

INTERNATIONAL PAPER CO /NEW/
Form PRE 14A
March 22, 2013
Table of Contents

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):

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:

Table of Contents

**6400 Poplar Avenue
Memphis, Tennessee 38197**

JOHN V. FARACI

Chairman and Chief Executive Officer

April 2013

Dear Shareowners,

It is my pleasure to invite you to attend this year's Annual Meeting of Shareowners, which will be held on May 13, 2013, in White Plains, New York. As in the past, we are coming together to consider important matters affecting the Company. Whether or not you plan to attend the meeting, I encourage you to review the enclosed information and vote your shares.

In 2012, International Paper generated record cash from operations and delivered our second best earnings per share since 1995, despite an uneven global economic environment. With industry-leading margins in our industrial packaging business and record earnings generated by IP Russia, International Paper shareowners can be pleased with the Company's 2012 performance. Moreover, we made excellent progress against our strategic earnings drivers around the globe including a new paper machine in China, a new biomass boiler in Brazil and the repurposing of our mill in Franklin, Virginia. Today, International Paper stands well-positioned for a step-change in 2013 earnings.

As always, a large part of our success stems from the guidance and leadership of International Paper's Board of Directors. This year, we welcomed Ilene Gordon, Chairman, President and CEO of Ingredion Incorporated, to the Board in June. We also thanked Alberto Weisser and Lynn Elsenhans for a combined 11 years of service, as both chose to resign this year.

We value your ongoing participation and support of International Paper. We remain committed to creating long-term value for you and to becoming the best paper and packaging company in the world.

Sincerely,

John Faraci

Table of Contents

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

To the Owners of Common Stock of International Paper Company:

Date: Monday, May 13, 2013
Time: 11:00 a.m. EDT
Place: The Ritz-Carlton, Westchester
Three Renaissance Square
White Plains, New York 10601

Items of Business: ***Company Proposals:***

.. **Item One:** Elect the ten (10) nominees named in the attached proxy statement as directors for a one-year term.

.. **Item Two:** Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2013.

.. **Item Three:** Approve an amendment to our Restated Certificate of Incorporation regarding shareowner action by written consent.

.. **Item Four:** Vote on a non-binding resolution to approve the compensation of our named executive officers, as discussed under the heading Compensation Discussion & Analysis.

Shareowner Proposal:

.. **Item Five:** Vote on a shareowner proposal concerning a policy on accelerated vesting of equity awards of senior executives upon a change in control, if properly presented at the meeting.

Consider any other business properly brought before the meeting.

Record Date: March 19, 2013. Holders of record of International Paper common stock, par value \$1.00 per share, at the close of business on that date, are entitled to vote at the meeting.

By order of the Board of Directors,

SHARON R. RYAN

Senior Vice President, General Counsel and

Corporate Secretary

April , 2013

Table of Contents

TABLE OF CONTENTS

<u>Information About Our Annual Meeting</u>	1
<u>Voting Procedures and Annual Meeting Attendance</u>	2
<u>Communicating With the Board</u>	6
<u>Matters to be Acted Upon at the 2013 Annual Meeting</u>	7
<u>Item 1 Company Proposal to Elect Ten Directors</u>	7
<u>Item 2 Company Proposal to Ratify Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for 2013</u>	8
<u>Item 3 Company Proposal to Amend Our Restated Certificate of Incorporation Regarding Shareowner Action by Written Consent</u>	8
<u>Item 4 Company Proposal to Vote on a Non-Binding Resolution to Approve the Compensation of Our Named Executive Officers</u>	10
<u>Item 5 Shareowner Proposal Concerning a Policy on Accelerated Vesting of Equity Awards of Senior Executives upon a Change in Control</u>	11
<u>Our Board of Directors</u>	13
<u>Directors Standing for Election (Term Expiring in 2014)</u>	13
<u>Information About Our Corporate Governance</u>	15
<u>Our Commitment to Sound Corporate Governance Principles</u>	15
<u>Our Board Committees</u>	23
<u>Transactions with Related Persons</u>	28
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	28
<u>Director Compensation</u>	29
<u>Compensation Discussion & Analysis</u>	33
<u>Additional Information about Our Executive Compensation</u>	66
<u>Ownership of Company Stock</u>	82
<u>Appendix A Proposed Charter Amendment</u>	A-1
<u>Appendix B Proposed By-Law Amendment</u>	B-1
<u>Index of Tables</u>	
<u>Non-Employee Director Compensation</u>	31
<u>Summary Compensation Table</u>	66
<u>Grants of Plan-Based Awards</u>	68
<u>Outstanding Equity Awards</u>	70
<u>Option Exercises and Stock Vested</u>	72
<u>Pension Benefits</u>	73
<u>Non-Qualified Deferred Compensation</u>	76
<u>Potential Payments Upon Retirement</u>	78
<u>Potential Payments Upon Involuntary Termination Without Cause</u>	78
<u>Potential Payments Upon Termination With Cause</u>	79
<u>Potential Payments Upon Change in Control</u>	80
<u>Security Ownership of Certain Beneficial Owners</u>	82
<u>Security Ownership of Management</u>	83

