FERRO CORP
Form DEF 14A
March 22, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

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

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

FERRO CORPORATION

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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FERRO CORPORATION

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March 22, 2018

Dear Shareholder:

I cordially invite you to attend the 2018 Annual Meeting of Shareholders of Ferro Corporation, which will be held on May 3, 2018. The meeting will be held at the Hyatt Place Cleveland/Lyndhurst/Legacy Village, 24665 Cedar Road, Lyndhurst, Ohio 44124, and will begin at 9:00 a.m. (Eastern Time). At the 2018 Annual Meeting, shareholders will (i) vote on the election of seven Directors, (ii) vote on the approval of the 2018 Omnibus Incentive Plan, (iii) vote in a non-binding advisory capacity to approve our executive compensation, (iv) vote on the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018, and (v) transact such other business as may properly come before the 2018 Annual Meeting or any adjournment or postponement thereof.

Shareholders of record at the close of business on March 15, 2018 are entitled to vote at the 2018 Annual Meeting. Regardless of the number of shares you own, your vote is important. I urge you to vote as soon as possible by telephone, the Internet or by signing, dating and returning the enclosed proxy card by mail, even if you plan to attend the meeting.

I look forward to seeing you at the 2018 Annual Meeting.

Very truly yours,

PETER T. THOMAS
Chairman, President and Chief

Executive Officer

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: May 3, 2018

Time: 9:00 a.m. EDT

Location: Hyatt Place Cleveland/Lyndhurst/Legacy Village, 24665 Cedar Road, Lyndhurst, Ohio 44124

Record Date: March 15, 2018

March 22, 2018

Meeting Agenda:

Election of seven nominees to the Board of Directors

Approval of the 2018 Omnibus Incentive Plan

An advisory vote to approve executive compensation

Ratification of the appointment of Deloitte & Touche LLP as independent accountants for 2018

Transact any other business that may properly come before the meeting

Important Notice Regarding the Availability of Proxy Materials for the 2018 Annual Meeting of Shareholders of Ferro Corporation to Be Held on May 3, 2018:

This Proxy Statement and annual report to security holders are available at http://phx.corporate-ir.net/phoenix.zhtml?c=73886&p=proxy.

We encourage shareholders to vote promptly as this will save the expense of additional proxy solicitation. Shareholders of record on the Record Date are entitled to vote in the following ways:

By Telephone	By Internet	By Mail	In Person
In the U.S. or Canada, you can vote your shares by calling 1-800-652-8683.	You can vote your shares online at www.edocumentview.com/FOE. You will need the 12-digit control number on the Notice of Internet Availability or proxy card.	You can vote by mail by marking, dating and signing your proxy card or voting instruction form and returning it in the postage-paid envelope.	Attend Annual Meeting

This Notice of Annual Meeting of Shareholders and related Proxy Materials are being distributed or made available to shareholders beginning on or about March 22, 2018.

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PROXY STATEMENT SUMMARY

The following summary highlights information relating to the 2018 Annual Meeting of Shareholders. Additional information is included elsewhere in this Proxy Statement.

2018 Annual Meeting of Shareholders

Voting Matters and Recommendations

Voting Matter	Board Recommendations
Election of seven Directors	FOR ALL NOMINEES
Approval of the 2018 Omnibus Incentive Plan	FOR
Vote in a non-binding advisory capacity to approve our named executive officer compensation	FOR
Ratification of Deloitte & Touche LLP as independent registered public accounting firm for fiscal year ending December 31, 2018	FOR

Performance Highlights

In 2017, Ferro continued to successfully execute its Value Creation Strategy. Over the past five years, Ferro has transformed from a diversified specialty chemicals company to one of the world s leading technology-driven functional coatings and color solutions companies. We have upgraded our portfolio, expanded our addressable markets and developed a culture of innovation, which has produced substantially stronger growth and profitability.

* Please see Appendix A for reconciliation of Non-GAAP measures to their closest comparable GAAP measures.

Governance Highlights

The Company has promoted a culture of good corporate governance, including the following:

The Board has an independent Lead Director	All Directors are elected annually
Board committees are 100% comprised of independent Directors	The Company has adopted proxy access
All but one Director is independent	A majority voting and resignation policy is in place for uncontested Director elections
Independent Directors and Board committees meet regularly and frequently without management present	The Board follows published Corporate Governance Principles
Board and committee evaluations are conducted annually	Each committee of the Board has a published charter, which is reviewed and discussed at least annually
Each Director is subject to peer review	None of our Director nominees serves on an excessive number of boards
A majority portion of Director compensation is in the form of deferred stock units, which must be held until service as a Director ceases	A highly refreshed Board has been established, with a majority of current Directors serving 5 years or less, and no Director-nominees serving more than 10 years

Executive Compensation Highlights

The Company follows recommended practices in its executive compensation program, including the following:

Compensation program is designed to reward long-term, sustainable value creation	Restricted stock awards to executives are generally subject to three-year minimum vesting followed by a two-year holding period once vested
Executive officers are subject to stock ownership guidelines of five times salary for CEO and three times salary for other executives	Change-in-control agreements entered into after 2009 do not include tax gross-ups
Clawback policy provides for recoupment of incentive-based compensation paid as a result of a material misstatement of financial results	Equity awards granted since 2014 have double trigger vesting for a change-in-control
No executive officer has an employment agreement with the Company	Employees and Directors are not permitted to hedge their Ferro equity
Long-term incentives comprise a significant portion of target compensation for executive officers (43%-62%)	Executive officers receive no perquisites

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Proposal One

PROPOSAL ONE:

ELECTION OF DIRECTORS

At the 2018 Annual Meeting, the Shareholders will consider the election of seven Directors, each to serve a one-year term. Each of the nominees for election is a current Director.

As previously disclosed on December 14, 2017, Richard J. Hipple has chosen not to stand for re-election to the Company s Board of Directors. Mr. Hipple will continue to serve as a member of the Company s Board of Directors until the Annual Meeting. Mr. Hipple s decision was not due to any disagreement with the Company or its management on any matter relating to the Company s operations, policies or practices.

Nominees for Election at this Annual Meeting

The current terms of all Directors will expire on the day of the 2018 Annual Meeting. The Board has nominated Messrs. Hyland, Lorber, Ross, Spizzo, Thomas and Vargo and Ms. Ogilvie for re-election to the Board at this Annual Meeting. Set forth below is certain information about the Directors nominated by the Board for re-election at this Annual Meeting, including the skills and qualifications considered by the Governance & Nomination Committee and the Board of Directors in advancing these nominations.

GREGORY E. HYLAND

Age:	67
First Became a Ferro Director:	2009
Committee Assignments:	Governance & Nomination Committee
Skills and Qualifications:	Mr. Hyland has comprehensive operations, sales and international experience in multiple industries, offering breadth of knowledge that benefits the Company s business units. In addition, Mr. Hyland brings to the Board experience from serving as the chairman, chief executive officer and president of another publicly traded company that sells, as Ferro does, into the building and construction industry.

Biographical Information:

On February 1, 2018, Mr. Hyland retired from his position as Executive Chairman of Mueller Water Products, Inc., a leading manufacturer and marketer of products and services used in the transmission, distribution and measurement of water in North America. Prior to assuming the Executive Chairman position in January 2017, Mr. Hyland served 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.

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DAVID A. LORBER*

Age:	39
First Became a Ferro Director:	2013
Committee Assignments:	Governance & Nomination Committee (Chair) Compensation Committee
Skills and Qualifications:	Mr. Lorber has significant financial, investment and real estate industry experience. He also brings to the Board experience in corporate governance and business oversight as a result of having served on other public company boards.

**Lead Director*

Biographical Information:

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

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

MARRAN H. OGILVIE

Age:	49
First Became a Ferro Director:	2017
Committee Assignments:	Audit Committee Governance & Nomination Committee
Other Public Company Board Directorships:	Four Corners Property Trust, Inc. LSB Industries, Inc. Evolution Petroleum Corporation
Skills and Qualifications:	Ms. Ogilvie has more than 20 years of executive management and financial experience with diverse businesses, including growth-oriented international businesses. She also has significant experience as a director of public company boards.

