

FERRO CORP
Form PRE 14A
March 14, 2014

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

(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
- Soliciting Material Under Rule 14a-12

FERRO CORPORATION

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March [], 2014

Dear Shareholder:

I cordially invite you to attend the 2014 Annual Meeting of Shareholders of Ferro Corporation, which will be held on April 25, 2014. The meeting will be held at Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio, and will begin at 9:00 a.m. (Eastern Time). At the 2014 Annual Meeting, shareholders will (i) vote on the election of three Directors, (ii) vote on a conditional proposal to provide for the annual election of Directors beginning with the 2014 Annual Meeting, (iii) vote on a conditional proposal to provide for the elimination of cumulative voting in the election of Directors beginning with the 2014 Annual Meeting, (iv) vote on the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014, (v) vote in a non-binding advisory capacity to approve our executive compensation, (vi) vote on a shareholder proposal, if properly presented at the Annual Meeting, and (vii) transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. The following Proxy Statement contains information about our Directors, a description of our corporate governance practices, information about our relationship with Deloitte & Touche LLP, a description of our executive compensation, a description of the shareholder proposal and other relevant information about our Company and the 2014 Annual Meeting.

Regardless of the number of shares you own, your vote is important. I urge you to vote as soon as possible by telephone, the Internet or by signing, dating and returning the enclosed proxy card by mail, even if you plan to attend the meeting.

I look forward to seeing you at the Annual Meeting.

Very truly yours,

PETER T. THOMAS
President and

Chief Executive Officer

PROXY STATEMENT

This document is the Notice of Meeting and the Proxy Statement of the Board of Directors of Ferro Corporation (the Board) in connection with the Annual Meeting of Shareholders to be held on April 25, 2014, 9:00 a.m. (Eastern Time).

ABOUT THE ANNUAL MEETING OF SHAREHOLDERS

Who is soliciting my proxy with this Proxy Statement?

The Board of Directors of Ferro is soliciting your proxy in connection with Ferro's Annual Meeting of Shareholders.

Where and when will the meeting be held?

This year's meeting will be held on April 25, 2014, at the Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio. The meeting will begin at 9:00 a.m. (Eastern Time).

What will be voted on at the meeting?

At the meeting, shareholders will vote on the election of three Directors, vote on a conditional proposal to provide for the annual election of Directors beginning with the Annual Meeting, vote on a conditional proposal to provide for the elimination of cumulative voting in the election of Directors beginning with the Annual Meeting, vote on the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014, vote in a non-binding advisory capacity to approve the Company's executive compensation, vote on a shareholder proposal, if properly presented at the Annual Meeting, and transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

What if I wish to attend the meeting?

Attendance at the meeting is limited to the Company's shareholders and its invited guests. If you hold shares in your name and you wish to attend the meeting, please be prepared to provide proper identification, such as a driver's license. If you hold your shares through a bank or broker (i.e., in Street-name) and you wish to attend the meeting, you also will need proof of ownership, such as a recent account statement or letter from your bank or broker, along with proper identification.

Even if you wish to attend the meeting, we urge you to cast your vote using the enclosed proxy card today. If you choose to vote in person at the meeting, it will revoke any previous proxy submitted. If you hold your shares in Street-name and wish to vote in person at the meeting, you must provide a legal proxy obtained from your bank or broker.

Please note that participants in the Ferro Corporation Savings and Stock Ownership Plan may not vote in person at the meeting, as only the Trustee of such Plan is authorized to vote shares held by participants on their behalf. (Please see "If I am a participant in the Ferro Corporation Savings and Stock Ownership Plan, how do I vote?" below.)

Who is entitled to vote at the meeting?

The record date for this meeting is March 7, 2014. On that date, Ferro had 86,884,486 shares of common stock (Common Stock) outstanding. Each of these shares will be entitled to one vote at the meeting; however, if cumulative voting is invoked with respect to the election of Directors and either of the conditional proposals to declassify the Board and eliminate cumulative voting fails to pass at the

meeting, each shareholder may allocate among the Director nominees the total number of votes equal to the number of Director positions to be filled multiplied by the number of shares of Common Stock held by such shareholder. Cumulative voting is described in more detail on page 6 below.

If I am a shareholder of record of Common Stock, how do I vote?

If your shares are registered directly in your name with the Company's transfer agent, Computershare Investor Services, LLC, you are considered the shareholder of record with respect to those shares and you may cast your vote in person at the meeting or by any one of the following ways:

By Telephone: You may call the toll-free number indicated on your proxy card. Follow the simple instructions and use the personalized control number specified on your proxy card to vote your shares. You will be able to confirm that your vote has been properly recorded. Your telephone vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned a proxy card.

Over the Internet: You may visit the website indicated on your proxy card. Follow the simple instructions and use the personalized control number specified on your proxy card to vote your shares. You will be able to confirm that your vote has been properly recorded. Your Internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned a proxy card.

By Mail: You may mark, sign and date the enclosed proxy card and return it in the postage-paid envelope provided.

If I am a beneficial owner of shares held in street name, how do I vote?

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. If you request printed copies of these proxy materials by mail, you will receive a voting instruction form.

If I am a participant in the Ferro Corporation Savings and Stock Ownership Plan, how do I vote?

If you are a participant in the Ferro Corporation Savings and Stock Ownership Plan (the Plan), you have the right to instruct JPMorgan Chase Bank, as Trustee, to vote the shares allocated to your Plan account. If no instructions are given or if your voting instructions are not received by the deadline shown on the enclosed voting instruction form, the Trustee will vote the uninstructed shares in the same proportion in which it has received voting instructions.

What if I want to change my vote?

If you want to change your vote, you may revoke your proxy by:

- o Submitting your vote at a later time via the Internet or telephone;
- o Submitting a properly signed proxy card with a later date that is received at or prior to the Annual Meeting;

- o Attending the Annual Meeting and voting in person (if you do revoke your proxy during the meeting, it will not, of course, affect any vote that has already been taken); or
- o Providing notice, either in writing before the meeting to: Secretary, Ferro Corporation, 6060 Parkland Boulevard, Mayfield Heights, Ohio 44124 USA or at the meeting itself.

What if I submit a proxy without giving specific voting instructions?

If you properly submit a proxy without giving specific voting instructions, the individuals named as proxies on the proxy card will vote your shares:

- o **FOR** the election of the three nominees for Director named on page 5 (or if cumulative voting is in effect, to elect as many of such nominees as possible).
- o **FOR** the conditional proposal to provide for the annual election of Directors beginning with the Annual Meeting.
- o **FOR** the conditional proposal to provide for the elimination of cumulative voting in the election of Directors beginning with the Annual Meeting.
- o **FOR** the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014.
- o **FOR** the approval of the executive compensation of the Company's named executive officers.
- o **FOR** the shareholder proposal.
- o In accordance with the best judgment of the individuals named as proxies on the proxy card on any other matters properly brought before the Annual Meeting.

Will my shares be voted if I do not provide my proxy?

If you are a registered shareholder and do not submit a proxy, you must attend the meeting in order to vote your shares.

If you hold shares in street name, your shares may be voted even if you do not provide voting instructions to your bank or broker. Banks and brokers have the authority under the rules of the New York Stock Exchange, (NYSE), to vote shares for which their customers do not provide voting instructions on certain routine matters. The ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm is considered a routine matter for which banks and brokers may vote without specific instructions from their customers. You must provide voting instructions to your bank or broker for your shares to be voted on all other matters presented at the Annual Meeting.

If you are a participant in the Plan and do not instruct JPMorgan Chase Bank, as Trustee, to vote the shares allocated to your Plan account, or if your voting instructions are not received by the deadline shown on the enclosed voting instruction form, the Trustee will vote the uninstructed shares in the same proportion in which it has received voting instructions

What should I do if I have questions?

If you have any questions or require any assistance with voting your shares of Common Stock, please contact our proxy solicitor, Innisfree M&A Incorporated, toll free at (888) 750-5834. Banks and brokers may call collect at (212) 750-5833.

PROPOSAL ONE: ELECTION OF DIRECTORS

Currently, the Directors are divided into three classes with each class having a minimum of three Directors. The Directors in each class are elected for terms of three years so that the term of office of one class of Directors expires at each annual meeting of shareholders. At the Annual Meeting, if either of the conditional proposals to declassify the Board and eliminate cumulative voting fails to pass, then shareholders will consider the election of three Directors for three-year terms ending in 2017. Alternatively, if both the conditional proposal to declassify the Board and the conditional proposal to eliminate cumulative voting pass, then shareholders will consider the election of these three Directors for one-year terms ending in 2015.

The following pages contain information about Ferro's Directors, including the nominees for re-election and the Directors whose terms will not expire at this meeting. For each of the Directors, the number of shares reported as Common Stock Owned is as of March 7, 2014, the record date for the Annual Meeting, and includes shares that the Director owns directly or indirectly and deferred shares, as well as deferred stock units that are converted to Common Stock after a one-year vesting period. The number of shares reported as Common Stock Under Option is as of March 7, 2014, and includes options that will be vested and exercisable as of May 6, 2014.

On January 22, 2013, the Board reduced its size to nine Directors and, in order to comply with the Company's Code of Regulations, which requires that each class of directors have a minimum of three Directors, and the NYSE's listing standards, which requires that each class of directors be of approximately equal size, Timothy K. Pistell resigned from the class of Directors with a term expiring at the 2013 annual meeting and was appointed to the class of Directors with a term expiring at the 2015 annual meeting. On April 22, 2013, in connection with the appointment of Peter T. Thomas as the permanent President and Chief Executive Officer, the Board increased the number of Directors to ten and elected Mr. Thomas to the Board as a member of the class of Directors with a term expiring at the 2015 annual meeting.

On May 8, 2013, the Company entered into an agreement (the 2013 Agreement) with FrontFour Master Fund, Ltd. and certain of its affiliates and Quinpario Partners, LLC and certain of its affiliates (the FrontFour Group) to settle a potential election contest in connection with the Company's 2013 annual meeting. Under the terms of the 2013 Agreement, the Company agreed, among other things, to modify its existing slate of director nominees to be elected at the 2013 annual meeting and support the following three candidates: David A. Lorber, Jeffrey N. Quinn and Ronald P. Vargo. Richard C. Brown and Gregory E. Hyland did not stand for re-election at the 2013 annual meeting. In addition, Sandra Austin resigned at the 2013 annual meeting and the Board immediately appointed Mr. Hyland to fill the resulting vacancy. The foregoing is not a complete description of the 2013 Agreement. For a further description of the terms of the 2013 Agreement, including a copy of the 2013 Agreement, please see the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the SEC) on May 9, 2013.

On February 21, 2014, the Company entered into an agreement (the 2014 Agreement) with the FrontFour Group regarding certain matters related to the election of Directors and other proposals contained in this Proxy Statement. The foregoing sentence is not a complete description of the 2014 Agreement. For a further description of the terms of the 2014 Agreement, including a copy of the 2014 Agreement, please see the Company's Current Report on Form 8-K filed with the SEC on February 24, 2014.

Nominees for Election at this Annual Meeting

The current terms of office of Richard J. Hipple, Gregory E. Hyland and William B. Lawrence will expire on the day of this Annual Meeting (as soon as they or their successors are elected). The Board, upon recommendation of the Governance & Nomination Committee of the Board, nominated Messrs. Hipple, Hyland and Lawrence for re-election to the Board at this Annual Meeting. Each of the three Director nominees currently serves as a member of the Board. The following is information about the three Directors nominated by the Board for re-election at this Annual Meeting:

RICHARD J. HIPPLE

<i>Age:</i>	61
<i>First Became a Ferro Director:</i>	2007
<i>Current Term Expires:</i>	This Annual Meeting
<i>Common Stock Owned:</i>	53,300 shares
<i>Common Stock Under Option:</i>	0 shares
<i>Committee Assignments:</i>	Compensation Committee (Chair)

Biographical Information:

Mr. Hipple currently serves as the Chairman of the Board, President and Chief Executive Officer of Materion Corporation (formerly known as Brush Engineered Materials Inc.), a manufacturer of high-performance engineered materials. Mr. Hipple has served as Chairman of the Board and Chief Executive Officer of Materion since May 2006 and President of Materion since May 2005. Mr. Hipple was Vice President of Strip Products of Materion from July 2001 until May 2002, when he became President of Alloy Products of Materion. Prior to joining Materion, Mr. Hipple was President of LTV Steel Company, a business unit of the LTV Corporation.

Mr. Hipple also serves as a director of Key Corp., a bank-based financial services company.

GREGORY E. HYLAND

<i>Age:</i>	63
<i>First Became a Ferro Director:</i>	2009
<i>Current Term Expires:</i>	This Annual Meeting
<i>Common Stock Owned:</i>	42,700 shares
<i>Common Stock Under Option:</i>	0 shares
<i>Committee Assignments:</i>	Compensation Committee Governance & Nomination Committee

Biographical Information:

Mr. Hyland currently serves as Chairman, President and Chief Executive Officer of Mueller Water Products, Inc., a position he assumed in December 2006 when Walter Industries, Inc. divested that business to its shareholders. From September 2005 until December 2006, Mr. Hyland served as Chairman, President and Chief Executive Officer of

Walter Industries, Inc. Prior to that time, Mr. Hyland served as President, U.S. Fleet Management Solutions of Ryder System, Inc. from June 2005 to September 2005 and as Executive Vice President, U.S. Fleet Management Solutions of Ryder from October 2004 to June 2005. Mr. Hyland also has held executive positions with Tyco International and Textron Corporation.

WILLIAM B. LAWRENCE

<i>Age:</i>	69
<i>First Became a Ferro Director:</i>	1999
<i>Current Term Expires:</i>	This Annual Meeting
<i>Common Stock Owned:</i>	65,670 shares
<i>Common Stock Under Option:</i>	14,000 shares
<i>Committee Assignments:</i>	Compensation Committee
	Governance & Nomination
	Committee (Chair)
	Strategy Committee

Biographical Information:

Mr. Lawrence served as Acting Chairman of the Board from November 2012 until April 2013 and has served as Chairman of the Board since April 2013.

Before the sale of TRW Inc. to Northrop Grumman in December 2002 and his retirement from TRW in February 2003, Mr. Lawrence served as TRW's Executive Vice President, General Counsel & Secretary. TRW was a provider of advanced technology products and services for the global automotive, aerospace and information systems markets.

Mr. Lawrence first joined TRW in 1976 as counsel specializing in securities and finance. He held positions of increasing responsibility within the TRW law department until his appointment as TRW's Executive Vice President of Planning, Development and Government Affairs in 1989 and a member of TRW's Management Committee. In 1997, Mr. Lawrence was named to the additional position of Executive Vice President, General Counsel & Secretary.

Mr. Lawrence also serves as a director of Materion Corporation (formerly known as Brush Engineered Materials Inc.), a manufacturer of high-performance engineered materials.

Messrs. Hipple, Hyland and Lawrence have each agreed to stand for re-election. While we have no reason to believe that any of these nominees will be unable or unwilling to serve at the time of the Annual Meeting, in the unlikely event any of them does not stand for re-election, the shares represented by proxy at the Annual Meeting may be voted for the election of a substitute nominee named by the Board.

Vote Required

The three nominees who receive the greatest number of votes cast by the shares present, in person or by proxy, and entitled to vote will be elected Directors. Abstentions and broker non-votes will not be considered as shares voted for or against the election of the nominees. The Company previously announced that the Board adopted the Policy of the Board of Directors Relating to Majority Voting pursuant to which, in the event of an uncontested election an election in which the number of nominees for director does not exceed the number of directors to be elected a nominee that receives a greater number of votes withheld from his or her election than votes for his or her election is expected to tender to the Governance & Nomination Committee his or her resignation as a director promptly following the certification of the election results.

Under Ohio law and provided that either of the conditional proposals to declassify the Board and eliminate cumulative voting fails to pass at the Annual Meeting, shareholders have the right to exercise cumulative voting in the election of Directors as described under Shareholder Voting on page 62. If cumulative voting rights are in effect for the election

of Directors, you may allocate among the Director nominees, as you see fit, the total number of votes equal to the number of Director positions to be filled multiplied by the number of shares you hold. For example, if you own 100 shares of Common Stock, because there are three Directors to be elected at the Annual Meeting, you may allocate 300 FOR votes (three times 100) to one Director nominee or distribute such votes among

two or more of the Director nominees to be voted on at the Annual Meeting as you choose. You may not, however, cumulate your votes against a nominee. If you choose to cumulate your votes, you will need to submit a proxy card or a ballot and make an explicit statement of your intent to cumulate your votes, either by so indicating in writing on the proxy card or by indicating in writing on your ballot when voting at the Annual Meeting. If you hold shares through a bank or broker and wish to cumulate votes, you should contact your bank or broker.

If you return a proxy card without giving specific voting instructions, then your shares will be voted **FOR** the election of Messrs. Hipple, Hyland and Lawrence. If cumulative voting rights are in effect, all shares represented by properly executed proxies will be divided evenly among Messrs. Hipple, Hyland and Lawrence, except that if dividing the votes evenly would not be effective to elect each of Messrs. Hipple, Hyland and Lawrence, votes will be cumulated in accordance with the best judgment of the persons appointed by your proxy in order to elect as many of Messrs. Hipple, Hyland and Lawrence as possible, provided that none of your votes will be cast for any Director nominee as to whom you instruct that your votes be withheld. Cumulative voting would apply only to the election of Directors. For all other matters, each share of Common Stock outstanding as of the close of business on the record date is entitled to one vote.

If you hold your shares in street name and do not provide specific voting instructions to the bank or broker or do not obtain a proxy from such bank or broker to vote those shares, then your shares will not be voted in the election of Directors.

Board Recommendation

The Board unanimously recommends that you vote **FOR** the election of each of Messrs. Hipple, Hyland and Lawrence. Unless you instruct otherwise on your proxy card or by telephone or Internet voting instructions, your proxy will be voted in accordance with the Board's recommendation.

Directors Continuing in Office

The following are the Directors who will continue in office after the Annual Meeting:

JENNIE S. HWANG, Ph.D.	
<i>Age:</i>	66
<i>First Became a Ferro Director:</i>	2001
<i>Current Term Expires:</i>	2015
<i>Common Stock Owned:</i>	55,425 shares
<i>Common Stock Under Option:</i>	14,000 shares
<i>Committee Assignments:</i>	Audit Committee
	Governance & Nomination Committee

Biographical Information:

Dr. Hwang has over 30 years of experience in materials, electronics, chemicals and coatings through her management and/or ownership of businesses. She currently serves as the president of H-Technologies Group, encompassing international business, worldwide manufacturing services, intellectual property management and global strategy advisory services. Dr. Hwang was also the Chief Executive Officer of International Electronic Materials Corporation (a manufacturing company she founded, which was later acquired). Earlier in her career, Dr. Hwang held senior executive positions with Lockheed Martin Corp., SCM Corp. and The Sherwin-Williams Company.

Dr. Hwang holds a Ph.D. in engineering and M.S. degrees in liquid crystals and in chemistry. She has served as National President of the Surface Mount Technology Association and in other global leadership positions and is an international speaker and author of more than 400 publications and several textbooks on leading technologies, advanced manufacturing and global market thrusts. Dr. Hwang has been elected to the National Academy of Engineering and International Hall of Fame (Women in Technology).

Dr. Hwang is a board member of Singapore Asahi Chemical Industries, Pte. Ltd. (a Singapore chemical company) and Case Western Reserve University and she serves on the National Materials and Manufacturing Board. She also chairs the Board of Assessment Panels on Army Research Laboratory of the U.S. Department of Defense. Dr. Hwang formerly served on the board of Second Bancorp, Inc.

PETER T. KONG

<i>Age:</i>	63
<i>First Became a Ferro Director:</i>	2012
<i>Current Term Expires:</i>	2015
<i>Common Stock Owned:</i>	18,500 shares
<i>Common Stock Under Option:</i>	0 shares
<i>Committee Assignments:</i>	Audit Committee

Governance & Nomination
Committee

Biographical Information:

Mr. Kong served as the President of the Global Components business segment for Arrow Electronics, Inc., a global provider of products, services and solutions to industrial and commercial users of electronic components and enterprise computing solutions, until December 31, 2013. Arrow has announced that Mr. Kong will retire from the company effective March 31, 2014. Prior to being named President of the Global Components business in May 2009, Mr. Kong served as President of Arrow's Asia-Pacific components business, overseeing strategy and operations in 11 countries and territories in that region.

From 1998 to 2006, Mr. Kong served as President of Asia-Pacific Operations for Lear Corp., a global automotive supplier, where he developed and implemented the company's Asia-Pacific growth strategy. From 1993 to 1998, he was President of MAPS International, Inc., a consulting firm specializing in business development, strategy planning and operations management. Earlier in his career, he held leadership roles with automotive systems supplier Magna International, Inc., as well as Domtar, Inc., and Esso Chemicals.

Mr. Kong holds a master's degree in business administration from the University of Toronto, a master's degree in chemical engineering from the University of Wisconsin and a bachelor's degree in chemical engineering from Washington State University.

Mr. Kong also serves as a director of Kulicke and Soffa Industries, Inc., a semiconductor and LED assembly equipment manufacturer.

DAVID A. LORBER

<i>Age:</i>	35
<i>First Became a Ferro Director:</i>	2013
<i>Current Term Expires:</i>	2016
<i>Common Stock Owned:</i>	14,113 shares
<i>Common Stock Under Option:</i>	0 shares
<i>Committee Assignments:</i>	Governance & Nomination Committee

Strategy Committee

Biographical Information:

Mr. Lorber was elected to the Board in May 2013 pursuant to the terms of the 2013 Agreement as discussed above.

Mr. Lorber is a Co-Founder of FrontFour Capital Group LLC, an investment adviser, and has served as a Portfolio Manager since January 2007. He is also a Co-Founder and Principal of FrontFour Capital Corp., an investment adviser. Previously, Mr. Lorber was a Senior Investment Analyst at Pirate Capital LLC, a hedge fund, from 2003 to 2006. He was an Analyst at Vantis Capital Management LLC, a money management firm and hedge fund, from 2001 to 2003 and an Associate at Cushman & Wakefield, Inc., a global real estate firm, from 2000 to 2001.

Mr. Lorber also serves as a director of GenCorp Inc., a technology-based manufacturer of aerospace and defense products. Mr. Lorber formerly served as a director of Huntingdon Capital Corp., a real estate company, and Fisher Communications Inc., a media company acquired by Sinclair Broadcast Group, Inc. in August 2013.

TIMOTHY K. PISTELL

<i>Age:</i>	66
<i>First Became a Ferro Director:</i>	2010
<i>Current Term Expires:</i>	2015
<i>Common Stock Owned:</i>	50,700 shares
<i>Common Stock Under Option:</i>	0 shares
<i>Committee Assignments:</i>	Audit Committee

Strategy Committee (Chair)

Biographical Information:

Mr. Pistell served as the Executive Vice President Finance & Administration and Chief Financial Officer of Parker Hannifin Corporation, a leading diversified manufacturer of motion and control technologies and systems, until his retirement in 2011. Mr. Pistell was appointed the Executive Vice President Finance & Administration in April 2005 and the Chief Financial Officer in April 2003. Prior to his appointment as Chief Financial Officer of Parker Hannifin, Mr. Pistell served as the company's Vice President Treasurer from July 1993 to April 2003.

Mr. Pistell also serves as a director of Trans-Tech Energy, Inc., a designer, builder, installer and servicer provider of specialized storage systems for liquefied petroleum gas and natural gas liquids.

JEFFRY N. QUINN

<i>Age:</i>	55
<i>First Became a Ferro Director:</i>	2013
<i>Current Term Expires:</i>	2016
<i>Common Stock Owned:</i>	708,800 shares
<i>Common Stock Under Option:</i>	0 shares
<i>Committee Assignments:</i>	Compensation Committee

Strategy Committee

Biographical Information:

Mr. Quinn was elected to the Board in May 2013 pursuant to the terms of the 2013 Agreement as discussed above.

Mr. Quinn is the founder, Chairman and Chief Executive Officer of Quinpario Partners LLC, a privately owned investment and operating company focused on the specialty chemicals and performance materials sector, and the President, Chief Executive Officer and Chairman of the Board of Directors of Quinpario Acquisition Corp., a special purpose acquisition company formed in May 2013. Mr. Quinn has over 25 years of experience with industrial companies in the areas of mining, refining and chemicals, including as President, Chief Executive Officer and Chairman of the Board of Solutia Inc., a global specialty chemical and performance materials company. At Solutia, Mr. Quinn served from May 2004 as the President and Chief Executive Officer and from February 2006 in the additional role of Chairman of the Board until 2012 when Solutia was acquired by Eastman Chemical Company.

Mr. Quinn also serves as a director of Tronox Limited, a producer and marketer of titanium ore and titanium dioxide pigment, and W.R. Grace & Co., a supplier of catalysts, engineered and packaging materials and specialty

construction chemicals and building materials. Mr. Quinn formerly served as a director of SunEdison, Inc. (formerly MEMC Electronic Materials Inc.) and Tecumseh Products Company.

PETER T. THOMAS

<i>Age:</i>	58
<i>First Became a Ferro Director:</i>	2013
<i>Current Term Expires:</i>	2015
<i>Common Stock Owned:</i>	683,772 shares
<i>Common Stock Under Option:</i>	263,234 shares

Biographical Information:

On April 24, 2013, Mr. Thomas was appointed President and Chief Executive Officer of Ferro and was elected to the Board. Mr. Thomas served as interim President and Chief Executive Officer since November 2012.

Prior to his appointment as interim President and Chief Executive Officer, Mr. Thomas served as the Operating Vice President of Ferro's Polymer and Ceramic Engineered Materials Group, which included its Polymer Additives, Specialty Plastics, Tile Coatings, Porcelain Enamel, and Pharmaceuticals businesses. Mr. Thomas joined Ferro in 2000 as Director of Sales for Polymer Additives. Prior to joining Ferro, Mr. Thomas was Vice President of the Oleochemical-Derivatives business unit for Witco Corporation. He also held positions as Vice President of Sales and Global Market Director.

Mr. Thomas is a member of the International Pharmaceutical Excipients Council, Soap and Detergents Association, the Society of Plastics Engineers, and the American Production and Inventory Control Society. He also serves as a director of the Synthetic Organic Chemical Manufacturers Association.

RONALD P. VARGO

<i>Age:</i>	60
<i>First Became a Ferro Director:</i>	2009
<i>Current Term Expires:</i>	2016
<i>Common Stock Owned:</i>	47,700 shares
<i>Common Stock Under Option:</i>	0 shares
<i>Committee Assignments:</i>	Audit Committee (Chair)
	Compensation Committee
	Strategy Committee

Biographical Information:

Mr. Vargo served as Vice President and Chief Financial Officer of ICF International from April 2010 until May 2011. Prior to joining ICF International, Mr. Vargo served as the Executive Vice President and Chief Financial Officer of Electronic Data Systems (EDS) and served as a member of the EDS Executive Committee. Mr. Vargo joined EDS in 2004 as Vice President and Treasurer and was promoted to Chief Financial Officer in 2006. Before joining EDS, Mr. Vargo served as Corporate Treasurer and Vice President of Investor Relations at TRW Inc., now part of Northrop Grumman, until 2003. He began his career with General Electric in 1976 and also served in numerous leadership

positions at BP plc (BP) and the Standard Oil Company, which was acquired by BP.

Mr. Vargo also serves as a director of EPAM Systems, Inc., a global IT services provider.

Board Meetings and Attendance

During 2013, the Board met 17 times and each Director attended at least 75% of the total number of meetings of the Board and the committees on which he or she served. In accordance with Ferro s Corporate Governance Guidelines, the Directors are encouraged to attend the annual meeting of shareholders. All of the Directors who were in office at the time except Mr. Hyland attended the 2013 annual meeting held on May 22, 2013.

CORPORATE GOVERNANCE

Corporate Governance

The Board of Directors and management believe that good corporate governance enhances investor confidence in Ferro and increases shareholder value. Representative steps Ferro has taken to fulfill its commitment to good corporate governance include, among others:

- o The Board has long followed, both formally and informally, corporate governance principles designed to ensure that the Board, through its membership, composition and committee structure, is able to provide informed, competent and independent oversight of the Company;
- o All of the non-management members of the Board are independent under Ferro's Guidelines for Determining Director Independence, which meet or exceed the independence standards set forth by the NYSE, and only one member of the Board is a member of Company management;
- o All members of the Audit Committee, Compensation Committee, Governance & Nomination Committee and Strategy Committee are independent under Ferro's Guidelines for Determining Director Independence, which meet or exceed the independence standards set forth by the NYSE;
- o The non-management members of the Board met without the presence of management after six of the Board's meetings held during 2013;
- o The committees of the Board also met without the presence of management on multiple occasions during 2013;
- o The Board adopted a majority voting policy in uncontested elections that requires a director to tender his or her resignation if he or she does not receive a majority of votes for his or her election;
- o Each committee of the Board has a charter that clearly defines the committee's role and responsibilities;
- o All Directors, officers and employees are responsible for complying with Ferro's policies on business conduct and ethics;
- o The Board implemented a Clawback Policy in 2012 authorizing the Compensation Committee to recoup incentive-based compensation resulting from a material misstatement of financial results;
- o Ferro has a hotline available to all employees and our Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal accounting controls and auditing

matters to encourage employees to report questionable activities to the legal department and Audit Committee;

- o Ferro's internal audit function maintains critical oversight over key areas of Ferro's business and financial processes and controls, and reports directly to the Audit Committee;
- o Ferro's independent registered public accountants report directly to the Audit Committee;
- o The Compensation Committee's compensation consultant does not provide any services to Ferro other than those provided to the Compensation Committee;
- o Ferro has established procedures for shareholders to communicate directly and confidentially with the Lead Director or the non-management Directors; and
- o Each Director owns shares of Ferro Common Stock.

Corporate Governance Principles

The Board has adopted Corporate Governance Principles, which are available on Ferro's website (www.ferro.com) and are intended to ensure that Ferro's Director qualifications, committee structure and overall Board processes facilitate good corporate governance and independent oversight of the Company's management.

Director Independence

The Board has also adopted formal Guidelines for Determining Director Independence, which are available on Ferro's website (www.ferro.com). The purpose of these Guidelines is to assist the Board in its evaluation of and determination regarding the independence of members of the Board. The Guidelines meet or exceed the standards set forth in section 303A of the NYSE listing standards, and the Board has determined that all Directors and Director nominees, other than Mr. Thomas, recommended by the Board qualify as independent under such Guidelines.

Majority Voting Policy

In August 2012, the Board adopted the Policy of the Board of Directors Relating to Majority Voting (the Majority Voting Policy). Pursuant to the Majority Voting Policy, in the event of an uncontested election (an election in which the number of nominees for Director does not exceed the number of Directors to be elected where a nominee for Director receives more votes withheld from his or her election than votes for his or her election, such Director is expected to tender to the Governance & Nomination Committee his or her resignation as a Director. The Governance & Nomination Committee of the Board will then consider each resignation tendered and recommend to the Board whether to accept or reject it. If the Board rejects the Director's resignation, the Director will continue to serve for the remainder of his or her term and until his or her successor is duly elected, or his or her earlier death, resignation or removal. If the Board accepts the Director's resignation, then the Board in its sole discretion may fill any resulting vacancy or may decrease the number of Directors comprising the Board. The Governance & Nomination Committee, in making its recommendation, and the Board, in making its decision, may consider any factors or other information that they consider appropriate.

Board Committees

The Board of Directors has four standing committees, which are the Audit Committee, the Compensation Committee, the Governance & Nomination Committee, and the Strategy Committee.

Audit Committee

The Audit Committee assists the Board with oversight of the integrity of Ferro's financial statements, compliance with legal and regulatory requirements relating to Ferro's financial reports, Ferro's independent registered public accounting firm's qualifications, independence and performance, the performance of the internal audit and risk management functions, compliance with legal and ethical policies and accounting practices and systems of internal controls. The Audit Committee is not, however, responsible for conducting audits, preparing financial statements or the accuracy of any financial statements or filings, all of which remain the responsibility of management and the Company's independent registered public accounting firm. The Audit Committee's charter may be found on Ferro's website (www.ferro.com).

Dr. Hwang and Messrs. Kong, Pistell and Vargo served on the Audit Committee throughout 2013, with Mr. Vargo serving as the Chair. In addition, Ms. Austin served on the Audit Committee until her resignation at the 2013 annual meeting. Each member of the Audit Committee is independent as

required under section 301 of the Sarbanes-Oxley Act of 2002, as well as under the standards contained in section 303A of the NYSE's listing standards and the Company's Guidelines for Determining Director Independence. Two members of the Audit Committee qualify as audit committee financial experts, as defined in section 407 of the Sarbanes-Oxley Act and the SEC's rules under that statute. The Board has designated Mr. Vargo as the audit committee financial expert. (Mr. Vargo's biography is on page 11 above.) Each member of the Audit Committee has the requisite financial literacy required under section 303A of the NYSE listing standards to serve on the Audit Committee.

The Audit Committee met eight times in 2013. The Audit Committee's report is on page 57 below.

Compensation Committee

The Compensation Committee is responsible for recommending policies for the compensation of Directors and setting the compensation of the Senior Management Committee, which is comprised of the Company's executive officers. The Compensation Committee also oversees management's administration of significant employee compensation and benefit plans. The Compensation Committee's charter may be found on Ferro's website (www.ferro.com).