Table of Contents

PROXY STATEMENT

2013 Annual Meeting of Shareowners

Information About Our Annual Meeting

This proxy statement is furnished in connection with the solicitation of proxies by International Paper Company on behalf of the Board of Directors for the 2013 Annual Meeting of Shareowners. Distribution of this proxy statement and proxy form is scheduled to begin on or about April 11, 2013.

The 2013 annual meeting will be held on Monday, May 13, 2013, at 11:00 a.m. EDT at The Ritz-Carlton, Westchester, located at Three Renaissance Square in White Plains, New York, 10601.

At the 2013 annual meeting, shareowners will vote on the following matters, as well as any other business properly brought before the meeting:

Item One: Elect the ten (10) nominees named in this proxy statement as directors for a one-year term. The Board recommends a vote **FOR** each of the nominees.

Item Two: Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2013. The Board recommends a vote **FOR** this proposal.

Item Three: Amend our Restated Certificate of Incorporation regarding shareowner action by written consent. The Board recommends a vote **FOR** this proposal.

Item Four: Vote on a non-binding resolution to approve the compensation of our named executive officers, as disclosed under the heading Compensation Discussion & Analysis. The Board recommends a vote **FOR** this proposal.

Item Five: Vote on a shareowner proposal concerning a policy on accelerated vesting of equity awards of senior executives upon a change in control, if properly presented at the meeting. The Board recommends a vote **AGAINST** this proposal.

Information about these items may be found beginning on page 7 of this proxy statement.

The Board has designated John V. Faraci, our Chairman and Chief Executive Officer (CEO), Carol L. Roberts, Senior Vice President and Chief Financial Officer (CFO), and Sharon R. Ryan, Senior Vice President, General Counsel and Corporate Secretary, as proxies in connection with the 2013 annual meeting. With respect to any other matter that properly comes before the annual meeting, these proxies will vote as recommended by the Board, or, if no recommendation is given, at their discretion.

Shareowners of record of International Paper common stock at the close of business on March 19, 2013, the record date, or their duly authorized proxy holders, are entitled to vote on each matter submitted to a vote at the 2013 annual meeting and at any adjournment or postponement of the annual meeting. There were 443,664,987 common shares outstanding on March 19, 2013. Each common share is entitled to one vote on each matter to be voted on at the 2013 annual meeting.

A list of shareowners as of the record date will be available for inspection and review upon request of any shareowner to the Corporate Secretary at the address on page 6 of this proxy statement. We will also make the list available at the annual meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be Held on May 13, 2013:

This proxy statement, a form of proxy and our annual report to shareowners is available for viewing and printing at the following Web site:
materials.proxyvote.com/460146

Edgar Filing: INTERNATIONAL PAPER CO /NEW/ - Form PRE 14A

Vote by telephone

If you choose to vote by telephone, you may call the toll-free number on your proxy card. You will need to have the 12-digit control number printed on your proxy card.

Vote on the Internet

If you choose to vote via the Internet, follow the instructions for accessing the Web site on your proxy card. You will need to have the 12-digit control number printed on your proxy card.

Vote by mail

If you choose to vote by mail, simply mark, sign and date your proxy card and return it in the postage prepaid envelope that was included with the proxy card.

Table of Contents

Voting Procedures and Annual Meeting Attendance

How many votes must be present to hold the annual meeting?