Biographical Information:

Ms. Ogilvie has served as an Advisor to the Creditors Committee for Lehman Brothers International (Europe) Administration since 2008. She was a member of Ramius, LLC, an alternative investment management firm, where she served in various capacities from 1994 to 2009 before the firm s merger with Cowen Group, including as Chief Operating Officer and General Counsel. Following the merger, Ms. Ogilvie served as Chief of Staff at Cowen Group, Inc. until 2010.

Ms. Ogilvie has served since 2015 as a director of Four Corners Property Trust, Inc., a real estate investment trust, and LSB Industries, Inc., a chemical manufacturing company, and since December 2017 as a director for Evolution Petroleum Corporation, a U.S. petroleum producer.

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Proposal One

ANDREW M. ROSS

Age:	56
First Become a Ferro Director:	2016
Committee Assignments:	Audit Committee Governance & Nomination Committee
Skills and Qualifications:	Mr. Ross has more than 25 years of experience in the pigments and performance additives industry. He has served in a number of senior management positions and has valuable experience in strategic acquisitions. Mr. Ross also has a background in corporate finance.

Biographical Information:

Mr. Ross is the former President of the Pigments and Additives business of Rockwood Holdings, Inc. (Rockwood), a performance additives and titanium dioxide business that was sold to Huntsman Pigments in October 2014. Prior to that position, he served in various management roles and led a number of initiatives at Rockwood that significantly increased the sales and profitability of its color pigments business, including several multi-national acquisitions, acquisition integrations, and operational efficiency optimization projects. Mr. Ross career has included senior leadership roles in family-owned, private equity-sponsored and publicly traded companies.

ALLEN A. SPIZZO

Age:	60
First Became a Ferro Director:	2016

Committee Assignments:	Audit Committee Compensation Committee
Other Public Company Board Directorships:	A. Schulman, Inc.
Skills and Qualifications:	Mr. Spizzo has extensive experience in the specialty chemicals industry. He has served in a number of senior management positions in key corporate functions, including finance, strategic planning, corporate development and investor relations. He also has served on the boards of other publicly traded chemical and materials companies.

Biographical Information:

Mr. Spizzo has been a business and management consultant focused on the chemicals, materials, biotechnology and pharmaceutical industries since November 2008, and he also serves as an investment adviser and asset management trustee. He served as Vice President and Chief Financial Officer of Hercules Incorporated (Hercules), a former S&P 500 specialty chemicals company, from March 2004 until the company was sold to Ashland Inc. in November 2008. He served as Vice President, Corporate Affairs, Strategic Planning and Corporate Development of Hercules from July 2002 to March 2004. He served as Vice President, Investor Relations and Strategic Planning of Hercules from 2000 to July 2002. Prior to that, he served in other capacities with Hercules since 1979.

Mr. Spizzo currently serves on the board of directors of A. Schulman, a specialty materials company. He recently served on the board of directors for Global Specimen Solutions, Inc. until its sale in 2017, and served on the board of directors of OM Group, Incorporated until its sale in 2015.

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PETER T. THOMAS

Age:	62
First Became a Ferro Director:	2013
Other Public Company Board Directorships:	Innophos Holdings, Inc.
Skills and Qualifications:	Mr. Thomas brings to the Board a comprehensive understanding of Ferro s business from his seventeen years with the Company in various positions of executive leadership. His deep knowledge of the business and familiarity with day-to-day operations allow him to contribute critical insight to the Board in shaping and executing Ferro s strategy.

Biographical Information:

Mr. Thomas was appointed President and Chief Executive Officer of Ferro and was elected to the Board in April 2013 after serving as interim President and Chief Executive Officer since November 2012. Mr. Thomas was elected Chairman of the Board in April 2014.

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

Mr. Thomas also serves as a director of Innophos Holdings, Inc., a leading international producer of specialty ingredient solutions for the food, health, nutrition and industrial markets.

RONALD P. VARGO

Age:	63
First Became a Ferro Director:	2009
Committee Assignments:	Audit Committee (Chair) Compensation Committee
Other Public Company Board Directorships:	EPAM Systems, Inc. EnerSys
Skills and Qualifications:	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, ICF International and Electronic Data Systems.

Biographical Information:

Mr. Vargo served as Vice President and Chief Financial Officer of ICF International, a leading provider of consulting services and technology solutions to government and commercial clients, 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, and EnerSys, a global leader in stored energy solutions for industrial applications.

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Proposal One

Each of the nominees has 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 2018 Annual Meeting, in the unlikely event that any of them does not stand for re-election, the shares represented by proxy at the 2018 Annual Meeting may be voted for the election of a substitute nominee named by the Board.

Board Composition

Presented below is a depiction of the expected independence and tenure of our Board of Directors immediately following the 2018 Annual Meeting, assuming the election of the nominees named in the proxy statement.

Board of Directors Diversity

The Board of Directors encourages a diversity of backgrounds among its members and has a corporate governance principle in place demonstrating its commitment to the consideration of diversity in identifying director nominees. The Board considers candidates with significant direct or indirect experience that will provide the Board of Directors as a whole with the talents, skills, diversity and expertise to serve the long-term interests of the Company and its shareholders.

Vote Required for Approval

The seven nominees who receive the greatest number of votes cast by the shares present, in person or by proxy, and entitled to vote at the meeting will be elected Directors, subject to the Policy of the Board of Directors Relating to Majority Voting. Abstentions and broker non-votes will not be considered as shares voted for or withheld in the election of nominees.

If you return a proxy card without giving specific voting instructions, then your shares will be voted **FOR** the election of Messrs. Hyland, Lorber, Ross, Spizzo, Thomas and Vargo and Ms. Ogilvie.

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

Board Recommendation

The Board unanimously recommends that you vote **FOR** the election of each of Messrs. Hyland, Lorber, Ross, Spizzo, Thomas and Vargo and Ms. Ogilvie. 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.

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Board Meetings and Attendance

During 2017, the Board met 8 times. Each Director attended at least 75% of the total number of Board and committee meetings held during his or her tenure, with the exception of Mr. Hyland who was confronted with certain health issues during 2017 that precluded his full participation. In accordance with Ferro s Corporate Governance Principles, the Directors are encouraged to attend the Annual Meetings of Shareholders. All of the Directors then in office, except for Mr. Hyland, attended the 2017 Annual Meeting.

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Corporate Governance

CORPORATE GOVERNANCE

Corporate Governance

The Board of Directors and management believe that good corporate governance enhances investor confidence and increases shareholder value. Key attributes of Ferro s corporate governance include:

The Board follows, 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;

Only one Board member is a Company executive;

The non-management members of the Board, all of whom are independent, regularly meet without the presence of management;

The Audit Committee, Compensation Committee, and Governance & Nomination Committee regularly meet without the presence of management;

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

Directors are elected annually;

The Board has adopted a majority voting policy for 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;

Each committee of the Board has a charter that clearly defines the committee s roles and responsibilities and is annually reviewed;

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

The Board has implemented a Clawback Policy authorizing the Compensation Committee to recoup incentive-based compensation resulting from a material misstatement of financial results;

The Company has adopted proxy access to enable eligible shareholders to nominate, and include in the Company s proxy statement, Director nominees;

Ferro has a hotline available to all employees and the 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 accounting firm reports directly to the Audit Committee;

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

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

A majority portion of Director fees is paid in deferred stock units, which must be held until the Director ceases to serve on the Board;

Each Director on the Board owns shares of Common Stock or Common Stock equivalents;

- Each Director on the Board and each member of the Board committees annually assesses the Board s and Board committees execution of their responsibilities and oversight; and

- Each Director is assessed by fellow Board members regarding his or her performance and contributions on the Board.

Corporate Governance Principles

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

Director Independence

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

Majority Voting Policy

The Board has adopted the Policy of the Board of Directors Relating to Majority Voting (the Majority Voting Policy). Pursuant to the Majority Voting Policy, in the event of an uncontested election an election in which the number of nominees for Director does not exceed the number of Directors to be elected where a nominee for Director receives more votes withheld from his or her election than votes for his or her election, such Director is expected to tender to the Governance & Nomination Committee his or her resignation as a Director. The Governance & Nomination Committee of the Board will then consider the 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.

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Corporate Governance

Board Committees

The Board of Directors has an Audit Committee, Compensation Committee and Governance & Nomination Committee. Copies of the charters for each of the committees are posted on the Company s website (www.ferro.com), under Investor Relations and are available to any stockholder in hard copy upon request to the Company. Information regarding the committees is set forth in the following table:

AUDIT COMMITTEE	COMPENSATION COMMITTEE	GOVERNANCE & NOMINATION COMMITTEE
Responsibilities:	**Responsibilities:**	**Responsibilities:**
The Committee is responsible for:	The Committee is responsible for:	The Committee is responsible for:
oversight of the integrity of Ferro s financial statements	recommending policies for the compensation of Directors	recommending to the Board nominees for election as Directors
oversight of compliance with legal and regulatory requirements relating to Ferro s financial reports	setting the compensation of the Senior Management Committee	recommending to the Board criteria and qualifications for new Board members
the appointment, retention and oversight of Ferro s independent registered public accounting firm	oversight of management s administration of significant employee compensation and benefit plans	recommending to the Board the composition and chair of each committee
oversight of the performance of the internal audit function		overseeing adherence to the Corporate Governance Principles adopted by the Board
oversight of the enterprise risk management function		

Independence:	**Independence:**	**Independence:**
Each Committee member is independent under NYSE listing standards and as such term is defined in Rule 10A-3(b)(1)	Each Committee member is independent under NYSE listing standards, a non-employee director as defined in Section 16(b) of the Securities Exchange Act of 1934 and an outside director as defined in Section 162(m) of the Internal Revenue Code	Each Committee member is independent under NYSE listing standards
Members*:	**Members:**	**Members:**
Ronald P. Vargo, Chair	Richard J. Hipple, Chair	David A. Lorber, Chair
Marran H. Ogilvie	David A. Lorber	Richard J. Hipple
Andrew M. Ross	Allen A. Spizzo	Gregory E. Hyland
Allen A. Spizzo	Ronald P. Vargo	Marran H. Ogilvie
		Andrew M. Ross
Number of meetings 2017:	**Number of meetings in 2017:**	**Number of meetings in 2017:**
8	4	4

* 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. All four members of the Audit Committee qualify as audit committee financial experts, as defined in section 407 of the Sarbanes-Oxley Act and the SEC s rules under that statute, and offered to be designated as such. The Board has designated Mr. Vargo as the audit committee financial expert. (Mr. Vargo s biography is on page 7.)

Director Nomination Process

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 and in the best interests of the Company and its shareholders.

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 considers the desired skills and experience that it would like Director candidates and the Board as a whole to have in light of the criteria outlined above. The Governance & Nomination Committee considers potential Director candidates that may be recommended by the Board, senior management, shareholders and consultants. All candidates, regardless of the source of the recommendation, are considered in the same manner.

The Governance & Nomination Committee considered each Director s leadership experience, specific industry or manufacturing experience, and familiarity with global operations. The Directors hold or have held executive officer positions or serve or have served on boards of directors in organizations that have provided them experience in operations, management, risk management, governance and leadership development. The Board and the Governance & Nomination Committee believe that these skills and qualifications, combined with diverse backgrounds and the ability to work in a positive and collegial fashion, benefit Ferro and Ferro s shareholders by creating a strong and effective Board.

The Governance & Nomination Committee will consider candidates for the Board who are recommended by shareholders in accordance with the provisions in the Company s Amended and Restated Code of Regulations (Code of Regulations). Shareholder recommendations must be submitted in writing to: Secretary, Ferro Corporation, 6060 Parkland Boulevard, Suite 250, 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

Ferro s Board leadership structure consists of a combined CEO and Chairman of the Board, along with an independent Lead Director. Ferro believes that a combined CEO and Chairman of the Board role is appropriate because it provides an efficient and effective leadership structure for Ferro. It promotes alignment between the Board and management on Ferro s strategic objectives, facilitates effective presentation of information to enable the Board to fulfill its responsibilities, and allows for productive and effective Board meetings.

Ferro s non-management Directors, all of whom are independent, meet at regularly scheduled executive sessions several times each year. These sessions are chaired by the Lead Director. Neither the CEO nor any other member of management attends these sessions except in limited circumstances if requested by the Directors. Following each executive session, the Lead Director or the other non-management Directors share with the CEO or other members of senior management such observations, comments or concerns as the Lead Director and the other non-management Directors deem appropriate. Mr. Lorber, the Chair of the Governance & Nomination Committee, currently serves as the Lead Director.

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

The Board examines the Company s corporate governance policies and leadership structure on an ongoing basis.

Board s Role in Risk Management Oversight

The Board provides oversight of the Company s risk management through its review of risks associated with the Company s operations and strategic initiatives, both as a Board, and, as appropriate, through Board committees.

The Audit Committee has the central role in risk management oversight on behalf of the Board. The Board receives periodic reports from the Audit Committee with respect to its discussions with management regarding Ferro s 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), head 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 the 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 also periodically provides reports to the Board regarding compensation-related risks. The Goverance & Nomination Committee addresses risk issues related to the structure, operation, and composition of the Board and its committees. The Governance & Nomination Committee periodically provides reports to the Board on such matters.

Shareholder Engagement

We believe that a tenet of good corporate governance is healthy interaction with our shareholders to understand the issues important to them. Our management team regularly engages with shareholders on a number of topics, including our corporate strategy and performance and corporate governance. In addition, we communicate with shareholders through quarterly earnings calls, press releases, analyst meetings and investor conferences.

During 2017, members of our management team met with our top 20 largest shareholders, who collectively own over 60% of our outstanding shares, to discuss our business strategy and solicit their views on other matters of interest to them.

Other Corporate Governance Measures

Ferro has adopted a series of policies dealing with business conduct and ethics. These policies apply to all Ferro Directors, officers and employees. A summary of these policies may be found on Ferro s website (www.ferro.com), and the full text of the policies is available in print, free of charge, by writing to: Secretary, Ferro Corporation, 6060 Parkland Boulevard, Suite 250, Mayfield Heights, Ohio 44124 USA. The Audit Committee is responsible for the review of the Company s legal and ethical policies. The Audit Committee must approve any exception or waiver to these policies. In addition, a description of any exception, amendment or waiver to these policies with respect to the CEO, the CFO and the Company s principal accounting officer, controller or persons performing similar functions will be posted on the Company s website within four business days following the date of the exception, amendment or waiver. Ferro also maintains a hotline, which allows employees throughout the world to report confidentially violations of the Company s legal and ethical conduct policies, consistent with local legal requirements and subject to local legal limitations. In addition, the Governance & Nomination Committee is responsible for reviewing and approving any related party transactions. Any shareholder or other interested party that wishes to communicate directly and confidentially with the Lead Director or the non-management Directors as a group may contact the non-management Directors at the following website: www.ferrodirectors.com. The non-management Directors will handle such communications with appropriate confidentiality.

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Security Ownership of Certain Beneficial Owners and Management

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Stock Ownership by Directors and Executive Officers

Ferro encourages share ownership by its Directors and executive officers and has ownership guidelines as described in the Executive Compensation Discussion & Analysis. The information below shows beneficial ownership of Common Stock by (i) each current Director and the nominees for re-election, (ii) each executive officer named in the Summary Compensation Table on page 31 below, and (iii) all current Directors and current executive officers as a group. Except as otherwise noted, each person has sole voting and investment power as to his or her shares of Common Stock. The information set forth below is as of March 15, 2018.

