

INTERNATIONAL PAPER CO /NEW/
Form DEFA14A
April 10, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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 Pursuant to §240.14a-12

International Paper Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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Investor
Investor
Say
Say
on
on
Pay

Pay
Discussion
Discussion
April 2015

Shareowners are asked annually to vote on a non-binding resolution to approve the compensation of our named executive officers (Say-on-Pay proposal), as disclosed in our proxy statement.

To assist you in casting your 2015 Say-on-Pay vote, please review the following summary slides together with the more

detailed information, including the Compensation Discussion and Analysis (CD&A), the related compensation tables and narrative disclosure, in our proxy statement dated April 9, 2015.

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2015

Proxy

Statement

Annual

Say-on-Pay

Vote

2014 Strong Financial Results	
Shareowner-Focused Plan Design Changes	
Continued Emphasis on Pay for Performance	
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Delivered record cash from operations and free cash flow of \$2.1B
N.A. Industrial Packaging achieved EBITDA of \$2.7B and 24%
margins
ROIC above cost of capital for fifth consecutive year
Margin expansion across key businesses
Increased dividend by 14% to \$1.60/share
Share buyback program purchases of ~ \$1B in 2014

Courtland closure completed

Completed xpedx spin-off; \$400MM received

\$470MM operational EBITDA up 126% at Ilim JV; \$56MM dividend
to IP

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2014 Strong Financial Results

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Shareowner-Focused Plan Design Changes
(2012-2015)
Program Element
Design Change / Rationale
Peer Group Composition

Added and replaced companies from Compensation Comparator Group and both Performance Share Plan (PSP) peer groups to more closely align with IP and our compensation approach (2012; 2014; 2015)
Management Incentive Plan (MIP) and Performance
Share Plan (PSP)

Eliminated ROI Stretch Goal (kicker) from both MIP and PSP (2012)

employed, for both MIP and PSP to more closely align with investment community expectations (2013)

Performance achievement for relative TSR portion of PSP award now capped at 100% of target if TSR over

Retroactively eliminated opportunity for executive officers to elect to have additional shares withheld from
PSP payouts to cover payment of federal taxes (2015)

Change in Control Agreements

2X for future agreements with SVPs to conform to compensation best practices (2012)

Froze
participation
in
the
SERP,
Retirement
Plan
and
Restoration
Plan
effective
January
1,
2019
(2014)

Officer Stock Ownership Requirement

(2013)

Replaced Free Cash Flow with Cash Flow from Operations in MIP to eliminate concern that capital
expenses might be delayed to achieve MIP payout to long-term detriment of business (2012)

PSP performance achievement is now measured over a single, three-year performance period, rather than
using a segmented approach to enhance long-term nature and reduce complexity of program (2012)

Return
on
investment
metric
now
defined

as
Return
on
Invested
Capital,
rather
than
return
on
capital
three-year performance period is negative (2015)
Reduced severance multiple, additional years of pension credit, and benefit continuation period from 3X to
Amended
all
agreements
and
plan
documents
to
move
from
a
single-trigger
to
a
double-trigger
approach
for acceleration of vesting of equity awards (2013; 2014)
SERP closed to new participants because of declining prevalence of SERP in market (2012)
Replaced four-year grace period with a 50% stock retention requirement until ownership requirement is met
Increased stock ownership requirements for all executive officers (2015)
Unfunded Supplemental Retirement Plan for Senior
Performance Metrics and Design of
Managers (SERP)

2014 Compensation
Comparator Group
3M Company
Alcoa Inc.
E.I. DuPont de Nemours
Eaton Corp.
Emerson Electric Company

FedEx Corp.
Goodyear Tire & Rubber Company
Hess Corp.
Honeywell International Inc.
Johnson Controls, Inc.
Kimberly-Clark Corp.
L-3 Communications Holdings
Lockheed Martin Corp.
Northrop Grumman Corp.
Parker-Hannifin Corp.
PPG Industries
Schlumberger Limited
United States Steel Corp.
Whirlpool Corp.
Xerox Corp.

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IP compares well:

CEO

pay

at

50

percentile

of

CCG

while

TSR

is

at

80

percentile

th

th

Continued Emphasis on Pay for Performance

Three-Year
Performance Period
Our CEO's
Realizable Pay Rank
Our Company's
TSR Rank
2011 -

2013
50th
80th
2010 -
2012
85th
80th
2009 -2011
60th
100th
2008 -2010
30th
40th
2007
2009
40th
40th
7

This table demonstrates the close correlation between our CEO's pay and Company's performance over the past four three-year performance periods.
Continued Emphasis on Pay for Performance

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This chart illustrates our commitment to pay at risk.
For 2014, 88% of our former and current CEO's target
compensation was
based on performance
and therefore at risk.
Continued Emphasis on Pay for Performance

Questions?

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