Holders of International Paper common stock, present in person or represented by proxy, representing one-third of the number of votes entitled to be cast upon any proposal to be considered at the meeting (at least 147,888,329 votes) are required to hold the 2013 annual meeting. If you properly vote on any proposal, your shares will be included in the number of shares to establish a quorum for the annual meeting. Shares held of record and represented by proxy cards marked *abstain*, or returned without voting instructions, will be counted as present for the purpose of determining whether the quorum for the annual meeting is satisfied. In addition, if you hold shares through a bank or brokerage account, your shares will be counted as present for the purpose of determining whether the quorum for the annual meeting is satisfied, even if you do not provide voting instructions to your bank or brokerage firm.

We urge you to vote by proxy even if you plan to attend the meeting. That will help us to know as soon as possible that we have enough votes to hold the meeting. Returning your proxy card will not affect your right to revoke your proxy or to attend the 2013 annual meeting and vote in person.

How many votes must be present to consider each of the proposals?

The presence, in person or by proxy, of holders of record of International Paper common stock representing one-third of the number of votes entitled to be cast on a specific proposal is required to consider that proposal at the annual meeting. Even if a quorum is established for the annual meeting, it is possible that a quorum may not be established for a specific proposal presented at the annual meeting.

How do I vote my shares?

You may vote at the annual meeting by proxy or in person.

If you are a *holder of record* (that is, if your shares are registered in your own name with our transfer agent), you have several options. You may vote by telephone, on the Internet or by attending the meeting and voting in person. In addition, you may vote by mail using the enclosed proxy card.

If you hold your shares in *street name* (that is, if you hold your shares through a broker, bank or other holder of record), you received this proxy statement and a voting instruction card from your broker, bank or other holder of record. This voting instruction card explains which voting options are available to you. As the beneficial owner of shares held in street name, you have the right to direct your bank or broker how to vote your shares, and it is required to vote your shares in accordance with your instructions. If you do not give instructions to your bank or brokerage firm, it will nevertheless be entitled to vote your shares with respect to *routine* items, but it will not be permitted to vote your shares with respect to *non-routine* items. In the case of a non-routine item, your shares will be considered *broker non-votes* on that proposal. If you want to vote in person at the annual meeting, you must obtain a power of attorney or proxy from your broker, bank or other holder of record authorizing you to vote. You must bring this power of attorney or proxy to the meeting.

How do I attend the annual meeting?

All shareowners as of the record date, March 19, 2013, or their duly authorized proxy holders, are welcome to attend the annual meeting. If you are voting by mail, by telephone or via the Internet, but still wish to attend the meeting, follow the instructions on your proxy card or via the Internet (www.proxyvote.com) to tell us that you plan to attend. When you arrive at the meeting, please look for the registration desk, where you will be asked for photo identification in order to be admitted.

If you hold your shares in street name and you decide to attend, you must bring to the annual meeting a copy of your bank or brokerage statement evidencing your ownership of International Paper common stock as of the record date. Please go to the registration desk and provide the bank or brokerage statement, as well as your photo identification, in order to be admitted.

Table of Contents

What happens if the annual meeting is postponed or adjourned?

Your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

If I hold shares in an International Paper employee benefit plan, how do I vote my shares?

International Paper employees may hold shares of Company common stock in one of our employee benefit plans, including the:

International Paper Company Savings Plan;

International Paper Company Long-Term Incentive Compensation Plan (LTICP); or

International Paper Company 2009 Incentive Compensation Plan (2009 ICP).

If you hold shares in our Savings Plan, you may instruct the trustee, State Street Bank and Trust Company, to vote your shares in the Company Stock Fund by returning the proxy/voting instruction card included with this mailing or by providing voting instructions by telephone or on the Internet as explained on the voting instruction card. If you do not return the proxy/voting instruction card or provide voting instructions, or if your instructions are unclear or incomplete, the trustee will vote your shares at its discretion.

If you hold shares of restricted stock under our Performance Share Plan or a restricted stock grant pursuant to the LTICP or 2009 ICP, you may also vote these shares. The process is the same as voting shares of common stock, described above under the heading *How do I vote my shares?* However, if you do not vote your shares, they will not be counted as there is no trustee for the LTICP or 2009 ICP to vote the shares on your behalf.

Can I change or revoke my proxy?

Yes, you may change your vote or revoke your proxy at any time at or before the annual meeting. If you are a holder of record, you may change your vote or revoke your proxy through any of the following means:

by casting a new vote by telephone or on the Internet prior to the annual meeting, or by properly completing and signing another proxy card with a later date and returning the proxy card prior to the annual meeting;

giving written revocation to our Corporate Secretary prior to the annual meeting directed to the address on page 6 of this proxy statement, or at the meeting; or

voting in person at the annual meeting.

Your presence at the annual meeting will not in itself revoke your proxy; you must obtain a ballot and vote at the annual meeting to revoke your proxy.

If you hold your shares in street name, you may change your voting instructions by contacting your broker, bank or other holder of record prior to the annual meeting or by voting in person at the annual meeting pursuant to a power of attorney or proxy from your bank or broker.

What if I do not indicate my vote for one or more of the matters on my proxy card?

If you are a registered shareowner and you return a proxy card without indicating your vote, your shares will be voted as follows:

for the Company's proposal to elect the ten (10) nominees named in this proxy statement to the Company's Board of Directors in Item 1;

for the Company's proposal to ratify the appointment of the Company's independent registered public accounting firm for 2013 in Item 2;

for the Company's proposal to amend our Restated Certificate of Incorporation regarding shareowner action by written consent in Item 3;

for the Company's proposal to approve the compensation of our named executive officers in Item 4; and

against the shareowner proposal concerning a policy on accelerated vesting of equity awards of senior executives upon a change in control in Item 5.

Table of Contents

If you are a registered shareowner and you do not return a proxy card or vote at the annual meeting, your shares will not be voted and will not count toward the quorum requirement to hold the annual meeting. Your shares that are not voted will not affect the outcome of any of the proposals.

If your shares are held through our Savings Plan, and you do not provide instructions, the trustee for the plan will vote your shares at its discretion.

If your shares are held in street name and you do not give your bank or broker instructions on how to vote, your shares will be counted toward the quorum requirement for the annual meeting. The failure to instruct your bank or broker how to vote will have one of three effects on the proposals for consideration at the annual meeting, depending upon the type of proposal. For all items to be voted on, other than Item 2 to ratify our independent registered public accounting firm for 2013, absent instructions from you, the bank or broker may not vote your shares at all and your shares will be considered broker non-votes. For Item 2, however, the broker may vote your shares at its discretion. For Item 1, a broker non-vote will have no effect on the outcome of the election of directors. For Items 3, 4 and 5, a broker non-vote will have the same effect as a vote against the proposal.

Will my vote be confidential?

Yes. Your vote is confidential and will not be disclosed to our directors or employees.

Will the Company's independent registered public accounting firm be present at the annual meeting?

Yes, representatives of Deloitte & Touche LLP (Deloitte & Touche) will attend the meeting. They will be available during the meeting to answer your questions and they will have the opportunity to make a statement, if they desire to do so. The Audit and Finance Committee of our Board has approved the appointment of Deloitte & Touche as our independent registered public accounting firm for 2013, and this decision has been ratified by all members of our Board.

Table of Contents

For directions to the meeting, please see the map at the end of this proxy statement.

Need to change future proxy delivery options?

If you hold your shares in street name and wish to receive separate copies of future annual reports and proxy statements or if you currently receive multiple copies of our annual report and proxy statement and would like to receive a single copy, please send your written request to:

Broadridge Financial Solutions, Inc.

Householding Dept.

51 Mercedes Way

Edgewood, NY 11717

or call (800) 542-1061

Will our directors attend the annual meeting?

Yes. The Company's *Corporate Governance Guidelines* state that directors are expected to attend our annual meeting.

Do any shareowners beneficially own more than 5 percent of our common stock?

Yes. According to public filings, there are four entities that beneficially own more than 5 percent of our common stock:

BlackRock, Inc.;

State Street Corporation, as trustee of various International Paper employee benefit plans and as trustee and discretionary adviser to third party trusts and employee benefit plan related accounts;

T. Rowe Price Associates, Inc., as investment adviser to third parties; and

Wellington Management Company, LLP, as investment adviser to third parties.

For further information about these shareowners, please see *Ownership of Company Stock*.

Who will be soliciting proxies on our behalf?

The Company pays the cost of preparing proxy materials and soliciting your vote. Proxies may be solicited on our behalf by our directors, officers or employees by telephone, electronic or facsimile transmission or in person. We have hired Alliance Advisors, LLC to solicit proxies for an estimated fee of approximately \$17,500, plus expenses.

What is householding?

We have adopted *householding*, a procedure by which shareowners of record who have the same address and last name and do not receive proxy materials electronically will receive only one copy of our annual report and proxy statement unless one or more of these shareowners notifies us that they wish to continue receiving individual copies. This procedure saves us printing and mailing costs. Shareowners will continue to receive separate proxy cards.

We will deliver promptly, upon written or oral request, a separate copy of this proxy statement and our 2012 annual report to a shareowner at a shared address to which a single copy of the documents was delivered. To request separate copies of our proxy statements or annual reports, either now or in the future, please send your written request to **Investor Relations, International Paper, 6400 Poplar Avenue, Memphis, TN 38197, or call (800) 332-8146**. You may also submit your request on our Web site, www.internationalpaper.com, under the *Investors* tab at the top of the page and then under the *Financial Requests* link.

Table of Contents

Communicating With the Board

How do I communicate with the Board?

You may communicate with our entire Board, the independent directors as a group, the Presiding Director, or any one of the directors by writing to Ms. Sharon R. Ryan, Senior Vice President, General Counsel, and Corporate Secretary, at the address set forth to the right. Ms. Ryan will forward all communications relating to International Paper's interests, other than business solicitations, advertisements, job inquiries or similar communications, directly to the appropriate director(s).

In addition, as described in detail under Information About Our Corporate Governance, our Office of Ethics and Business Practice has a **HelpLine** that is available 24 hours a day, seven days a week, to receive calls, e-mails, and letters to report a concern or complaint, anonymous or otherwise.

Direct all Board correspondence to:

Corporate Secretary

International Paper

6400 Poplar Avenue

Memphis, TN 38197

All contacts that raise concerns or allegations of impropriety relating to our accounting, internal controls or other financial or audit matters are immediately forwarded to the chair of our Audit and Finance Committee. All such matters are investigated and responded to in accordance with the procedures established by our Audit and Finance Committee.

How do I submit a shareowner proposal for consideration at the 2014 Annual Meeting?

Our 2014 annual meeting is currently scheduled for May 12, 2014. If you wish to submit a proposal to be included in the 2014 proxy statement, you must submit your proposal in writing so that we receive it by December 5, 2013. Proposals should be sent to the Corporate Secretary at the address listed above.

If you would like to present your proposal at the 2014 annual meeting, but you do not meet the deadline for inclusion in the proxy statement, our By-Laws require that you notify us of your proposal between January 12, 2014, and February 11, 2014. Your notice should be sent to the Corporate Secretary.

You must be a shareowner of record on the date you submit your proposal and on the record date for determining shareowners entitled to vote at the 2014 annual meeting. You must also meet the minimum share ownership requirements set forth by the Securities and Exchange Commission (SEC) in order to be eligible to submit a shareowner proposal. Your proposal must conform to the notice requirements in Article I, Section 7, of our By-Laws.

How do I nominate a candidate for director at the 2014 Annual Meeting?

Shareowner nominations for directors may be submitted to the Corporate Secretary at the address listed above. Our By-Laws require that the director nomination be received between January 12, 2014, and February 11, 2014.

Edgar Filing: INTERNATIONAL PAPER CO /NEW/ - Form PRE 14A

As in the case of submitting a shareowner proposal, you must be a shareowner of record on the date you submit your nomination and on the record date for determining shareowners entitled to vote at the 2014 annual meeting. You must also meet the minimum share ownership requirements set forth by the SEC in order to be eligible to nominate a director candidate. Your director nomination must conform to the notice requirements in Article II, Section 9, of our By-Laws.

*Our By-Laws are available at www.internationalpaper.com, under the **Company** tab at the top of the page and then under the **Governance** link. A paper copy is available at no cost by written request to the Corporate Secretary.*

Table of Contents

Matters to be Acted upon at the 2013 Annual Meeting

Item 1 Company Proposal to Elect Ten Directors

The Board of Directors currently consists of ten members. Each of the ten current directors has been nominated by the Board for reelection by shareowners at the annual meeting. Information about these nominees may be found on pages 13-14 of this proxy statement. All ten nominees, if elected, will hold office until the earlier of:

- (i) our 2014 annual meeting and the date a qualified successor has been elected, or
- (ii) death, resignation or retirement.

There are no other nominees competing for their seats on the Board. This means we have a non-contested election. Shares may not be voted cumulatively and cannot be voted for a greater number of persons than the number of nominees named in this proxy statement.

Under our Restated Certificate of Incorporation, directors in non-contested elections are elected by an affirmative *majority of votes cast*. You can vote *for* or *against* a nominee, or you may *abstain* from voting with respect to a nominee.

Abstentions will have no effect on the vote. If you hold your shares in street name, your failure to indicate voting instructions to your bank or broker will cause your shares to be considered broker non-votes not entitled to be cast with respect to Item 1 and will have no effect on the vote.

Majority vote for directors:

Each director must receive a majority of votes cast for his or her election.

If a director does not receive a majority of votes cast for his or her election, he or she must submit a letter of resignation, and the Board, through its Governance Committee, will decide whether to accept the resignation.

We do not know of any reason why any nominee would be unable to, or for good cause would not serve as a director if elected. If, prior to the election, a nominee is unable or unwilling to serve, the shares represented by all valid proxies will be voted for the election of such other person as the Board may nominate, except for proxies voted *abstain* with respect to the original nominee.

Our Board of Directors unanimously recommends that you vote FOR each of the following nominees:

David J. Bronczek
Ahmet C. Dorduncu
John V. Faraci
Ilene S. Gordon
Stacey J. Mobley

Edgar Filing: INTERNATIONAL PAPER CO /NEW/ - Form PRE 14A

Joan E. Spero
John L. Townsend, III
John F. Turner
William G. Walter
J. Steven Whisler

7

Table of Contents

Item 2 Company Proposal to Ratify Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for 2013

Our Board of Directors has ratified the selection of Deloitte & Touche by our Audit and Finance Committee to serve as the Company's independent registered public accounting firm for 2013. We are asking shareowners to ratify the selection of Deloitte & Touche. To ratify the selection of our independent registered public accounting firm, the affirmative vote of a *majority of a quorum at the annual meeting* is required.

You may vote *for* or *against* the ratification of the selection of our independent registered public accounting firm, or you may *abstain* from voting. *Abstentions* will have the same effect as a vote against this proposal because they are considered votes present for purposes of a quorum on the vote.

There will be no broker non-votes associated with this proposal, as the ratification of our independent registered public accounting firm is a routine matter. As a result, if your shares are held in street name and you do not give your bank or broker instructions on how to vote, your shares will be voted by the broker in its discretion.

Although ratification is not required by our By-Laws or otherwise, the Board is submitting the selection of Deloitte & Touche to our shareowners for ratification because we value our shareowners' views on the Company's independent registered public accounting firm. Our Audit and Finance Committee will consider the outcome of this vote in its decision to appoint an independent registered public accounting firm, but is not bound by the shareowners' vote. Even if the selection of Deloitte & Touche is ratified, the Audit and Finance Committee may change the appointment at any time during the year if it determines that a change would be in the best interest of the Company and its shareowners.

Our Board of Directors unanimously recommends that you vote FOR the ratification of Deloitte & Touche as the Company's independent registered public accounting firm for 2013.

Item 3 Company Proposal to Amend Our Restated Certificate of Incorporation Regarding Shareowner Action by Written Consent

Our Board of Directors recommends that the Company's shareowners adopt an amendment to the Company's Restated Certificate of Incorporation (the **Charter**) to permit shareowners to act by written consent by the same approval threshold that would be applicable if the action were taken at an annual or special meeting of shareowners. Therefore, shareowners holding at least 20 percent of the voting power of the outstanding capital stock could request that the Board set a record date for the action by written consent. This amendment to the Charter is necessary to allow shareowners to act by consent with less than unanimous vote (the default rule under the New York Business Corporations Law).

This proposal responds to the vote of shareowners at the 2012 and 2011 annual meetings in favor of shareowner proposals requesting the right for any shareowner to initiate a process to act by written consent with less than unanimous vote. In 2012 and 2011, the Board opposed the shareowner written consent proposals because it believed that matters that are sufficiently important to be submitted for shareowner approval should be brought before all shareowners at a meeting. The Company also noted that shareowners already had the ability to call special meetings which ensured that all shareowners would have the opportunity to discuss matters and vote on such actions at a meeting. However, the Company has taken the vote of shareowners at the 2012 and 2011 annual meetings into consideration, along with feedback from our shareowners expressing concern about shareowner rights to act by written consent without appropriate safeguards. The Board is now proposing a Charter amendment that enhances the ability of shareowners to act by written consent, while, at the same time, seeking to address many of the concerns expressed by our shareowners.

The Charter amendment allows shareowners, holding at least 20 percent of the voting power of the outstanding capital stock entitled to vote on an action, the right to request that the Board set a record date for determining the shareowners entitled to express consent on such action. Once such a record date is set and the appropriate

Table of Contents

procedures contained in the Charter and the Company's By-Laws (the **By-Laws**) are satisfied, shareowners would be able to act by written consent. The 20-percent threshold that the Board has proposed (for shareowners to initiate the process for action by written consent) was decided on after receiving feedback from our shareowners. Furthermore, the 20-percent threshold is consistent with the 20-percent threshold that must be met for our shareowners to call a special meeting. The latter provision was added to the By-Laws after a Company proposal was approved at the 2010 annual meeting by the affirmative vote of 99 percent of our shareowners. The Board believes that the threshold for acting by written consent and calling a special meeting should be the same, so there should be no advantage to proceeding in one way versus the other. The Board chose 20 percent as the ownership threshold to initiate a special meeting of shareowners in order to strike an appropriate balance between competing interests—enhancing the ability of shareowners to initiate shareowner action that is not recommended by the Board and the risk that a lower threshold would subject shareowners to numerous actions that may only be relevant to particular constituencies. The same considerations apply where shareowners are seeking to act by written consent in lieu of a meeting. The Board believes that action by written consent is not a matter to be taken lightly and therefore procedural and other safeguards are necessary to protect all shareowners. This is especially so since shareowners would not have the same opportunity to discuss the proposed action and listen to all viewpoints that they would have if the action were taken at a meeting. Moreover, overseeing the solicitation, delivery and examination of written consents and ensuring effective communication of information among shareowners about the relevant subject matter also involves significant management commitment of time and focus, and imposes substantial legal and administrative cost.

In the interest of promoting fairness and inclusiveness, and to maintain a consistent procedure for shareowners to take actions not approved by the Board, the Charter amendment and related amendments to the By-Laws also contain certain other procedural and informational requirements that will be applicable if shareowners seek to take action by written consent, including: (i) a requirement that shareowners must solicit consents in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the **Exchange Act**) (without reliance on the exemption contained in Rule 14a-2(b)(2) under the Exchange Act), in order to ensure that a proxy statement will be publicly filed and all shareowners are fully informed about the action, (ii) a requirement that no shareowner may submit his or her consent until 50 days after the applicable record date, so that all shareowners are given time to fully consider and discuss the action before it becomes effective, and (iii) procedures and timing requirements to enable the Board to call a special meeting to vote on the action if it believes that such a meeting would best facilitate shareowner discussion and participation with respect to the matter.

Under the Charter amendment, the Board will not be obligated to set a record date for an action by written consent if (i) the record date request does not comply with the Charter and By-Laws, (ii) such action is not a proper subject for shareowner action under applicable law, (iii) the request for a record date for such action is received by the Company during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting or the period from the time notice of any special meeting is first given to shareholders and ending on the date of such meeting, (iv) an annual or special meeting of shareowners was held not more than 30 days before such request for a record date was received by the Secretary of the Company, (v) an item of business that is substantially similar (**Similar Item**) will be brought before a meeting of the shareowners that is to be called by the Company within 40 days after the request for a record date is received and held as soon as practicable thereafter, or (vi) such record date request or any solicitation of consents to such action was made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law (collectively, the **Procedural Requirements**). For purposes of this paragraph, the nomination, election or removal of directors shall be deemed to be a Similar Item with respect to all actions involving the nomination, election or removal of directors, changing the size of the Board of Directors and filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors. The Board of Directors shall determine in good faith whether a record date is required to be set under the provisions of the Charter and By-Laws.

For an action by written consent to be effective, consents signed by the requisite number of shareowners must be delivered to the Company within 60 days of the earliest dated consent delivered in the manner required by the Charter and By-Laws and not later than 120 days after the record date.

Table of Contents

The Board has also adopted a corresponding amendment to the By-Laws, to be effective upon the approval by shareowners of the Company's proposal to amend the Charter. This amendment also requires shareowners requesting the establishment of a record date to provide certain information, to make certain representations and to comply with certain requirements relating to the proposed action and their ownership of the Company's stock (the **Informational Requirements**). The amendment also provides for the appointment of Inspectors of Election to perform a ministerial review of the validity of consents and revocations. As discussed above, the Board believes both rights, action by written consent and calling a special meeting, should be parallel. Therefore, the proposed amendments make the initiation right with a 20-percent threshold parallel in the Charter, and also make substantially similar Procedural Requirements and Informational Requirements applicable for shareowners calling a special meeting.

The complete text of the proposed Charter amendment is set forth in Appendix A and the proposed By-Law amendment is set forth in Appendix B.

The amendment to our Charter under this Item 3 requires the affirmative vote of a majority of our outstanding shares of common stock. If the amendment to the Charter is approved, then it will become effective upon filing with the New York Department of State, which filing would be made promptly after the annual meeting.

Our Board of Directors unanimously recommends that you vote FOR this proposal.

Item 4 Company Proposal to Vote on a Non-Binding Resolution to Approve the Compensation of Our Named Executive Officers

Our Board of Directors is seeking your approval of the compensation of our Named Executive Officers (NEOs), as disclosed pursuant to Item 402 of Regulation S-K under the Exchange Act, including the Compensation Discussion & Analysis, related compensation tables and narrative disclosure. This vote is non-binding. To approve this proposal, the affirmative vote of a **majority of a quorum at the annual meeting** is required.

You may vote *for* or *against* this proposal, or you may *abstain* from voting. *Abstentions* will have the same effect as a vote against this proposal because they are considered votes present for purposes of a quorum on the vote.

If you hold your shares in street name, your failure to indicate voting instructions to your bank or broker will cause your shares to be considered broker non-votes not entitled to vote with respect to Item 4. Broker non-votes will have the same effect as a vote against this proposal.

Our Board seeks your approval of the compensation of our NEOs, who are listed in the Summary Compensation Table on page 66 of this proxy statement. Information describing the compensation of our NEOs is provided in the Compensation Discussion & Analysis section, the accompanying tables and narrative contained in this proxy statement beginning on page 33 of this proxy statement.

Our Board asks shareowners to approve the following (non-binding) advisory resolution:

Resolved, that the compensation paid to the Company's Named Executive Officers, disclosed pursuant to Item 402 of Regulation S-K under the Exchange Act, including the Compensation Discussion & Analysis, the related compensation tables and narrative disclosure, in this proxy statement is hereby approved.

Our Board of Directors unanimously recommends that you vote FOR the approval of the compensation of our Named Executive Officers as disclosed pursuant to Item 402 of Regulation S-K under the Exchange Act.

Table of Contents

Item 5 Shareowner Proposal Concerning a Policy on Accelerated Vesting of Equity Awards of Senior Executives upon a Change in Control

We expect the following shareowner proposal to be presented at the annual meeting. Upon request, we will promptly provide any shareowner with the name, address and number of shares held by the shareowner making this proposal. The Company is not responsible for the contents of this shareowner proposal or any supporting statement.

The shareowner proposal will be approved if a **majority of a quorum at the annual meeting** is voted *for* the proposal. You may vote *for* or *against* the shareowner proposal, or you may *abstain* from voting. *Abstentions* will have the same effect as a vote against this shareowner proposal, because they are considered votes present for purposes of a quorum. If you hold your shares in street name, your failure to indicate voting instructions to your bank or broker will cause your shares to be considered broker non-votes not entitled to vote with respect to Item 5. Broker non-votes will have the same effect as a vote against this proposal.

Proposal 5 Limit Accelerated Executive Pay

Resolved: The shareholders ask the board of directors to adopt a policy that in the event of a change in control (as defined under any applicable employment agreement, equity incentive plan or other plan), there shall be no acceleration of vesting of any equity award granted to any senior executive, provided, however, that the board's Compensation Committee may provide in an applicable grant or purchase agreement that any unvested award will vest on a partial, pro rata basis up to the time of the senior executive's termination, with such qualifications for an award as the Committee may determine.

For purposes of this Policy, equity award means an award granted under an equity incentive plan as defined in Item 402 of the SEC's Regulation S-K, which addresses executive compensation. This resolution shall be implemented so as not affect any contractual rights in existence on the date this proposal is adopted.

Under executive pay plans, our company's highest paid executives can receive golden parachute pay after a change in control. It is important to retain the link between executive pay and company performance, and one way to achieve that goal is to prevent windfalls that an executive has not earned.

The vesting of equity pay over time is intended to promote long-term improvements in performance. The link between executive pay and long-term performance can be severed if such pay is made on an accelerated schedule. This proposal is particularly important due to the lack of best practices in giving our executives their pay. John Faraci, our CEO had a potential \$68 million entitlement for a change in control. William Steiner and Ray T. Chevedden have submitted proposals on this topic to major companies.

This proposal should also be evaluated in the context of our Company's overall corporate governance as reported in 2012: