RR Donnelley & Sons Co
Form DEF 14A
April 10, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

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 Section 240.14a-11(c) or Section 240.14a-12

R. R. Donnelley & Sons 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):

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 transaction applies:

(2) Aggregate number of securities to which 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):

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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 of Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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WHEN:	WHERE	RECORD DATE
Thursday, May 18, 2017	Hotel Indigo	The close of business
11 a.m. Central time	120 Water Street	March 31, 2017
	Naperville, Illinois 60540	

Dear Stockholders:

We are pleased to invite you to the R.R. Donnelley & Sons Company 2017 Annual Meeting of Stockholders.

Items of Business

Item 1. To elect the nominees identified in this proxy statement to serve as directors until the 2018 Annual Meeting of Stockholders

Item 2. To approve, on an advisory basis, the compensation of our named executive officers

Item 3. To approve, on an advisory basis, the frequency of advisory votes on executive compensation

Item 4. To approve the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm

Item 5. To approve the 2017 Performance Incentive Plan

Item 6. To transact other business as may properly come before the meeting and any adjournments or postponements of the meeting

Stockholders of record as of the close of business on March 31, 2017 are entitled to vote at the 2017 Annual Meeting of Stockholders and any postponement or adjournment thereof. On the record date, there were 70,008,960 shares of common stock of R.R. Donnelley & Sons Company (RR Donnelley or the Company) issued and outstanding and entitled to vote at the meeting.

Your vote is important! We strongly encourage you to exercise your right to vote as a stockholder. Please sign, date and return the enclosed proxy card or voting instruction card in the envelope provided. You may also vote by calling the toll-free number or logging on to the Internet even if you plan to attend the meeting. You may revoke your proxy at any time before it is exercised.

You will find instructions on how to vote on page 13. While most stockholders vote by proxy and do not attend the meeting in person, as long as you were a stockholder at the close of business on March 31, 2017, you are invited to attend the meeting, or to send a representative. Please note that only persons with an admission ticket or evidence of stock ownership, or who are guests of the Company, will be admitted to the meeting.

By Order of the Board of Directors,

Deborah L. Steiner

General Counsel and Corporate Secretary

April 10, 2017

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 18, 2017

This proxy statement and our annual report to stockholders are available on the Internet at www.rrdonnelley.com/proxymaterials. On this site, you will be able to access our 2017 Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and all amendments or supplements to the foregoing materials that are required to be furnished to stockholders.

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1. ELECTION OF DIRECTORS

The following information about the business background of each person nominated by the Board of Directors (the Board) has been furnished to the Company by the nominees for director. Each director will serve until the next annual meeting of stockholders and until a successor is elected and qualified, or until such director s earlier resignation, removal, or death.

On October 1, 2016, we completed the previously announced separation and distribution to our stockholders of our financial communications and data services business and our publishing and retail-centric print services and office products business into two separate publicly-traded companies (the Spinoff). At the time of the Spinoff, the Corporate Responsibility & Governance Committee of our Board evaluated the specific qualifications and experiences that would be needed by the members of the Board after the Spinoff to ensure that the Board was comprised of directors who bring diverse viewpoints, skills and professional experience, while ensuring continuity of leadership within the Board. Messrs. McLevish and Phipps and Ms. Moldafsky, each of whom was recommended to us by a third party search firm, joined the Board following the Spinoff.

Described below are certain individual qualifications, experiences and skills of our directors that contribute to the Board s effectiveness as a whole.

This proxy statement is issued by RR Donnelley in connection with the 2017 Annual Meeting of Stockholders scheduled for May 18, 2017. This proxy statement and accompanying proxy card are first being mailed to stockholders on or about April 10, 2017.

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PROPOSALS: 1. Election of Directors

The names of the nominees, along with their present positions, their principal occupations, their current directorships held with other public corporations, as well as such directorships held during the past five years, their ages and the year first elected as a director, among other things, are set forth below.

Daniel L. Knotts

Current Directorships:

None

Former Directorships:

None

Age: 52

Director since: 2016

Daniel L. Knotts has served as a member of our Board since 2016.

Since October 2016, Mr. Knotts has been the Chief Executive Officer of R.R. Donnelley. Prior to that, Mr. Knotts was the Company s Chief Operating Officer since 2013. He served as Group President from 2008 until 2012 and, from 2007 until 2008, he served as Chief Operating Officer of the Global Print Solutions business. From 1986 until 2007, Mr. Knotts held positions of increasing responsibility at RR Donnelley within finance, operations, sales management and business unit leadership at various locations in the United States including serving as Senior Vice President of Operations for the Magazine Business, President of the Specialized Publishing Services business and President of the Magazine, Catalog and Retail businesses.

Qualifications:

Mr. Knotts brings over 30 years of experience in the printing industry. He has served in various operational and leadership capacities throughout the Company and his deep knowledge of the industry and the Company give him unique strategic insights.

John C. Pope

Current Directorships:

The Kraft Heinz Company
Waste Management, Inc.
Talgo SA

John C. Pope is the Chairman of our Board. Mr. Pope has been a member of our Board since 2004.

