

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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(3) Filing Party:

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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*

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## 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.

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## 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.**  
*Age:* 66  
*First Became a Ferro Director:* 2001  
*Current Term Expires:* 2015  
*Common Stock Owned:* 55,425 shares  
*Common Stock Under Option:* 14,000 shares  
*Committee Assignments:* 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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.ferrodirectors.com). The non-management Directors will handle such communications with appropriate confidentiality.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL**