

INTERNATIONAL PAPER CO /NEW/
Form DEFA14A
April 11, 2014

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)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: INTERNATIONAL PAPER CO /NEW/ - Form DEFA14A

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
- (1) Title of each class of securities to which the transaction applies:
- (2) Aggregate number of securities to which the transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of the transaction:
- (5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

April 2014

Investor Say on Pay Discussion

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 2014 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 10, 2014.

2

2014 Proxy Statement Annual Say-on-Pay Vote

| | |
|---|--|
| 2013 Strong Financial Results | |
| Shareowner-Focused Plan Design Changes | |
| Continued Emphasis on Pay for Performance | |
| 3 | |
| Table of Contents | |

Delivered record operating earnings and cash from operations
Strong free cash flow on increased EBITDA
Industry-leading EBITDA margins across NA businesses
Further strengthened a healthy Balance Sheet
Increased dividend by 17% in 4Q and implemented \$1.5B share buyback program

Solid operational performance across key businesses

Exceeded Cost of Capital with ROIC of 9+%

4

2013 Strong Financial Results

Program Element
Design Change / Rationale
Peer Group Composition

Added and removed companies from Compensation Comparator Group and both Performance
Peer Groups to more closely align with IP and our compensation approach (2012; 2014)
Performance Metrics and Design of

Management Incentive Plan (MIP) and
Performance Share Plan (PSP)

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 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)

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

Return on investment metric now defined as Return on Invested Capital,
rather than return on
capital employed, for both MIP and PSP to more closely align with investment community (2013)
Change in Control Agreements

Reduced severance multiple, additional years of pension credit, and benefit continuation period
from 3X to 2X for future agreements with SVPs to conform to compensation best practices (2012)

Amended
acceleration of vesting of equity awards (2013)
Unfunded Supplemental Retirement Plan for
Senior Managers (SERP)

SERP closed to new participants because of declining prevalence of SERP in market (2012)
Officer Stock Ownership Requirement

Replaced four-year grace period with a 50% stock retention requirement until ownership
requirement is met (2013)

5

Shareowner-Focused Plan Design Changes
(2012-2014)

all agreements to move from a single-trigger to a double-trigger approach for

2013 Compensation
Comparator Group
3M Company
Alcoa Inc.
Bunge Limited
Caterpillar Inc.
Dow Chemical Company

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.
Lockheed Martin Corp.
PPG Industries
Schlumberger Limited
United States Steel Corp.
Whirlpool Corp.
Xerox Corp.

6

IP compares well:
CEO pay at 85
percentile of CCG while TSR is at 80
percentile

IP

50th

25th

75th

25th

50th

75th

Realizable Pay Rank

(percentile of peer group)

Pay for Performance Alignment

CEO

Realizable

Pay

vs.

TSR

Performance

(2010

-

2012)

Below median shareholder return

Above median realizable pay

Above median shareholder return

Below median realizable pay

Continued Emphasis on Pay for Performance

th

th

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

8

This chart illustrates our commitment to pay at risk.
For 2013, 88% of our CEO's target compensation was
based on performance
and therefore at risk.

CEO

Other NEOs

2013 Total Target Compensation Mix

12%

71%

88% Pay at Risk

23%

59%

77% Pay at Risk

Actual Base Salary

STI Target

LTI Target

Continued Emphasis on Pay for Performance

Questions?

Please contact our Investor Relations Team

Jay Royalty

Vice President, Investor Relations

901-419-1731

Michele Vargas

Manager, Investor Relations

901-419-7287

9