proxy Statement.

**Board  
Independence**

10 of our 11 directors are independent.

Our CEO is the only management director.

**Board  
Composition**

Currently the board has fixed the number of directors at 11.

We regularly assess our board performance and can adjust the number of directors according to our needs.

As shown under *Item 1 Election of Directors*, our Board has a diverse mix of skills, experience and background.

**Accountability to  
Stockholders**

*Majority Voting/Director Resignation Policy.* Our director resignation policy provides that any nominee for director in an uncontested election who receives a greater number of votes withheld than votes for such nominee's election shall promptly tender his or her resignation to the Board for the Board's consideration.

*Board Declassification Proposal:* The Board recommends that the stockholders support the proposal to amend the Company's Certificate of Incorporation to declassify the board and provide annual elections of directors. For more information, see *Item 2*.

*Engagement with Stockholders:* We actively reach out to our stockholders through our engagement program and communicate with them on important compensation and governance issues. Also, stockholders can contact our board, lead director or management by email or regular mail.

**Independent Board Committees**

We have five board committees – Audit, Finance, Nominating and Governance, Personnel and Compensation, and Technology.

All of the Board committees of the Board of Directors are composed entirely of independent directors, and each has a written charter that is reviewed and reassessed annually and is posted on our website.

**Strong Lead Independent Director**

Diane C. Creel serves as the Lead Independent Director. We encourage open communication and strong working relationships among the lead director, chairman and other directors.

Independent directors meet in regularly scheduled executive sessions, led by the Lead Independent Director, without the presence of management.

Stockholders can communicate with the independent directors through the Lead Independent Director.

**Risk Oversight**

Our full board is responsible for risk oversight, and has designated committees to have particular oversight of certain key risks. Our board oversees management as it fulfills its responsibilities for the assessment and mitigation of risks and for taking appropriate risks.

**Succession**

The board actively monitors our management succession plans and receives regular updates on employee engagement, diversity and retention matters.

**Planning**

At least annually, the board reviews senior management succession and development plans.

**Board and**

We have an annual self-evaluation process for the Board.

**Committee Self-evaluation**

We have an annual self-evaluation process for each standing Committee of the Board.

**Director and NEO Stock Ownership**

Each director is required to own at least 10,000 shares of our common stock.

Effective for 2016, executives are required to own ATI common stock with a value equivalent to:

CEO: 6 times base salary;

Executive Vice Presidents and the Chief Financial Officer: 3 times base salary; and

Senior Vice Presidents: 2 times base salary.

**Ethics and  
Corporate  
Responsibility**

Our *Corporate Guidelines for Business Conduct and Ethics*, as well as the company's attention to environmental, social and governance issues, are disclosed on our website.

The Company has an active ethics and compliance program, which includes regular employee training.

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**OUR CORPORATE GOVERNANCE | CORPORATE GOVERNANCE GUIDELINES**

**Corporate Governance Guidelines**

ATI's Board of Directors has adopted Corporate Governance Guidelines, which are designed to assist the Board in the exercise of its duties and responsibilities to the Company. They reflect the Board's commitment to monitor the effectiveness of decision making at the Board and management level with a view of achieving ATI's strategic objectives. They are subject to modification by the Board at any time.

**Corporate Guidelines for Business Conduct and Ethics**

Our *Corporate Guidelines for Business Conduct and Ethics* (the Code of Ethics) applies to all directors, officers and employees, including our principal executive officer, our principal financial officer, and our controller and principal accounting officer. We require all directors, officers and employees to adhere to the Code of Ethics in addressing legal and ethical issues encountered in their work.

The Code of Ethics requires that our directors, officers and employees avoid conflicts of interest, comply with applicable laws, conduct business in an honest and ethical manner, and otherwise act with integrity and honesty in all of their actions by or on behalf of the Company. The Code of Ethics includes a financial code of ethics specifically for our Chief Executive Officer, our Chief Financial Officer, and all other financial officers and employees, which supplements the general principles in the Code of Ethics and is intended to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters.

Only the Audit Committee of the Board can amend or grant waivers from the provisions of the Code of Ethics relating to the Company's executive officers and directors, and any such amendments or waivers will be promptly posted on our website at [www.atimetals.com](http://www.atimetals.com). To date, no such amendments have been made or waivers granted.

**MANDATORY EMPLOYEE TRAINING**

All employees are provided with a copy of the Code of Ethics. Each year, we require all officers and managers to certify as to their understanding of and compliance with the Code of Ethics. In addition, all directors, officers and other employees must annually complete an interactive online ethics course addressing the Code of Ethics. This course is part of ATI's broader ethics and compliance program, which includes online ethics training that is administered by a third party. In 2015, online ethics courses were administered addressing the prevention of workplace violence, conflicts of interest, and anti-bribery/anti-corruption.

We encourage employees to communicate concerns before they become problems. We believe that building and maintaining trust, respect and communications between employees and management and between fellow employees is critical to the overriding goal of efficiently producing high quality products, providing the maximum level of customer satisfaction, and ultimately fueling profitability and growth.

**The ATI Ethics Helpline provides confidential, secure, and anonymous reporting available 24 hours a day. Additionally, our Chief Compliance Officer and ethics officers at our operating companies also provide**

**confidential resources for employees to surface their concerns without fear of reprisal.**

## **Corporate Responsibility**

At ATI, we recognize the importance of being a good corporate citizen. We encourage integrity from the boardroom to the work floor, and continually review and refine our efforts to enrich our communities, improve employee health and safety, and lessen our environmental impact. *Building the World's Best Specialty Materials & Components Company*<sup>TM</sup> requires nothing less than the highest standards of ethical business conduct and corporate responsibility.

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**OUR CORPORATE GOVERNANCE | INVESTOR OUTREACH AND STOCKHOLDER ENGAGEMENT**

**Investor Outreach and Stockholder Engagement**

We value the input we receive from our stockholders. As part of our investor relations program, we regularly communicate with our investors and actively engage with them throughout the year. We solicit their feedback on corporate governance topics and ATI's executive compensation program. Our goal is to be responsive to our stockholders and to ensure that we understand and address our stockholders' concerns and observations. As a result of stockholder engagement, we have made significant changes to our corporate governance practices and executive compensation program over the past four years.

**STOCKHOLDER ENGAGEMENT CYCLE**

Our stockholder engagement usually begins following the Annual Meeting, when the Board considers the feedback received during the solicitation of proxies for the Annual Meeting. Management and the Board discuss topics of focus in the months that follow, which has included governance trends, regulatory developments, and our own policies and practices. During the fall, the Committee considers potential corporate governance or executive compensation changes in the context of further discussions with and feedback from stockholders. In the spring, we publish our annual communications to stockholders (our annual report and proxy statement) and solicit feedback from our investors about the significant topics to be addressed at our Annual Meeting. Following the Annual Meeting, the Board discusses vote outcomes and recommends follow-up actions. Throughout the year, management conducts regular meetings and discussions with investors.

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**OUR CORPORATE GOVERNANCE | BOARD INFORMATION**

**Board Information**

**BOARD COMPOSITION AND INDEPENDENCE**

The Board of Directors determines the number of directors. The Board currently consists of eleven members:

<b>Richard J. Harshman</b>	<b>Diane C. Creel</b>	<b>Barbara S. Jeremiah</b>	<b>James E. Rohr</b>
<i>(Chairman, President and CEO)</i>			
	<b>James C. Diggs</b>	<b>David J. Morehouse</b>	<b>Louis J. Thomas</b>

<b>Carolyn Corvi</b>	<b>J. Brett Harvey</b>	<b>John R. Pipski</b>	<b>John D. Turner</b>
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The Board does not consider Richard J. Harshman, Chairman, President and Chief Executive Officer of ATI, to be independent. The Board, at its February 26, 2016 meeting, determined that the remaining ten current directors are independent in accordance with the NYSE listing standards, our company Board Independence Standards and the rules of the Securities and Exchange Commission ( SEC ).

In determining that these directors have no relationships with ATI other than as directors and stockholders of the Company, the Board examined certain business affiliations of Mr. Rohr and Mr. Morehouse.

James E. Rohr currently serves on the board of directors of General Electric Company ( General Electric ). During 2015, the Company supplied General Electric with nickel-based superalloys and jet engine disc-quality mill products under an ongoing commercial relationship between the Company and General Electric. The amounts paid to the Company by General Electric in 2015 represent a *de minimis* portion of the revenues of General Electric, and the compensation received by Mr. Rohr from General Electric for his service as a director is not affected by the ongoing commercial relationship between the Company and General Electric. The Board has determined that the transactions between the Company and General Electric:

are commercial transactions carried out at arm's length in the ordinary course of business;

are not material to General Electric or Mr. Rohr;

do not and would not potentially influence Mr. Rohr's objectivity as a member of the Company's Board of Directors in a manner that would have a meaningful impact on his ability to satisfy requisite fiduciary standards on behalf of the Company and its stockholders; and

do not preclude a determination that the relationship of Mr. Rohr with General Electric as a member of its board of directors is immaterial.

The Board determined that Mr. Rohr is an independent director under NYSE existing guidelines and the Company's categorical Board independence standards.

David J. Morehouse is the Chief Executive Officer and President of Pittsburgh Penguins LLC, which owns and operates the Pittsburgh Penguins National Hockey League team, and Pittsburgh Arena Operating LLC (collectively, the Entities) and other affiliated entities. ATI is a party to a sponsorship agreement with Pittsburgh Penguins LLC, under which the Company pays an annual fee to Pittsburgh Penguins LLC in exchange for sponsorship opportunities associated with the Pittsburgh Penguins National Hockey League franchise. The sponsorship agreement expires in June 2016. ATI is party to an arena executive suite license agreement that expires in June 2017 (the License Agreement) and with the Sponsorship Agreement, the Agreements) with an entity that is affiliated with Pittsburgh Arena Operating LLC. The Agreements will not be renewed after expiration. The annual fees paid by ATI to the Entities represents a *de minimis* portion of both ATI's revenues and the revenues of the Entities, and, therefore, all amounts were substantially less than the thresholds set in the NYSE's listing standards which disqualify a director from being independent.