Mr. Pope has served as the Chairman of PFI Group, LLC, a private investment company, since 1994. From 1988 until 1994, Mr. Pope served in various capacities at United Airlines and its parent company UAL

Corporation, including serving as President, Chief Operating Officer and a director.

Former Directorships:

Con-way, Inc.

Dollar Thrifty Automotive Group, Inc.

Federal-Mogul Corporation

Navistar International Corporation

Kraft Foods, Inc.

MotivePower Industries

Age: 68

Director since: 2004

Qualifications:

Mr. Pope s experience as chairman and senior executive of various public companies provides financial, strategic and operational leadership experience. He is an audit committee financial expert based on his experience as chief financial officer of a public company as well as his experience as a member and chairman of other public company audit committees. He has considerable corporate governance experience through years of service on other public company boards in a variety of industries.

Susan M. Gianinno

Current Directorships:

None

Former Directorships:

A.T. Cross, Inc.

Age: 68

Director since: 2013

Susan M. Gianinno has served as a member of our Board since 2013. Ms. Gianinno is the Chairman of our Corporate Responsibility & Governance Committee.

Since 2014, Ms. Gianinno has served as the Chairman of Publicis Worldwide, North America, an advertising agency network, and, in 2017, also became the Chairman of Publicis Academy. She was the Chairman and CEO of Publicis USA from 2003 to 2014. In addition, from 2014 until 2015, Ms. Gianinno was an Advanced Leadership Fellow at Harvard University. Prior to joining Publicis, Ms. Gianinno was a member of the Executive Committee of BCom3 Group, Inc., an advertising agency, until 2002, and Chairman and President of D Arcy Masius Benton & Bowles, Inc. from 1998 to 2012.

Qualifications:

Ms. Gianinno s experience as chief executive officer and president of various companies in the advertising industry gives the Board a different perspective regarding the ways in which new media, the internet and e-commerce have affected the advertising industry and the broader strategies of the Company s clients.

BOARD SKILLS KEY	Financial	Global Business	Governance	Leadership	Sales & Marketing	Strategy

Jeffrey G. Katz

Current Directorships:

CA Technologies, Inc.

Former Directorships:

Digital River, Inc.

Northwest Airlines

LeapFrog Enterprises, Inc.

Orbitz, Inc.

Age: 61

Director since: 2013

Jeffrey G. Katz has served as a member of our Board since 2013.

Since 2016, Mr. Katz has served as the Chief Executive Officer of Journera, LLC (formerly Dihedral, LLC), an experience management platform for the travel industry. From 2010 until 2014, Mr. Katz served as Chief Executive Officer of Wize Commerce Inc., a global leader in online monetization and traffic acquisition technologies. Prior to that, Mr. Katz held various positions at LeapFrog Enterprises, Inc., a digital educational toys and games business, including serving as the Executive Chairman of LeapFrog LLC from 2010 to 2011, the Chairman, President and Chief Executive Officer of LeapFrog Enterprises, Inc. from 2009 to 2010, the President and Chief Executive Officer from 2006 to 2009 and in non-executive director positions from 2005 to 2006.

Mr. Katz is the founding Chairman of, and, from 2000 to 2004 served as the President and Chief Executive Officer of, Orbitz, Inc., a global online travel company. He held various positions at SwissAir Group, American Airlines, Inc., and Lawrence Livermore National Laboratory prior to founding Orbitz.

Qualifications:

Mr. Katz s experience as a chief executive officer and chairman of high performance digital organizations helps the Board further the Company s evolution in its role as a global provider of integrated communications, provides valuable insight for the Company as to the issues and opportunities facing the Company and provides experience in strategic planning and leadership of evolving organizations. He is an audit committee financial expert based on his chief executive officer experience, including his experience supervising a principal financial officer, and has considerable corporate governance experience through his years of service on other public company boards in a variety of industries.

Timothy R. McLevish

Current Directorships:

Kennametal, Inc.

Lamb Weston Holdings, Inc.

Former Directorships:

ConAgra Foods, Inc.

Timothy R. McLevish has been a member of our Board since 2016. Mr. McLevish serves as the Chairman of our Audit Committee.

Since November 2016, Mr. McLevish has been the Executive Chairman of Lamb Weston Holdings, Inc., a global leader in processing frozen potatoes for food service, quick serve restaurants and retail. From 2015 until 2016, Mr. McLevish served as Senior Advisor to the Chief Executive Officer of Walgreens Boots Alliance, Inc., a retail drug store chain. Prior to this, he served as their Executive Vice President and Chief Financial Officer from 2014 until 2015. From 2007 to 2014, Mr. McLevish held various positions with Kraft Foods Group, Inc. and its predecessor company Kraft Foods, Inc., manufacturers and marketers of packaged food products, including serving as Executive Vice President and Chief Financial Officer of Kraft Foods Group from 2012 to 2013, Executive Vice President and advisor to the Chief Executive Officer of Kraft Foods, Inc. from 2011 until 2013 and as Chief Financial Officer of Kraft Foods, Inc. from 2007 to 2011. From 2002 until 2007, Mr. McLevish was the Senior Vice President and Chief Financial

URS Corporation

US Foods, Inc.