	Shares of Common Stock Owned Directly or Indirectly	Shares of Common Stock Underlying Options or Deferred Stock Units Exercisable Within 60 Days of Record Date	Total Shares of Common Stock	Percentage of Outstanding Common Stock
Directors				
Richard J. Hipple[(1)]	49,800	29,100	78,900	*
Gregory E. Hyland[(1)]	42,700	29,100	71,800	*
David A. Lorber[(1)]	38,528	29,100	67,628	*
Marran H. Ogilvie[(1)]	2,000	2,400	4,400	*
Andrew M. Ross[(1)]	2,000	9,900	11,900	*
Allen A. Spizzo[(1)]	0	9,900	9,900	*
Peter T. Thomas[(2)]	484,893	663,600	1,148,493	1.36%
Ronald P. Vargo[(1)]	45,700	29,100	74,800	*
Officers Named in Summary Compensation Table				
Benjamin Schlater[(2)]	7,940	11,500	19,440	*
Mark H. Duesenberg[(2)]	168,631	248,067	416,698	*
10 Directors and Executive Officers as a Group[(3)]	842,192	1,061,767	1,903,959	2.26%

* Less than 1 percent.

(1) Amounts reported include shares held on behalf of each Director under the Ferro Director Deferred Compensation Plan because the Directors have the ability to direct the voting of shares held in such plan. Amounts reported include 29,100 in the case of Messrs. Hipple, Hyland, Lorber, and Vargo, 2,400 in the case of Ms. Ogilvie and 9,900 in the case of Messrs. Ross and Spizzo, deferred stock units that would be converted into shares of Common Stock if the Director ceased to serve as a Director; however, the deferred stock units have no current voting rights.

(2) Shares of Common Stock reported above do not include (i) 39,700, 30,130 and 244,180 restricted share units awarded to Messrs. Duesenberg, Schlater and Thomas, respectively, (ii) 57,300, 45,500 and 327,300 performance share units awarded to Messrs. Duesenberg, Schlater and Thomas, respectively, or (iii) 151,155 phantom shares held for the accounts of Messrs. Duesenberg, Schlater and Thomas in the Supplemental 401(k) Plan.

(3) Shares reported above do not include 314,010 restricted share units awarded to the executive officers, 430,100 performance share units awarded to the executive officers or 151,155 phantom shares held for the accounts of the executive officers in the Supplemental 401(k) Plan.

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Stock Ownership by Other Major Shareholders

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

Name and Address of Beneficial Owner	Nature and Amount of Beneficial Ownership (Shares of Common Stock)	Percentage of Outstanding Common Stock
Mario J. Gabelli and related entities(1) One Corporate Center Rye, New York 10017	10,062,875	11.92%
The Vanguard Group(2) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	7,102,819	8.42%
Wellington Management Company LLP(3) 280 Congress Street Boston, Massachusetts 02210	6,101,561	7.23%
BlackRock, Inc.(4) 55 East 52nd Street New York, New York 10055	5,437,831	6.44%

(1) We obtained the information regarding the share ownership of Mario J. Gabelli and related entities from the Schedule 13D/A filed November 7, 2017, by Gabelli Funds, LLC, Teton Advisors, Inc., GAMCO Asset Management Inc., Mario J. Gabelli, GGCP, Inc., GAMCO Investors, Inc. and Associated Capital Group, Inc., which reported sole voting power as to 9,668,475 shares of Common Stock and sole dispositive power as to 10,062,875 shares of Common Stock.

(2) We obtained the information regarding share ownership from the Schedule 13G/A filed February 9, 2018, by The Vanguard Group, which reported sole voting power as to 162,645 shares of Common Stock, shared voting power as to 11,900 shares of Common Stock, sole dispositive power as to 6,935,474 shares of Common Stock and shared dispositive power as to 167,345 shares of Common Stock as of December 31, 2017.

(3) We obtained the information regarding share ownership of Wellington Management Company LLP and related entities from the Schedule 13G filed February 8, 2018, by Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP, which reported sole voting power as to 0 shares of Common Stock, sole dispositive power as to 0 shares of Common Stock, shared voting power as to 3,512,276 shares of Common Stock and shared dispositive power as to 6,101,561 shares of Common Stock.

(4) We obtained the information regarding share ownership from the Schedule 13G/A filed January 29, 2018, by BlackRock, Inc., which reported sole voting power as to 5,219,411 shares of Common Stock and sole dispositive power as to 5,437,831 shares of Common Stock.

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, 2017, or with respect to such fiscal year, all Section 16(a) filing requirements were met.

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Executive Compensation Discussion & Analysis

EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

This Executive Compensation Discussion & Analysis (CD&A) is intended to provide investors with an understanding of our compensation policies and a description of the process by which the Company, through its Compensation Committee, set the compensation of its Chief Executive Officer, Chief Financial Officer and the other member of the Senior Management Committee for 2017, each a named executive officer :

Mr. Thomas	President and CEO
Mr. Schlater	Vice President & Chief Financial Officer
Mr. Duesenberg	Vice President, General Counsel and Secretary

Executive Summary

Ferro is a company that has undergone significant transformation over the last few years. Through successful execution of its Value Creation Strategy, Ferro divested non-core businesses, acquired strategic businesses, changed its culture, and has become a focused and fundamentally stronger business. Today, Ferro is a leading functional coatings and color solutions company with dramatically improved profitability.

Ferro now is a leader in its core markets and is on a pathway of growth. Organic growth has been revitalized and, in four years, the Company has completed over a dozen acquisitions, including Dip-Tech Ltd., S.P.C. Group s.r.l. and Smalti per Ceramiche, s.r.l., Gardenia Quimica S.A., and Endeka Group in 2017. The improved financial performance resulting from successful execution of the Value Creation Strategy became more apparent in 2016 and 2017, as revenue, gross profit, and pre-tax income all increased relative to the prior year.

In 2017, Ferro launched phase four of its Value Creation Strategy: dynamic innovation and optimization. In this phase, Ferro is focused even more intensely on innovative products and services that address customer needs and align with broader macro-economic trends and on optimization initiatives that improve the way we do business and drive efficiencies throughout our operations.

How Ferro Has Improved from 2013 to Today

In 2013, the Company announced its Value Creation Strategy, which would transform Ferro from a diversified specialty chemicals company to a focused functional coatings and color solutions company. The Value Creation Strategy has centered on:

1) streamlining operations and reducing operating cost;

2) divesting underperforming and non-core businesses; and

3) pursuing high-value growth opportunities.

The objective was to narrow the Company s focus to enable it to leverage its strengths. These strengths include:

1) business platforms that share core competencies such as color innovations, glass technology, application science, particle engineering know-how and formulation customization;

2) shared manufacturing infrastructures and processes across business platforms;

3) leadership positions in niche markets; and

4) the ability to collaborate with customers to offer customized formulations.

Execution of the first phase of the plan, which included implementing cost reduction measures and eliminating inefficiencies, significantly improved the Company s profitability through improved gross profit and reduced Selling, General and Administrative (SG&A) expense. In the second phase of the strategy, the Company divested five non-core businesses during 2013 and 2014, which resulted in decreased revenue in the short term but enabled the Company to focus on the businesses reflecting its core strengths. The divestitures also generated cash to position the Company to acquire higher-growth, higher-margin businesses in the third phase of the strategy.

Over the period 2014-2017, the Company completed more than a dozen acquisitions that complement its core businesses, provide attractive margins, and improve its capabilities in important growth markets. The businesses that Ferro acquired are adding to the top line, while also improving profit margins and earnings. The Company has achieved sustained organic growth over the past 18 months, with growth in product lines across the Company s portfolio.

Management s successful execution of the Value Creation Strategy has resulted in a more focused company with greater operational efficiency and an emphasis on core competencies that distinguish it competitively. As a result, on a continuing business and constant currency basis, adjusted gross profit margin increased from 25.7% in 2013 to 30.4% in 2017[2] and adjusted EBITDA increased from $100.8 million in 2013 to $234.2 million in 2017[3].

