

FERRO CORP
Form DEFA14A
April 06, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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 §240.14a-12

FERRO CORPORATION

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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Ferro Corporation
Investor Presentation
Materials
April 2012

Agenda

A.

Ferro's Commitment to Good Corporate Governance

B.

Ferro's Improved Income and Financial Performance

C.

Proxy Access Proposal

D.
Board's Reasons for Opposing the Proposal
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A. Ferro's Commitment to Good Corporate Governance

Good corporate governance enhances investor confidence in Ferro and increases shareholder value

Development and maintenance of sound governance practices is fundamental to Ferro's

strategy and ensures alignment with shareholder interests

Ferro has taken steps that demonstrate this commitment

Corporate governance principles are designed so that the Board can provide informed, competent and independent oversight

Nine of ten Directors are independent

Four new independent Directors added since December 2009

Another new independent director candidate on 2012 ballot

Board has an independent Lead Director

Non-management Directors meet regularly

Shareholders may communicate directly with the Lead Director or non-management Directors

As discussed in our proxy statement, the Compensation Committee has revised executive compensation to more closely tie pay and performance

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B. Ferro's Improved Income Performance

Adjusted net income in 2010 and 2011 was significantly improved over prior periods

Adjusted loss in 2009 was due to the

global economic downturn

Adjusted net income (loss) excludes special charges, including restructuring, impairments and refinancing charges

Sell-side analysts and institutional investors generally evaluate performance on an adjusted basis

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Adjusted Net Income (\$M)

\$100.00

\$80.00

\$60.00

\$40.00

\$20.00

\$0.00

(\$20.00)

2004

2005

2006

2007

2008

2009

2010

2011

B. Ferro's Improved Financial Performance
(continued)

Restructuring and refinancing charges were much lower in 2011

Total special charges in 2011 were \$26.2 million, down from \$125.4 million during 2010

Reported earnings improved to \$0.36 per diluted share in 2011, compared with \$0.06

per
diluted
share
in
2010,
in
large
part,
due
to
reduced
special
charges

Improved financial performance in 2010 and 2011 reflects completion of the majority of the manufacturing rationalization and realignment started in 2006

Lower cost structure, resulting from restructuring initiatives, has helped drive Ferro's improved adjusted net income performance

Ferro's stock price performance in 2011 was consistent with other participants in the global solar energy market (suppliers and solar cell manufacturers)

Stock price performance was not driven by Company-specific performance, but rather, by weak global demand that affected the industry generally

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C. Proxy Access Proposal

Kenneth Steiner, a retail investor, submitted a non-binding proxy access proposal to several companies, including Ferro

Proposal requests that Ferro's Board amend Ferro's governing documents so that certain shareholders can use Ferro's proxy statement to nominate Directors

Shareholders (or groups of shareholders) that have held **1% ownership** continuously for at least **two years**

Any group of shareholders of whom **100 or more** satisfy the requirements to submit a Rule 14a-8 proposal to Ferro (*i.e.*, held at least **\$2,000** in value, or **1%**, of shares for at least **one year**)

Shareholders and groups of shareholders that meet either of these criteria may nominate one individual every year

Proposal entitles every nominee to include a 500-word statement in proxy statement

Proposal
requires
Ferro
to
deem
there
to
be
no
change
in
control
regardless
of
Board
turnover
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D. Board's Reasons for Opposing the Proposal

Proposal's eligibility requirements are inappropriately low
Proposal would allow nominations from 1% shareholders (two year hold) and groups of 100+ shareholders with as little as \$2,000 per shareholder (one year hold)
Requirements are significantly below those put forward by SEC

Proposal fails to limit total number of nominations in any year

Approximately 20 shareholders own at least 1% or more of Ferro stock

Over 2,800 shareholders own \$2,000 or more in Ferro stock

Shareholders

could

nominate

between

20

and

nearly

50

individuals

for

election

to

the

Board every year, in addition to the Company's 3-4 nominees

Proposal would be impractical and expensive for Ferro to manage

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Would require substantial management time and Company resources

Proposal could have a highly disruptive effect by turning every election into a proxy contest

Proposal fails to limit total number of individuals who may be elected through proposed process

Board could become fragmented and ineffective

Continual substantial Board member turnover could preclude execution on any long-term strategy

D. Board's Reasons for Opposing the Proposal (continued)

Proposal fails to require nominating shareholder to disclaim change-in-control intent

Proposal requires Ferro to take position contrary to existing contracts, may cause it to breach existing contracts, and could affect Company's ability to obtain financing and enter into other ordinary contracts

Proposal would require Ferro to deem a substantial change in Board membership not to constitute a change in control even when existing contracts provide otherwise

Proposal would require Ferro to permit elections that could cause it to breach change in control provisions in existing financing, commercial, and other agreements

Proposal could undermine Ferro's ability to obtain financing and enter into ordinary commercial arrangements by preventing Company from agreeing to change in control provisions commonly required in such agreements

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D. Board's Reasons for Opposing the Proposal (continued)

Proposal is not necessary because Ferro's policies and procedures already provide shareholders with opportunity for meaningful input in the Director nomination and election process

Shareholders
may

recommend
Director
candidates
for
consideration
by
the
Governance & Nomination Committee
Shareholders
may
nominate
Director
candidates
at
annual
meetings
and
solicit
proxies in favor of those nominees
Shareholders may cumulate votes in Director elections
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