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 x 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

x Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

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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