FERRO CORP
Form PRER14A
April 05, 2013

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.2)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Under Rule 14a-12

FERRO CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

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PRELIMINARY COPY

FERRO CORPORATION

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[ ], 2013

Dear Shareholder:

I cordially invite you to attend the 2013 Annual Meeting of Shareholders of Ferro Corporation, which will be held on [ ], 2013. The meeting will be held at [ ], and will begin at [ ] a.m. (Eastern Time). At the 2013 Annual Meeting, shareholders will (i) vote on the election of three Directors, (ii) vote on the approval of the 2013 Omnibus Incentive Plan, (iii) 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, 2013, (iv) vote in a non-binding advisory capacity to approve our executive compensation, (v) vote on a proposal to amend Ferro s Code of Regulations to opt out of the Ohio Control Share Acquisition Act, (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 the Board of Director s recommended nominees for Directors, a description of our corporate governance practices, a description of the proposed 2013 Omnibus Incentive Plan, information about our relationship with Deloitte & Touche LLP, a description of our executive compensation, a description of the proposal to amend Ferro s Code of Regulations to opt out of the Ohio Control Share Acquisition Act, a description of the shareholder proposal and other relevant information about our Company and the Annual Meeting.

You should know that FrontFour Master Fund, Ltd., a company organized under laws of the Cayman Islands (FrontFour), has stated that it intends to nominate a slate of three nominees for election as directors at the meeting in opposition to the nominees recommended by our Board of Directors.

The Board of Directors does not endorse the election of any of FrontFour s nominees and strongly urges you to vote **FOR** the nominees recommended by the Board of Directors. You may receive solicitation materials from FrontFour or certain entities or individuals affiliated with FrontFour (together, FrontFour), including a proxy statement and a Green proxy card. We are not responsible for the accuracy of any information provided by or relating to FrontFour or its nominees contained in solicitation materials filed or disseminated by or on behalf of FrontFour or any other statements FrontFour may make.

Regardless of the number of shares you own, your vote is important. The Board of Directors unanimously recommends that you vote FOR the election of each of our Director nominees on the WHITE proxy card. I urge you to vote as soon as possible by telephone, the Internet or by signing, dating and returning the enclosed WHITE proxy card by mail, even if you plan to attend the meeting.

The Board of Directors strongly urges you not to sign or return any Green proxy card sent to you by or on behalf of FrontFour, you can revoke that proxy by using the enclosed WHITE proxy card to vote your shares today by telephone, by Internet or signing, dating and returning the enclosed WHITE proxy card. Only your latest-dated proxy will count.

I look forward to seeing you at the Annual Meeting.

Very truly yours,

[signature]

Peter T. Thomas

Interim President and

Chief Executive Officer

PRELIMINARY COPY

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 [[ ], [ ] 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 [ ], 2013, at the [ ]. The meeting will begin at [ ] a.m. (Eastern Time). Parking is available in the [ ].

What will be voted on at the meeting?

At the meeting, shareholders will vote on the election of three Directors for terms ending in 2016, vote on the approval of the 2013 Omnibus Incentive Plan, vote on the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for 2013, vote in a non-binding advisory capacity to approve the Company s executive compensation, vote on a proposal to amend the Company s Code of Regulations to opt out of the Ohio Control Share Acquisition Act, 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.

Has the Company been notified that a shareholder intends to propose its own Director nominees at the meeting in opposition to the Board of Director s nominees?

Yes. FrontFour Master Fund, Ltd., a company organized under the laws of the Cayman Islands (together with its affiliates FrontFour), has notified Ferro that it intends to nominate three nominees for election as Directors at the Annual Meeting in opposition to the Board of Director s recommended nominees. The Board of Directors unanimously recommends that you vote **FOR** the election of each of the Director nominees recommended by the Board of Directors by using the enclosed WHITE proxy card accompanying these proxy materials. The Board of Directors strongly urges you not to sign or return any proxy card sent to you by or on behalf of FrontFour.

FrontFour s nominees have not been endorsed by the Board of Directors. Ferro is not responsible for the accuracy of any information provided by or relating to FrontFour or its affiliates (the FrontFour Affiliates) contained in any proxy solicitation materials filed or disseminated by, or on behalf of, FrontFour or any FrontFour Affiliate or any other statements that FrontFour or any FrontFour Affiliate may otherwise make.

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, 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), you 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 WHITE 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 (the 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 How do I vote? below)

Who is entitled to vote at the meeting?

The record date for this meeting is [ ], 2013. On that date, we had [ ] shares of Common Stock (which have a par value of $1.00 per share) 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, 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 [ ] below.

How do I vote?

If you are a registered shareholder, 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 Web site 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 WHITE proxy card and return it in the postage-paid envelope provided.

If you are a beneficial holder (your shares are held through your bank or broker), you will receive instructions on how to vote your shares with these proxy materials.

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 on or before [ ] a.m. (Eastern time) on [ ], the Trustee will vote the uninstructed shares in the same proportion in which it has received voting instructions.

If you have any questions or need assistance voting, please contact our proxy solicitor, Innisfree M&A Incorporated, toll free at (888) 750-5834.

What should I do if I receive a Green proxy card from FrontFour?

The Board of Directors urges you NOT to sign or return any Green proxy card sent to you by or on behalf of FrontFour. Voting against FrontFour s nominees on its proxy card is not the same as voting for the Board of Directors nominees, because a vote against FrontFour s nominees on its proxy card will revoke any previous proxy card submitted by you. If you have previously voted using the Green proxy card sent to you by or on behalf of FrontFour, you can change your vote by executing the WHITE proxy card or by voting by telephone or through the Internet by following the instructions shown on the WHITE proxy card. Only the latest dated proxy you submit will be counted. If you have any questions or need assistance voting, please contact our proxy solicitor, Innisfree M&A Incorporated, toll free at (888) 750-5834.

What if I want to change my vote?

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

Submitting your vote at a later time via the Internet or telephone;

Submitting a properly signed proxy card with a later date that is received at or prior to the Annual Meeting;

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

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:

FOR the election of the three nominees for Director named on page [ ] (or if cumulative voting is in effect, to elect as many of such nominees as possible).

FOR the approval of the 2013 Omnibus Incentive Plan.

FOR the ratification of Deloitte & Touche LLP as the Company s independent registered public accounting firm for 2013.

FOR the approval of the executive compensation of the Company s named executive officers.

FOR the proposal to amend the Company s Code of Regulations to opt out of the Ohio Control Share Acquisition Act.

AGAINST the shareholder proposal.

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.

Under applicable New York Stock Exchange (NYSE) rules, if you are a Street-name holder and do not submit specific voting instructions to your broker, the broker does not have discretion to vote on any proposal that is subject to a counter solicitation. **Accordingly, if your shares are held in street name and your broker provides you with FrontFour s proxy materials, if you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of any of the proposals described herein. We strongly encourage you to provide voting instructions to your broker so that your vote will be counted.**

However, if you are a Street-name holder and your broker does not provide you with FrontFour s proxy material, the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm will be considered a routine matter for which your broker may vote without specific instructions from you. 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 Ferro Corporation Savings and Stock Ownership Plan (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 on or before [ ] a.m. (Eastern time) on [ ], 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 other 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

At the Annual Meeting, shareholders will consider the election of three Directors for terms ending in 2016. 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. 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.*

On November 12, 2012, James F. Kirsch s employment as President and Chief Executive Officer was terminated and he resigned from the Board. William B. Lawrence was appointed as Acting Chairman of the Board. 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 New York Stock Exchange 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 2014 Annual Meeting and was appointed to the class of Directors with a term expiring at the 2015 Annual Meeting.

Nominees for Election at this Annual Meeting

The current terms of office of Richard C. Brown, Gregory E. Hyland and Ronald P. Vargo 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, unanimously nominated Messrs. Brown, Hyland and Vargo for re-election to the Board at this Annual Meeting. Each of the three Director nominees currently serves as a member of the Board. Following is information about the three Directors nominated by the Board for re-election at this Annual Meeting:

RICHARD C. BROWN

Age:	53
First Became a Ferro Director:	2009
Current Term Expires:	This Annual Meeting
Common Stock Owned:	42,700 shares
Common Stock Under Option:	0 shares
Committee Assignments:	Compensation Committee

Biographical Information:

Mr. Brown currently serves as Chairman of the Board of Directors of Performance Fibers, a global leader in high-performance industrial fibers and related materials. Mr. Brown served as Chief Executive Officer of Performance Fibers until his resignation on February 4, 2013. Mr. Brown also serves as Managing Director of Sun Capital Partners. Mr. Brown has worked in chemical and chemical-related businesses for the majority of his career and has strong international experience. Prior to joining Performance Fibers, Mr. Brown was Vice President and President of the Performance Chemicals Business of W.R. Grace & Co. from 2005 until 2007. Prior to his position with W.R. Grace & Co., Mr. Brown spent 19 years at General Electric Company, where he served as the President & Global Business Unit Leader of GE Advanced Materials and Silicones from 2003 until 2005 and President and General Manager of General Electric Sealants and Adhesives from 1999 until 2003.

Mr. Brown also serves as a director of Kraton Polymers LLC, a leading producer of engineered polymers and styrenic block copolymers.

* For each of the Directors, the number of shares reported as Common Stock Owned is as of [ ], 2013, the record date for the Annual Meeting, and includes shares that the Director owns beneficially, deferred shares and 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 [ ], 2013, and includes options that will be vested and exercisable as of [ ], 2013.

GREGORY E. HYLAND

Age:	62
First Became a Ferro Director:	2009
Current Term Expires:	This Annual Meeting
Common Stock Owned:	42,700 shares
Common Stock Under Option:	0 shares
Committee Assignments:	Compensation Committee Governance & Nomination Committee

Biographical Information:

Mr. Hyland has comprehensive operations, sales and international experience in multiple industries. 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.

RONALD P. VARGO

Age:	59
First Became a Ferro Director:	2009
Current Term Expires:	This Annual Meeting
Common Stock Owned:	47,700 shares
Common Stock Under Option:	0 shares
Committee Assignments:	Audit Committee (Chair) Compensation Committee

Biographical Information:

Mr. Vargo has experience in treasury, investor relations, business strategy, acquisitions and divestitures, finance, and operations for global corporations. 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).

Messrs. Brown, Hyland and Vargo 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 election or re-election, as applicable, 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 such director is expected to tender his or her resignation as a director to the Board promptly following the certification of the election results. As a result of FrontFour s intention to nominate alternative Director nominees, assuming such nominees are in fact proposed for election at the Annual Meeting, the number of Director nominees will exceed the number of Directors to be elected, and, consequently, such majority voting policy would not apply to this election.

Under Ohio law, shareholders have the right to exercise cumulative voting in the election of Directors as described under Shareholder Voting on page [ ]. The Company has received notice of a shareholder s desire to exercise cumulative voting in the election of Directors. 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 WHITE proxy card without giving specific voting instructions, then your shares will be voted **FOR** the election of Messrs. Brown, Hyland and Vargo. If cumulative voting rights are in effect, all shares represented by properly executed proxies will be divided evenly among Messrs. Brown, Hyland and Vargo, except that if dividing the votes evenly would not be effective to elect each of Messrs. Brown, Hyland and Vargo, 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. Brown, Hyland and Vargo as possible, except 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 own your shares through a bank or broker and do not provide specific voting instructions to the bank or broker or do not obtain a proxy 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. Brown, Hyland and Vargo. 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:

SANDRA AUSTIN

Age:	65
First Became a Ferro Director:	1994
Current Term Expires:	2014
Common Stock Owned:	90,693 shares
Common Stock Under Option:	21,000 shares
Committee Assignments:	Audit Committee Governance & Nomination Committee

Biographical Information:

Ms. Austin is a Managing Director with Alvarez and Marsal, a professional services firm. Ms. Austin joined the firm in January 2006. Prior to that, Ms. Austin was President and Chief Executive Officer of PhyServ, LLC, a health care billing, collections, receivables and information company.

Ms. Austin was appointed Senior Vice President and General Manager of the Medical/Surgical and Psychiatry Management Centers of University Hospitals of Cleveland in 1988. From 1990 to 1994, she served as Executive Vice President and Chief Operating Officer of The University of Chicago Hospitals. In 1994, she was appointed President of Caremark Clinical Management Services, a division of Caremark Rx, Inc. In 1995, Ms. Austin was named President of Caremark Physician Services, a division of Caremark, Inc., which provides physician practice management services. Between 1997 and 1999, Ms. Austin was President and Chief Executive Officer of Sedona Health Care Group, Inc. In 1999, she became President and Chief Executive Officer of PhyServ LLC and retired from that position in 2001, when the company was acquired.

Ms. Austin formerly served as a director of Gambro AB (a medical technology and healthcare company) and NCCI Holdings, Inc. (a workers compensation database management firm).

RICHARD J. HIPPLE

Age:	60
First Became a Ferro Director:	2007
Current Term Expires:	2014
Common Stock Owned:	53,300 shares
Common Stock Under Option:	0 shares
Committee Assignments:	Compensation Committee (Chair)

Biographical Information:

Mr. Hipple is 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.

JENNIE S. HWANG, Ph.D.

Age:	65
First Became a Ferro Director:	2001
Current Term Expires:	This Annual Meeting
Common Stock Owned:	55,425 shares
Common Stock Under Option:	21,000 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 joint ventures. 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 350 publications and several textbooks on leading technologies 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. Dr. Hwang formerly served on the board of Second Bancorp, Inc.

PETER T. KONG

Age:	62
First Became a Ferro Director:	2012
Current Term Expires:	2015
Common Stock Owned:	18,500 shares
Common Stock Under Option:	0 shares
Committee Assignments:	*Audit Committee* *Governance & Nomination Committee*

Biographical Information:

Mr. Kong is 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. Prior to being named to his current position 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.

WILLIAM B. LAWRENCE

Age:	68
First Became a Ferro Director:	1999
Current Term Expires:	2014
Common Stock Owned:	65,670 shares
Common Stock Under Option:	21,000 shares
Committee Assignments:	Compensation Committee Governance & Nomination Committee (Chair)

Biographical Information:

On November 12, 2012, Mr. Lawrence was named Acting Chairman of the Board.

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.

TIMOTHY K. PISTELL

Age:	65
First Became a Ferro Director:	2010
Current Term Expires:	2015
Common Stock Owned:	50,700 shares
Common Stock Under Option:	0 shares
Committee Assignments:	Audit Committee

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 on March 31, 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.

Board Meetings and Attendance

During 2012, the Board met 11 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 attended the 2012 Annual Meeting held on April 27, 2012.

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CORPORATE GOVERNANCE

Corporate Governance

The Board of Directors and management believe that good corporate governance enhances investor confidence in Ferro and increases shareholder value. The continued development and implementation of best practices in Ferro s corporate governance structure enhances performance by creating an environment that supports operational efficiency and productivity. Sound corporate governance practices also advance shareholder interests by promoting fairness, transparency and accountability in the business activities of employees, management and the Board. Representative steps Ferro has taken to fulfill this commitment include, among others:

- 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;

- 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;

- All members of the Audit Committee, Compensation Committee and Governance & Nomination Committee are independent under Ferro s Guidelines for Determining Director Independence, which meet or exceed the independence standards set forth by the New York Stock Exchange (NYSE);

- The non-management members of the Board, all of whom are independent, met without the presence of management after each of the Board s 11 meetings held during 2012;

- All Directors, officers and employees are responsible for complying with Ferro s policies on business conduct and ethics;

- Each committee of the Board has a charter that clearly defines the committee s role and responsibilities;

- 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;

- 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;

- Ferro s independent registered public accountants report directly to the Audit Committee;

- The Compensation Committee s compensation consultant does not provide any additional services to Ferro other than those provided to the Compensation Committee; and

- Ferro has established procedures for shareholders to communicate directly and confidentially with the Lead Director or the non-management Directors.

Corporate Governance Principles

The Board has adopted Corporate Governance Principles. These Corporate Governance Principles, which may be found on Ferro s Web site (www.ferro.com), 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 Web site (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 recommended by the Board qualify as independent under such standards.

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 his or her resignation as a Director to the Board. 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. As a result of FrontFour s intention to nominate three alternative Director nominees at the Annual Meeting, assuming such nominees are in fact proposed for election at the Annual Meeting, the number of Director nominees will exceed the number of Directors to be elected, and as provided in the Majority Voting Policy, Directors will be elected on a plurality basis.

Board Committees

The Board of Directors has three standing committees, which are the Audit Committee, the Compensation Committee and the Governance & Nomination 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 Web site (www.ferro.com).

Ms. Austin, Dr. Hwang and Messrs. Pistell and Vargo served on the Audit Committee throughout 2012, with Mr. Vargo serving as the Chair. In addition, Mr. Kong served on the Audit Committee since the Board organizational meeting following his election as a Director at the 2012 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. The Board has designated Mr. Vargo as the Audit Committee s named financial expert, as defined in section 407 of the Sarbanes-Oxley Act and the Securities and Exchange Commission s (the SEC) rules under that statute. (Mr. Vargo s biography is on page [ ] 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 2012. The Audit Committee s report is on page [ ] below.

Compensation Committee

The Compensation Committee is responsible for recommending policies for 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 Web site (www.ferro.com).

Messrs. Brown, Hipple, Hyland, Lawrence and Vargo served on the Compensation Committee throughout 2012, with Mr. Hipple serving as the Chair. 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 six times in 2012. The Compensation Committee s report is on page [ ] below.

The Compensation Committee retained Exequity LLP (the Compensation Consultant) to serve as its compensation consultant in 2012. 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 listed in Rule 10C-1(b)(4) of the Exchange Act of 1934, as amended, 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 [ ] 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).

Ms. Austin, Dr. Hwang and Messrs. Hyland and Lawrence served on the Governance & Nomination Committee throughout 2012, with Mr. Lawrence serving as the Chair. In addition, Mr. Kong served on the Governance & Nomination Committee following his election to the Board at the 2012 annual meeting, and Mr. Sharp, a former director, served on the Governance & Nominating Committee until the date of the 2012 annual meeting. 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 three times in 2012.

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. While the Governance & Nomination Committee does not have a policy exclusively focused on the consideration of diversity, 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. In early 2012, the Governance & Nomination Committee also retained a third-party search firm to assist in the identification of Director candidates. The third-party search firm identified Mr. Kong as a Director candidate.

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 in organizations that have provided them experience in operations, management, risk management, 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. Brown has had a distinguished career in chemical and chemical-related businesses and brings extensive international experience to the Board. He also has held a number of positions of senior leadership, including as the chief executive officer of an international industrial fibers company. He also brings to the Board a private equity perspective on running an international manufacturing business.

Ms. Austin has experience serving in several senior management positions in both the public and private sectors and is currently a managing director of Alvarez and Marsal, a professional services firm. In addition, Ms. Austin has served as a director of the Company since 1994 and has extensive knowledge of the Company, its strategic challenges and opportunities, and its industry.

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 currently serves as the chairman, chief executive officer and president of another publicly traded company.

Mr. Kong brings to the Board extensive international business and operations experience, including a deep understanding of the Asian and international business environment. 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 currently oversees a publicly traded company s components business.

Mr. Lawrence has experience with legal compliance, risk assessment, government relations and business development in global automotive, aerospace and information systems markets. Mr. Lawrence served as general counsel and secretary of a Fortune 500 company and has extensive experience dealing with corporate governance issues. In addition, Mr. Lawrence 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. 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.

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.

Board Leadership Structure

Historically, Ferro s board leadership structure has been comprised of a combined CEO and Chairman of the Board of Directors and a Lead Director. James F. Kirsch served as the CEO and Chairman of the Board of Directors until November 12, 2012, when Peter T. Thomas was named Ferro s Interim President and CEO and William B. Lawrence was named as Acting Chairman of the Board. The Board will continue to evaluate the most appropriate leadership structure in connection with the on-going search for a permanent CEO.

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. Mr. Hipple, the Chair of the Compensation Committee, currently serves as the Lead Director. 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 shares 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.

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

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), Director of Internal Audit, 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 Web site (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 and oversight of the Company s ethical policies. The Audit Committee must approve any exception, amendment 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 Web site 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 any detected violations of these 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 Web site: www.ferrodirectors.com. The non-management Directors will handle such communications confidentially.

Background of Solicitation

On or about November 26, 2012, Jeffry N. Quinn had a telephone conversation with Richard Brown, a Director of the Company, to discuss the Company and its search for a Chief Executive Officer.

On December 3, 2012, Jeffry N. Quinn submitted himself as a candidate for the Company s open Chief Executive Officer position. The Company s executive search firm interviewed Mr. Quinn in person for the position on December 18, 2012. On the same date, Mr. Quinn s firm, Quinpario, purchased 300,000 shares of the Company s Common Stock. To the Company s knowledge, this December 18 purchase was Quinpario s first-ever transaction involving the Company s Common Stock. On December 20, 2012, Mr. Quinn sent the Company s executive search firm an email asking to circumvent the Company s ongoing search process and disclosing Quinpario s December 18 purchase of Company shares, providing, among other things:

> I have several things in the hopper currently and if the board is serious about my candidacy moving forward sooner rather than later is very important. Frankly, given my record and other alternatives I am currently considering, while I am very sincerely interested in this position, I do not have much of a desire to be part of a typical search process with multiple rounds of discussion and the typical time consuming narrowing of a broad group of candidates to a second and third rounds, etc.

> I don t mean to be immodest, but I am uniquely qualified in terms of skill set, experience, and track record for this position. I have the experience necessary to help the board sift through the strategic alternatives for the company and the ability to execute on the path chosen. Due to the timing of the sale of Solutia and other circumstances coming together I feel very comfortable in saying there isn t another candidate in the market that possesses the combination of the spot on experience, track record, and immediate availability.

> I would also encourage someone to reach out to FOE shareholders for additional perspective. Also, I want to let you know that my investment company does have a significant position in FOE. The company had popped up on our radar screen as an investment opportunity and we ve accumulated a position of about 300,000 shares.

Thereafter, the Company, in consultation with its executive search firm, determined that it should focus on other candidates that it viewed as better aligned with what the Company was seeking in its next Chief Executive Officer.

On January 15, 2013, the Company, through its executive search firm, informed Mr. Quinn that he was no longer a candidate for the Company s open Chief Executive Officer position.

On January 16, 2013, FrontFour s counsel contacted the Company requesting information regarding nominating Directors.

On January 23, 2013, FrontFour delivered a letter to the Company nominating David A. Lorber, Jeffry N. Quinn and Nadim Z. Qureshi for election to the Board at the Annual Meeting (the Nomination).

On January 24, 2013, a group styling itself The Shareholder Committee for the Future of Ferro and consisting of FrontFour, FrontFour Capital Group LLC (FrontFour Capital), the Event Driven Portfolio, a series of Underlying Funds Trust (the Event Driven Portfolio), FrontFour Capital Corp. (FrontFour Corp.), the FrontFour Opportunity Fund Ltd. (the Canadian Fund), Stephen Loukas, David A. Lorber, Zachary George, Quinpario Partners LLC (Quinpario), Jeffry N. Quinn and Nadim Z. Qureshi (together with FrontFour, FrontFour Capital, the Event Driven Portfolio, FrontFour Corp., the Canadian Fund, Stephen Loukas, David A. Lorber, Zachary George, Quinpario and Jeffry N. Quinn, the Activist Committee) issued an open letter to the Company s shareholders announcing the Nomination and discussing its concerns with the Company s performance.

The Company issued a press release on January 24, 2013 announcing that it received a letter from FrontFour expressing its intention to nominate three individuals to the Board at the Annual Meeting of Shareholders. The Company also issued the following statement in response to the Nomination: Ferro values input from its shareholders and welcomes investors who believe in the potential of the Company. The Board and management team are committed to creating value for all shareholders through successful execution of our strategy. Previously announced strategic initiatives are well underway and updates will be provided as appropriate.

On February 6, 2013, the Company sold assets related to its solar pastes business to Heraeus Precious Metals North America Conshocken LLC (Heraeus) under an asset purchase agreement that the Company and Heraeus entered into on that date. The assets sold included, among other things, certain machinery and equipment, certain open orders, raw materials and silver paste required for purchased open orders, and intellectual property. The cash consideration for the assets sold was $10.9 million. In addition, Heraeus provided the Company approximately $12 million of precious metals, which the Company stated it intends to use to reduce amounts outstanding under the Company s precious metal consignment arrangements.

On February 7, 2013, the Activist Committee issued an open letter to the Company s shareholders commenting on the sale of the Company s solar pastes assets and other cost savings initiatives announced by the Company on February 6, 2013.

On February 12, 2013, David A. Lorber initiated a telephone conversation with Peter Thomas, the Interim President and Chief Executive Officer of the Company, and John Bingle, Treasurer and Director of Investor Relations, following up on the Activist Committee s prior shareholder communications.

On February 13, 2013, A. Schulman, Inc., an international supplier of high-performance plastic compounds and resins (A. Schulman), delivered a private written proposal to the Board to acquire all the outstanding shares of the Company for $6.50 per share (to be paid half in cash and half in shares of A. Schulman stock).

On February 20, 2012, the Activist Committee filed a preliminary proxy statement with the SEC relating to its solicitation of proxies with respect to the Annual Meeting.

On February 21, 2012, the Governance & Nomination Committee met to consider the nomination of Richard C. Brown, Gregory E. Hyland, and Ronald P. Vargo as candidates for election to the Board. After careful consideration of their qualifications and additional discussion, the Governance & Nomination Committee determined to recommend to the Board that these individuals be nominated as candidates for election to the Board.

On February 22, 2012, the Board, after review and discussion, accepted the recommendation of the Governance & Nomination Committee and nominated Messrs. Brown, Hyland and Vargo as candidates for election to the Board.

On February 25, 2013, the Board notified A. Schulman in writing that, after thoroughly reviewing the A. Schulman proposal in consultation with its advisors, the Board did not believe the A. Schulman proposal was in the best interest of the Company s shareholders.

On March 4, 2013, A. Schulman made public its February 13 proposal without material change to its terms.

On March 5, 2013, the Company presented its strategic plan to maximize shareholder value on its previously announced earnings call.

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 Executive Compensation Discussion & Analysis. The information below shows beneficial ownership of Ferro Common Stock by (i) each Director, (ii) each executive officer or former executive officer named in the Summary Compensation Table on page [ ] above, 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 [ ], 2013.

	Shares of Common Stock Owned Directly or Indirectly	Shares of Common Stock Underlying Options Exercisable Within 60 Days of Record Date	Total Shares of Common Stock	Percentage of Outstanding Common Stock
Sandra Austin (1)	72,193	21,000	93,193	*
Richard C. Brown (1)	24,200	0	24,200	*
Richard J. Hipple (1)	34,800	0	34,800	*
Jennie S. Hwang (1)	36,925	21,000	57,925	*
Gregory E. Hyland (1)	24,200	0	24,200	*
Peter T. Kong (1)	0	0	0	*
William B. Lawrence (1)	47,170	21,000	68,170	*
Timothy K. Pistell (1)	32,200	0	32,200	*
Ronald P. Vargo (1)	29,200	0	29,200	*
Officers Named in Summary Compensation Table				
Peter T. Thomas (2)	24,992	172,033	197,025	*
Jeffrey L. Rutherford (2)	48,300	16,634	64,934	*
Mark H. Duesenberg (2)	15,093	119,817	134,910	*
Ann Killian (2)	26,600	169,983	146,417	*
James F. Kirsch (2)	69,130	0	69,130	*
Thomas R. Miklich (2)	30,000	46,134	76,134	*
Michael J. Murry (2)	17,695	0	17,695*	
John A. Fleischer (2)	0	0	0*	
14 Directors and Executive Officers as a Group (3)	394,899	558,901	953,800	[ ]

* Less than 1 percent.

(1) Shares of Common Stock reported above does not include the 18,500 deferred stock units awarded to each non-employee Director in February 2013, because no voting rights are conferred with the deferred stock units. The deferred stock units will be converted to Common Stock after a one-year vesting period, unless deferred into the Ferro Director Deferred Compensation Plan, and are subject to forfeiture if the recipient is no longer serving as a Director at the end of the deferral period except in the case of retirement, disability or death. 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 include 11,500, 10,000 and 8,000 restricted shares of common stock awarded to Mr. Thomas, Mr. Duesenberg and Ms. Killian, respectively, under the LTIP; but do not include (i) 202,698, 165,724, 44,100 and 36,100 restricted share units awarded to Messrs. Thomas, Rutherford and Duesenberg and Ms. Killian, respectively, (ii) 135,000, 135,500 and 110,400 and 90,200 performance share units awarded to Messrs. Thomas, Rutherford and Duesenberg and Ms. Killian, respectively, or (iii) 178,062 phantom shares held for the accounts of Messrs. Thomas, Rutherford, Duesenberg, Kirsch and Murry and Ms. Killian in the Supplemental 401(k) Plan. Shares of Common Stock reported above for Messrs. Kirsch, Miklich, Murry and 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 Messrs. Kirsch, Miklich, Murry and Fleischer were forfeited upon termination of their employment. See Employment

Agreements and Termination and Change in Control Payments on page [ ].

(3) Shares reported above include 32,500 restricted shares awarded to the executive officers; but do not include 453,422 restricted share units awarded to the executive officers, 482,900 performance share units awarded to the executive officers or 179,027 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 or shares convertible into Common Stock.

Name and Address of Beneficial Owner	Nature and Amount of Beneficial Ownership (Shares of Common Stock)	Percentage of Outstanding Common Stock
Mario J. Gabelli and related entities [(1)] One Corporate Center Rye, New York 10017	13,558,404	15.67%
Wellington Management Company, LLP [(2)] 280 Congress Street Boston, MA 02210	9,818,926	11.35%
BlackRock, Inc.[(3)] 40 East 52nd Street New York, NY 10022	5,228,872	6.04%
The Vanguard Group [(4)] 100 Vanguard Boulevard Malvern, Pennsylvania 19355	4,494,158	5.19%
Lonestar Capital Management LLC [(5)] One Maritime Plaza, Suite 1105 San Francisco, California 94111	4,391,200	5.07%

(1) We obtained the information regarding the share ownership of Mario Gabelli and related entities from the Schedule 13D/A filed February 25, 2013, by Gabelli Funds, LLC, which reported sole voting power as to 13,558,404 shares of Common Stock and sole dispositive power as to 13,558,404 shares of Common Stock as of February 25, 2013.

(2) We obtained the information regarding share ownership from the Schedule 13G/A filed February 14, 2013, by Wellington Management Company, LLP, which reported the shared voting power as to 5,063,451 shares of Common Stock and shared dispositive power as to 9,818,926 shares of Common Stock as of December 31, 2012.

(3) We obtained the information regarding share ownership from the Schedule 13G/A filed February 6, 2013, by BlackRock, Inc., which reported sole voting power as to 5,228,872 shares of Common Stock and sole dispositive power as to 5,228,872 shares of Common Stock as of December 31, 2012.

(4) We obtained the information regarding share ownership from the Schedule 13G filed February 13,2013, by The Vanguard Group, which reported sole voting power as to 134,868 shares of Common Stock, sole dispositive power as to 4,362,490 shares of Common Stock and shared dispositive power as to 131,668 shares of Common Stock as of December 31, 2012.

(5) We obtained the information regarding share ownership from the Schedule 13G filed January 11, 2013, by Lonestar Capital Management LLC and related entities, which reported shared voting power as to 4,391,200 shares of Common Stock and shared dispositive power as to 4,391,200 shares of Common Stock as of January 8, 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, 2012, or with respect to such fiscal year, all Section 16(a) filing requirements were met, except that Forms 4 related to restricted share unit grants to Mr. Thomas and Mr. Rutherford made on November 12, 2012 were filed late on November 15, 2012.

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 and other members of the Senior Management Committee for 2012.

Executive Summary 2012 Company Performance

At the start of 2012, the Company took steps to position itself with key customers and respond to the expected recovery in worldwide demand for Electronic Materials products, particularly solar pastes. However, the Company experienced continued decline in the performance of the solar pastes business and weak demand in Europe across its business segments due to unfavorable macroeconomic conditions.

In October, the Company announced that it would explore strategic options for the solar pastes business and move forward with plans for reductions in operating costs. The Company announced on February 6, 2013 that the identified cost reductions are expected to result in annual run rate savings of $25 million to $30 million by the end of 2013, and more than $50 million by the end of 2014. Also on February 6, 2013, the Company completed the sale of certain solar pastes assets and exited this product line, eliminating a $16 million negative impact on earnings. These actions, initiated in 2012 and coupled with changes in senior management, provide significant momentum for improved earnings in 2013 and beyond.

Net sales for 2012 were $1.8 billion, down from $2.2 billion in 2011. This decline was primarily due to reduced demand for Electronic Materials products and deteriorating macroeconomic conditions in Europe. Reported net income declined as a result of increased restructuring and impairment charges and higher income tax expense due to an increased reserve for deferred tax assets. Excluding special charges, gross profit declined to $311 million, or 19.5% of sales, in 2012, compared with $418 million, or 23.8% of sales, in 2011. The deterioration in the Electronic Materials segment accounted for more than 80% of the decline.

On November 12, 2012, Mr. Kirsch s employment as the President and Chief Executive Officer was terminated and he resigned from the Board. As a consequence of Mr. Kirsch s termination, he is entitled to severance compensation in accordance with the terms of the Company s Executive Separation Policy. Effective on the date of Mr. Kirsch s termination, the Board named Mr. Thomas, Vice President, Polymer & Ceramic Engineered Materials, as Interim President and Chief Executive Officer.

Other key changes in the Senior Management Committee also were made during 2012.

- Mr. Fleischer joined the Company as Vice President & Chief Information Officer on January 3, 2012. Effective February 1, 2013, as part of the Company s efforts to streamline operations, Mr. Fleischer s employment was terminated. He is entitled to severance compensation in accordance with the terms of the Executive Separation Policy.

- Mr. Rutherford joined the Company as Vice President & Chief Financial Officer on April 2, 2012, replacing Mr. Miklich, who retired from the Company on July 7, 2012.

- Mr. Murry s employment as Vice President Electronics, Color & Glass Materials was terminated on October 19, 2012. He is entitled to severance compensation in accordance with the terms of the Executive Separation Policy.

In recognition of the expanded roles and increased responsibilities in managing the Company s day-to-day operations during the period between Mr. Kirsch s departure and the appointment of a permanent CEO, both Mr. Thomas and Mr. Rutherford were provided with special compensation arrangements, as summarized below under the heading Executive Compensation Process in 2012.

Say on Pay

The Compensation Committee considered the most recent say-on-pay non-binding shareholder advisory vote held in April 2012 regarding the named executive officers 2011 compensation to be generally supportive of the Company s pay practices. Approximately 88.3% of shareholders voting on our say-on-pay proposal voted in favor of our executive compensation for

2011. Prior to the say-on-pay advisory vote, management discussed with several major shareholders its executive compensation programs and pay for performance alignment, particularly with respect to realized compensation. Management also highlighted the changes to the compensation program made by the Compensation Committee for 2012 to adjust the long-term incentive grant portfolio to a more performance-based mix of 50% performance shares, 30% stock options and 20% restricted shares, and the use of relative stock price improvement as the metric for performance share grants. 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 beyond those made to the long-term incentive program for 2012.

Implications of 2012 Performance on 2012 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 50^{th} percentile of the competitive market for achievement of target performance levels. The financial AIP goals are established based on the budget in the annual operating plan approved by the Board of Directors and, for 2012, determined 80% of an executive s incentive opportunity. For 2012, the financial goals for all executive officers were adjusted EBIT and working capital. Strategic personal performance goals accounted for 20% of an executive s incentive opportunity.

Primarily as a result of the decline in revenues from Electronic Materials and the resulting decline in operating profit margin, the Company s financial performance in 2012 fell below the established thresholds for the financial goals. The Committee, therefore, determined that no incentive payments for 2012 for financial or strategic personal performance goals would be paid to current or former executive officers. Consequently, annual cash compensation paid to executive officers for 2012 was below market median, consistent with the plan design of delivering pay that is below market median for performance that does not achieve targeted results.

In December of 2011, the Compensation Committee reviewed the long-term incentive grant mix for executive officers and decided to adjust the long-term incentive grant portfolio to a more performance-based mix of 50% performance shares, 30% stock options and 20% restricted share units. Further reinforcing the pay for performance relationship, the metric chosen for the performance share grants for the 2012-2014 period is the change in Ferro s stock price (its total shareholder return) relative to the change in stock price for a selected group of peer companies. The Committee also decided that, for the February 23, 2012 grants and future award grants, the average stock price during the month of January would be used to determine the number of shares granted. 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 2012 grants, the average price during the month of January used to determine the awards was $5.98, and the actual grant date share price reported in the Summary Compensation Table (SCT) was $6.84, an increase of 14%. A more significant difference between the targeted grant values and the reported numbers in the SCT is attributable to the use of relative stock price improvement as the metric for performance shares. This resulted in a Monte Carlo accounting treatment that valued each performance share at 149% of the grant date value. The high valuation is primarily driven by the calculation of volatility that is used in the Monte Carlo simulation. Since performance shares accounted for 50% of each executive s LTI grants, this accounting treatment resulted in a sizeable difference between the targeted grant value using 100% of the share price and the value shown in the SCT.

The Company believes that the accounting value for the performance shares misrepresents the value delivered to executives for two reasons: the accounting value is significantly higher than the stock price on the date of grant and, if the performance goals are not achieved, there is no reversal of the accounting expenses. This results in a misalignment between the accounting cost to the Company and the benefit to the executive. Due to this misalignment and the impact on the disclosed numbers in the SCT, the Company has decided that the performance share grants for the 2013-2015 performance cycle will be based on two operational metrics: return on invested capital and cumulative cash flow. Under the accounting rules, when operational metrics are used, the accounting value is based on 100% of the stock price on the date of grant and the amount recognized is based on the extent to which actual performance goals are achieved.

Other Features of the Executive Compensation Program

The Company s pay for performance philosophy is also 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.
- 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.
- A clawback policy was implemented in 2012 authorizing the Compensation Committee to recoup incentive-based compensation resulting from a material misstatement of financial results.
- The Compensation Committee reviewed comprehensive tally sheets in 2012 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 comprise a large percentage (34% to 62% in 2012) 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 designed to attract, retain and align the efforts of an experienced and high-performing senior management team toward the achievement of the financial goals of the Company and growth in shareholder value;

Reward Achievement: Reward the achievement of specific annual and long-term financial goals and align the interests of executives with those of shareholders;

Competitiveness: Target executive compensation levels, in aggregate, for base salary, annual incentives and long-term incentives, at the 50th percentile of the competitive market, which includes peer companies and additional companies that participate in a similar industry and have comparable revenues;

Retention and Succession: Target appropriate portions of long-term incentives, when necessary, toward retention of our executive team; and

Pay for Performance: Design compensation plans delivering strong pay-for-performance, aligned and correlated with financial results and changes in shareholder value. Actual performance that is below targeted performance results in compensation that is below target.

Governance 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 Committee Chairs 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 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 2012. The Committee conducted a conflicts of interest assessment and no conflict of interest was identified.

Components of Executive Compensation

Executive Compensation	
Annual Cash	***Long-term Incentives***
- Base Salary	- Stock Options
- Annual Incentives	- Restricted Shares
	- Performance Shares
Retirement Benefits	***Other Benefits***
- 401(k) Plan	- Deferred Compensation Plan
- 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. No AIP payouts were made to the named executive officers for 2012 because the Company s financial goals were not met and no payouts were awarded with respect to their strategic personal performance goals. Generally, however, the AIP operates as described below.

The financial AIP goals are linked to the financial goals in the annual operating plan approved by the Board of Directors and, for 2012, accounted for 80% of an executive s bonus opportunity. Strategic personal performance goals, weighted at 20% in 2012, are established at the beginning of the year and are closely linked to the Company s business and strategic objectives. The Committee determined that for 2013, financial goals will be weighted at 90% and strategic personal performance goals will be weighted at 10%.

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.

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.

Long-Term Incentives: In April 2010, the Company s shareholders approved the 2010 Long-Term Incentive Plan (the 2010 LTIP). The 2010 LTIP replaced the earlier 2006 Long-Term Incentive Compensation Plan (the 2006 LTIP). (The 2006 LTIP and the 2010 LTIP constitute the Company s Long-Term Incentive Plan and are collectively referred to as the LTIP in this Executive Compensation Discussion & Analysis.) Grants in February of 2012 were made under the 2010 LTIP. The Company also has outstanding option awards under the 2003 Long-Term Incentive Plan (the 2003 LTIP) and the Employee Stock Option Plan.

The LTIP is a critical component of the compensation program. It is designed to promote Ferro s long-term financial interests by attracting, retaining and motivating high-quality key employees and Directors and aligning 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 50^{th} 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.

The LTIP allows the Company to award several types of long-term incentives, *i.e.*, stock options, stock appreciation rights, restricted shares or units, performance shares, other common stock-based awards (such as phantom common stock units and deferred common stock units) and dividend equivalent rights. For 2012, the forms of LTIP awards and their weightings for the named executive officers are as follows.

Performance Shares. Performance shares are units of Common Stock that are earned contingent on operating results that relate to periods that run for three consecutive fiscal years. The performance shares granted to executive officers by the Committee in 2012 will be earned at the completion of 2014, depending on the change in Ferro s stock price (its total shareholder return) relative to the change in stock price for a selected group of peer companies. At the end of the vesting period and only if the performance conditions have been met, the executive receives one-half of the value in non-forfeitable shares of the Company s Common Stock, including the nominal amount of dividends paid on earned performance shares, 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 Ferro Common Stock on the date the options are granted. Stock options granted in 2012 have a maximum term of ten years and 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 Shares. Restricted shares are units of Common Stock that are granted to a recipient and that vest after a period of time has elapsed. Until such time as the restricted shares vest, they remain subject to forfeiture if certain conditions are not satisfied. Under the terms of the LTIP, restricted shares 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 shares granted to executive officers by the Committee in 2012 generally vest three years from the date of grant. These shares 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. At the end of the vesting period, the executive receives shares of the Company s Common Stock and the nominal amount of any dividends paid, if any, on such shares during the three-year vesting period. The executive is then obliged to hold the shares remaining, after satisfying any tax withholding obligations, for a period of two years after the end of the vesting period. 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 Ferro 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

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 in 2012, and going forward 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 Ferro Common Stock or the stable asset fund under the 401(k) Plan. No premium or guaranteed investment return is provided.

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 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 Ferro 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.

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 [ ].

Executive Peer Group

For compensation decisions made in 2012, 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 2012 included the following:

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

For 2013, the custom peer group was reviewed by the Committee and updated by removing Lubrizol, no longer a publicly traded company, and adding Tronox Limited.

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 pay practices within the general industry group establishes a secondary reference point to confirm the validity of the findings from the custom peer group proxy statement analysis and provides 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.

Executive Compensation Process in 2012

In determining the long-term incentive program and associated grants for 2012, the Committee decided to adjust the long-term incentive grant mix for executive officers to a more performance-based mix of 20% restricted shares, 30% stock options and 50% performance shares. Consistent with the Company s ongoing executive compensation philosophy, grants were targeted and awarded at the 50th percentile of the competitive market. The Compensation Consultants used the average stock price for January 2012, the calendar month prior to the date of grant, to determine the number of restricted shares, stock options and performance shares that, if granted to the CEO and each member of the Senior Management Committee, would reflect the targeted 50th percentile of the competitive market. At its February 23, 2012 meeting, the Committee approved long-term incentive grants determined based on the described methodology to Messrs. Kirsch, Duesenberg, Fleischer, Murry and Thomas and Ms. Killian.

Mr. Miklich did not receive long-term incentive grants due to his planned departure from the Company in July of 2012 and the terms of his retention agreement.

The 2010 LTIP limited the total number of common shares awarded to an individual to 500,000 in any 12-month period. As a result of this share limitation, in addition to his equity awards, Mr. Kirsch was awarded a cash bonus opportunity of $450,000, the approximate amount that the awards granted to him under the LTIP fell short of the competitive market median. The cash bonus would be payable only if the performance share target goal was achieved during the performance period.

Also at its February 23, 2012 meeting, the Committee reviewed current levels of pay for the Senior Management Committee. The Committee considered the competitive market data provided by the Compensation Consultant for base salary and annual incentive targets, the recommendations of the CEO, as well as the experience, tenure and performance of each executive. After discussion, the Committee approved base salary increases for the named executive officers ranging from 2% to 4%. Mr. Miklich did not receive a base salary increase due to his planned departure from the Company. Mr. Fleischer, who joined the Company on January 3, 2012, was not eligible for a base salary increase. The Committee also decided to increase the AIP targets for Mr. Duesenberg and Ms. Killian to 60% and 55% respectively, consistent with the 50th% of the competitive market data.

Mr. Kirsch s base salary was increased by 2.5% to $930,000 maintaining his salary at market median. No change was made to Mr. Kirsch s AIP target of 100%.

After commencement of employment with the Company in April 2012, and consistent with the terms of his offer letter, Mr. Rutherford received $150,000 to compensate for an earned bonus at Park-Ohio Holdings, his prior employer, forfeited upon his departure.

On February 12, 2013, the Committee reviewed the Company s performance compared to the goals for the AIP. The AIP goals established for all participants worldwide, including the named executive officers, included the following: (i) adjusted EBIT, (ii) working capital, and (iii) strategic personal performance goals. Threshold, target and maximum levels for each financial metric were established and communicated at the beginning of the year. These metrics were selected to focus management s efforts on improving the level and quality of operating earnings and working capital management. For Messrs. Kirsch, Miklich, Rutherford, Duesenberg and Fleischer and Ms. Killian, the metrics were established to reflect corporate level performance. For Messrs. Murry and Thomas, half of the financial weighting reflected corporate level performance and the remaining half, the performance on those metrics for each of their business groups, ECGM and PCEM respectively. The actual results at the corporate level were as follows:

		2012 AIP Goals				
Metrics	Weighting	Threshold 25% Payout	Target 100% Payout	Maximum 200% Payout	Actual	Score
Corporate Adjusted EBIT ($M)	50%	$ 74.0	$ 103.6	$ 123.3	$ 41.5	0
Corporate Working Capital (Percent of Net Sales)	30%	19.1%	17.3%	16.3%	19.8%	0
Personal Performance Goals	20%	25%	100%	200%	0%	0

Based upon the below threshold performance for the selected financial metrics at the Corporate level, management recommended and the Committee concurred that no AIP bonuses would be paid to current or former Senior Management Committee members for 2012. As a result, total annual cash compensation for the executive officers was significantly below targeted and market median levels.

In late 2011, Mr. Miklich notified the company of his decision to retire in 2012. In order to provide sufficient time to identify a replacement and ensure a smooth transition, the Company entered into a retention agreement with Mr. Miklich. The agreement provided for a retention bonus payment of $500,000 provided Mr. Miklich continued to serve as Chief Financial Officer (CFO) until a new CFO was hired and that he remained an employee of the Company until July 7, 2012. The agreement also provided that Mr. Miklich could exercise any stock options that were fully vested as of the termination date, through the remainder of the ten-year term. On April 2, 2012, after successful completion of an external search, Mr. Rutherford assumed the position of CFO at a base salary rate of $430,000 and AIP target of 65%, consistent with the market median of the competitive data provided by the Compensation Consultant. Mr. Rutherford was also granted restricted shares, stock options and performance shares for the 2012-2014 performance period, consistent with the median of the competitive market.

On November 12, 2012, Mr. Kirsch s employment was terminated and he is entitled to severance compensation under the terms of the Executive Separation Policy. Effective November 12, 2012, Mr. Thomas, the Company s Vice President, Polymer and Ceramic Engineered Materials, was named Interim President and Chief Executive Officer (Interim CEO). Until a permanent CEO is named, Mr. Thomas and Mr. Rutherford have assumed a substantial number of additional responsibilities. In light of these additional responsibilities and after evaluating competitive market practices, the Committee awarded Mr. Thomas a grant of 148,698 Restricted Share Units (RSUs) and Mr. Rutherford a grant of 111,524 RSUs, with values on the date of grant $400,000 and $300,000, respectively. These RSUs vest after a two-year period and are settled in cash, provided that the recipient continues to be employed by the Company.

Mr. Thomas and Mr. Rutherford were also provided with initial cash bonuses of $200,000 and $150,000, respectively, and a monthly cash bonus of $33,000 for Mr. Thomas and $25,000 for Mr. Rutherford, payable for six months. Mr. Thomas and Mr. Rutherford will also be 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 [ ], 2013 or the six-month anniversary of the date on which the new CEO begins employment with the Company provided, in either case, the executive continues to be employed by the Company on such date.

Mr. Thomas is also entitled to receive severance pay and benefits under the Executive Separation Policy at the same level as those to be received by the Company s Chief Executive Officer. In addition, in connection with a change in control, Mr. Thomas is entitled to receive the same multiple of salary and incentive (three times) that had been in place for the Company s prior CEO; however, Mr. Thomas s Change in Control agreement requires a double trigger for receipt of change-in-control payments and does not provide for an excise tax gross-up. Please see the Estimated Change in Control Payments table on page [ ] for additional detail.

Additional Information Concerning Executive Compensation

Use of Tally Sheets

In 2012, 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 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, shares owned in the 401(k) Plan, shares deemed to be invested in Ferro 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. For 2012, the AIP is not structured in a manner that would qualify as performance-based compensation under Section 162(m); however, the provisions of the proposed 2013 Omnibus Incentive Plan will provide for Section 162(m) tax deductibility for the AIP beginning in 2013.

Mitigation of Excessive Risk-Taking

Executive Compensation Recoupment Policy

The Compensation Committee approved and implemented a formal compensation Clawback Policy in 2012. 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 2012, 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 2012, 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 the review and discussions noted above, the Compensation Committee recommended to the Board that the Compensation Discussion & Analysis be included in Ferro s Annual Report on Form 10-K for the fiscal year ended December 31, 2012, for filing with the Securities and Exchange Commission.

Respectfully submitted,

Richard J. Hipple, Chair

Richard C. Brown

Gregory E. Hyland

William B. Lawrence

Ronald P. Vargo

2012 EXECUTIVE COMPENSATION

The following table shows the elements of compensation paid or earned during 2012, 2011 and 2010 to the Chief Executive Officer, the Chief Financial Officer, the Company s other three highest-paid executive officers as of December 31, 2012 and certain former executive officers of the Company:

Summary Compensation Table

Name and Principal Position	Year	Salary (1) $	Bonus(2) $	Stock Awards(3) $	Option Awards(4) $	Non-Equity Incentive Plan Compensation(5) $	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (6) $	All Other Compensation(7) $	Total $
Peter T. Thomas	2012	416,000	233,000	1,087,688	215,670	0	82,158	91,196	2,125,712
Interim President and	2011	400,000	0	174,340	400,520	48,000	61,057	113,858	1,197,775
Chief Executive Officer	2010	390,000	0	103,125	340,200	468,000	43,394	53,293	1,398,012
Jeffrey L. Rutherford (8)	2012	322,500	325,000	1,033,439	208,083	0	0	17,176	1,906,198
Vice President and									
Chief Financial Officer									
Mark H. Duesenberg	2012	366,000	0	545,174	171,114	0	0	38,661	1,120,949
Vice President,	2011	355,000	0	151,600	340,442	78,100	0	60,442	985,584
General Counsel and Secretary	2010	330,000	0	66,000	198,450	330,000	0	28,619	953,069
Ann E. Killian	2012	347,000	0	475,622	149,310	0	0	40,188	1,012,120
Vice President,	2011	337,000	0	121,280	280,364	33,700	0	71,916	844,260
Human Resources	2010	329,000	0	66,000	198,450	329,000	0	27,727	950,177
James F. Kirsch (9)	2012	813,750	0	2,870,157	899,898	0	0	3,735,114	8,318,919
Former Chairman, President and	2011	907,000	0	833,800	2,450,550	136,050	0	294,276	4,621,676
Chief Executive Officer	2010	885,000	0	441,375	1,530,900	1,770,000	0	115,268	4,742,543
Thomas R. Miklich (10)	2012	241,718	0	0	0	0	0	503,220	744,938
Former Vice President and	2011	440,000	0	227,400	510,136	26,400	0	53,166	1,257,102
Chief Financial Officer	2010	206,234	0	91,500	301,800	255,000	0	7,103	861,637
Michael J. Murry (11)	2012	329,277	0	687,690	215,670	0	0	992,220	2,224,856
Former Vice President,	2011	400,000	0	174,340	400,520	24,000	0	95,420	1,094,280
Electronic, Color and Glass Materials	2010	390,000	0	103,125	340,200	468,000	0	33,975	1,335,300
John A. Fleischer (12)	2012	243,272	0	191,612	60,198	0	0	18,027	513,109
Former Vice President and									
Chief Information Officer									

(1) **Salary**. The amounts in this column consist of salary actually paid. For a description of the base salary rate in this column relating to 2012, see the Executive Compensation Discussion & Analysis on page [ ] above.

(2) **Bonus**. The amounts in this column generally consist of guaranteed payments as bonuses. Until a permanent CEO is named, Mr. Thomas and Mr. Rutherford have assumed a substantial number of additional responsibilities and were provided with initial cash bonuses of $200,000 and $150,000, respectively, and a monthly cash bonus of $33,000 for Mr. Thomas and $25,000 for Mr. Rutherford, payable for six months. The figure in this column for Mr. Rutherford 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 [ ] above.