Set forth below are the key components of each phase of our Value Creation Strategy.

[2] Gross profit margin has been adjusted to exclude several one-time items that impacted earnings and that have been adjusted out of the reported results. Please see reconciliation included in Appendix A.

[3] Adjusted EBITDA is a non-GAAP measure. Please see reconciliation included in Appendix A.

The Compensation Committee of the Board regularly monitors compensation relative to the market. The Committee recognized that the CEO s target compensation rose above the 50th percentile of market pay, which the Compensation Committee generally targets for executive compensation. The Committee chose not to penalize the CEO by reducing his compensation when he was successfully leading the Company s execution of its Value Creation Strategy. In setting compensation for Mr. Thomas for 2017, the Compensation Committee determined not to make any increase to his base salary, target bonus or long-term incentives from the prior year levels, thereby bringing his compensation closer to the market, but still providing the opportunity for appropriate reward for strong performance. As the Company s size changes, the Committee will continue to monitor the relative positioning of our CEO s and Named Executive Officers (NEOs) pay and adjust or not adjust accordingly while considering factors beyond just market pay, i.e., including strategy execution, performance, retention and attraction of talent.

Say-on-Pay

The Compensation Committee considered the most recent say-on-pay shareholder advisory vote held in April 2017 regarding the NEOs compensation to be supportive of the Company s pay practices. Approximately 97% of shareholder votes cast were in favor of the executive officer compensation as described in our proxy statement. The Company has achieved an average 95% of votes cast in favor of the executive officer compensation over the past five years. The Compensation Committee considered the outcome of the most recent say-on-pay vote and the views of shareholders shared with management and concluded that neither suggested a need for consideration of any significant changes to compensation practices at this time.

Components of Compensation and Alignment between Compensation and Performance

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.

Annual Incentive Plan (AIP): The AIP enables executives to be rewarded for Company performance and shareholder returns. It is structured to deliver incentive payouts at the 50th percentile of the competitive market for achievement of target financial performance. The Committee may adjust AIP performance results to account for certain special charges in exceptional or extraordinary circumstances where the effects of the charges are auditable. At the Committee s discretion, AIP payments earned by the CEO and each executive officer related to established financial goals may be adjusted upward or downward by as much as 20% to reflect individual performance in a given year.

For 2017, the bonus was determined by EBITDA (70% weighting), budgeted net sales growth (20%), and strategic goals (10%) as described on page 25, based on the budget in the annual operating plan approved by the Board of Directors. Measuring strategic objectives ensures the overall performance of the Company is considered before awards are made. The entire annual bonus is subject to recoupment (clawback).

Actual results for the AIP financial metrics were above target for EBITDA and budgeted net sales growth. Consequently, annual cash compensation paid to executive officers for 2017 was above individual target levels and generally was above market median, consistent with the plan design of delivering rewards that are above market median for performance that is above targeted results.

The Company structured the AIP with the intent of satisfying the conditions of Section 162(m) of the Internal Revenue Code such that AIP payments earned in fiscal year 2017 do not count toward the limitation on the tax deductibility of compensation under Section 162(m). Funding for AIP is formulated and is a function of Gross Profit. In 2017, the maximum amount available to pay to our NEOs was 1.5% of Gross Profit, defined as net sales less total cost of sales, for the fiscal year ended December 31, 2017. The maximum award for Mr. Thomas, as the Chief Executive Officer, was 55% of this pool, and the maximum amount that could be paid to each of the remaining NEOs, other than Mr. Schlater whose compensation was not subject to Section 162(m) in 2017, was 15% of the pool. In addition, individual annual award amounts are limited to $4 million as provided in the 2013 Omnibus Incentive Plan.

Long-Term Incentive (LTI): A substantial portion of annual compensation is in the form of long-term incentives. In aggregate, long-term incentives comprise 40%-60% of annual pay, as described on page 40. LTI consists of three forms of awards:

- 50%: Performance Share Units
- 30%: Stock Options
- 20%: Restricted Share Units

This design ensures that the majority of compensation and the net worth of senior executives are linked to the performance of the Company stock and resulting shareholder returns. For the annual long-term incentive awards both performance share units and restricted share units have a three-year cliff vesting and the stock options have a three-year ratable vesting. The restricted share units are subject to an additional two-year holding period upon vesting, at the end of which the shares of Common Stock are distributed and federal income taxes paid. All stock options have a maximum term of ten years.

Further reinforcing the pay for performance relationship and the financial goals associated with the growth phase of the Company s Value Creation Strategy, the metrics chosen for the performance share unit grants for the 2017-2019 period were three-year average adjusted free cash flow from continuing operations on invested capital, and cumulative gross profit; each weighted at 50%. The goals for the 2017-2019 performance period include a TSR Modifier, based on Ferro s three-year TSR compared with the TSR for the Specialty Chemicals Index for that period. If Ferro s TSR is at or above the 75th percentile, the payout based on achievement of the financial goals will be increased by 20%. If Ferro s TSR is at or below the 25th percentile, the payout based on achievement of the financial goals will be decreased by 20%. At the end of the vesting period and only if the performance conditions have been met, the executives will receive one-half of the award value in non-forfeitable shares of the Company s Common Stock, including the nominal amount of dividends paid on earned performance share units, if any, and the remaining one-half award value in cash.

Consistent with the methodology followed in 2016, the number of shares granted on February 15, 2017 was calculated based on the average closing stock price during the prior calendar month. The use of an average stock price mitigates the possibility that a significant one-day change in stock value will have a material impact on the number of stock options or share awards granted. For grants made on February 15, 2017, the average closing price during the month of January 2017 used to determine the awards was $14.49 and the actual grant date share price reported in the Summary Compensation Table (SCT) was $14.27.

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Executive Compensation Discussion & Analysis

Best Practices of the Executive Compensation Program

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

What We Do	What We Don t Do
The compensation program rewards executives for the long-term, sustainable value creation of the Company.	Our bonus plans are performance-based and do not include any minimum payment levels.
Restricted share units granted to executive officers generally vest three years from the date of grant and, once vested, are subject to an additional two-year holding period.	Executive officers do not receive perquisites such as financial counseling, tax preparation, company cars, club memberships, personal use of company aircraft or other allowances.
50% of long-term incentives are explicitly performance-based, while another 30% are based on share appreciation above the option exercise price.	Non-qualified plans do not provide for any premium or guaranteed investment returns.
Executive officers are subject to stock ownership guidelines of five times salary for the CEO, three times salary for the CFO and two times salary for other executive officers.	No employees or directors are permitted to hedge their equity-based compensation awards or the value of the securities they hold.
The 2013 Omnibus Incentive Plan incorporates a double-trigger provision for vesting of equity awards in the event of a change in control.	Our award plans and policies prohibit re-pricing or backdating of awards.
A Clawback Policy authorizes the Compensation Committee to recoup incentive-based compensation resulting from a material misstatement of financial results.	Change-in-control agreements entered into after 2009 do not provide tax gross-ups.
The Compensation Committee reviews on an annual basis comprehensive tally sheets, illustrating the total compensation for the most recent two years for each executive officer.	Dividends may accrue on our performance share units and restricted share units, but are paid only when and to the extent the underlying award is earned and vested.
No executive officer is covered by an employment agreement. A severance policy provides for payments consistent with market practices of peer companies.	We do not have any defined benefit pension or supplemental executive retirement plan benefits, or above-market interest on deferred compensation.
	We do not engage in compensation programs that create undue risk.

Executive Compensation Philosophy and Guiding Principles

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

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

Reward Achievement: Maintain a strong pay for performance character by aligning rewards with proven financial results and changes in shareholder value so that exceptional achievement generates pay that is above market medians and performance below target yields compensation that is below market median; and

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Remain Competitive: Target aggregate expenditures for each compensation element generally at the 50th percentile of competitive market practices, which includes a custom peer group as well as a general industry group comprised of companies with comparable revenues. In addition to market practices, factors such as experience, performance, future potential, internal equity and attraction of talent also are considered in establishing compensation.

Oversight of Executive Compensation

Compensation Committee: The Compensation Committee of the Board is responsible for establishing, implementing and monitoring adherence to the Company s compensation philosophy for the CEO and the other members of the Senior Management Committee. The Committee sets the compensation of the Company s executive officers, recommends to the Board compensation for the Directors and oversees management s administration of the other significant employee compensation and benefit plans. In carrying out its oversight responsibilities, the Committee is supported by an independent executive compensation consultant and management as further described below. 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 the Vice President of Human Resources participate in an advisory capacity in the Committee s meetings, including the annual compensation review in February each year, provide the Committee with data and analyses and make recommendations with respect to awards to members of the Senior Management Committee, excluding the CEO. The Committee makes its decisions with respect to the compensation of the CEO in executive session, without the presence of management.

Independent Compensation Consultant: The Committee has retained Exequity LLP, an independent compensation consultant (the 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 2017. In connection with its engagement of the Compensation Consultant, the Committee conducted a conflict of interest assessment and found that no conflicts of interest exists.

Executive Compensation Peer Group

For compensation decisions made in February 2017, the Compensation Consultant 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, market capitalization 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.

Data for the custom peer group comes from the Equilar database and, for companies not reporting the information to Equilar, from proxy disclosures. 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 executive officers. These competitive pay levels served as a basis for the Committee s annual review of the Company s pay programs. The Committee considered this information in establishing base salaries, annual incentive targets and long-term incentive awards. The Committee approves all pay decisions related to the NEOs and other members of the Senior Management Committee, if any.

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Executive Compensation Discussion & Analysis

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

The peer group approved at the Committee s June 2016 meeting was used as a factor in making February 2017 compensation decisions.

Chemtura Corporation	Minerals Technologies Inc
Compass Minerals International Inc	NewMarket Corporation
HB Fuller Company	OMNOVA Solutions Inc
Hexcel Corporation	Quaker Chemical Corporation
Innophos Holding Inc	Rayonier Advanced Materials Inc
Innospec Inc	Sensient Technologies Corporation
Koppers Holdings Inc	Stepan Company
Kraton Performance Polymers Inc	Tronox Limited

2017 Executive Compensation Decisions

At its February 15, 2017 meeting, the Committee reviewed the current levels of pay for the executive officers. The Committee considered the competitive market data provided by the Compensation Consultant for base salary, annual incentive targets and long-term incentive awards, the recommendations of the CEO, and the experience, tenure and performance of each executive.

Below are the base salary target AIP decisions:

Executive	Base Salary Increase	Target AIP Changes
Mr. Thomas	No increase; $913,200	No change; 100%

Mr. Schlater	3.0% increase; $412,000	Increase from 60% to 65%
Mr. Duesenberg	3.0% increase; $422,300	No change; 65%

The Committee also approved long-term incentive grants to Mr. Thomas, Mr. Schlater and Mr. Duesenberg comprised of restricted share units, stock options and performance share units. In determining the size of long-term incentive award grants, the Committee evaluated competitive market data and discussed other relevant factors including the experience and retention of the NEOs, and the strategic direction of the Company. The Committee concluded that it would keep long-term incentive award calculated values consistent with 2016 award calculated values. The Committee established the goals for vesting of the performance share units for the 2017-2019 performance period, as discussed on page 26.

At its meetings in February 2017, the Committee reviewed the Company s performance compared to the goals for determining payouts for the 2017 AIP. Actual results at the corporate level were as follows:

(1) EBITDA is calculated as operating profit plus the depreciation and amortization included in operating profit. One-time charges, including restructuring, impairment charges and discontinued operations are excluded from operating profit. For divestitures made during 2017, actual results will be measured through the date of divestiture and budgeted performance assumed for the remainder of the year. Acquisitions made in 2017 are excluded from the calculation. The calculation will be made on a 2016 constant currency basis relative to the approved budget.

(2) Budgeted Net Sales Growth is calculated as year over year change in net sales on a 2016 constant currency basis relative to the approved budget. For divestitures made during 2017, actual results will be measured through the date of divestiture and budgeted performance assumed for the remainder of the year. Acquisitions made in 2017 are excluded from the calculation.

The Committee also reviewed performance related to the Company s strategic goals. Reference page 20.

Based upon the financial results, the achievements related to the strategic goals of the Company and discussion of each executive officer s contributions during 2017, the Committee determined that each of the executive officers would receive an AIP payout at the calculated performance score of 142.2% as follows:

Executive	**AIP payout**
Mr. Thomas	$ 1,298,600
Mr. Schlater	$ 380,800

Mr. Duesenberg	$	390,300

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Executive Compensation Discussion & Analysis

The Committee also reviewed the results for the goals established for performance share unit grants awarded in February 2015 for the 2015-2017 performance period:

Total number of shares earned, 172.8% of the amount awarded, was based on achievement of the 2017 Return on Invested Capital at 142.9% of target; achievement of the 2017 Gross Margin at 162.5% of target and the application of the 20% TSR Modifier. Actual payouts are shown below.

(1) Return on Invested Capital (ROIC) is the ratio of 2017 adjusted tax-affected operating income (excluding charges and precious metal lease expenses) to average invested capital during 2017. Invested capital is equal to total equity plus net debt. Total equity is measured by the value on the consolidated balance sheet. Total debt is equal to balance sheet short-term plus long-term debt plus pension liability plus the value of precious metal leases less cash (including precious metal collateral). Average invested capital is equal to the total of invested capital at the end of fourth quarter 2016 and each quarter of 2017 with the sum divided by five. Acquisitions will be excluded in the year the acquisition is completed but included for any subsequent years of the performance period.

(2) Gross Margin dollars are net sales less cost of sales.

Based on the results, the following payouts were made to executive officers:

	50% Delivered in # Shares	**50% Delivered in Cash**
Mr. Thomas	107,308	$ 2,582,903.56
Mr. Schlater	7,940	$ 191,115.80
	18,748	$ 451,264.36

Mr. Duesenberg

Additional Information Concerning Executive Compensation

Use of Tally Sheets

In 2017, the Compensation Committee reviewed comprehensive tally sheets illustrating the total compensation for the most recent two years for each NEO and the compensation and benefits payable upon termination, including voluntary termination, involuntary 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, i.e., the alignment of pay with the interests of shareholders. The guidelines are reviewed and updated periodically to support their intended purpose. The current guidelines, updated in December of 2015, require the CEO to achieve target ownership of five times base salary, the CFO to achieve target ownership of three times base salary, and other executive officers to achieve target ownership of two times base salary. Newly hired executives have five years to achieve their target ownership levels. The Company s NEOs meet or exceed the established guidelines with the exception of Mr. Schlater, who has five years from the date on which he assumed the Vice President & Chief Financial Officer position to meet the stock ownership guideline for that position.

Shares of Common Stock deemed to be owned by each executive officer include shares owned outright with no restrictions, restricted share grants, restricted share unit grants, shares owned in the 401(k) Plan, and shares deemed to be invested in Common Stock through the Deferred Compensation Plan and Supplemental 401(k) Plan.

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. The plans were frozen as to new participants effective July 1, 2003 and no additional accruals have been made since 2006. 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 the Supplemental DB Plan.

Consequently, the primary retirement benefits for executive officers are a qualified defined contribution 401(k) plan, called the Ferro Corporation 401(k) 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 AIP award amounts. The Supplemental 401(k) Plan primarily provides participants with Company contributions that would have been made to their 401(k) and basic pension contribution accounts under the 401(k) Plan were it not for tax law limitations. The Supplemental 401(k) Plan allows participants the option of a deemed investment in either Common Stock or the stable asset fund under the 401(k) Plan. No premium or guaranteed investment return is provided.

Deferred Compensation Plan

Executive officers are eligible to participate in the Ferro Corporation Deferred Compensation Plan for Executive Employees (the Deferred Compensation Plan). There are no executive officers participating in the Deferred Compensation Plan at this time and no executive officer has a balance in the Deferred Compensation Plan. Deferrals under the plan have been suspended since 2010.

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. Change in control agreements do not include an excise tax gross-up or a modified single trigger provision, except for those agreements entered into prior to 2010, and only one NEO has a grandfathered agreement. For additional information on payments to executive officers as a result of a change in control, see the discussion under Termination and Change in Control Payments beginning on page 39.

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Deductibility of Executive Compensation

Section 162(m) of the Code, as in effect prior to the adoption in December 2017 of The Tax Cuts and Jobs Act (the TCJA), limits the deductibility of certain compensation in excess of $1 million earned by specified executive officers of publicly held companies unless such excess compensation meets the requirements for an exception for performance-based compensation. The LTIP contains the provisions necessary to potentially 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 the plan. Stock options and performance share units previously granted are intended to qualify as performance-based compensation, but restricted stock units, which vest solely on the passage of time, do not qualify as performance-based compensation. The AIP has been structured to potentially provide for Section 162(m) tax deductibility. Historically, the Committee has granted performance-based compensation intended to preserve the deductibility of those payments. The TCJA eliminated the performance-based compensation exception, so that for 2018 all compensation paid to specified executive officers in excess of $1 million will be nondeductible (except for any amounts that qualify as performance-based that have been grandfathered pursuant to the written binding contract transition rule under the TCJA). The Compensation Committee intends to evaluate the impact of the adoption of the TCJA on Section 162(m) and our compensation practices.

Mitigation of Excessive Risk-Taking

Executive Compensation Recoupment Policy

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

Compensation Policies and Practices as Related to Risk Management

In 2017, 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 that 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 short sales of Ferro securities, and hedging or monetization activities involving Ferro securities, including but not limited to, equity swaps, collars, exchange funds and prepaid variable forward contracts. In addition, none of the Directors or executive officers is party to any pledge arrangements with respect to their stock holdings.

Compensation Committee Interlocks and Insider Participation

During 2017, 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.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed with Ferro s management the Compensation Discussion & Analysis set forth above. Based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion & Analysis be included in this proxy statement and incorporated into the Company s Annual Report on Form 10-K for the year ended December 31, 2017.

Respectfully submitted,

Richard J. Hipple, Chair

David A. Lorber

Allen A. Spizzo

Ronald P. Vargo

CEO Pay Ratio

We are providing the following information about the ratio of the annual total compensation of our employees and the annual total compensation of our Chief Executive Officer, Peter Thomas, pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K:

For 2017, our last completed fiscal year:

- the median of the annual total compensation of all employees of our company (other than Mr. Thomas), was $38,145;
- the annual total compensation of Mr. Thomas, as reported in the Summary Compensation Table on page 31, was $5,472,401; and
- based on this information, for 2017 the ratio of the annual total compensation of Mr. Thomas to the median of the annual total compensation of all employees was 144 to 1.

We are a global company with consolidated subsidiaries in over 30 countries. Approximately 86% of our employees are located outside of the United States, with many in lower cost jurisdictions. We compete for talent locally and have different compensation structures depending on the location and the nature of the business operations conducted at each of our locations (e.g. research and development, manufacturing, sales, etc.).

The following describes how we identified the median of the annual total compensation of all our employees, as well as the annual total compensation of the median employee, including the methodology and the material assumptions, adjustments, and estimates that we used.

We determined that, as of December 31, 2017, we had 5,682 employees, as disclosed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the SEC) on February 28, 2018 (our Annual Report). We included approximately 600 employees of companies we acquired during 2017.

Because of the different elements of compensation in different jurisdictions, we believe base salary, which is a fixed and primary element of compensation, is an appropriate measure to determine the median employee. We maintain base salary information for all employees, and we converted salaries to U.S. dollars to determine the median employee. We did not make any cost-of-living adjustments in identifying the median employee. Based on this methodology, we determined that our median employee is a production worker in France with a base salary of $26,710.

Once we identified the median employee, we calculated that employee s annual total compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of $38,145. The difference between such employee s wages and overtime pay and the employee s annual total compensation represents the estimated value of such employee s seniority allowance, extra hour pay and shift allowance, but does not include state sponsored health and retirement benefits.

We did not make any adjustments to the annual total compensation figure for Mr. Thomas as shown in the summary compensation table on page 31 to calculate the reported ratio of the annual total compensation of Mr. Thomas to the median of the annual total compensation of all employees.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules and the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee s annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

2017 EXECUTIVE COMPENSATION

The following table shows the elements of compensation paid or earned during the last three years to the Chief Executive Officer, the Chief Financial Officer and the Company s other executive officer as of December 31, 2017:

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 President and Chief Executive Officer	2017	913,200		2,067,723	895,158	1,298,600	18,796	278,924	5,472,401
	2016	913,200		2,126,400	913,644	1,210,900	1,933	227,861	5,393,938
	2015	890,950		2,144,187	915,269	820,600		290,269	5,061,275
Benjamin Schlater Vice President and Chief Financial	2017	412,000		345,334	149,556	380,800		46,696	1,334,386
	2016	351,354		230,062	98,978	221,800		188,988	1,091,181

Officer									
Mark H. Duesenberg	2017	422,300		361,031	156,816	389,300		85,589	1,416,036
	2016	410,000		372,480	159,900	353,400		67,244	1,363,024
	2015	400,000		374,832	160,364	221,000		81,076	1,237,272
Vice President, General Counsel and Secretary									

(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 2017, see the Executive Compensation Discussion & Analysis beginning on page 18 above.

(2) **Bonus**. The amounts in this column generally consist of guaranteed payments as bonuses of which none were awarded in the years shown.

(3) **Stock Awards**. The amounts reported in this column are based on restricted share unit and performance share unit awards made under the LTIP to the executive officers listed in this table. The amount in this column for Mr. Thomas with respect to 2017 includes a February grant of 103,500 performance share units and 41,400 restricted share units. See the Executive Compensation Discussion & Analysis beginning on page 18. The amount in this column for Mr. Thomas with respect to 2016 includes a February grant of 158,200 performance share units and 63,300 restricted share units. The amount in this column for Mr. Thomas with respect to 2015 includes a February grant of 124,200 performance share units and 49,700 restricted share units. The amounts in this column reflect the aggregate grant date fair value of awards to the executive officers listed in this table in 2017, 2016, and 2015, computed in accordance with the Financial Accounting Standards Board s (FASB) FASB Accounting Standards Codification™ (ASC) Topic 718, Compensation Stock Compensation. With respect to the performance share units awarded, these values are based upon the probable outcome of the relevant performance goals. The valuation methodology used to calculate the figures in this column is described in footnote 13 (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, 2017. For a description of the Company s restricted share, restricted share unit and performance share unit awards, see the Executive Compensation Discussion & Analysis beginning on page 18 above. See also Grants of Plan-Based Awards on page 33 relating to stock awards made in 2017.

(4) **Option Awards**. The amounts reported in this column are based on stock option awards made under the LTIP equal to the grant date fair value of the awards computed in accordance with FASB ASC Topic 718. The valuation used to calculate the figures in this column is described in footnote 12 (Stock-Based Compensation) of the audited financial statements included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. For a description of the Company s stock option awards, see the Executive Compensation Discussion & Analysis beginning on page 18 above. See also Grants of Plan-Based Awards on page 33 relating to stock awards made in 2017.

(5) **Non-Equity Incentive Plan Compensation**. The amounts in this column consist of any AIP payments based primarily on predetermined financial measurements relating to the year indicated. For a discussion of the AIP, see the Executive Compensation Discussion & Analysis beginning on page 18 above.

(6) **Change in Pension Value and Non-Qualified Deferred Compensation Earnings**. Amounts in this column include the change in value under the Company s defined benefit pension plans: the DB Plan and the Supplemental DB Plan. Mr. Thomas is the only executive officer listed in this table who is eligible for a benefit under the DB Plan or the Supplemental DB Plan because he was hired before July 1, 2003, when the plan was frozen to new entrants. He did not accrue any additional benefits after March 31, 2006 when the plans were frozen as to

future benefit accruals. Consequently, the changes in pension value listed in this table for Mr. Thomas, relating to 2017, 2016, and 2015 are due to the changes in present value factors, which are required to be updated each year. The measurement periods for 2017, 2016, and 2015 are the 12-month periods ending December 31, 2017, 2016, and 2015, respectively. For additional information regarding these plans, please see the Executive Compensation Discussion & Analysis beginning on page 18 above and Post-Employment Compensation on page 37 below.

(7) **All Other Compensation**. The amounts in this column for 2017 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) 2015 relocation costs for Mr. Schlater:

(a) and (b) The 2017 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 beginning on page 18 above.

Each executive received the following company matching contribution and the basic pension contribution under the 401(k) Plan as of December 31, 2017: Mr. Thomas $28,805, Mr. Schlater $10,756, and Mr. Duesenberg $25,798. As of December 31, 2017, Mr. Thomas and Mr. Duesenberg were each 100% vested in their respective 401(k) Plan accounts, and Mr. Schlater was 40% vested.

Each executive received the following company matching contribution and the supplemental basic pension contribution under the Supplemental 401(k) Plan as of December 31, 2017: Mr. Thomas $243,283, Mr. Schlater $34,992, and Mr. Duesenberg $57,877. As of December 31, 2017, Mr. Thomas and Mr. Duesenberg were each 100% vested in their respective Supplemental 401(k) Plan accounts, and Mr. Schlater 40%.

(b) 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 2017 amounts in this column include the taxable amount of the group term life insurance coverage.

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Grants of Plan-Based Awards

The following table sets forth information regarding 2017 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

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]	Estimated Future Payouts Under Equity Incentive Plan Awards[2]						
Name	**Grant Date**		**Performance Share Units[3]**	**Restricted Share Units[4]**	**Stock Options[5]**	**All Other Stock**	**All Other Options**	**Exercise or Base Price of Option Awards[6]**	**Grant Date Fair Value of Stock and Option Awards[7]**
	Date	$	Shares	Shares	Shares	Shares	Shares	$/Share	$
Peter T. Thomas									
AIP Threshold		228,300							
AIP Target		913,200							
AIP Maximum		1,826,400							
PS Threshold	2/15/17		25,875						369,236
PS Target	2/15/17		103,500						1,476,945
PS Maximum	2/15/17		20,700						2,953,890
Restricted Share Units	2/15/17			41,400					590,778
Stock Options	2/15/17				123,300			14.27	895,158
Mark H. Duesenberg									
AIP Threshold		68,624							
AIP Target		274,495							
AIP Maximum		548,990							
PS Threshold	2/15/17		4,525						64,572
PS Target	2/15/17		18,100						258,287
PS Maximum	2/15/17		36,200						516,574
Restricted Share Units	2/15/17			7,200					102,744
Stock Options	2/15/17				21,600			14.27	156,816
Benjamin Schlater									
AIP Threshold		66,950							
AIP Target		267,800							
AIP Maximum		535,600							
PS Threshold	2/15/17		4,325						61,718
PS Target	2/15/17		17,300						246,871
PS Maximum	2/15/17		34,600						493,742

Restricted Share Units	2/15/17	6,900			98,463
Stock Options	2/15/17		20,600	14.27	149,556

(1) This column contains the possible payouts under the AIP. See Executive Compensation Discussion & Analysis beginning on page 18 above for a discussion of the AIP. For the 2017 AIP, 90% is based on the achievement of financial metrics, while 10% is based on achievement of strategic personal performance goals. The AIP target percentages for 2017 are multiplied by the executive s base annual salary rate and assume an achievement of 100% on financial metrics and strategic personal performance goals to arrive at the target amount in this table. The AIP target percentages for 2017 are 100% for Mr. Thomas, 65% for Mr. Schlater, and 65% for Mr. Duesenberg. The AIP threshold reflects 25% of the applicable target percentage and the AIP maximum reflects 200% of the applicable target percentage. The actual payout of the AIP for 2017 appears in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 31 above. See the Executive Compensation Discussion & Analysis beginning on page 18 above for more information on the 2017 AIP.

(2) The equity plan-based awards granted to executive officers in 2017 were performance share units, restricted share units and stock options. See the Executive Compensation Discussion & Analysis beginning on page 18 above for a discussion of plan-based awards.

(3) The amounts reported in this column represent the number of performance share units granted in 2017 under the LTIP that would be earned assuming performance achievement at threshold (25%), target (100%) and maximum (200%). No exercise price or other consideration is paid by the executive officers with respect to performance share unit awards. The measurement period for performance share unit awards is the three-year period beginning January 1, 2017 and ending December 31, 2019. See the Executive Compensation Discussion & Analysis beginning on page 18 above for a discussion of performance share units.

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(4) The amounts reported in this column represent restricted share units awarded to each executive officer in 2017 under the LTIP. No exercise price or other consideration is paid by the executive officers with respect to restricted share unit awards. These restricted share units vest three years after the grant date and are subject to a two-year holding period after vesting. In the case of death, disability or change in control combined with certain termination of employment, restricted share units become 100% vested and will be delivered to the executive officer or, in the case of death, the applicable beneficiary. See the Executive Compensation Discussion & Analysis beginning on page 18 above for a discussion of restricted share units.

(5) The amounts in this column are the number of underlying stock options awarded to each executive officer in 2017 under the LTIP. The options have a maximum term of ten years, vest evenly at one-third per year on each annual anniversary of the grant date and fully vest at three years. In the case of death, retirement, disability or change in control combined with certain termination of employment, the options become 100% vested and exercisable for the remainder of their applicable term. See the Executive Compensation Discussion & Analysis beginning on page 18 above for a discussion of stock options.

(6) The amounts reported in this column is the per share exercise price of the stock options, which represents the closing price on the NYSE for the Company s Common Stock on the date of grant.

(7) The amounts reported in this column were calculated as follows: (i) for performance share units granted on February 15, 2017, the grant date value of $14.27 per share was multiplied by the number of performance share units awarded; (ii) for restricted share units granted on February 15, 2017, the grant date value of $14.27 per share was multiplied by the number of restricted share units awarded; and (iii) for stock options granted on February 15, 2017, the grant date value of $7.26 per option was multiplied by the number of stock options. The performance share unit awards and the restricted share unit awards are valued at the closing market price of Ferro s Common Stock on the date of the grant reduced by the discounted value of expected interest on the dividends associated with these shares. The fair value of each stock option on the grant date is determined using the Black-Scholes option pricing method, as further described on page 84 of the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See also footnotes 3 and 4 to the Summary Compensation Table on page 31 above.

Outstanding Equity Awards, Option Exercises and Vesting of Stock Awards

The following table sets forth information with respect to each of the executives and former executives named in the Summary Compensation Table regarding vested and unvested options and stock awards held as of December 31, 2017:

Outstanding Equity Awards

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options That Are Exercisable**	**Number of Securities Underlying Unexercised Options That Are Not Exercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested[1]**	**Market Value of Shares or Units of Stock That Have Not Vested[1]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested**
	Shares	Shares	Shares	$	Date	Shares	$	Shares	$
Peter T. Thomas[2]									
Stock Options	20,033	0		1.37	02/25/19				
Stock Options	45,000	0		8.25	02/25/20				
Stock Options	38,000	0		15.16	02/24/21				
Stock Options	45,500	0		6.84	02/23/22				
Stock Options	68,800	0		5.29	02/21/23				
Stock Options	98,800	0		7.02	04/24/23				
Stock Options	95,300	0		13.09	02/20/24				
Stock Options	71,533	35,767		12.33	02/18/25				
Stock Options	61,900	123,800		9.60	02/17/26				
Stock Options	0	123,300		14.27	02/15/27				
Restricted Share Units									