Messrs. Hipple, Hyland, Lawrence and Vargo served on the Compensation Committee throughout 2013, with Mr. Hipple serving as the Chair. Mr. Brown served on the Compensation Committee until his departure from the Board at the 2013 annual meeting. Mr. Quinn was appointed to the Compensation Committee pursuant to the 2013 Agreement and has served on the Compensation Committee since his election to the Board at the 2013 annual meeting. Each member of the Compensation Committee is independent under the standards contained in section 303A of the NYSE's listing standards and the Company's Guidelines for Determining Director Independence.

The Compensation Committee met eight times in 2013. The Compensation Committee's report is on page 32 below.

The Compensation Committee retained Exequity LLP (the Compensation Consultant) to serve as its compensation consultant in 2013. The Compensation Consultant assisted with the design of pay plans and with reviewing the effectiveness and competitiveness of the Company's compensation programs. The Compensation Consultant provided the Compensation Committee and management with market data on the compensation programs of peer companies. The Compensation Consultant did not provide any other services to the Company. To ensure that the Compensation Consultant's consulting services remain independent and objective, the Compensation Committee and the Compensation Consultant took the following steps: (i) the Compensation Consultant reported directly to the Compensation Committee Chair; (ii) at least annually, the Compensation Committee conducts a review of the Compensation Consultant's performance; and (iii) the Compensation Consultant's fees were not linked to the size of the Company's executive compensation programs. The Compensation Committee has reviewed the independence of the Compensation Consultant, including the independence factors contained in section 303A of the NYSE's listing standards, and determined that the services provided by the Compensation Consultant do not raise any conflicts of interest.

The Chief Executive Officer (CEO) and Vice President, Human Resources make recommendations regarding compensation of the Senior Management Committee (other than for the CEO) based on competitive market data, internal pay equity, responsibilities and performance. The Compensation Committee makes all final determinations regarding executive compensation, including salary, bonus targets, equity awards, and related performance goals. From time to time, the Compensation Committee delegates to the CEO and Vice President, Human Resources authority to

carry out certain administrative duties regarding the compensation programs, including grants of equity awards to non-executive employees and new hires. For more information on how executive compensation decisions are made, see the Executive Compensation Discussion & Analysis section beginning on page 21 below.

Governance & Nomination Committee

The Governance & Nomination Committee is responsible for recommending to the Board corporate governance principles, overseeing adherence to the Corporate Governance Principles adopted by the Board, recommending to the Board criteria and qualifications for new Board members, recommending to the Board nominees for election as Directors and recommending to the Board the composition and chairs of each committee. The Governance & Nomination Committee's charter may be found on Ferro's website (www.ferro.com).

Dr. Hwang and Messrs. Hyland, Kong and Lawrence served on the Governance & Nomination Committee throughout 2013, with Mr. Lawrence serving as the Chair. Ms. Austin served on the Governance & Nomination Committee until her resignation from the Board at the 2013 annual meeting. Mr. Lorber was appointed to the Governance & Nomination Committee pursuant to the 2013 Agreement and served on the Governance & Nomination Committee since his election to the Board at the 2013 annual meeting. At the organizational meeting of the Board immediately following the Annual Meeting (the Organizational Meeting), Mr. Hyland, if re-elected, will serve as the Chair of the Governance & Nomination Committee. All members of this Committee meet the independence standards contained in section 303A of the NYSE's listing standards and the Company's Guidelines for Determining Director Independence.

The Governance & Nomination Committee met four times in 2013.

In its role as the nominating body for the Board, the Governance & Nomination Committee reviews the credentials of potential Director candidates (including potential candidates recommended by shareholders), conducts interviews, and makes formal recommendations to the Board for the annual and any interim election of Directors. In making its recommendations, pursuant to the Company's Corporate Governance Principles, the Governance & Nomination Committee considers a variety of factors, including skills, independence, background, experience, diversity, and compatibility with existing Board members. The Governance & Nomination Committee may also consider such other factors as it deems appropriate in the best interests of the Company and its shareholders. Diversity is one of the factors that the Governance & Nomination Committee considers when identifying potential Director candidates and making recommendations to the Board.

The Governance & Nomination Committee identifies nominees by first evaluating the current members of the Board willing to continue in service. If any Board member is of retirement age or does not wish to continue in service or if the Governance & Nomination Committee or the Board decides not to nominate a member for re-election, then the Committee identifies the desired skills and experience that it would like Director candidates to have in light of the criteria outlined above. The Governance & Nomination Committee then considers potential Director candidates that may be recommended by the Board, senior management, shareholders and consultants. All candidates, regardless of the source of the recommendation, are considered in the same manner.

The Governance & Nomination Committee considered each Director's leadership experience, specific industry or manufacturing experience, and familiarity with global operations. The Directors hold or have held executive officer positions or serve or have served on boards of directors in organizations that have provided them experience in operations, management, risk management, governance and leadership development. The Board and the Governance & Nomination Committee believe that these

skills and qualifications, combined with each Director's diverse background and ability to work in a positive and collegial fashion, benefit Ferro and Ferro's shareholders by creating a strong and effective Board. Set forth below are qualifications with respect to each member of the Board:

Mr. Hipple has leadership and management experience with a business that produces and supplies high performance engineered materials globally. Mr. Hipple currently serves as chairman of the Board, chief executive officer and president of a publicly traded company and provides the Board with insight and experience leading an international public company comparable in size to Ferro. He also brings experience serving on the board of directors of another publicly traded company.

Dr. Hwang has more than three decades of international business experience in materials, electronics, manufacturing, technology, chemicals and coatings through her management and/or ownership of businesses. She has served in a number of senior management positions, including president and chief executive officer, and has specialized knowledge of the materials industry. In addition, she has served on international advisory boards and the boards of both public and private companies.

Mr. Hyland has comprehensive operations, sales and international experience in multiple industries, offering breadth of knowledge that benefits the Company's diverse business units. In addition, Mr. Hyland brings to the Board experience serving as the chairman, chief executive officer and president of another publicly traded company that sells, as Ferro does, into the building and construction industry.

Mr. Kong brings to the Board extensive international business and operations experience, including a deep understanding of the Asian and international business environment as a result of having lived and worked in Asia for several years. His experience includes business development, distribution, and operations management, including with businesses in the chemicals, automotive and electronic industries. Mr. Kong has served in a number of senior management positions in global companies and formerly oversaw a publicly traded company's components business.

Mr. Lawrence has experience with legal compliance, risk assessment, government relations, international business and business development in global automotive, aerospace and information systems markets. Mr. Lawrence led the business development function and served as general counsel and secretary of a Fortune 500 company and has extensive experience dealing with acquisitions and divestitures and with corporate governance issues. In addition, Mr. Lawrence serves as a member of the board of directors of another publicly traded company.

Mr. Lorber has significant financial, investment and real estate industry experience. He also brings to the Board experience in corporate governance and business oversight as a result of having served on other public company boards. Mr. Lorber currently serves as a member of the board of directors of another publicly traded company.

Mr. Pistell has extensive experience in corporate finance, treasury, international business and diversified manufacturing. In addition, Mr. Pistell has served in a number of senior management positions in accounting and finance including as the chief financial officer of a publicly traded global company.

Mr. Quinn has more than 25 years of experience with industrial companies. He has served in a number of senior management positions, including as president and chief executive officer, and has served as chairman of the board of a publicly traded chemical and materials company. In addition, Mr. Quinn serves as a member of the board of directors of two other publicly traded companies.

Mr. Thomas brings to the Board an extensive understanding of Ferro's business and has extensive experience working as a senior officer for major organizations in the chemical and materials industry.

Mr. Vargo has extensive experience in treasury, investor relations, business strategy, acquisitions and divestitures, finance, and operations in global corporations. In addition, Mr. Vargo has served in senior management positions at publicly traded companies, including as the chief financial officer of two publicly traded companies. Mr. Vargo also serves as a member of the board of another publicly traded company.

The Governance & Nomination Committee will consider candidates for Director who are recommended by shareholders in accordance with the advance notice provisions in the Company's Code of Regulations. Shareholder recommendations must be submitted in writing to: Secretary, Ferro Corporation, 6060 Parkland Boulevard, Mayfield Heights, Ohio 44124 USA, not less than 90 nor more than 120 calendar days prior to the first anniversary of the date of the preceding year's annual meeting of shareholders. The recommendation notice should include the information required by the Company's Code of Regulations, including, but not limited to, (a) certain biographical and share ownership information concerning the nominee and the shareholder proponent, (b) a description of any arrangements between the shareholder proponent (and certain affiliates) and any other person or entity with respect to the nomination, including the nominee, and (c) a written consent of the nominee to serve as a director of the Company, if elected, and a representation regarding the nominee's voting commitments or actions as a director, as well as that the nominee will comply with the Company's corporate governance and other policies, principles and guidelines. The Company may also require a candidate to furnish additional information regarding his or her eligibility and qualifications.

Strategy Committee

Pursuant to the terms of the 2013 Agreement, the Board established the Strategy Committee in May 2013 to assist the Board in evaluating strategies to enhance total shareholder return, including optimizing the Company's capital structure, reviewing strategic proposals, reviewing the Company's mix of businesses and improving operating performance. The Strategy Committee's charter may be found on Ferro's website (www.ferro.com).

Messrs. Lawrence, Lorber, Pistell, Quinn and Vargo served on the Strategy Committee since its creation in May 2013, with Mr. Pistell serving as the Chair. Each member of the Strategy Committee is independent under the standards contained in section 303A of the NYSE's listing standards and the Company's Guidelines for Determining Director Independence.

The Strategy Committee met five times in 2013.

Board Leadership Structure

Historically, Ferro's board leadership structure consisted of a combined CEO and Chairman of the Board and a Lead Director. Ferro's board leadership structure is currently comprised of an independent Chairman of the Board and an independent Lead Director. This leadership structure was implemented on a temporary basis following the termination of James F. Kirsch's employment as President and CEO and his resignation from the Board. On November 12, 2012, Peter T. Thomas was named as Ferro's interim President and CEO and William B. Lawrence was named as acting Chairman of the Board. Effective April 24, 2013, Peter T. Thomas was named Ferro's permanent President and CEO and was made a member of the Board and William B. Lawrence was named Chairman of the Board. Pursuant to the 2014 Agreement and effective as of the Organizational Meeting, William B. Lawrence, if re-elected, will step down and Peter T. Thomas will be named Chairman of the Board.

Ferro's non-management Directors, all of whom are independent, meet at regularly scheduled executive sessions several times each year. These meetings are chaired by a Lead Director selected

from among the committee Chairs. Neither the CEO nor any other member of management attends these meetings except in limited circumstances if requested by the Directors. Following each executive session, the Lead Director or the other non-management Directors share with the CEO or other members of senior management such observations, comments or concerns as the Lead Director and the other non-management Directors deem appropriate. Mr. Hipple, the Chair of the Compensation Committee, currently serves as the Lead Director. Mr. Hyland, if re-elected, will be named as the Lead Director at the Organizational Meeting.

The independent Directors have access to Ferro management as they deem necessary or appropriate, consistent with the Company's Corporate Governance Principles. In addition, the Chairs of the Audit Committee, Governance & Nomination Committee, Compensation Committee and Strategy Committee meet periodically with members of senior management.

The Board continues to reexamine the Company's corporate governance policies and leadership structure on an ongoing basis.

Board's Role in Risk Management Oversight

The Board oversees the Audit Committee, which has the primary role in risk management oversight. The Board receives periodic reports from the Audit Committee with respect to its discussions with management regarding Ferro's guidelines and policies governing the assessment and management of risks, any major risk exposures and steps management has taken to monitor and control such exposures, and Ferro's use of certain financial instruments. Management uses an enterprise risk management process to identify, assess, manage and mitigate risks to the Company. The CEO, Chief Financial Officer (CFO), Chief Risk Officer and General Counsel of the Company each periodically report to the Audit Committee with respect to risk management. In addition, the CFO and Treasurer each periodically report to the Audit Committee with respect to financial risk management and Ferro's use of certain financial instruments. With respect to risk related to compensation matters, the Compensation Committee considers, in establishing and reviewing Ferro's executive compensation program, whether the program encourages unnecessary or excessive risk-taking. The Compensation Committee periodically reports to the Board.

Other Corporate Governance Measures

Ferro has adopted a series of policies dealing with business conduct and ethics. These policies apply to all Ferro Directors, officers and employees. A summary of these policies may be found on Ferro's website (www.ferro.com), and the full text of the policies is available in print, free of charge, by writing to: Secretary, Ferro Corporation, 6060 Parkland Boulevard, Mayfield Heights, Ohio 44124 USA. The Audit Committee is responsible for the review of the Company's legal and ethical policies. The Audit Committee must approve any exception or waiver to these policies. In addition, a description of any exception, amendment or waiver to these policies with respect to the CEO, the CFO and the Company's principal accounting officer, controller or persons performing similar functions will be posted on the Company's website within four business days following the date of the exception, amendment or waiver. Ferro also maintains a hotline that allows employees throughout the world to report confidentially violations of the Company's legal and ethical conduct policies, consistent with local legal requirements and subject to local legal limitations. In addition, the Governance & Nomination Committee is responsible for reviewing and approving any related party transaction. Any shareholder or other interested party who wishes to communicate directly and confidentially with the Lead Director or the non-management Directors as a group may contact the non-management Directors at the following website: www.ferrodirectors.com. The non-management Directors will handle such communications with appropriate confidentiality.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Stock Ownership by Directors and Executive Officers

Ferro encourages share ownership by its Directors and executive officers and has ownership guidelines as described in the Executive Compensation Discussion & Analysis. The information below shows beneficial ownership of Common Stock by (i) each Director, (ii) each executive officer or former executive officer named in the Summary Compensation Table on page 33 below, and (iii) all Directors and current executive officers as a group. Except as otherwise noted, each person has sole voting and investment power as to his or her shares of Common Stock. The information set forth below is as of March 7, 2014.

	Shares of Common Stock	Underlying Options	Common Stock Owned Directly or Indirectly	Exercisable Within 60 Days of Record Date	Total Shares of Common Stock	Percentage of Outstanding Common Stock
Directors						
Richard J. Hipple ⁽¹⁾	53,300	0	53,300	0	53,300	*
Jennie S. Hwang ⁽¹⁾	55,425	14,000	69,425	14,000	69,425	*
Gregory E. Hyland ⁽¹⁾	42,700	0	42,700	0	42,700	*
Peter T. Kong ⁽¹⁾	18,500	0	18,500	0	18,500	*
William B. Lawrence ⁽¹⁾	65,670	14,000	79,670	14,000	79,670	*
David A. Lorber ⁽¹⁾	14,113	0	14,113	0	14,113	*
Timothy K. Pistell ⁽¹⁾	50,700	0	50,700	0	50,700	*
Jeffry N. Quinn ⁽¹⁾⁽³⁾	708,800	0	708,800	0	708,800	*
Peter T. Thomas ⁽²⁾	51,718	263,234	314,952	263,234	314,952	*
Ronald P. Vargo ⁽¹⁾	47,700	0	47,700	0	47,700	*
Officers Named in Summary Compensation Table						
Jeffrey L. Rutherford ⁽²⁾	48,300	54,934	103,234	54,934	103,234	*
Mark H. Duesenberg ⁽²⁾	21,735	170,467	192,202	170,467	192,202	*
Ann E. Killian ⁽²⁾	31,847	213,067	244,914	213,067	244,914	*
John A. Fleischer ⁽²⁾	0	0	0	0	0	*
13 Directors and Executive Officers as a Group⁽⁴⁾	1,210,506	729,702	1,940,210	729,702	1,940,210	2.23%

* Less than 1 percent.

(1) Amounts reported include shares held on behalf of each Director under the Ferro Director Deferred Compensation Plan because the Directors have the ability to direct the voting of shares held in such plan.

- (2) Shares of Common Stock reported above do not include (i) 266,278, 178,024, 52,200 and 42,800 restricted share units awarded to Messrs. Thomas, Rutherford and Duesenberg and Ms. Killian, respectively, (ii) 368,330, 166,200, 130,500 and 107,100 performance share units awarded to Messrs. Thomas, Rutherford and Duesenberg and Ms. Killian, respectively, or (iii) 85,722 phantom shares held for the accounts of Messrs. Thomas, Rutherford and Duesenberg and Ms. Killian in the Supplemental 401(k) Plan. Shares of Common Stock reported above for Mr. Fleischer does not include any performance shares units, restricted shares or restricted share units because any unvested performance share units, restricted shares or restricted share units awarded to Mr. Fleischer were forfeited upon termination of his employment. See Employment Agreements and Termination and Change in Control Payments on page 42.
- (3) Includes 700,000 shares of Common Stock owned by Quinpario Partners LLC (Quinpario). Mr. Quinn, as the Chairman and Chief Executive Officer of Quinpario, may be deemed to beneficially own the shares of Common Stock owned by Quinpario.
- (4) Shares reported above do not include 539,302 restricted share units awarded to the executive officers, 772,130 performance share units awarded to the executive officers or 85,722 phantom shares held for the accounts of the executive officers in the Supplemental 401(k) Plan.

Stock Ownership by Other Major Shareholders

The following table sets forth information about each person known by us to be the beneficial owner of more than 5% of Ferro's outstanding Common Stock.

Name and Address of Beneficial Owner	Nature and Amount of Beneficial Ownership	Percentage of Outstanding Common Stock
	(Shares of Common Stock)	
Mario J. Gabelli and related entities ⁽¹⁾ One Corporate Center Rye, New York 10017	13,988,487	16.16%
FMR LLC ⁽²⁾ 245 Summer Street, Boston, Massachusetts 02210	6,626,451	7.65%
Wellington Management Company, LLP ⁽³⁾ 280 Congress Street Boston, MA 02210	6,068,691	7.01%
The Vanguard Group ⁽⁴⁾ 100 Vanguard Boulevard Malvern, Pennsylvania 19355	5,503,454	6.35%

(1) We obtained the information regarding the share ownership of Mario Gabelli and related entities from the Schedule 13D/A filed April 23, 2013, by Gabelli Funds, LLC, which reported sole voting power as to 13,814,887 shares of Common Stock and sole dispositive power as to 13,988,487 shares of Common Stock as of April 23, 2013.

(2) We obtained the information regarding share ownership from the Schedule 13G filed February 14, 2014, by FMR, LLC and related entities, which reported sole voting power as to 648,098 shares of Common Stock and sole dispositive power as to 6,626,451 shares of Common Stock as of December 31, 2013.

(3) We obtained the information regarding share ownership from the Schedule 13G/A filed February 14, 2014, by Wellington Management Company, LLP, which reported shared voting power as to 3,181,041 shares of Common Stock and shared dispositive power as to 6,068,691 shares of Common Stock as of December 31, 2013.

(4) We obtained the information regarding share ownership from the Schedule 13G/A filed February 12, 2014, by The Vanguard Group, which reported sole voting power as to 117,301 shares of Common Stock, sole dispositive power as to 5,392,553 shares of Common Stock and shared dispositive power as to 110,901 shares of Common Stock as of December 31, 2013.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and Directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, Directors and greater than ten percent shareholders are required by SEC regulation to furnish Ferro with copies of all Section 16(a) forms they file.

To Ferro's knowledge, based solely on review of the copies of such reports furnished to Ferro, during the fiscal year ended December 31, 2013, or with respect to such fiscal year, all Section 16(a) filing requirements were met.

EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

Set forth below is a description of the process by which the Company, through its Compensation Committee, set the compensation of its Chief Executive Officer, Chief Financial Officer and other members of the Senior Management Committee for 2013.

Executive Summary 2013 Company Performance

The Company executed its value creation strategy, implemented in the latter part of 2012, ahead of schedule in 2013, resulting in improved competitiveness and profitability. The solar pastes assets and the pharmaceutical and metal powders businesses were divested over the course of the year, as were idle real estate assets. Growth and R&D investments were directed to higher value applications and to position the Company for geographic growth. Organization changes, business process outsourcing and other savings initiatives resulted in more than \$100 million of identified cost reductions, approximately \$47 million of which were realized in 2013. The estimated savings run rate at year-end 2013 was \$70 million.

Net sales for 2013 were \$1.6 billion compared with net sales of \$1.7 billion for 2012. Value-added sales, which excludes precious metal sales, decreased 2%. Adjusting for the impact of business lines that were exited, value-added sales declined by less than 1%. Gross profit was \$330 million for 2013 compared with \$290 million for 2012. Excluding special charges, adjusted gross profit was \$334 million (21.7% of value-added sales) compared with \$302 million (19.2% of value added-sales) in the prior year.

As a consequence of the actions taken and the resulting improvements in financial performance, the Company's stock price increased by 299% over the course of the year, from \$4.29 on January 2, 2013, to \$12.83 on December 31, 2013.

Change in Leadership

James Kirsch's employment as President & CEO was terminated on November 12, 2012. At that time, Peter Thomas was selected to serve as interim President & CEO. Effective April 24, 2013, Mr. Thomas was appointed to the position of President & CEO and elected to the Company's Board of Directors.

In recognition of the expanded roles and increased responsibilities managing the Company's day-to-day operations during the period between Mr. Kirsch's departure and the appointment of a CEO, both Mr. Thomas and Jeffrey Rutherford, the Company's Vice President & Chief Financial Officer, were extended special compensation arrangements, each of which is summarized below under the heading "Special Compensation for Interim Roles."

Say-on-Pay

The Compensation Committee considered the most recent say-on-pay non-binding shareholder advisory vote held in May 2013 regarding the named executive officers' 2012 compensation to be generally supportive of the Company's pay practices. Approximately 91.8% of shareholders who cast a vote on our say-on-pay proposal voted in favor of our executive compensation for 2012. The Compensation Committee considered the outcome of the most recent say-on-pay vote and shareholder perspectives shared with management and concluded that neither suggested a need for consideration of any significant changes to compensation practices for 2014.

Implications of 2013 Performance on 2013 Pay

The Company's compensation plans have been designed with strong linkage between the financial performance of the Company and the payouts made to executive officers. The Annual Incentive Plan (AIP) is structured to deliver incentive payouts at the 50th percentile of the competitive market for achievement of target financial performance. The financial AIP goals are established based on the budget in the annual operating plan approved by the Board of Directors and, for 2013, determined 90% of an executive's AIP opportunity. For 2013, the financial goals for all executive officers were Company operating profit and cash flow. Achievement of strategic personal performance goals accounted for 10% of an executive's AIP payment.

Results for the AIP financial metrics were close to the established maximum for adjusted operating profit and above maximum for cash flow. Consequently, annual cash compensation paid to executive officers for 2013 exceeded individual target levels and generally was above market median, consistent with the plan design of delivering rewards that are above market median for performance that exceeds targeted results.

In December of 2012, the Compensation Committee reviewed the configuration of the long-term incentive program for executive officers, and decided to continue delivering long-term incentive awards consisting of 50% in performance share units, 30% in stock options and 20% in restricted share units. Further reinforcing the pay for performance relationship and the financial goals associated with the Company's value creation strategy, the metrics chosen for the performance share unit grants for the 2013-2015 period were 2015 Return on Invested Capital and Cumulative Cash Flow.

Consistent with the methodology followed in 2012, the number of shares granted on February 21, 2013 was calculated based on the average closing stock price during the prior calendar month. The use of an average stock price mitigates the possibility that a significant one-day change in stock value will have a material impact on the number of stock options or share awards granted. For 2013 grants, the average closing price during the month of January 2013 used to determine the awards was \$4.58, and the actual grant date share price reported in the Summary Compensation Table (SCT) was \$5.29, an increase of 15.5%.

Other Governance Features of the Executive Compensation Program

In addition to its pay for performance character, the integrity of the Company's executive compensation program is reinforced by the following:

Executive officers do not receive perquisites such as financial counseling, tax preparation, company cars, club memberships, personal use of company aircraft or other allowances.

Non-qualified plans do not provide for any premium or guaranteed investment returns.

Executive officers are subject to stock ownership guidelines.

No executive officer is covered by an employment agreement. A severance policy adopted in 2010 provides for payments consistent with market practices of peer companies.

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Effective in 2010, change-in-control agreements covering new executives were amended to eliminate tax gross-up and modified single trigger provisions.

Effective in 2011, no employees or directors are permitted to hedge their equity-based compensation awards or the value of the securities they hold.

Effective in 2012, a Clawback Policy was implemented authorizing the Compensation Committee to recoup incentive-based compensation resulting from a material misstatement of financial results.

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The 2013 Omnibus Incentive Plan, approved by shareholders on May 22, 2013, incorporates a double-trigger provision for vesting of equity awards in the event of a change in control.

On an annual basis, the Compensation Committee reviews comprehensive tally sheets, illustrating the total compensation for the most recent three years for each executive officer.

The compensation program rewards executives for the long-term, sustainable value creation of the Company.

Generally, restricted shares vest three years from the date of grant and are then subject to an additional holding period of two years.

Long-term incentives (that align management interests with shareholder concerns) comprise a large percentage (69% to 71% in 2013) of named executive officer target compensation.

Executive Compensation Philosophy and Guiding Principles

Ferro is committed to the following guiding principles in the design of its executive compensation program.

Attract, Retain, and Align: Provide a total compensation opportunity that will attract and retain an experienced and high-performing senior management team, and direct their efforts toward the achievement of the Company's financial goals and generation of shareholder value;

Reward Achievement: Maintain a strong pay for performance character by aligning rewards with proven financial results and changes in shareholder value so that exceptional achievements generate exceptional pay and performance below targets yield compensation that is below market medians; and

Remain Competitive: Target aggregate expenditures for each compensation element at the 50th percentile of competitive market practices, which includes peer companies as well as other organizations that participate in a similar industry and have comparable revenues.

Oversight of Executive Compensation

Compensation Committee: The Compensation Committee of the Board (the Committee) is responsible for establishing, implementing and monitoring adherence to the Company's compensation philosophy for the CEO and the other members of the Senior Management Committee. The Committee sets the compensation of the Company's executive officers, recommends to the Board compensation for the Directors and oversees management's administration of the other significant employee compensation and benefit plans. In carrying out its oversight responsibilities, the Committee is supported by an external executive compensation consultant and management. The Committee has the sole authority to retain (and terminate) any consultants used to evaluate the Company's executive management compensation.

Management: Management of the Company supports the Committee in its assessment of executive compensation, implements decisions made by the Committee and ensures the Company's compensation plans are administered in accordance with the provisions of the plans. The CEO and Vice President of Human Resources participate in an advisory capacity in the Committee's meetings, including the annual compensation review in February each year, provide the Committee with data and analyses and make recommendations with respect to awards to members of the Senior Management Committee, excluding the CEO. The Committee makes its decisions with respect to the compensation of the CEO in executive session, without the presence of management.

Independent Compensation Consultant: The Committee has retained Exequity LLP, an independent Compensation Consultant, to advise on executive compensation matters. The Compensation Consultant reports directly to the Committee and provides expertise to the Committee and management on the design of appropriate executive compensation plans, analysis of the effectiveness of existing plans and the market-competitiveness of base salary, annual incentive levels and long-term incentive awards. The Compensation Consultant also provides advice to the Committee and management on the competitive elements of the pay program for non-employee Directors. The Compensation Consultant did not provide any additional services to the Company during 2013. The Committee conducted a conflicts of interest assessment and no conflict of interest was identified.

Components of Executive Compensation

<i>Total Rewards</i>	
<i>Annual Cash</i>	<i>Long-term Incentives</i>
- Base Salary	- Stock Options
- Annual Incentives	- Restricted Share Units
	- Performance Share Units
<i>Other Benefits</i>	
- Retirement Benefit - 401(k) Plan	- Deferred Compensation Plan
- Retirement Benefit - Supplemental 401(k) Plan	- Change in Control Agreements

Base Salary: An executive's base salary is cash compensation that is generally not at risk and is paid to the executive regardless of the performance of the Company in a particular year. The amount of base salary is reviewed on an annual basis and adjusted, if warranted, to reflect scope of responsibilities, individual performance, and external market conditions. The Company targets its base salary expenditures at the 50th percentile of the competitive market and considers factors such as performance and experience, internal pay equity, and scope and influence of the position in setting an individual's base salary and overall compensation level. This helps ensure the Company's ability to compete in the market for executive talent while maintaining fixed compensation costs at levels that are comparable to other companies of similar size.

Annual Incentives: The Company's Annual Incentive Plan (the AIP) provides an executive with an opportunity to earn additional cash compensation based upon the achievement of pre-determined Company financial and strategic personal performance goals for the year. The AIP is designed to deliver incentive payouts at the 50th percentile of the competitive market for achievement of target performance levels. Target incentive opportunities, performance metrics, and performance goals are established by the Committee after reviewing and discussing management's recommendations and are communicated to participants near the beginning of each year. Generally, the AIP operates as described below.

- o The financial AIP goals are linked to the financial goals in the annual operating plan approved by the Board of Directors and account for 90% of an executive's 2013 bonus opportunity. Strategic personal performance goals, weighted at 10% in 2013, are established at the beginning of the year and are closely linked to the Company's business and strategic objectives.
- o At the Committee's discretion, AIP payments earned by the CEO and each Senior Management Committee member related to established financial goals may be adjusted upward or downward by as

much as 20% to reflect individual performance in a given year.

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- o In addition, the Committee may adjust AIP performance results to account for certain special charges in exceptional or extraordinary circumstances where the effects of the item are auditable.

For purposes of the exception to the limitation on the tax deductibility of compensation under Section 162(m) of the Internal Revenue Code, funding for AIP is formulated and is a function of Gross Profit. In 2013, the maximum amount available to pay to our Named Executive Officers was 1.5% of Gross Profit, defined as net sales less total cost of sales, for the fiscal year ended December 31, 2013. The maximum award for Mr. Thomas, as the Chief Executive Officer, was 55% of this pool, and the maximum amount that could be paid to each of the remaining named executives, except Mr. Rutherford, was 15% of the pool. In addition, individual annual award amounts are limited to \$4 million as provided in the 2013 Omnibus Incentive Plan.

Long-Term Incentives: In May 2013, the Company's shareholders approved the 2013 Omnibus Incentive Plan (the 2013 LTIP). The 2013 LTIP replaced the 2010 Long-Term Incentive Compensation Plan (the 2010 LTIP). (The 2010 LTIP and the 2013 LTIP constitute the Company's Long-Term Incentive Plan and are collectively referred to as the LTIP in this Compensation Discussion & Analysis.) LTIP grants in February of 2013 were made under the authority of the 2010 LTIP because the 2013 LTIP had not yet been approved by the Company's shareholders. The Company also has outstanding option awards under the 2003 Long-Term Incentive Plan and 2006 Long-Term Incentive Plan.

- o The LTIP is a critical component of the compensation program. It is designed to promote Ferro's long-term financial interests and growth, attract, motivate, and retain key employees and to align their interests with those of the Company's shareholders. The LTIP is administered by the Committee. Management proposes to the Committee the employees who will participate in the program and the number of shares to be granted to each participant. The Committee reviews, discusses and approves the types and number of awards to be made to each participant and approves the terms, conditions and limitations applicable to each award. The Committee delegates authority to the CEO, within pre-established limitations, to make awards to newly-hired employees or current employees who are not executive officers during the course of the year. Long-term incentive grant values are targeted at the 50th percentile of the competitive market, but may be adjusted after consideration of factors that include share availability, burn rate and unusual changes in stock price.
- o The LTIP allows the Company to award several types of long-term incentives, e.g., stock options, stock appreciation rights, restricted shares or units, performance awards, other common stock-based awards (such as phantom common stock units and deferred common stock units) and dividend equivalent rights. For 2013, the forms and mix of LTIP awards granted to the named executive officers are as follows.

Performance Share Units. Performance share units are units of Common Stock that are earned contingent on operating results over periods that run for three consecutive fiscal years. The performance share units granted to executive officers by the Committee in 2013 will be earned at the completion of 2015, depending on the achievement of established 2015 return on invested capital and cumulative cash flow goals. At the end of the vesting period and only if the performance conditions have been met, the executives will receive one-half of

the award value in non-forfeitable shares of the Company's Common Stock, including the nominal amount of dividends paid on earned performance share units, if any, and the remaining one-half in cash.

Stock Options. Stock options are issued with an exercise price at no less than the closing market price of Common Stock on the date the options are granted. All stock options have a maximum term of ten years. Stock options granted in 2013 vest evenly over the first three anniversaries of the grant date. After receiving the recommendation of management, the Committee determines which employees receive stock options and the number of option shares granted to employees in accordance with the terms of the LTIP.

Restricted Share Units. Restricted share units are units representing shares of Common Stock that are granted to a recipient and that vest after a period of time has elapsed. Until such time as certain conditions are met and the restricted share units vest, they remain subject to forfeiture. Under the terms of the LTIP, restricted share units that vest based solely on the lapse of time may not vest in whole in less than three years from the date of grant and no installment of an award may vest in less than 12 months. The restricted share units granted to executive officers by the Committee in 2013 vest three years from the date of grant. These share units vest only if the executive is employed by the Company at the end of the vesting period or if his or her employment was ended due to death, disability or a change in control during that period. Once vested, the restricted share units are then subject to a mandatory holding period of two years, at the end of which the shares are distributed and taxes paid. This approach strengthens the retention aspects of the Company's pay program, consistent with one of its key principles.