Mr. Morehouse's compensation from the Entities is not affected by the fees that the company pays under these Agreements. The Board has determined that the transactions between the Company and the Entities:

are commercial transactions carried out at arm's length in the ordinary course of business;

are not material to the Entities or to Mr. Morehouse;

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**OUR CORPORATE GOVERNANCE | BOARD INFORMATION**

do not and would not potentially influence Mr. Morehouse's objectivity as a member of the company's Board of Directors in a manner that would have a meaningful impact on his ability to satisfy requisite fiduciary standards on behalf of the Company and its stockholders; and

do not preclude a determination that the relationship of Mr. Morehouse's with the Entities as Chief Executive Officer and President of the Entities is immaterial.

The Board determined that Mr. Morehouse is qualified as an independent director under NYSE existing guidelines and the Company's categorical Board independence standards.

**BOARD LEADERSHIP**

The Board of Directors has the flexibility to determine whether it is in the best interests of ATI and its stockholders to separate or combine the roles of Chairman and Chief Executive Officer at any given time. Whenever a Chairman and/or Chief Executive Officer is appointed, or at such other times as it deems appropriate, the Board of Directors assesses whether the roles should be separated or combined based upon its evaluation of, among other things, the existing composition of the Board of Directors and the circumstances at the time. The Board has considered the roles and responsibilities of the Chairman and the Chief Executive Officer, and, while it retains the discretion to separate the roles in the future as it deems appropriate and acknowledges that there is no single best organizational model that is most effective in all circumstances, the Board currently believes that the Company and its stockholders are best served by having Mr. Harshman serve concurrently as Chairman and Chief Executive Officer. The Board of Directors believes that Mr. Harshman's service in both capacities promotes unified leadership and direction for the Company and allows for a single, clear focus on the efficient implementation of ATI's strategies to maximize stockholder value over the long-term. In addition, the Board of Directors believes that Mr. Harshman, serving in both capacities, has been an effective bridge between the Board and ATI's management.

**Lead Independent Director**

**Ms. Creel, one of our independent directors, was elected to serve as the Company's Lead Independent Director. The Lead Independent Director is the principal liaison between the independent directors and the Chairman on Board-wide issues.**

**Responsibilities:**

Authority to preside at meetings of the Board in the absence of the Chairman, including executive sessions of the independent directors;

Serving as a contact for stockholders wishing to communicate with the Board other than through the Chairman, when appropriate, and communicating with other external constituencies, as needed; and

Ability to call meetings of the independent directors when necessary and appropriate;

Advising and consulting with the Chairman on matters related to corporate governance and Board performance; and generally serving as a resource for, and counsel to, the Chairman.

Communication with, and appropriately facilitating communication among, independent directors between meetings, when appropriate;

Advising the Chairman regarding schedules, agendas and the quantity, quality and timeliness of information for Board and Committee meetings;

The Board of Directors believes that this leadership structure is appropriate for ATI and in the best interests of our stockholders at this time. Through governance features such as the establishment of a Lead Independent Director position, the appointment of only independent directors to the standing committees of the Board of Directors, and regular use of executive sessions of the independent directors, the Board is able to maintain appropriate independent oversight of our business strategies and activities.

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These governance features have been effective in promoting a full and free discussion and analysis at the Board level of issues important to the company. At the same time, the Board of Directors is able to take advantage of the blend of leadership, experience and extensive knowledge of ATI, our industry and the markets in which we compete that Mr. Harshman brings to the combined roles of Chairman and Chief Executive Officer.

**BOARD AND COMMITTEE MEMBERSHIP    DIRECTOR ATTENDANCE AT MEETINGS**

During 2015, the Board of Directors held seven meetings, including one strategy retreat. In 2015, directors attended over 97% of all Board meetings and meetings of Board committees of which they were members.

The independent, non-management directors meet separately in regularly scheduled executive sessions without members of management (except to the extent that the non-management directors request the attendance of a member of management). The Lead Independent Director presides over meetings of the independent directors.

A Board meeting is typically scheduled in conjunction with our annual meeting of stockholders and it is expected that our directors will attend absent good reason. In 2015, all directors attended our annual meeting of stockholders.

The table below provides information with respect to current Board committee memberships of the non-employee directors. The table also sets forth the number of meetings held by each Board committee in 2015.

<b>Director<sup>(1)</sup></b>	<b>Audit</b>	<b>Finance</b>	<b>Nominating and Governance</b>	<b>Personnel and Compensation</b>	<b>Technology</b>
C. Corvi		n		n	n
D. C. Creel <sup>(2)</sup>			<b>Chair</b>	n	
J. C. Diggs	n	<b>Chair</b>	n		
J. B. Harvey			n	n	
B. S. Jeremiah		n			n

D. J. Morehouse	n			n
J. R. Pipski	<b>Chair</b>	n		
J. E. Rohr				<b>Chair</b>
L. J. Thomas	n			n
J. D. Turner		n	n	<b>Chair</b>
<b>Number of Meetings held in 2015</b>	<b>10</b>	<b>5</b>		