(3) **Stock Awards**. The figures 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 and restricted share unit and performance share units granted to Mr. Rutherford. Mr. Rutherford was hired in April 2012 and received 58,200 performance share units and 23,300 restricted share units, with terms consistent with other named executive officers. In recognition of the expanded roles and increased responsibilities assumed due to Mr. Kirsch s termination of employment, both Mr. Thomas and Mr. Rutherford were provided restricted share units of 148,698 and 111,524, respectively, which vest after a two-year period and are settled in cash, provided that the recipient continues to be employed by the Company. The figures in this column include the aggregate grant date fair value of awards to the executive officers listed in this table in 2010, 2011 and 2012, computed in accordance with the Financial Accounting Standards Board s (FASB) FASB Accounting Standards

CodificationTM (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 [ ] (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, 2012. For a description of the Company s restricted share, restricted share unit and performance share unit awards, see the Executive Compensation Discussion & Analysis on page [ ] above. See also Grants of Plans Based Awards on page [ ] relating to stock awards made in 2012.

(4) **Option Awards**. The figures 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. Upon the commencement of his employment with the Company in April 2012, Mr. Rutherford received 49,900 stock options, which vest in equal annual installments over three years from the grant date. The valuation methodology used to calculate the figures in this column is described in footnote [ ] (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, 2012. For a description of the Company s stock option awards, see the Executive Compensation Discussion & Analysis on page [ ] above. See also Grants of Plans Based Awards on page [ ] relating to stock awards made in 2012.

(5) **Non-Equity Incentive Plan Compensation**. The amounts in this column would consist of any AIP payments based primarily on predetermined financial measurements relating to the year indicated, however, no AIP was awarded to any of the executive officers for 2012. The figure in this column for 2010 for Mr. Miklich is a prorated AIP amount based on his mid-2010 hire date. For a discussion of the AIP, see the Compensation Discussion & Analysis on page [ ] 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. As of July 1, 2003, the DB Plan and the Supplemental DB Plan were frozen as to participation for new hires and, as of March 31, 2006, the plans were generally frozen as to future benefit accruals. 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. However, he did not accrue any additional benefits after 2006 because the plans were frozen as to future benefit accruals. Consequently, the changes in pension value listed in this table for Mr. Thomas, relating to 2010, 2011 and 2012, are due to the changes in present value factors that are required to be updated each year. The measurement periods for 2010, 2011 and 2012 are the 12-month periods ending December 31, 2010, 2011 and 2012, respectively. For additional information regarding these plans, please see the Executive Compensation Discussion & Analysis on page [ ] above and Post-Employment Compensation on page [ ] below.

(7) **All Other Compensation**. The amounts in this column for 2012 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), (e) and (f) specific severance and retention payments for select executive officers:

(a) and (b) The 2012 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 page [ ] 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 2012 amounts in this column include the taxable amount of the group term life insurance coverage.

(d) The amounts for Mr. Kirsch include the following payments to which he is entitled in connection with his termination of his employment in 2012: (i) a severance payment totaling $1,860,000, which is equal to 24 months of Mr. Kirsch s base salary prior to the termination of his employment, (ii) a payment of $1,860,000, which is the equivalent to 2 times the annual incentive that Mr. Kirsch would have earned under the AIP for 2012 assuming that performance had been achieved at the target level, and (iii) a payment of up to $25,000 to a firm for the provision of outplacement services. See footnote 9 to this table below for more information regarding Mr. Kirsch s termination of employment.

(e) The amounts for Mr. Miklich include a retention payment of $500,000 made in connection with Mr. Miklich s retirement.

(f) The amounts for Mr. Murry include the following payments to which he is entitled in connection with the termination of his employment in 2012: (i) a severance payment totaling $612,000, which is equal to 18 months of Mr. Murry s base salary prior to the termination of his employment, (ii) a payment of $367,200, which is the equivalent to 1.5 times the annual incentive that Mr. Murry would have earned under the AIP for 2012 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 11 to this table below for more information regarding Mr. Murry s termination of employment.

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

(9) Mr. Kirsch s employment with the Company was terminated effective November 12, 2012. Under the Company s Executive Separation Policy, the Company entered into a Separation and Release Agreement with Mr. Kirsch pursuant to which the Company made certain severance payments. See footnotes 5 and 7(d) to this table above and Employment Agreements and Termination and Change in Control Payments on page [ ] below.

(10) Mr. Miklich began employment with the Company in July 2010 and terminated from the Company on July 7, 2012. The Company entered into a Retention Agreement with Mr. Miklich. See footnotes 5 and 7(e) to this table above and Employment Agreements and Termination and Change in Control Payments on page [ ] below.

(11) Mr. Murry s employment with the Company was terminated effective October 19, 2012. Under the Company s Executive Separation Policy, the Company entered into a Separation and Release Agreement with Mr. Murry pursuant to which the Company made certain severance payments. See footnote 7(f) to this table above and Employment Agreements and Termination and Change in Control Payments on page [ ] below.

(12) Mr. Fleischer s employment with the Company was terminated effective February 1, 2012.

Grants of Plan-Based Awards

The following table sets forth information regarding 2012 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 Future Payouts Under Non-Equity Incentive Plan Awards[1]	Estimated Future Payouts Under Equity Incentive Plan Awards[2] Performance Share Units[3]	Restricted Share Units[4]	Stock Options[5]	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]
	Date	$	Shares	Shares	Shares	Shares	Shares	$/Share	$
Peter T. Thomas									
AIP Threshold		62,400							
AIP Target		249,600							
AIP Maximum		499,200							
PS Threshold	2/23/12		13,275						135,671
PS Target	2/23/12		53,100						542,682
PS Maximum	2/23/12		106,200						1,085,364
Restricted Share Units	2/23/12			21,200					145,008
Restricted Share Units	11/12/12			148,698					399,998
Stock Options	2/23/12				45,500			$ 6.84	215,670
Jeffrey L. Rutherford									
AIP Threshold		52,308							
AIP Target		209,234							
AIP Maximum		418,467							
PS Threshold	4/2/12		14,550						148,701
PS Target	4/2/12		58,200						594,804
PS Maximum	4/2/12		116,400						1,189,608
Restricted Share Units	4/2/12			23,300					138,635
Restricted Share Units	11/12/12			111,524					300,000
Stock Options	4/2/12				49,900			$ 5.95	208,083
Mark H. Duesenberg									
AIP Threshold		54,900							
AIP Target		219,600							
AIP Maximum		439,200							
PS Threshold	2/23/12		10,525						107,566
PS Target	2/23/12		42,100						430,262
PS Maximum	2/23/12		84,200						860,524
Restricted Share Units	2/23/12			16,800					114,912
Stock Options	2/23/12				36,100			$ 6.84	171,114
Ann E. Killian									
AIP Threshold		47,713							
AIP Target		190,850							
AIP Maximum		381,700							
PS Threshold	2/23/12		9,175						93,769
PS Target	2/23/12		36,700						375,074
PS Maximum	2/23/12		73,400						750,148
Restricted Share Units	2/23/12			14,700					100,548
Stock Options	2/23/12				31,500			$ 6.84	149,310
James F. Kirsch [8]									
AIP Threshold		232,500							
AIP Target		930,000							
AIP Maximum		1,860,000							
Cash Incentive		450,000							
PS Threshold	2/23/12		55,380						565,989

PS Target	2/23/12		221,522				2,263,955
PS Maximum	2/23/12		443,044				4,527,910
Restricted Share Units	2/23/12			88,626			606,202
Stock Options	2/23/12				189,852	$ 6.84	899,898
Thomas R. Miklich [9]							
AIP Threshold		66,000					
AIP Target		264,000					
AIP Maximum		528,000					

Michael J. Murry [10]							
AIP Threshold		61,200					
AIP Target		244,800					
AIP Maximum		489,600					
PS Threshold	2/23/12		13,275				135,671
PS Target	2/23/12		53,100				542,682
PS Maximum	2/23/12		106,200				1,085,364
Restricted Share Units	2/23/12			21,200			145,008
Stock Options	2/23/12				45,500	$ 6.84	215,670
John A. Fleischer							
AIP Threshold		24,500					
AIP Target		98,000					
AIP Maximum		196,000					
PS Threshold	2/23/12		3,700				37,814
PS Target	2/23/12		14,800				151,256