The Committee generally makes all LTIP awards at its meeting on a pre-determined date in February. The exercise price of any awards, including stock option strike price, is determined by the closing price of Common Stock on the NYSE on the date the Committee approves the grants. From time to time during the year, the Committee (or the CEO pursuant to the authority delegated to him by the Committee) may award shares to a new hire or to a current employee. In such cases, the strike price of any options granted is based on the closing price of the Ferro Stock on the NYSE on the date the award is granted which, in the case of new hires, is the first date he or she is employed.

Other Benefits

- o *Retirement Benefits.* In previous years, the Company offered its employees a defined benefit plan known as the Ferro Corporation Retirement Plan (the "DB Plan") and, for executive employees, a supplemental defined benefit program, known as the Ferro Corporation Supplemental Defined Benefit Plan for Executive Employees (the "Supplemental DB Plan"). The DB Plan and the Supplemental DB Plan provided employees annuity payments in retirement according to pre-determined formulas. Effective March 31, 2006, the DB Plan and the Supplemental DB Plan were "frozen" for purposes of future accruals. The plans have been frozen as to new entrants since July 1, 2003. Mr. Thomas, who was hired prior to July 1, 2003, is the only executive officer who has earned a benefit under the DB Plan and under the Supplemental DB Plan.

Consequently, the primary retirement benefits for executive officers are a qualified defined contribution 401(k) plan, called the Ferro Corporation Savings and Stock Ownership Plan (the "401(k) Plan"), and its companion non-qualified defined contribution plan, called the Ferro Corporation Supplemental Defined Contribution Plan for Executive Employees (the "Supplemental 401(k) Plan"). Eligible earnings include both the base salary and annual incentive. The Supplemental 401(k) Plan primarily provides participants with Company contributions that would have been made to their 401(k) and basic pension contribution accounts under the 401(k) Plan were it not for tax law limitations. The Supplemental 401(k) Plan

allows participants the option of a deemed investment in either Common Stock or the stable asset fund under the 401(k) Plan. No premium or guaranteed investment return is provided.

- o *Deferred Compensation Plan.* Senior Management Committee members are eligible to participate in the Ferro Corporation Deferred Compensation Plan for Executive Employees (the Deferred Compensation Plan). Under the Deferred Compensation Plan, participants may elect to defer a percentage of their annual salary, as well as their annual bonus and/or performance share unit payout, to be paid at a certain time specified by the participant and consistent with the terms of the plan. The Deferred Compensation Plan allows participants the option of a deemed investment in either Common Stock or the stable asset fund under the 401(k) Plan. No premium or guaranteed investment return is provided. There are no executive officers participating in the Deferred Compensation Plan at this time.

- o *Change in Control Agreements.* For many years, the Board has recognized that there is always a possibility of a fundamental change in the Company s ownership and control through a change in control. Any such threatened or actual change in control would create uncertainties and raise questions that could result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. In light of these facts, the Board determined that appropriate steps needed to be taken to reinforce and encourage the continued attention and dedication of members of the Company s management to their assigned duties without distraction in the face of potentially disruptive circumstances arising from the possibility of a change in control. Consequently, the Company has entered into change in control agreements with each of the executive officers. Since 2010, change in control agreements offered to new executives do not include an excise tax gross-up or a modified single trigger provision. For additional information on payments to executive officers as a result of a change in control, see the discussion under Employment Agreements and Termination and Change in Control Payments beginning on page 46.

Executive Peer Group

For compensation decisions made in 2013, the Compensation Consultants provided competitive market data for both a custom peer group and a 40-company general industry group.

The companies comprising the custom peer group were selected based on factors including company size (e.g., revenues and employees), products, end-use markets and degree of global operations. The annual revenues for the peer group companies generally ranged from one-half to two times the Company s annual revenues, and these companies overlapped significantly with the Company s businesses and end-use markets. The Company s custom peer group for 2013 included:

A. Schulman, Inc.	International Flavors & Fragrances Inc.
Airgas, Inc.	PolyOne Corporation
Albermarle Corporation	Rockwood Holdings, Inc.
Cabot Microelectronics	RPM International Inc.
Cytec Industries Inc.	Sigma-Aldrich Corporation
FMC Corporation	Solutia Inc.
Georgia Gulf Corporation ¹	Tronox Limited
HB Fuller Company	Westlake Chemical Corporation
Hexcel Corporation	W. R. Grace & Company

- ¹ Georgia Gulf Corporation merged with PPG Industries Inc.'s commodity chemicals business to create Axiall Corporation in 2013.

For 2014, the custom peer group was reviewed by the Committee and updated by removing Solutia Inc., which was acquired by Eastman Chemical Company in 2012.

The general industry group represents companies from a broader range of industries, and is composed of 20 companies with revenues higher and 20 companies with revenues lower than the Company. The Compensation Consultant provides this list of companies and their pay practices to the Committee. Pay practices for the general industry group, all of which are reported to the Equilar database, establish a secondary reference point to confirm the validity of the findings from the custom peer group proxy statement analysis, and provide a broader perspective on compensation practices across the market within which the Company competes for senior executives.

Data from the custom peer group and general industry group were used to identify competitive base salaries, annual incentive targets, target total cash compensation, long-term incentives and total direct compensation (cash compensation plus long-term incentives) for the CEO and other members of the Senior Management Committee. These competitive pay levels served as a basis for the Committee's annual review of the Company's pay programs. The Committee and the CEO considered this information in establishing base salaries, annual incentive targets and long-term incentive awards. The Compensation Committee approves all pay decisions related to the named executive officers and other members of the Senior Management Committee.

2013 Executive Compensation Decisions

At its February 21, 2013 meeting, the Committee reviewed the current levels of pay for the Senior Management Committee. The Committee considered the competitive market data provided by the Compensation Consultant for base salary, annual incentive targets and long-term incentive awards, the recommendations of the interim CEO, and the experience, tenure and performance of each executive. After discussion, the Committee approved an increase to Mr. Thomas's base salary of 4.7% to \$435,550 and base salary increases for the balance of the named executive officers ranging from 2.9% to 4.7%. No changes were made to then existing target AIP percentages.

Also at its February 21, 2013 meeting, the Committee approved long-term incentive grants to Messrs. Thomas, Rutherford and Duesenberg, and Ms. Killian.

Once Mr. Thomas was appointed to the position of President & CEO and to the Board of Directors on April 24, 2013, the Compensation Committee determined that Mr. Thomas's annual compensation package should total \$4,000,000, approximating the 25th percentile of CEO market data. Mr. Thomas's salary was increased to \$831,550, approximating the 25th percentile of the competitive pay market. His AIP target was increased from 60% of salary to 100% with an effective date of January 1, 2013. Mr. Thomas was also awarded 98,800 stock options, 118,230 performance share units and 17,480 restricted shares having a total value of approximately \$1.4M. These additional long term incentive awards, when combined with the long-term incentive awards made to Mr. Thomas during the period in which he served as interim President & CEO, approximated the 25th percentile of CEO market data.

Mr. Fleischer, Vice President & Chief Information Officer, was terminated effective February 1, 2013, as part of the Company's efforts to streamline operations and therefore was not eligible for a long-term incentive award. He received severance compensation in accordance with the terms of the Executive Separation Policy.

On February 20, 2014, the Committee reviewed the Company's performance compared to the goals for the 2013 AIP. Actual results at the corporate level were as follows:

Metrics	Weighting	2013 AIP Goals				Actual	Score
		Threshold	Target	Maximum			
Operating Profit ⁽¹⁾ (\$ millions)	45%	\$ 59.7	\$ 79.2	\$ 99.0	\$ 96.5	187%	
Cash Flow ⁽²⁾ (\$ millions)	45%	\$ 38.4	\$ 48.4	\$ 58.4	\$ 59.8	200%	
Strategic Goals	10%	25%	100%	200%	200%	200%	

(1) Operating Profit excludes restructuring charges, impairments, discontinued operations and other special items.

(2) Cash Flow is the change in net debt from year-end 2012 to year-end 2013, excluding the net cash effects of restructuring, unplanned asset disposition proceeds and unplanned cash expenditures related to the proxy contest. The Committee also reviewed performance related to the Company's strategic goals:

Execution of restructuring and cost reduction programs: More than \$100 million of cost reductions were identified, approximately \$47 million of which were realized in 2013.

Completion of identified divestitures: The solar pastes assets and the pharmaceutical and metal powders businesses were divested over the course of the year, as were idle real estate assets.

Strategic initiatives: Growth and R&D efforts were focused on higher value applications and geographic expansion in high growth areas. A pipeline for acquisitions was developed. The dibenzoates manufacturing capacity project was launched. A vision for the future business portfolio and strategy was developed and approved by the Board.

Operating excellence: Safety performance improved with a 16.1% reduction in recordable injury rate, making 2013 the safest year on record for the Company. Adjusted gross profit improved to 21.7% versus 19.2% in 2012. Based upon the strong financial results, the achievements related to the strategic goals of the Company and discussion of each executive officer's contributions during 2013, the Committee determined that maximum AIP awards of 200% of target would be made to each of the executive officers as follows: Mr. Rutherford, \$585,000; Mr. Duesenberg, \$452,400; and Ms. Killian, \$392,700. The Committee also determined that Mr. Thomas would receive a maximum AIP award of \$1,663,100.

Special Compensation for Interim Roles

In recognition of the expanded roles and increased responsibilities in managing the day-to-day operations during the period between Mr. Kirsch's departure and the appointment of Mr. Thomas as CEO, special compensation arrangements were put in place for Mr. Thomas and Mr. Rutherford. Under these arrangements, which were effective

on November 12, 2012, Mr. Thomas received a monthly cash bonus of \$33,000, payable for six months, provided he remained employed by the Company. Payment of this monthly cash bonus to Mr. Thomas ended effective April 24, 2013, when changes were made to his compensation as a result of his appointment as President & CEO. Mr. Rutherford was awarded an interim monthly cash bonus of \$25,000, payable for six months, provided he remained employed by the Company. The final monthly cash bonus payment was made to Mr. Rutherford in May of 2013.

In addition, as part of the special compensation arrangements, Mr. Thomas and Mr. Rutherford were eligible for a discretionary cash bonus of up to \$200,000 in the case of Mr. Thomas and up to \$150,000 for Mr. Rutherford, payable on the earlier of November 12, 2013 or the six-month anniversary of the date on which the new CEO began employment, provided, in either case, the executive continued to be employed by the Company.

In determining the amount of the Discretionary Cash Bonuses to be paid, the Compensation Committee considered the progress made by Mr. Thomas and Mr. Rutherford in implementing the value creation strategy and managing the day-to-day operations of the Company. Based upon the following accomplishments, in October 2013, the Committee decided to pay the maximum amounts to Mr. Thomas and Mr. Rutherford:

1. Stabilized the Company through a CEO transition.
2. Made significant progress implementing the three pillars of the value creation strategy:

Portfolio Evaluation: Progress in this area included completing the divestitures of the solar pastes assets and pharmaceuticals business, advancing toward divestiture of the metal powders business, and disposition of idle real estate assets. In addition, a vision for the future business portfolio was developed and presented to the Board.

Streamline Operations and Reduce Operating Costs: More than \$100 million of cost reductions were identified, approximately \$47 million of which were realized in 2013.

Pursue High-Return Growth Investments: Focused growth and R&D efforts on higher value applications, geographic expansion in high growth areas, and developing a pipeline for bolt-on acquisitions. In addition, the dibenzoates manufacturing capacity project was launched.

3. Improved financial results:

Increased stock price to over \$10.00 in mid-October 2013 from \$2.69 on November 12, 2012.

Exceeded analysts' expectations for each of the first three quarters of 2013.

Achieved significant progress toward publicly stated 2015 financial targets.

4. Enhanced communication and relationships with investors.

Additional Information Concerning Executive Compensation

Use of Tally Sheets

In 2013, the Compensation Committee reviewed comprehensive tally sheets illustrating the total compensation for the most recent three years for each named executive officer and the compensation and benefits payable upon termination, including voluntary termination, separation, and change in control.

Stock Ownership Guidelines

Ferro has maintained stock ownership guidelines for its Directors and executive officers since 1998, reinforcing one of the key objectives of the Company's pay program, the alignment of pay with the interests of shareholders. The guidelines are reviewed and updated periodically to ensure they achieve their intended purpose. The current guidelines require the CEO and other Senior Management Committee members to achieve target ownership levels, respectively, of 150,000 shares and 30,000 shares. The fixed number of shares eliminates volatility in the share ownership requirements that can occur with sharp movements in share price. Newly hired executives have five years to achieve their target ownership levels. All of the Company's named executive officers are in compliance with or exceed the established guidelines.

For non-employee Directors, the stock ownership guideline is 10,000 shares. Each new non-employee Director has five years from the date of election to achieve the target ownership level. Currently, all non-employee Directors are in compliance with or exceed the established guidelines.

Shares of Common Stock deemed to be owned by each executive officer and Director include shares owned outright with no restrictions, restricted share grants, restricted share unit grants, shares owned in the 401(k) Plan, shares deemed to be invested in Common Stock through the Deferred Compensation Plan and Supplemental 401(k) Plan, 20% of vested options that are in-the-money by more than 30%, and shares represented by deferred stock units granted to non-employee Directors.

Section 162(m) Limitation

Section 162(m) of the Internal Revenue Code generally provides that certain compensation in excess of \$1.0 million per year paid to a company's chief executive officer and certain other named executive officers is not deductible by a company unless the compensation qualifies for an exception. Section 162(m) provides an exception for performance-based compensation if certain procedural requirements, including shareholder approval of the material terms of the performance goals, are satisfied. The LTIP contains the provisions necessary to qualify certain awards under the LTIP under the Section 162(m) exception and preserve the tax deductibility to the Company of compensation paid to executives under these plans in the future. Restricted shares do not qualify as performance-based compensation. The AIP is structured to provide for Section 162(m) tax deductibility.

Mitigation of Excessive Risk-Taking

Executive Compensation Recoupment Policy

The Compensation Committee has approved and implemented a formal compensation Clawback Policy. The policy allows the recovery of compensation from certain current and former key employees, including executive officers, in the event that Ferro is required to prepare an accounting restatement due to material noncompliance with financial reporting requirements and the employees willfully committed an act of fraud, dishonesty or recklessness that contributed to Ferro's obligation to prepare the accounting restatement.

Compensation Policies and Practices as Related to Risk Management

In 2013, the Compensation Committee conducted its annual risk assessment of the compensation policies and practices covering executive and non-executive employees. The Compensation Committee evaluated the levels of risk-taking to determine whether they are appropriate in the context of long-term value creation and viability, the overall compensation arrangements, and the Company's overall risk profile. The Compensation Committee concluded the Company has a balanced pay for performance executive compensation program that does not encourage excessive risk-taking and the Company does not maintain compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Anti-Hedging Policy

The Company has a policy against collars, short sales, hedging investments, and other derivative transactions involving Ferro securities. In addition, none of the directors or officers is party to any pledge arrangements with respect to their stock holdings.

Compensation Committee Interlocks and Insider Participation

During 2013, no officer or employee of Ferro served as a member of the Compensation Committee, nor were there any interlocking relationships (as described in Item 407(e)(4) of SEC Regulation S-K) between members of the Compensation Committee and Ferro.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with Ferro's management the Compensation Discussion & Analysis set forth above. Based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion & Analysis be included in this proxy statement and incorporated into the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Respectfully submitted,

Richard J. Hipple, Chair

Gregory E. Hyland

William B. Lawrence

Jeffry N. Quinn

Ronald P. Vargo

2013 EXECUTIVE COMPENSATION

The following table shows the elements of compensation paid or earned during 2013, 2012 and 2011 to the Chief Executive Officer, the Chief Financial Officer and the Company's other three highest-paid executive officers (which includes one former executive officer) as of December 31, 2013:

Summary Compensation Table

Name and Principal Position	Year	Salary ⁽¹⁾ \$	Bonus ⁽²⁾ \$	Stock Awards ⁽³⁾ \$	Option Awards ⁽⁴⁾ \$	Non-Equity Incentive Compensation ⁽⁵⁾ \$	Change in Pension Value and Non- Qualified Deferred Compensation ⁽⁶⁾ \$	All Other Compensation ⁽⁷⁾ \$	Total \$
Peter T. Thomas ⁽⁸⁾	2013	707,165	340,800	1,559,447	761,668	1,663,100	0	129,467	5,161,647
President and	2012	416,000	233,000	1,087,688	215,670	0	82,158	91,196	2,125,712
Chief Executive Officer	2011	400,000	0	174,340	400,520	48,000	61,057	113,858	1,197,775
Jeffrey L. Rutherford ⁽⁹⁾	2013	450,000	275,000	572,378	246,350	585,000	0	60,571	2,189,299
Vice President and	2012	322,500	325,000	1,033,439	208,083	0	0	17,176	1,906,198
Chief Financial Officer									
Mark H. Duesenberg	2013	377,000	0	505,724	217,167	452,400	0	31,309	1,583,600
Vice President,	2012	366,000	0	545,174	171,114	0	0	38,661	1,120,949
General Counsel and	2011	355,000	0	151,600	340,442	78,100	0	60,442	985,584
Secretary									
Ann E. Killian	2013	357,000	0	396,221	170,171	392,700	0	35,693	1,351,785
Vice President,	2012	347,000	0	475,622	149,310	0	0	40,188	1,012,120
Human Resources	2011	337,000	0	121,280	280,364	33,700	0	71,916	844,260
John A. Fleischer ⁽¹⁰⁾	2013	24,186	0	0	0	15,842	0	515,656	555,684
Former Vice President and	2012	243,272	0	191,612	60,198	0	0	18,027	513,109
Chief Information Officer									

(1) **Salary.** The amounts in this column consist of salary actually paid. Mr. Thomas was named President and CEO of the Company effective April 24, 2013. In connection with this appointment, Mr. Thomas' annual base salary was increased to \$831,550 from \$435,550. For a description of the base salary rate in this column relating to 2013, see the Executive Compensation Discussion & Analysis on page 24 above.

- (2) **Bonus.** The amounts in this column generally consist of guaranteed payments as bonuses. Per their special compensation arrangements for interim roles, Mr. Thomas and Mr. Rutherford received initial cash bonuses in November 2012 of \$200,000 and \$150,000, respectively, and monthly cash bonuses commencing on November 12, 2012 of \$33,000 for Mr. Thomas, paid until his appointment as President and CEO on April 24, 2013, and \$25,000 for Mr. Rutherford, which was paid for six months. Mr. Thomas and Mr. Rutherford also received discretionary cash bonuses, consistent with the special compensation arrangements, of \$200,000 and \$150,000, respectively, in October 2013. Mr. Thomas and Mr. Rutherford were provided these bonuses to reflect the additional responsibilities they assumed following Mr. Kirsch's termination of employment. The figure in this column for Mr. Rutherford with respect to 2012 also includes a payment made to compensate him for the forfeiture of his earned bonus upon his resignation from Park-Ohio Holdings Corp. For a discussion of the compensation of the executive officers, including the bonuses referred to in this footnote, see the Executive Compensation Discussion & Analysis on page 21 above.
- (3) **Stock Awards.** The amounts reported in this column are based on restricted share, restricted share unit and performance share unit awards made under the LTIP to the executive officers listed in this table. The amount in this column for Mr. Thomas with respect to 2013 includes 118,230 performance share units and 17,480 restricted share units received in connection with his appointment as permanent President and CEO. The amounts in this column for Mr. Thomas and Mr. Rutherford with respect to 2012 include 148,698 and 111,524 restricted share units, respectively, which vest after a two-year period and are settled in cash, provided that each executive continues to be employed by the Company. These restricted share units were granted to Mr. Thomas and Mr. Rutherford in recognition of the expanded roles and increased responsibilities assumed due to Mr. Kirsch's termination of employment. Amounts in this column for Mr. Rutherford with respect to 2012 also include 58,200 performance share units and 23,300 restricted share units received upon commencement of Mr. Rutherford's employment in April 2012. The amounts in this column reflect the aggregate grant date fair value of awards to the executive officers listed in this table in 2013, 2012 and 2011, computed in accordance with the Financial Accounting Standards Board's (FASB) FASB Accounting Standards Codification™ (ASC) Topic 718, Compensation—Stock Compensation. With respect to the performance share units

awarded, these values are based upon the probable outcome of the relevant performance goals. The valuation methodology used to calculate the figures in this column is described in footnote 12 (Stock-Based Compensation) in the audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013. For a description of the Company's restricted share, restricted share unit and performance share unit awards, see the Executive Compensation Discussion & Analysis on pages 25 and 26 above. See also Grants of Plans Based Awards on page 35 relating to stock awards made in 2013.

- (4) **Option Awards.** The amounts reported in this column are based on stock option awards made under the LTIP equal to the grant date fair value of the awards computed in accordance with FASB ASC Topic 718. The amount reported in this column for Mr. Thomas with respect to 2013 includes 98,800 stock options he received in connection with his appointment as President and CEO effective April 24, 2013. These stock options vest in equal installments over three years from the grant date. The amount reported in this column for Mr. Rutherford with respect to 2012 includes 49,900 stock options he received upon commencement of his employment in April 2012. These stock options vest in equal annual installments over three years from the grant date. The valuation used to calculate the figures in this column is described in footnote 12 (Stock-Based Compensation) of the audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013. For a description of the Company's stock option awards, see the Executive Compensation Discussion & Analysis on page 26 above. See also Grants of Plans Based Awards on page 35 relating to stock awards made in 2013.
- (5) **Non-Equity Incentive Plan Compensation.** The amounts in this column consist of any AIP payments based primarily on predetermined financial measurements relating to the year indicated. No AIP was awarded to any executive officers for 2012. For a discussion of the AIP, see the Compensation Discussion & Analysis on page 24 above.
- (6) **Change in Pension Value and Non-Qualified Deferred Compensation Earnings.** Amounts in this column include the change in value under the Company's defined benefit pension plans: the DB Plan and the Supplemental DB Plan. Mr. Thomas is the only executive officer listed in this table who is eligible for a benefit under the DB Plan or the Supplemental DB Plan because he was hired before July 1, 2003, when the plan was frozen to new entrants. He did not accrue any additional benefits after March 31, 2006 when the plans were frozen as to future benefit accruals. Consequently, the changes in pension value listed in this table for Mr. Thomas, relating to 2013, 2012 and 2011, are due to the changes in present value factors that are required to be updated each year. The measurement periods for 2013, 2012 and 2011 are the 12-month periods ending December 31, 2013, 2012 and 2011, respectively. For additional information regarding these plans, please see the Executive Compensation Discussion & Analysis on page 26 above and Post-Employment Compensation on page 39 below.
- (7) **All Other Compensation.** The amounts in this column for 2013 include (a) Company matching contributions and the basic pension contribution under the 401(k) Plan, (b) supplemental Company matching contributions and the supplemental basic pension contribution under the Supplemental 401(k) Plan, (c) amounts taxable to each of the named executives relating to group term life insurance under Internal Revenue Code Section 79 and (d) specific severance payments made to Mr. Fleischer:

- (a) and (b) The 2013 amounts in this column include Company contributions made under the 401(k) Plan and the Supplemental 401(k) Plan, regardless of the vesting status of those contributions. Company contributions under the 401(k) Plan and the Supplemental 401(k) Plan vest 20% for

each year of service, with full vesting after five years of service. For a description of the 401(k) Plan and the Supplemental 401(k) Plan, see the Executive Compensation Discussion & Analysis on pages 26 and 27 above.

- (c) The Company provides U.S. salaried and certain hourly employees with group term life insurance coverage. The Company provides one times base salary (or, if greater, \$50,000) of coverage (up to a maximum of \$1 million of coverage) at no charge to the employee, and the employee can elect to pay for more coverage. Internal Revenue Code Section 79 requires that a certain portion of employer-paid life insurance coverage be included in gross income for federal income tax purposes. The 2013 amounts in this column include the taxable amount of the group term life insurance coverage.
- (d) The amounts for Mr. Flesicher include the following payments to which he was entitled in connection with the termination of his employment in 2013: (i) a severance payment totaling \$367,500, which is equal to 18 months of Mr. Flesicher's base salary prior to the termination of his employment, (ii) a payment of \$147,000, which is the equivalent to 1.5 times the annual incentive that Mr. Flesicher would have earned under the AIP for 2013 assuming that performance had been achieved at the target level, and (iii) a payment of up to \$10,000 to a firm for the provision of outplacement services. See footnote 10 to this table below for more information regarding Mr. Flesicher's termination of employment.

(8) Mr. Thomas was named President and CEO of the Company effective April 24, 2013.

(9) Mr. Rutherford began employment with the Company on April 2, 2012.

(10) Mr. Flesicher's employment with the Company was terminated effective February 1, 2013.

Grants of Plan-Based Awards

The following table sets forth information regarding 2013 awards under the AIP and under the LTIP, *i.e.*, awards of performance share units, restricted share units and stock options to each of the executives and former executives named in the Summary Compensation Table:

Grants of Plan-Based Awards

Name	Grant Date	Estimated	Estimated Future			All Other Stock Awards	All Other Option Awards	Exercise or Base Price of Option Awards ⁽⁶⁾	Grant Date	Value of Stock and Option Awards ⁽⁷⁾
		Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾	Performance Share Units ⁽³⁾	Restricted Share Units ⁽⁴⁾	Stock Options ⁽⁵⁾					
	Date	\$	Shares	Shares	Shares	Shares	Shares	\$/Share		\$
Peter T. Thomas										
AIP Threshold		207,888								
AIP Target		831,550								
AIP Maximum		1,663,100								
PS Threshold	2/21/13		20,475							108,313
PS Target	2/21/13		81,900							433,251
PS Maximum	2/21/13		163,800							866,502
PS Threshold	4/24/13		29,558							207,494
PS Target	4/24/13		118,230							829,975
PS Maximum	4/24/13		236,460							1,659,949
Restricted Share Units	2/21/13			32,800						173,512
Restricted Share Units	4/24/13			17,480						122,710
Stock Options	2/21/13				68,800			5.29		260,752
Stock Options	4/24/13				98,800			7.02		500,916
Jeffrey L. Rutherford										
AIP Threshold		73,125								

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AIP Target		292,500			
AIP Maximum		585,000			
PS Threshold	2/21/13		19,325		102,229
PS Target	2/21/13		77,300		408,917
PS Maximum	2/21/13		154,600		817,834
Restricted					
Share Units	2/21/13		30,900		163,461
Stock Options	2/21/13			65,000	5.29 246,350

Mark H.

Duesenberg					
AIP Threshold		56,550			
AIP Target		226,200			
AIP Maximum		452,400			
PS Threshold	2/21/13		17,075		90,327
PS Target	2/21/13		68,300		361,307
PS Maximum	2/21/13		136,600		722,614
Restricted					
Share Units	2/21/13		27,300		144,417
Stock Options	2/21/13			57,300	5.29 217,167

Name	Grant Date	Estimated	Estimated Future			All Other Stock Awards	All Other Option Awards	Exercise or Base Price of Option Awards ⁽⁶⁾	Grant Date	Value of Stock and Option Awards ⁽⁷⁾
		Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾	Performance Share Units ⁽³⁾	Restricted Share Units ⁽⁴⁾	Stock Options ⁽⁵⁾					
	Date	\$	Shares	Shares	Shares	Shares	Shares	\$/Share		\$
Ann E. Killian										
AIP Threshold		49,088								
AIP Target		196,350								
AIP Maximum		392,700								
PS Threshold	2/21/13		13,375							70,754
PS Target	2/21/13		53,500							283,015
PS Maximum	2/21/13		107,000							566,030
Restricted Share Units	2/21/13			21,400						113,206
Stock Options	2/21/13				44,900			5.29		170,171
John A. Fleischer ⁽⁸⁾										
AIP Threshold		2,215								
AIP Target		8,859								
AIP Maximum		17,718								

(1) This column contains the possible payouts under the AIP. See Executive Compensation Discussion & Analysis on page 24 above for a discussion of the AIP. For the 2013 AIP, 90% is based on the achievement of financial metrics, while 10% is based on achievement of strategic personal performance goals. The AIP target percentages for 2013 are multiplied by the executive's base annual salary rate and assume an achievement of 100% on financial metrics and strategic personal performance goals to arrive at the target amount in this table. The AIP target percentages for 2013 are 100% for Mr. Thomas, 65% for Mr. Rutherford, 60% for Mr. Duesenberg, 55% for Ms. Killian and 40% for Mr. Fleischer. The AIP threshold reflects 25% of the applicable target percentage and the AIP maximum reflects 200% of the applicable target percentage. The actual payout of the AIP for 2013 appears in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 33 above. See the Executive Compensation Discussion & Analysis on page 29 above for more information on the 2013 AIP.

- (2) The plan-based awards granted to executive officers in 2013 were performance share units, restricted share units and stock options. See the Executive Compensation Discussion & Analysis on pages 25 and 26 above for a discussion of plan-based awards.
- (3) The amounts reported in this column represent the number of performance share units granted in 2013 under the LTIP that would be earned assuming performance achievement at threshold (25%), target (100%) and maximum (200%). No exercise price or other consideration is paid by the executive officers with respect to performance share unit awards. The measurement period for performance share unit awards is the three-year period beginning January 1, 2013 and ending December 31, 2015. See the Executive Compensation Discussion & Analysis on page 25 above for a discussion of performance share units.
- (4) The amounts reported in this column represent restricted share units awarded to each executive officer in 2013 under the LTIP. No exercise price or other consideration is paid by the executive officers with respect to restricted share unit awards. These restricted share units vest three years after the grant date and are subject to a two-year holding period after vesting. In the case of death, disability or change in control, the restricted share units become 100% vested and will be delivered to the executive officer or, in the case of death, the applicable recipient. See the Executive Compensation Discussion & Analysis on page 26 above for a discussion of restricted share units.
- (5) The amounts in this column are the number of underlying stock options awarded to each executive officer in 2013 under the LTIP. The options have a maximum term of ten years, vest evenly at one-third per year on each annual anniversary of the grant date and fully vest at three years. In the case of death, retirement, disability or change in control, the options become 100% vested and exercisable for the remainder of their applicable term. See the Executive Compensation Discussion & Analysis on page 26 above for a discussion of stock options.
- (6) The amount reported in this column is the per share exercise price of the stock options, which represents the closing price on the NYSE for the Company's Common Stock on the date of grant.
- (7) The amounts reported in this column were calculated as follows: (i) for performance share units granted on February 21, 2013, the grant date value of \$5.29 per share and for performance share units granted on April 24, 2013, the grant date value of \$7.02 per share, was multiplied by the number of performance share units awarded; (ii) for restricted share units granted on February 21, 2013, the grant date value of \$5.29 per share, and for restricted share units granted on April 24, 2013, the grant date value of \$7.02 per share, was multiplied by the number of restricted share units awarded; and (iii) for stock options granted on February 21, 2013, the grant date value of \$3.79 per option and for stock options granted on April 24, 2013, the grant date value of \$5.074 per option, was multiplied by the number of stock options. The performance share unit awards and the restricted share unit awards are valued at the closing market price of Ferro's Common Stock on the date of the grant reduced by the discounted value of expected interest on the dividends associated with these shares. The fair value of each stock option

on the grant date is determined using the Black-Scholes option pricing method, as further described on page 81 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013. See also footnotes 3 and 4 to the Summary Compensation Table on pages 33 and 34 above.

(8) Mr. Fleischer's employment was terminated on February 1, 2013. He did not receive any equity awards during 2013. For actual AIP payout pursuant to the terms of his Separation Agreement, see the Non-Equity Incentive Plan Compensation column of, and footnote 5 to, the Summary Compensation Table on pages 33 and 34 above.

Outstanding Equity Awards, Option Exercises and Vesting of Stock Awards

The following table sets forth information with respect to each of the executives and former executive named in the Summary Compensation Table regarding vested and unvested options and stock awards held as of December 31, 2013:

Outstanding Equity Awards

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options That Are Exercisable	Number of Securities Underlying Unexercised Options That Are Not Exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ⁽¹⁾	Value of Shares or Units of Stock That Have Not Vested ⁽¹⁾	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested	Value of Unearned Shares, Units or Other Rights That Have Not Vested
	Shares	Shares	Shares	\$	Date	Shares	\$	Shares	\$
Peter T. Thomas ⁽²⁾									
Stock Options	7,500	0		26.26	02/09/14				
Stock Options	8,500	0		19.39	02/07/15				
Stock Options	15,500	0		20.69	02/16/16				
Stock Options	25,000	0		21.99	02/06/17				

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Stock Options	25,000	0	17.26	02/28/18				
Stock Options	20,033	0	1.37	02/25/19				
Stock Options	30,000	15,000	8.25	02/25/20				
Stock Options	25,333	12,667	15.16	02/24/21				
Stock Options	15,167	30,333	6.84	02/23/22				
Stock Options	0	68,800	5.29	02/21/23				
Stock Options	0	98,800	7.02	04/24/23				
Restricted Shares					11,500	147,545		
Restricted Share Units					21,200	271,996		
Restricted Share Units					148,698	1,907,795		
Restricted Share Units					32,800	420,824		
Restricted Share Units					17,480	224,268		
Performance Share Units							53,100	681,273
Performance Share Units							81,900	1,050,777
Performance Share Units							118,230	1,516,891

Jeffrey L. Rutherford ⁽³⁾								
Stock Options	16,334	33,266	5.95	04/02/22				
Stock Options	0	65,000	5.29	02/21/23				
Restricted Share Units					23,300	298,939		
Restricted Share Units					111,524	1,430,853		
Restricted Share Units					30,900	396,447		
Performance Share Units							58,200	746,706
Performance Share Units							77,300	991,759

Name	Option Awards					Stock Awards Market Value			
	Number of Securities Underlying Unexercised Options That Are Exercisable	Number of Securities Underlying Unexercised Options That Are Not Exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Exercise Price	Option Expiration Date	Number of Shares or Units That Have Not Vested ⁽¹⁾	or	Value of Awards: Number of Shares, Units or Other Rights That Have Not Vested ⁽¹⁾	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested
	Shares	Shares	Shares	\$	Date	Shares	\$	Shares	\$
Mark H. Duesenberg ⁽⁴⁾									
Stock Options	25,000	0		21.28	09/17/18				
Stock Options	35,000	0		1.37	02/25/19				
Stock Options	26,250	8,750		8.25	02/25/20				
Stock Options	21,533	10,767		15.16	02/24/21				
Stock Options	12,034	24,066		6.84	02/23/22				
Stock Options	0	57,300		5.29	02/21/23				
Restricted Shares						10,000		128,300	
Restricted Share Units						16,800		215,544	
Restricted Share Units						27,300		350,259	
Performance Share Units								42,100	540,143
Performance Share Units								68,300	876,289
Ann E. Killian ⁽⁵⁾									
Stock Options	30,000	0		21.01	07/11/15				
Stock Options	15,500	0		20.69	02/16/16				

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Stock Options	18,000	0	21.99	02/06/17					
Stock Options	17,000	0	17.26	02/28/18					
Stock Options	35,000	0	1.37	02/25/19					
Stock Options	26,250	8,750	8.25	02/25/20					
Stock Options	17,733	8,867	15.16	02/24/21					
Stock Options	10,500	21,000	6.84	02/23/22					
Stock Options	0	44,900	5.29	02/21/23					
Restricted Shares						8,000	102,640		
Restricted Share Units						14,700	188,601		
Restricted Share Units						21,400	274,562		
Performance Share Units								36,700	470,861
Performance Share Units								53,500	686,405
John A. Fleischer ⁽⁶⁾									
Stock Options	0	0	-	-					
Restricted Shares						0	0		
Performance Share Units								0	0

- (1) Shares listed in this column are restricted share awards made under the 2006 LTIP and the 2010 LTIP (each of which vest three years after the grant date). The value of the actual payout will be the number of shares times the closing share price on the NYSE of Common Stock on the date prior to the payout date; however, the value set forth in the table is based on the closing share price on the NYSE of Common Stock as of December 31, 2013.
- (2) Mr. Thomas' s unvested option awards reported in the table vest as follows: for grant date 2/25/10: 15,000 vest on 2/25/14; for grant date 2/24/11: 12,667 vest on 2/24/14; for grant date 2/23/12: 15,166 vest on 2/23/14; and 15,167 vest on 2/23/15; for grant date 2/21/13: 22,933 vest on 2/21/14; 22,933 vest on 2/21/15; and 22,934 vest on 2/21/16; and for grant date 4/24/13: 32,933 vest on 4/24/14; 32,933 vest on 4/24/15; and 32,934 vest on 4/24/16.
- (3) Mr. Rutherford' s unvested option awards reported in the table vest as follows: for grant date 04/02/2012: 16,333 vest on 04/02/14; and 16,333 vest on 04/02/15; and for grant date 2/21/13: 21,667 vest on 2/21/14; 21,666 vest on 2/21/15; and 21,667 vest on 2/21/16.
- (4) Mr. Duesenberg' s unvested option awards reported in the table vest as follows: for grant date 2/25/10: 8,750 vest on 2/25/14; for grant date 2/24/11: 10,767 vest on 2/24/14; for grant date 2/23/12: 12,033 vest on 2/23/14; and 12,033 vest on 2/23/15; and for grant date 2/21/13: 19,100 vest on 2/21/14; 19,100 vest on 2/21/15; and 19,100 vest on 2/21/16.

- (5) Ms. Killian's unvested option awards reported in the table vest as follows: for grant date 2/25/10: 8,750 vest on 2/25/14; for grant date 2/24/11: 8,867 vest on 2/24/14; for grant date 2/23/12: 10,500 vest on 2/23/14; and 10,500 vest on 2/23/15; and for grant date 2/21/13: 14,967 vest on 2/21/14; 14,966 vest on 2/21/15; and 14,967 vest on 2/21/16.
- (6) Consistent with Ferro's LTIP and Executive Severance Policy, following Mr. Fleischer's termination of employment on February 1, 2013, all of Mr. Fleischer's unvested stock options, restricted shares, restricted share units and performance share units were forfeited. Mr. Fleischer had no vested stock options at the time of his termination. For a description of the Executive Separation Policy, see Employment Agreements and Termination and Change in Control Payments on page 41.

The following table sets forth for each of the executives and former executive named in the Summary Compensation Table the exercises of stock options and an estimate of the vesting of stock awards under the Company's LTIP during the fiscal year ended December 31, 2013:

Option Exercises and Stock Vested

Name	Option Awards Common Stock		Stock Awards ⁽¹⁾ Common Stock	
	Acquired on Exercise Shares	Value Realized on Exercise \$	Acquired on Vesting Shares	Value Realized on Vesting \$
Peter T. Thomas	0	0	12,500	69,750
Jeffrey L. Rutherford	0	0	0	0
Mark H. Duesenberg	0	0	8,000	44,640
Ann E. Killian	0	0	8,000	44,640
John A. Fleischer	0	0	0	0

(1) The number of shares listed in these columns is the total number of restricted shares that became vested during 2013.

Post-Employment Compensation

The following table sets forth the accumulated benefits under the DB Plan and the Supplemental DB Plan (collectively, the DB Program) for each of the executives and former executive named in the Summary Compensation Table:

Pension Benefits

Name	Plan	Number of Years of Credited Service Years	Present Value of Accumulated Benefit \$	Payments During
				Last Fiscal Year \$
Peter T. Thomas ⁽¹⁾	DB Plan	7.0833	239,570	0
	Supplemental DB Plan	7.0833	190,736	0
Jeffrey L. Rutherford	-	-	-	-
Mark H. Duesenberg	-	-	-	-
Ann E. Killian	-	-	-	-
John A. Fleischer	-	-	-	-

(1) These amounts reflect Mr. Thomas's accumulated present values of his benefit under the DB Plan and his benefit under the Supplemental DB Plan, each as of the applicable measurement date of December 31, 2013, used for financial reporting purposes for the 2013 fiscal year. Mr. Thomas is fully vested in his DB Program benefit because he has more than the required five years of service for vesting purposes. His credited service is limited to 7.0833 years due to the freeze of the DB Program on March 31, 2006 (including a freeze on credited service used to calculate the amount of his benefits under the DB Program). The Present Value of Accumulated Benefit was calculated based on certain assumptions made by the Company's actuaries, including those regarding discount rate and mortality, which are consistent with DB Program disclosures. As a result of the differences in assumptions and methodology between the SEC's rules for disclosure and the terms of the Supplemental DB Plan (which involve different calculation dates, interest rates and mortality assumptions), the present value of Mr. Thomas's accumulated benefits in this table is not the same as the present value of his Supplemental DB Plan benefits that actually would have been paid to him under the terms of the Supplemental DB Plan using the measurement date of December 31, 2013. In addition, Mr. Thomas's DB Plan benefit will not be payable to him in the form of a lump sum.

Under the DB Program, an eligible participant who retires at age 65 with at least 30 years of service will receive a monthly benefit equal to 50% of the monthly average of the participant's highest five consecutive calendar years of compensation (which includes base salary and certain incentive payouts), reduced for 50% of the monthly primary social security benefits. Benefits are subject to reduction for service of less than 30 years and for commencement prior to age 65 (age 60 for certain

eligible elected officers). Service in excess of 30 years is not taken into account for accrual of retirement benefits. DB Plan benefits are payable in a life annuity form with 120 monthly payments guaranteed (Life Annuity). Depending on the outcome of a participant s benefit calculations, and consistent with the plan document and Internal Revenue Code Section 409A, Supplemental DB Plan benefits may be payable in a Life Annuity and/or those benefits may be commuted and paid in one or two lump sum payments. Furthermore, the benefits payable under the Supplemental DB Plan to an eligible participant are conditioned upon the execution of, and compliance with, a non-competition, non-solicitation, non-disparagement and confidentiality agreement.

The Company s United States defined benefit pension program for salaried and certain hourly employees was significantly changed in 2003 and 2006. Effective July 1, 2003, new hires were not eligible for participation in the DB Program. In addition, effective March 31, 2006, benefits accrued for active employees who were participating in the DB Program were frozen. (This freeze did not affect the benefits of then-current retirees, former employees or employees hired on or after July 1, 2003.) Beginning April 1, 2006, the affected employees joined salaried and certain hourly employees in the United States who were hired on or after July 1, 2003, in receiving an additional basic pension contribution each year from the Company under the 401(k) Plan, and as executives, they are also eligible to receive the supplemental basic pension contribution under the Supplemental 401(k) Plan.

Ms. Killian and Messrs. Rutherford, Duesenberg and Fleischer, each whom were hired after June 30, 2003, were never eligible for participation in the DB Program. Of the executives and former executive listed in the Summary Compensation Table, only Mr. Thomas participated in these plans during 2013 because he was hired before July 1, 2003. See the Change in Pension Value and Non-Qualified Deferred Compensation Earnings column of the Summary Compensation Table on page 33 above for information regarding the change in value of Mr. Thomas s benefits under the DB Program for 2013.

Non-Qualified Deferred Compensation

The following table sets forth information regarding non-qualified deferred compensation plans for 2013 with respect to each of the executives and former executives named in the Summary Compensation Table:

Non-Qualified Deferred Compensation

Name	Executive s Contributions \$	Company s Contributions ⁽¹⁾ \$	Aggregate Earnings ⁽²⁾ \$	Aggregate	Aggregate
				Withdrawals/ Distributions	Balance at December 31, 2013 ⁽³⁾ \$
Peter T. Thomas	-	99,354	347,686	-	615,055
Jeffrey L. Rutherford	-	42,613	-	-	42,613
Mark H. Duesenberg	-	11,536	122,789	-	193,662
Ann E. Killian	-	11,248	159,943	-	248,481
John A. Fleischer ⁽⁴⁾	-	-	-	-	-

(1) Amounts in this column are included as part of each executive s 2013 compensation in the All Other Compensation column of the Summary Compensation Table on page 33 above.

- (2) Aggregate Earnings in 2013 consist of deemed gains and/or losses.
- (3) Amounts in this column relating to the Supplemental 401(k) Plan account include any vested and non-vested portions. Company contributions under the Supplemental 401(k) Plan vest 20% for each year of vesting service, with full vesting after five years of vesting service. As of December 31, 2013, Mr. Thomas, Mr. Duesenberg and Ms. Killian were each 100% vested in their respective Supplemental 401(k) Plan accounts and Mr. Rutherford was 20% vested.
- (4) Mr. Fleischer's employment was terminated on February 1, 2013, prior to meeting the eligibility requirements of the Supplemental 401(k) Plan.

The non-qualified deferred compensation plans in this table consist of the Deferred Compensation Plan and the Supplemental 401(k) Plan. There are no Company Contributions under the Deferred Compensation Plan, and, among the executive officers and former executive officer listed in this table, none had an account balance as of December 31, 2013.

Under the Supplemental 401(k) Plan, participants may receive a supplemental matching contribution and/or a supplemental basic pension contribution. These are primarily contributions that would have been made to the account of a participant in the 401(k) Plan but for the application of Federal tax law limitations. In addition, any AIP payments are included in the calculation of supplemental basic pension contributions. There are no employee contributions under the Supplemental 401(k) Plan. Under the Supplemental 401(k) Plan, each executive officer listed in this table had an account balance as of December 31, 2013.

The Supplemental 401(k) Plan permits participants the option of a deemed investment in either Company Common Stock or the stable asset fund under the 401(k) Plan. During 2013, all of the Company's contributions under the Supplemental 401(k) Plan were deemed invested in Company Common Stock for the named executive officers, and earnings include any deemed dividends, gains and losses. No actual shares of Company Common Stock are held by the Supplemental 401(k) Plan.

Employment Agreements and Termination and Change in Control Payments

Employment Inducement Agreements

On November 12, 2012, the Company entered into a letter agreement with Peter T. Thomas to serve as interim President and Chief Executive Officer. The letter agreement with Mr. Thomas provided for an initial six-month term, after which it would continue on a month-by-month basis, subject to earlier termination upon at least five days' prior written notice. This letter agreement was terminated on April 24, 2013 in connection with Mr. Thomas' appointment as the President and CEO. In addition, on November 12, 2012, the Company entered into a letter agreement with Jeffrey L. Rutherford to compensate him for the additional duties he assumed in connection with Mr. Thomas' appointment as interim President and CEO. Pursuant to the letter agreements, Mr. Thomas and Mr. Rutherford received the following additional compensation:

- o Mr. Thomas and Mr. Rutherford received restricted share units equal to \$400,000 and \$300,000, respectively, which will vest after a 2-year period and will be settled solely in cash;
- o Mr. Thomas and Mr. Rutherford received an initial cash bonus of \$200,000 and \$150,000, respectively;
- o Mr. Thomas and Mr. Rutherford were eligible to receive a monthly cash bonus of \$33,000 and \$25,000, respectively, for payable for six months; and
- o Mr. Thomas and Mr. Rutherford were eligible to receive a discretionary cash bonus of \$200,000 and \$150,000, respectively, on the earlier of November 12, 2013 and the six-month anniversary of the date on which the new CEO began employment, provided, in either case, the executive continued to be employed by the Company.

Executive Separation Policy

On June 23, 2010, the Compensation Committee approved a formal separation policy for certain senior executives, including the CEO. The policy outlines the expected separation payments to certain senior executives if their employment is terminated without cause or if an executive officer terminates his or her employment for good reason. Under the policy, eligible senior executives will receive the following benefits:

- o a lump sum payment equal to 24 months of salary and target level bonus in the case of the CEO or 18 months of salary and target level bonus for certain other senior executives;

- o a pro-rated bonus for the portion of the year of termination that the executive officer was employed based on actual performance against bonus plan targets;
- o continuation of health benefits for 24 months for the CEO or 18 months for certain other executive officers; and
- o outplacement services for 24 months in an amount not to exceed \$25,000 in the aggregate for the CEO or 12 months in an amount not to exceed \$10,000 in the aggregate for certain other executive officers.

Payments are designed to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the Code). Separation benefits under the policy are payable only if (i) the executive officer has executed an agreement for non-competition, non-solicitation, confidentiality, non-disparagement (and, if specified by the Company, arbitration) and a release of all claims that the executive may have against the Company, its officers, fiduciaries, directors, agents and employees and (ii) the executive agrees to provide reasonable assistance and cooperation with the Company concerning business or legal related matters about which the executive possesses relevant knowledge or information. The Compensation Committee may modify or terminate this policy from time to time; however, any modification or termination will not affect the rights of any executive whose termination or departure preceded such modification or termination.

On February 1, 2013, Mr. Fleischer's employment with the Company was terminated. In connection with his departure, and in conjunction with the Company's Executive Separation Policy, Mr. Fleischer entered into a Separation Agreement and Release. Under the Separation Agreement and Release, Mr. Fleischer received a cash payment of \$367,500, which is equal to 18 months' salary and a cash payment of \$147,000, which is equal to 1.5 times the annual incentive that Mr. Fleischer would have earned under the Company's annual incentive plan for 2013. These cash payments were made in August 2013, which is within 30 days after the first day of the seventh month following the effective date of the Separation Agreement and Release. In addition, consistent with his termination of employment, Mr. Fleischer was eligible to receive a payment equal to the amount Mr. Fleischer would have earned under the AIP if he had been employed on the last day of 2013, based on the actual level of performance attained for 2013 and prorated based on the time he was employed during 2013. Further, Mr. Fleischer is entitled to continued participation in the medical and dental plans for the earlier of 18 months or the date Mr. Fleischer becomes eligible for coverage provided through another employer, and outplacement services for 12 months in an amount not to exceed \$10,000. The Separation Agreement and Release also contains a release of claims and certain restrictive covenants, including confidentiality, non-competition, non-solicitation and non-disparagement obligations.

Additional Termination Payments

While the Executive Separation Policy governs the separation pay and benefits that the Company will provide to executive officers if their employment with the Company terminates under certain circumstances, an executive officer may also receive payments under the AIP, the Supplemental 401(k) Plan, the DB Plan and the Supplemental DB Plan and the LTIP.

AIP. The AIP provides an executive with an opportunity to earn additional cash compensation based upon the achievement of pre-determined financial goals for the fiscal year. See the Annual Incentives discussion of the Executive Compensation & Discussion Analysis on pages 24 and 25 above for a discussion of this plan. If an executive's employment is terminated without cause or if an executive officer terminates his or her employment for good reason, then the policy will provide for any AIP-related payments. In other termination situations, payment of any AIP is governed by the AIP itself. Under the AIP, if the executive's employment terminates as a result of retirement or death prior to the end of the year, the executive will receive a prorated AIP payout based on his or her annual rate of base salary at retirement or death, as applicable, and actual AIP results for that year (provided that

the executive worked for a minimum of three months during the plan year) or, in other termination situations, the executive will not receive any AIP payment for the year in which his or her employment terminates.

Supplemental 401(k) Plan. The executives are eligible to participate in the Supplemental 401(k) Plan. See Non-Qualified Deferred Compensation on page 40 above for a discussion of this plan. If an executive's employment terminates for any reason, he or she will receive the portion, if any, of his or her account that had vested prior to January 1, 2005 (plus earnings) soon after the end of the month in which the termination occurs, and any remaining vested portion of his or her account will be paid six months following the termination of employment. Each executive's account vests 20% per year, with full vesting upon the completion of five years of employment. Alternatively, the executive's account fully vests upon attainment of age 65, disability, death or a change in control. If the executive dies on the date of termination or during the six months following termination, the payment will be made as of the date of death. The form of the payment, whether stock or cash, is dependent upon the executive's election. If his or her employment with the Company terminated as of December 31, 2013, each executive would have been entitled to receive the following amount under the Supplemental 401(k) Plan: Mr. Thomas (\$615,055), Mr. Rutherford (\$8,523), Mr. Duesenberg (\$193,662) and Ms. Killian (\$248,481). Mr. Fleischer's employment was terminated on February 1, 2013.

DB Plan and the Supplemental DB Plan. Mr. Thomas is the only executive named in the Summary Compensation Table who participates in the DB Plan and the Supplemental DB Plan because these plans are available only to executives who were hired prior to July 1, 2003 (when the DB Plan was frozen as to new hires). If Mr. Thomas's employment terminates, under the Supplemental DB Plan, he would receive the portion, if any, of his benefit under the plans that had vested prior to January 1, 2005 (or he could begin the payment of that benefit in the form of an annuity) soon after the end of the month in which the termination occurs, and any remaining vested portion of his account will be paid in a lump sum six months following the termination of his employment. If Mr. Thomas's employment had terminated on December 31, 2013, then his estimated benefit under the Supplemental DB Plan would have been \$257,000. In addition, if Mr. Thomas's employment had terminated on December 31, 2013, he would receive a benefit under the DB Plan in the form of an annuity, with 120 monthly payments guaranteed, beginning as early as January 1, 2014, in the gross amount of \$1,321.77 per month (which includes a reduction for early commencement). Benefit Accruals under both the DB Plan and the Supplemental DB Plan (including those of Mr. Thomas) were frozen on March 31, 2006. See Post-Employment Compensation on page 39 for a discussion of these plans.

LTIP. The executives are also eligible to participate in the LTIP. (See the discussion of Long-Term Incentives in the Executive Compensation Discussion & Analysis on page 25 above for a description of the LTIP.) The LTIP allows the Company to award different types of long-term incentives; however, the Compensation Committee has only awarded stock options, performance share units, restricted shares and restricted share units. For stock options, if an executive leaves the Company under the Executive Separation Policy or for any reason other than a change in control, death, disability or retirement, he or she has three months to exercise stock options that were vested as of the date of separation and any options that were not vested as of the date of separation from service are forfeited. If there is a change in control (whether or not the executive is terminated) or the executive leaves the Company as a result of death, disability or retirement, all options previously awarded to such executive are fully vested and remain exercisable for the rest of the applicable option exercise period.

Performance share units were granted under the LTIP to certain executives in 2013 and 2012 but no performance shares or performance share units were granted in 2011. If an executive leaves the Company under the Executive Separation Policy or for any reason other than a change in control,

death, disability or retirement, then he or she is entitled to the value of the performance share units that have vested for completed performance periods, which will be provided to the executive in the form of a cash payment equal to 50% of the value of the performance share units and the other 50% will be in the form of Common Stock. Any performance share units for any performance period that has not been completed are forfeited. If the executive leaves as a result of death, disability retirement or a change in control, the executive will receive prorated vesting of performance share units, if earned, for performance periods that have not been completed as of the date of separation, which will be provided to the executive after the end of the performance period in the form of a cash payment equal to 50% of the value of the performance share units and the other 50% will be in the form of Common Stock.

Restricted shares were granted under the LTIP to certain executives in 2011. Those restricted shares vest three years from the date of grant. If the executive leaves during the three-year vesting period due to reasons other than death, disability or a change in control, then the restricted shares are forfeited. If the executive leaves during the three-year vesting period due to death, disability or a change in control, then the restricted shares will vest and the executive (or, in the case of death, the applicable recipient) will receive the restricted shares. See Executive Compensation Discussion & Analysis on page 26 for a discussion of restricted shares.

Restricted share units were granted under the LTIP to certain executives in 2013 and 2012. Those restricted share units vest three years from the date of the grant and then are subject to a two-year holding period. If the executive leaves during the three-year vesting period other than due to death, disability or a change in control, then the restricted share units are forfeited. If the executive leaves during the three-year vesting period due to death, disability or a change in control, then the restricted share units will vest and the executive (or, in the case of death, the applicable recipient) will receive the restricted share units. See Executive Compensation Discussion & Analysis on page 26 for a discussion of restricted share units.

Beginning in 2014, awards under the LTIP will have a double trigger change in control provision, which means that the vesting of awards will not accelerate upon a change in control unless the acquiring company does not assume the awards or, if they are assumed, the acquiring company terminates the participant's employment within the 24 month period following the consummation of the change in control other than for cause.

The table below shows the estimated value of the payments under the LTIP for each of the executives and the former executive named in the Summary Compensation Table if they had left the Company on December 31, 2013:

Estimated Payments on Termination

Name	Resignation or Termination by the Company	Retirement ⁽³⁾	Death or
	(Other Than by Reason of a Change in Control) ⁽¹⁾ (2)		Disability ⁽⁴⁾
	\$	\$	\$
Peter T. Thomas			
Stock Options	-	1,343,177	1,343,177
Restricted Shares	-	-	147,545
Restricted Share Units	-	-	2,824,884
Performance Share Units	-	1,310,008	1,310,008
Jeffrey L. Rutherford			
Stock Options	-	-	718,970
Restricted Shares	-	-	-
Restricted Share Units	-	-	2,126,239
Performance Share Units	-	-	828,080
Mark H. Duesenberg			
Stock Options	-	-	616,272
Restricted Shares	-	-	128,300
Restricted Share Units	-	-	565,803
Performance Share Units	-	-	651,914
Ann E. Killian			
Stock Options	-	-	504,411
Restricted Shares	-	-	102,640
Restricted Share Units	-	-	463,163
Performance Share Units	-	-	542,493
John A. Fleischer ⁽⁵⁾			
Stock Options	-	-	-
Restricted Shares	-	-	-
Restricted Share Units	-	-	-
Performance Share Units	-	-	-

- (1) Payments for stock options, restricted shares, restricted share units and performance share units upon termination following a change in control are set forth in the Estimated Change in Control Payments table on page 48 below.
- (2) Executives will not receive any payments for stock options in the event of the executive's resignation or termination by the Company (other than by reason of a change in control) because the executives would not have received accelerated vesting of any stock options. The restricted shares, restricted share units and performance share units are forfeited upon the executive's resignation or termination by the company (other than by reason of a change in control).
- (3) The stock option amounts in the retirement column show the value of additional stock options that would have vested for each executive if the executive's employment had terminated due to retirement and is based on the difference between the closing price of the Company's Common Stock on December 31, 2013, and the exercise price of in-the-money accelerated stock options. Mr. Thomas is the only officer listed in the table who would have been eligible for accelerated vesting of stock options as he is the only officer who would have been eligible for retirement on December 31, 2013. There is no accelerated vesting of restricted shares and restricted share units upon retirement.
- (4) The stock option amounts in the death or disability column show the value of additional stock options that would have vested for each executive if the executive's employment had terminated due to disability or death and is based on the difference between the closing price of the Company's Common Stock on December 31, 2013, and the exercise price of in-the-money accelerated stock options. The restricted share and restricted share unit amounts in this column consist of the restricted shares or restricted share units that are not fully vested on December 31, 2013 which would have received accelerated full

vesting upon death or disability on that date. The performance share unit amounts in these columns equal the estimated amounts for the prorated portion of the 2012-2014 and 2013-2015 performance periods valued using the closing share price of the Company's Common Stock on December 31, 2013, and assuming that the target performance had been obtained.

- (5) Mr. Fleischer's employment was terminated on February 1, 2013. The Company entered into a Separation Agreement and Release with Mr. Fleischer. See Employment Agreements and Termination and Change in Control Payments on page 42 above for a discussion of the payments made and to be made to Mr. Fleischer by the Company.

Change in Control Payments

Effective January 1, 2009, the Company entered into amended and restated change in control agreements (the "Change in Control Agreements") with each of Mr. Thomas, Mr. Duesenberg and Ms. Killian. The purpose of these agreements is to reinforce and encourage each officer's continued attention and dedication to his or her assigned duties without distraction in the face of solicitations by other employers and the potentially disruptive circumstances arising from the possibility of a change in control of the Company.

Effective May 2, 2012, the Company entered into a change in control agreement with Mr. Rutherford, and effective March 5, 2012, the Company entered into a change in control agreement with Mr. Fleischer, each of which is substantially similar to the form of change in control agreement between the Company and other officers of the Company described below. However, the Company made the following changes to the change in control agreements entered into with Mr. Rutherford and Mr. Fleischer: (a) the agreements use a revised definition of "Good Reason", which no longer includes a voluntary resignation during the 90-day period commencing on the first anniversary of the change in control, and (b) the agreements do not provide for an excise tax "gross-up"; but instead, provide Mr. Rutherford or Mr. Fleischer, as the case may be, with benefits equal to the greater of (i) the payments under the agreement net of any excise taxes; or (ii) \$1 less than the amount of payment that would trigger the application of excise taxes under Sections 280G of the Code.

On November 12, 2012, in connection with Mr. Thomas's appointment as the interim President and CEO, the Company agreed to make certain changes to the then-existing change in control agreement between the Company and Mr. Thomas. The Company entered into a new change in control agreement with Mr. Thomas on March 22, 2013, that makes the following changes: (a) if a change in control of the Company occurs, Mr. Thomas is entitled to a severance payment equal to three times his full year's compensation (base salary plus bonus at the targeted amount) and continued participation in Ferro's employee benefit programs for up to 36 months, (b) the agreement uses a revised definition of "Good Reason", which no longer includes a voluntary resignation during the 90-day period commencing on the first anniversary of the change in control, and (c) the agreement does not provide for an excise tax "gross-up"; but instead, provides Mr. Thomas with benefits equal to the greater of (i) the payments under the agreement net of any excise taxes; or (ii) \$1 less than the amount of payment that would trigger the application of excise taxes under Sections 280G of the Code.

Under the respective Change in Control Agreements, if a change in control of the Company occurs, then the following will happen:

- o If the executive's employment is terminated for any reason *other than* by the Company for cause, by reason of the executive's death or retirement or by the executive without good reason, the Company would be obligated to:

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Pay the executive a lump sum severance payment equal to two times (three times with respect to Mr. Thomas) the executive's full-year compensation (base salary plus bonus at the targeted amount) (the Termination Payment);

Provide the executive with continued participation in Ferro's employee benefit programs for up to 24 months (36 months with respect to Mr. Thomas), except in the event of the executive's death;

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Pay the executive a lump sum amount in cash equal to the pro rata portion of the executive's annual bonus for the calendar year in which the date of termination occurs (if that termination date occurs in a calendar year following the calendar year in which the change in control occurs);

Pay the executive a lump sum amount in cash equal to the sum of (i) the present value of the excess of the benefits that would have been paid or payable to the executive under any defined-benefit retirement plan in which the executive participates had he or she remained employed by Ferro for an additional 24 months (36 months with respect to Mr. Thomas) over the benefits that are payable at the time of termination plus (ii) the contributions that Ferro would have been required to make under any defined-contribution retirement plan over the 24 months (36 months with respect to Mr. Thomas) following termination;

Provide the services of an outplacement firm; and

Maintain the executive's indemnification insurance for at least four years.

- o If the executive's employment is terminated by reason of death, the Company will be obligated to:

Pay the executive's estate a lump sum severance payment equal to the Termination Payment; and

Pay the executive's estate a lump sum amount in cash equal to the pro rata portion of the executive's annual bonus for the calendar year in which the date of termination occurred.

In addition, within five days after the change in control occurs, the Company will be obligated to pay the executive (or, if applicable, the Executive's estate) an amount in cash (or stock if necessary for tax reasons related to the change in control) for each grant of performance shares previously awarded to the executive for any performance period that had not expired before the change in control (even if the performance period has not been completed as of the date of the change in control and regardless of whether or not the executive's employment were terminated).

Finally, with respect to Ms. Killian and Mr. Duesenberg, if any of the foregoing payments is subject to an excise tax, the Company will provide a payment to cover such tax and the Company will pay the fees of tax counsel for the executive in connection with determining whether the payments will be subject to an excise tax.

These agreements limit the executives' right to compete against Ferro after the termination of employment for a period of 24 months after the date of termination in normal circumstances and 36 months following the date of termination if all of the following conditions are met:

- o The Company has not terminated the executive's employment because of disability;
- o The Company provides written notice to the executive not later than two months after the date of termination that the Company elects to impose the additional 12-month period; and

- o The Company pays the executive an aggregate amount equal to the executive's base salary for the calendar year of the date of termination.

Each Change in Control Agreement also includes a non-disparagement provision that is perpetual.

The table below describes the estimated value of the payments each of the executives named in the Summary Compensation Table would have received if there had been a change in control and the executive's employment had been terminated as of December 31, 2013 (other than by the Company for cause, by reason of the executive's death or retirement or by the executive without good reason):

Estimated Change in Control Payments⁽¹⁾

	Payout Under the 2010 Long-Term Incentive Compensation									
	Plan plus Vesting Stock Options⁽²⁾	Severance⁽³⁾	Health & Welfare Benefits⁽⁴⁾	Annual Incentive Plan for 2013 (at target)	Retirement Benefits⁽⁵⁾	Out-placement Assistance	D & O Coverage Pre-miums⁽⁶⁾	Tax Counsel	Total CIC Value	Excess Parachute Payment and Tax Gross Up⁽⁷⁾
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Thomas	7,564,546	4,989,300	141,980	831,550	634,965	50,000	193,814	5,000	14,411,157	0
Rutherford	4,582,768	1,485,000	58,184	292,500	129,102	50,000	193,814	5,000	6,796,369	0
Buesenberg	2,726,007	1,206,401	57,707	226,200	104,028	50,000	193,814	5,000	4,569,157	2,427,638
Lian	2,226,852	1,106,700	60,287	196,350	114,915	50,000	193,814	5,000	3,953,919	2,077,074

(1) Mr. Fleischer's employment was terminated on February 1, 2013. As a result he is not included in this table. The Company entered into a Separation Agreement and Release with Mr. Fleischer. See Employment Agreements and Termination and Change in Control Payments on page 42 above for a discussion of the payments made to Mr. Fleischer by the Company.

(2) This column includes the aggregate amounts related to stock options, restricted shares, restricted share units and performance share units. The stock option and restricted stock amounts in this column show the value of additional stock options, restricted share, restricted share units and performance share units that would have vested for each executive if the executive's employment had terminated due to a change in control and is based on the difference between the closing share price on the NYSE of Common Stock on December 31, 2013 and the exercise price of the in-the-money equity awards, if applicable.

(3) The severance payment includes a lump sum payment equal to two times (three times with respect to Mr. Thomas) each executive's full-year compensation (base salary plus bonus at the target amount).

- (4) The health and welfare benefits amounts equal the estimated value of health and welfare benefit coverage under the applicable Change in Control Agreement.
- (5) The amounts in this column include payments pursuant to the applicable Change in Control Agreement relating to the 401(k) Plan and the Supplemental 401(k) Plan. The amount for Mr. Thomas also includes payments pursuant to his Change in Control Agreement relating to the DB Plan and the Supplemental DB Plan.
- (6) The amounts in this column are based on total estimated future premiums allocated among all covered insureds.
- (7) For Mr. Duesenberg and Ms. Killian, the amounts in this column consist of the payment that would be made by the Company to cover taxes on any excise tax incurred by the executive as a result of the change in cont