Age: 62

Director since: 2016

Officer of Ingersoll-Rand Company Limited, a diversified industrial company. Mr. McLevish was the Vice President and Chief Financial Officer of Mead Corporation, a manufacturer of wood products, from 1999 to 2002.

Qualifications:

Mr. McLevish s experience as chief financial officer of multiple multinational companies brings deep financial and global business experience to the Board. He is an audit committee financial expert based on his experience as chief financial officer of public companies and brings deep knowledge of financial reporting, internal controls and procedures and risk management to our Board. Mr. McLevish also has considerable corporate governance experience gained through his years of experience on other public company boards, including serving as the Executive Chairman of the Board of Lamb Weston Holdings, Inc.

Jamie Moldafsky

Current Directorships:

None

Former Directorships:

None

Age: 55

Director since: 2016

Jamie Moldafsky has been a member of the Board since 2016.

Ms. Moldafsky has served as the Chief Marketing Officer of Wells Fargo & Company, a global banking and financial services company, since 2011 and Executive Vice President, Sales, Marketing, Strategy & Home Equity from 2005 to 2011. Prior to this, she held various marketing, general management and leadership positions at several companies including Whirlpool Corporation, Charles Schwab Corporation, Applause Enterprises, Inc. and American Express Company.

Qualifications:

Ms. Moldafsky s extensive sales and marketing experience provides the Board with a combination of operational and strategic insights. Her experience in marketing and digital communications provides leadership and innovative thinking which will further the Company s evolution as a global provider of integrated communications.

BOARD SKILLS KEY Financial Global Business Governance Leadership Sales & Marketing Strategy

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PROPOSALS: 2. Advisory Vote to Approve Executive Compensation

P. Cody Phipps

Current Directorships:

Owens & Minor, Inc.

Former Directorships:

Con-Way, Inc.

Essendant, Inc.

Age: 55

Director since: 2016

P. Cody Phipps has been a member of our Board since 2016. Mr. Phipps serves as the Chairman of our Human Resources Committee.

Since 2015, Mr. Phipps has served as the President, Chief Executive Officer and a member of the board of directors of Owens & Minor, Inc., a medical device and supply company. From 2003 until 2015, Mr. Phipps held various leadership positions at Essendant, Inc. (formerly United Stationers, Inc.), a wholesale distributor of workplace supplies, furniture and equipment, including serving as the President, Chief Executive Officer and member of the board of directors from 2011 to 2015. Previously, he was a Partner at McKinsey & Company, Inc., where he co-founded and led its service strategy and operations initiative, which focused on driving operational improvements in complex service and logistic environments.

Qualifications:

Mr. Phipps experience as president and chief executive officer of multiple companies helps the Board further the Company s role as a global provider of integrated communications and provides experience in strategic planning and leadership of evolving organizations. His extensive experience as a strategic consultant helps the Board supervise the Company s ongoing drive for operational improvements.

BOARD SKILLS KEY Financial Global Business Governance Leadership Sales & Marketing Strategy

In 2016, the Board met fifteen times. Each director of the Company during 2016 attended at least 75% of the total number of meetings of the Board and those committees of which the director was a member during the period he or she served as a director.

If any nominee does not stand for election, proxies voting for that nominee may be voted for a substitute nominee selected by the Board. The Board may also choose to reduce the number of directors to be elected at the meeting.

Only directors that receive a majority of the votes cast FOR their election will be elected. In the event that an incumbent director is not reelected, the Company s *Principles of Corporate Governance* require that director to promptly tender his or her resignation. The Board will accept this resignation unless it determines that the best interests of the Company and its stockholders would not be best served by doing so.

The Board recommends that the stockholders vote FOR each of our nominees for director.

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2. ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

As required by Section 14A of the Securities Exchange Act of 1934 (the Exchange Act), the Company is presenting a proposal that gives stockholders the opportunity to cast an advisory (non-binding) vote on our executive compensation for our named executive officers (our NEOs) by voting for or against it (Say-on-Pay). At the 2011 Annual Meeting, stockholders were asked to vote on an advisory (non-binding) basis on whether the Say-on-Pay vote should be held annually, every two years or every three years. Our stockholders indicated a preference for holding such a vote on an annual basis. As a result of such vote on the frequency of the Say-on-Pay vote, our Board has since held an advisory (non-binding) vote to approve our executive compensation every year.

The Company received a 95.32% vote in support of its executive compensation program in the 2016 Say-on-Pay advisory vote. During the course of 2016, the Company continued its practice of engaging with stockholders about various corporate governance topics including executive compensation. The feedback received from investors and the results of past advisory votes were taken into consideration by the Board s Human Resources Committee (the HR Committee) in the review and administration of our program throughout the year and in the full scale evaluation of executive compensation that was conducted in 2016.

For 2016, the effective and timely execution of the Spinoff was the primary consideration for the HR Committee when designing the compensation plan. Given the tremendous amount of work that needed to be accomplished in order to split RR Donnelley into three publicly-traded companies, the Board and the HR Committee recognized the need to keep all employees, including, in particular, the NEOs, focused on the execution of the Spinoff, and to ensure retention of key executives throughout the Spinoff.

As discussed in the *Compensation Discussion and Analysis* beginning on page 24, we believe the 2016 compensation decisions and the overall executive compensation program are tailored to our business strategies, including taking into account the effect of the Spinoff, aligning pay with performance and taking into account the feedback received from our investors.

In 2016, compensation for the NEOs was comprised of three major components: base salary, annual incentive compensation and long-term incentive compensation. In addition, the NEOs were eligible to participate in benefit programs generally available to other executives within the Company and other benefits provided to certain executives as further described under *Benefit Programs* beginning on page 31 of this proxy statement.

As in prior years, in addition to the foregoing, RR Donnelley s 2016 compensation philosophy was guided by five principles:

- establish target compensation levels that are competitive within the industries and markets in which we compete for executive talent;

- structure compensation so that our executives share in our short- and long-term successes and challenges by varying compensation from target levels based upon business and individual performance;

- link pay to performance by making a substantial percentage of total executive compensation variable, or at risk, through annual incentive compensation and long-term incentive awards;

- base a substantial portion of each NEO s long-term incentive award on performance measures while maintaining a meaningful portion that vests over time and is therefore focused on the retention of top talent; and

- align a significant portion of executive pay with stockholder interests through equity awards and stock ownership requirements.

Consistent with our compensation philosophy, RR Donnelley has adopted the following compensation best practices:

the HR Committee determined that any future executive officer agreements would not include any gross-up for excise taxes and amended existing executive officer agreements to remove pre-existing gross-ups following the Spinoff;

overall compensation levels target market survey data medians and, where available, peer group medians, with a range of opportunity to reward strong performance and withhold rewards when objectives are not achieved;

equity plans do not permit option re-pricing or option grants below fair market value;

no tax gross-ups on any supplemental benefits or perquisites;

policy that prohibits employees, directors and certain of their immediate family members from pledging, short sales, trading in publicly traded options, puts or calls, hedging or similar transactions with respect to our stock;

no payment or accrual of dividends on performance share units (PSUs) or restricted share units (RSUs) issued to executives;

limited perquisites provided to executive officers;

clawback policy covering all executive officers;

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the HR Committee hired Willis Towers Watson Human Resources Consulting (Willis Towers Watson) as its executive compensation consultant because of their expertise and years of experience as well as their previous work with the HR Committee on the full scale evaluation of all our executive compensation programs;

meaningful stock ownership requirements for senior management, including executive officers, to further strengthen the alignment of management and stockholder interests; and

annual review of the executive compensation program by the HR Committee to determine how well actual compensation targets and levels met our overall philosophy and targeted objectives in comparison to both market data and, where available, peer group data.

This proposal gives our stockholders the opportunity to express their views on the overall compensation of our NEOs and the philosophy, policies and practices described in this proxy statement.

The Say-on-Pay vote is an advisory vote only and, therefore, it will not bind the Company or our Board. However, the Board and the HR Committee will consider the voting results as appropriate when making future decisions regarding executive compensation.

The affirmative vote of the holders of a majority of the shares of the Company s common stock present in person or by proxy at the 2017 Annual Meeting and entitled to vote on the advisory resolution on executive compensation is required to approve the proposal.

For the reasons discussed above, we are asking our stockholders to indicate their support for our NEOs compensation by voting FOR the following resolution at the 2017 Annual Meeting:

RESOLVED, that the Company s stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion & Analysis, the 2016 Summary Compensation Table and the other related tables and disclosures in this Proxy Statement.

The Board recommends that the stockholders vote FOR approval, on an advisory basis, of the compensation of our NEOs as disclosed in this proxy statement.

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3. ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Exchange Act, we are asking stockholders to vote, on an advisory, non-binding basis, for their preference as to whether the Company should hold future advisory Say-on-Pay votes (similar to what is reflected in Proposal 2) every one, two or three years. Stockholders, if they wish, may abstain from voting on this proposal.

After careful consideration of this proposal, our Board of Directors has determined that it is appropriate and in the best interests of the Company to continue to hold a Say-on-Pay vote every year for a number of reasons, including the following:

- an annual Say-on-Pay vote will allow us to obtain stockholder input on our executive compensation program on a consistent basis, which aligns closely with our objective to engage in regular dialogue with our stockholders on corporate governance matters, including our executive compensation philosophy, policies and practices;

- an annual Say-on-Pay vote provides the highest level of accountability and communication by enabling the Say-on-Pay vote to correspond with the most recent executive compensation information presented in our proxy statement for the annual meeting; and

- an annual Say-on-Pay vote reflects sound corporate governance principles and is consistent with a majority of institutional investor policies.

Stockholders are not voting to approve or disapprove of the Board s recommendation. Instead, stockholders are provided with four choices with respect to this proposal: one year, two years, three years or stockholders may abstain from voting on the proposal.

This vote is an advisory vote only, and therefore it will not bind the Company or our Board. However, the Board and the HR Committee will consider the voting results when reviewing our policy on the frequency of future Say-on-Pay votes.

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be considered by the Board as the stockholders recommendation as to the frequency of future Say-on-Pay votes. Nevertheless, the Board may decide that it is in the best interests of our stockholders and the Company to hold Say-on-Pay votes more or less frequently than the option approved by our stockholders.

Stockholders may cast their advisory vote to conduct advisory votes on executive compensation every 1 Year , 2 Years or 3 Years , or stockholders may Abstain.

The Board of Directors recommends that the stockholders vote, on an advisory basis, for every 1 YEAR as the frequency with which the advisory Say-on-Pay vote should be held.

4. RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Proposal 4 is the ratification of the Audit Committee s appointment of Deloitte & Touche LLP as the independent registered public accounting firm to audit the financial statements of the Company for fiscal year 2017. In the event the stockholders fail to ratify the appointment, the Audit Committee will reconsider this appointment. The Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the Company s and its stockholders best interests. Representatives of Deloitte & Touche LLP will be present at the meeting. They will be available to respond to your questions and may make a statement if they desire.

The affirmative vote of the holders of a majority of the shares of the Company s common stock present in person or by proxy at the 2017 Annual Meeting and entitled to vote on the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2017 is required to approve the proposal.

The Board of Directors and the Audit Committee recommend that the stockholders vote FOR the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for 2017.

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5. APPROVAL OF THE 2017 PERFORMANCE INCENTIVE PLAN

On April 6, 2017, the Board approved, and the Board proposes that our stockholders approve, our new RR Donnelley & Sons Company 2017 Performance Incentive Plan (the 2017 PIP). The 2017 PIP is substantially similar to the RR Donnelley & Sons Company 2012 Performance Incentive Plan (the 2012 PIP), which was approved by our stockholders at our 2012 Annual Meeting.

The 2017 PIP will:

- increase the maximum aggregate number of shares of common stock available for grant under the 2017 PIP to 3,225,000;
- set a one-year minimum vesting period for awards to non-employee directors;
- set a $1,000,000 annual limit on compensation to non-employee directors;
- institute double-trigger change in control vesting;
- prohibit additional forms of repricing and liberal share counting; and
- expand the prohibition on payment of dividends and dividend equivalents to all unvested awards, not just performance awards.

This proposal is also intended to approve the material terms of the performance goals to continue allowing the Company to grant performance awards qualified as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code, as amended (Section 162(m)).

If approved, the 2017 PIP will become effective as of May 18, 2017 (the Effective Date) and apply to all awards made on or after the Effective Date. We believe approval of the 2017 PIP is necessary to ensure that the Company may continue to grant equity-based awards as part of its compensation programs and to reflect current best practices for stock incentive plans.

A total of 10,000,000[1] shares of our common stock, par value $0.01 per share, were previously reserved for awards under the 2012 PIP. As of the record date, approximately 166,000 shares of common stock remained available for the future grant of awards under the 2012 PIP. If the 2017 PIP is approved by stockholders, the 2012 PIP will be frozen and these shares will not be available for issuance under the 2017 PIP. Subject to stockholder approval of the 2017 PIP, on the Effective Date, there will be 3,225,000 shares available for future awards under the 2017 PIP.

We intend to register the shares authorized under the 2017 PIP under the Securities Act of 1933. If stockholders do not approve the 2017 PIP, then (i) the 2012 PIP will remain outstanding and continue as currently in effect, and (ii) the number of shares that may be issued under the 2012 PIP for stock-based awards will be approximately 166,000 (estimated as of March 31, 2017), thereby limiting the Company s ability to make equity grants to the Company s directors and employees. Failure to approve the 2017 PIP will not affect the rights of existing awards or award holders under the 2012 PIP.

Our equity-based compensation model results in a burn rate as indicated in the chart below. All values in the chart reflect the Reverse Split.

	2014	2015	2016
Basic Weighted Average Shares Outstanding at Year End	66,174,848	68,496,904	70,021,281
Equity Grants			
Stock Options			
RSU	242,936	233,656	804,962
PSU	106,333	139,305	
Total Equity Granted	349,269	372,961	804,962

[1] On October 1, 2016, the Company conducted a 1 for 3 reverse stock split (the Reverse Split). As a result of the Reverse Split, the number of shares authorized under the 2012 PIP was decreased to 3,333,333 shares. Outstanding awards were updated to reflect the Reverse Split.

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Equity Compensation Plan Information

The number of shares remaining available for grant under the 2012 PIP, as described above, differs from the numbers reported in the Equity Compensation Plan Information table included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. Pursuant to SEC disclosure rules, the table in our Annual Report on Form 10-K is dated as of December 31, 2016 and therefore does not take into account our 2017 year-to-date grants. Additional information as of the record date of March 31, 2017 includes:

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2) [a]	Weighted-Average Remaining Term of Outstanding Options, Warrants and Rights (3)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securit Reflected in Column (1 (4)[b]
Equity compensation plans approved by security holders[c]	3,143,758	$ 32.23	2.37	166,861

(a) Restricted share units and performance share units were excluded when determining the weighted-average exercise price of outstanding options, warrants and rights.

(b) Following our March 2017 grants, 166,861 shares remain available for issuance under the 2012 PIP.

(c) Includes 1,388,534 shares issuable upon the vesting of RSUs, 493,343 shares issuable upon the vesting of PSUs and 1,261,881 shares issuable upon the exercise of options.

New Plan Benefits Table

The table below reflects awards granted by the HR Committee on March 3, 2017 from the 2012 PIP. Because the 2017 PIP is substantially similar to the 2012 PIP, for purposes of this table, we have assumed that the same awards would have been made in March 2017 under the 2017 PIP if it had been put in place.

Name and Position	Number of Units
Daniel L. Knotts President & Chief Executive Officer	255,827
Terry D. Peterson Executive Vice President and Chief Financial Officer	62,535
Thomas M. Carroll	42,637

Executive Vice President and Chief Administrative Officer John P. Pecaric	
Executive Vice President, Chief Commercial Officer and President International Deborah L. Steiner	45,480
Executive Vice President and General Counsel	36,952
Executive Group	463,328
Non-Executive Director Group	*
Non-Executive Officer Employee Group	412,396

* None of the non-executive directors received grants as of March 2, 2017. The number of units to be granted to the non-executive directors is not determinable at this time.

Background and Purposes of the 2017 PIP

The Board believes that an increase in the number of shares of our common stock authorized under the 2017 PIP is advisable to enable the Company to continue to grant equity-based awards. The Board further believes that the provisions of the 2017 PIP are consistent with market practices and will allow us to attract, motivate, reward and retain the broad-based talent critical to achieving our business goals. Stock ownership by employees and directors provides performance incentives and fosters a long-term commitment to our benefit and to the benefit of our stockholders, offers additional incentives to put forth maximum effort for the success of our business and affords them an opportunity to acquire a proprietary interest in the Company.

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PROPOSALS: 5. Approval of the 2017 Performance Incentive Plan

Approval of the 2017 PIP will also serve to approve the material terms of the performance goals for purposes of Section 162(m). The effectiveness of the 2012 stockholder approval of the material terms of the 2012 PIP s performance goals would otherwise expire in 2017 for Section 162(m) purposes. If the 2017 PIP and performance goals are approved, the effectiveness of the approval will last until 2022 for Section 162(m) purposes. If the approval otherwise expires, some of the compensation paid to the Company s senior executives may not be deductible to the Company, resulting in additional taxable income for the Company.

Purposes of the 2017 PIP

The 2017 PIP is intended to provide incentives:

(i) to officers, other employees and other persons who provide services to the Company through rewards based upon the ownership or performance of Company common stock as well as other performance based compensation; and

(ii) to non-employee directors of the Company through the grant of equity-based awards.

Summary Description of the 2017 PIP

Under the 2017 PIP, the Company may grant stock options, including incentive stock options, stock appreciation rights (SARs), restricted stock, stock units and cash awards, as discussed in greater detail below. The following description of the 2017 PIP is a summary and is qualified in its entirety by reference to the complete text of the 2017 PIP, which is attached as Appendix A to this proxy statement.

Participants. Non-employee directors (of which there will be six following the Annual Meeting), certain employees (approximately 240) and other individuals who provide services to the Company, are eligible to participate in the 2017 PIP.

Administration. The 2017 PIP will be generally administered by a committee designated by the Board (the Plan Committee), but the Board may, in its discretion, administer the 2017 PIP or grant awards. Each member of the Plan Committee is a director that the Board has determined to be an outside director under Section 162(m), a non-employee director under Section 16 of the Exchange Act and independent for purposes of the New York Stock Exchange (the NYSE) listing rules.

The Plan Committee may select eligible participants and determine the terms and conditions of each grant and award. All awards, except those subject to performance-based vesting conditions over a performance period of at least one year or those to non-employee directors, shall have a minimum vesting period of at least three years from the date of grant (such vesting may occur in full at the end of, or in installments over, the three-year period). Up to 5% of the shares available for grant may be granted with a minimum vesting period of less than three years, and the Plan Committee may provide for early vesting upon the death, permanent or total disability, retirement or termination of service of the award recipient. Double trigger vesting shall occur with acceleration upon a Change in Control (as defined in the 2017 PIP) and the grantee s termination without Cause or for Good Reason (each as defined in the applicable award agreement).

Each grant and award will be evidenced by an award agreement approved by the Plan Committee. The Plan Committee generally cannot reprice any stock option or other award granted under the 2017 PIP. Except with respect to grants to (i) officers of the Company who are subject to Section 16 of the Exchange Act, (ii) a person whose compensation is likely to be subject to the $1 million deduction limit under Section 162(m) (described below under U.S. Federal Income Tax Consequences) or (iii) persons who are not employees of the Company, the Plan Committee may delegate some or all of its power and authority to administer the 2017 PIP to the chief executive officer or other executive officer of the Company.

Available Shares. Approximately 3,225,000 shares of Company common stock will be available under the 2017 PIP for grants and awards to eligible participants, subject to adjustment in the event of certain corporate transactions that affect the capitalization of the Company. In general, shares subject to a grant or award under the 2017 PIP which are not issued or delivered would again be available for grant. However, shares tendered or withheld upon exercise, vesting, settlement of an award or upon any other event to pay the exercise price or tax withholding and shares purchased by the Company using the proceeds from the exercise of a stock option will not be available for future issuance. Upon exercise of a SAR, the total number of shares remaining available for issuance under the 2017 PIP will be reduced by the gross number of shares for which the SAR is exercised. The price of a share of our common stock on the NYSE at the close of trading on March 31, 2017 was $12.11.

Award Limits. The maximum number of shares of common stock with respect to which options, SARs or a combination thereof may be granted during any calendar year to any person is 1,500,000. With respect to performance awards that the Plan Committee desires to be eligible for deduction in excess of the $1,000,000 limit under Section 162(m), the maximum compensation payable pursuant to such awards granted during any calendar year cannot exceed (i) 900,000 shares of common stock or (ii) $9,000,000. No non-employee director may be granted (in any calendar year) compensation with a value in excess of $1,000,000, with the value of any equity-based awards based on such award s accounting grant date value.

Termination and Amendment. Unless previously terminated by the Board, the 2017 PIP will terminate on the date on which no shares remain available for grants or awards. Termination will not affect the rights of any participant under grants or awards made prior to termination. The Board may amend the 2017 PIP at any time, but no amendment may be made without stockholder approval if required by any applicable law, rule or regulation, including Section 162(m), if it would increase the number of shares of Company common stock available under the 2017 PIP or permit repricing of awards.

Stock Options and Stock Appreciation Rights. The period for the exercise of a non-qualified stock option (other than options granted to non-employee directors) or a SAR, and the option exercise price and base price of an SAR, will be determined by the Plan Committee. The option exercise price and the base price of a SAR will not be less than the fair market value of a share of Company common stock on the date of grant, and the minimum vesting period must be at least three years. The exercise of a SAR entitles the holder to receive (subject to withholding taxes) shares of Company common stock, cash or both with a value equal to the excess of the fair market value of a stated number of shares of Company common stock over the SAR base price.

Stock options and SARs must be exercised within ten years of the date of grant, or five years after the date of grant for incentive stock options granted to 10% stockholders. If the recipient of an incentive stock option is a 10% stockholder, the option exercise price will be not less than the price required by the Internal Revenue Code, currently 110% of fair market value on the date of grant.

Performance Awards and Fixed Awards. Under the 2017 PIP, bonus awards, whether performance awards or fixed awards, can be made in (i) cash, (ii) stock units, (iii) restricted shares of Company common stock that are forfeitable and have restrictions on transfer or (iv) any combination of the foregoing.

The performance goals of performance awards must be tied to one or more of the following: net sales; cost of sales; gross profit; earnings from operations; earnings before interest, taxes, depreciation and amortization; earnings before income taxes; earnings before interest and taxes; cash flow measures; return on equity; return on assets; return on net assets employed; return on capital; working capital; leverage ratio; stock price measures; enterprise value; safety measures; net income per common share (basic or diluted); EVA (economic value added); cost reduction goals or, in the case of awards not intended to be qualified performance-based compensation within the meaning of Section 162(m), any other similar criteria established by the Plan Committee. The Plan Committee may provide in any award agreement that the Plan Committee (i) will amend or adjust the performance goals or other terms or conditions of an outstanding award in recognition of unusual or nonrecurring events and (ii) has the right to reduce the amount payable pursuant to any performance award.

Restricted stock recipients will have the rights of a stockholder, including voting and dividend rights, subject to any restrictions and conditions specified in the award agreement. No dividends, however, will be paid at a time when any performance-based goals that apply to an award of restricted shares have not been satisfied. Upon termination of any applicable restriction period, including the satisfaction or achievement of required performance goals, a certificate evidencing ownership of the shares of the common stock will be delivered to the grantee, subject to the Company s right to require payment of any taxes.

Unless otherwise provided by the Plan Committee, recipients of stock units may be credited dividends and other distributions otherwise payable and held until the award is paid out. Interest may be credited. The grantee will have only the rights of a general unsecured creditor and no rights as a stockholder of the Company until delivery of the shares, cash or other property underlying the award.

At the time of vesting of a bonus award: (i) the award, if in units, will be paid to the participant in shares of Company common stock, in cash or in a combination thereof, (ii) the award, if a cash bonus award, will be paid to the participant in cash, in shares of Company common stock or in a combination thereof and (iii) shares of restricted common stock issued pursuant to an award will be released from the restrictions.

Awards to Non-Employee Directors. On the date of each Annual Meeting, the Company will make an award under the 2017 PIP to each individual who is, immediately following such annual meeting, a non-employee director. Any such awards will be in the form of stock options, restricted stock, stock units or SARs with a minimum vesting period of one year from the date of grant.

Transferability. Awards granted under the 2017 PIP may be assigned or transferred in the event of death, subject to certain conditions.

U.S. Federal Income Tax Consequences

The following is a brief summary of some of the U.S. federal income tax consequences generally arising with respect to grants and awards under the 2017 PIP. This summary is not intended to constitute tax advice, is not intended to be exhaustive and, among other things, does not describe state, local or foreign tax consequences. This section is based on the Code, its legislative history, existing and proposed regulations under the Code and published rulings and court decisions, all as in effect as of the date of this document. These laws are subject to change, possibly on a retroactive basis.

Stock Options. A participant will not recognize any income upon the grant of a non-qualified or incentive stock option. A participant will recognize compensation taxable as ordinary income upon exercise of a non-qualified stock option in an amount equal to the excess of the fair market value of the shares purchased on the date of exercise over their exercise price, and the Company (or one of its subsidiaries) generally will be entitled to a corresponding deduction, except to the extent limited by Section 162(m). A participant will not recognize any income (except for purposes of the alternative minimum tax) upon exercise of an incentive stock option. If the shares acquired by exercise of an incentive stock option are held for the longer of two years from the date the option was granted and one year from the date it was exercised, any gain or loss arising from a subsequent disposition of such shares will be treated as long-term capital gain or loss, and neither the Company nor its subsidiaries will be entitled to any deduction. If, however, such shares are disposed of within such one or two year periods, then in the year of such disposition the participant will recognize compensation taxable as ordinary income equal to the excess of (A) the lesser of either (i) the amount realized upon such disposition or (ii) the fair market value of such shares on the date of exercise, over (B) the exercise price, and the Company or one of its subsidiaries will be entitled to a corresponding deduction. The participant will also be subject to capital gain tax on the excess, if any, of the amount realized on such disposition over the fair market value of the shares on the date of exercise.

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SARs. A participant will not recognize any income upon the grant of SARs. A participant will recognize compensation taxable as ordinary income upon exercise of a SAR in an amount equal to the fair market value of any shares delivered and the amount of cash paid by the Company upon such exercise, and the Company or one of its subsidiaries generally will be entitled to a corresponding deduction.

Restricted Stock. A participant will not recognize any income at the time of the grant of shares of restricted stock (unless the participant makes an election to be taxed at the time of grant), and neither the Company nor its subsidiaries will be entitled to a tax deduction at such time. If the participant elects to be taxed at the time the restricted stock is granted, the participant will recognize compensation taxable as ordinary income at the time of the grant equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for such shares. If such election is made, a participant will recognize compensation taxable as ordinary income at the time the forfeiture conditions on the restricted stock lapse in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for such shares. The Company or one of its subsidiaries generally will be entitled to a corresponding deduction at the time the ordinary income is recognized by a participant, except to the extent limited by Section 162(m). In addition, a participant receiving dividends with respect to restricted stock for which the above-described election has not been made and prior to the time the forfeiture conditions lapse will recognize compensation taxable as ordinary income, rather than dividend income, in an amount equal to the dividends paid, and the Company or one of its subsidiaries generally will be entitled to a corresponding deduction, except to the extent limited by Section 162(m).

Stock Units. A participant will not recognize any income at the time of the grant of stock units, and neither the Company nor its subsidiaries will be entitled to a tax deduction at such time. A participant will recognize compensation taxable as ordinary income at the time the Company common stock is delivered under the stock units in an amount equal to the fair market value of such shares. The Company or one of its subsidiaries generally will be entitled to a corresponding deduction at the time the ordinary income is recognized by a participant, except to the extent the limit of Section 162(m) applies. A participant will recognize compensation taxable as ordinary income when amounts equal to dividend equivalents and any other distributions attributable to stock units are paid, and the Company or one of its subsidiaries generally will be entitled to a corresponding deduction, except to the extent limited by Section 162(m).

Cash Bonus Awards. A participant will not recognize any income upon the grant of a bonus award payable in cash, and neither the Company nor its subsidiaries will be entitled to a tax deduction at such time. At the time such award is paid, the participant will recognize compensation taxable as ordinary income in an amount equal to any cash paid by the Company, and the Company or one of its subsidiaries generally will be entitled to a corresponding deduction, except to the extent limited by Section 162(m).

Section 162(m) of the Internal Revenue Code. In general, Section 162(m) denies a publicly held corporation a federal income tax deduction for compensation in excess of $1 million per year per person paid to its covered employees, subject to certain exceptions. Performance-based compensation is not subject to the $1 million deduction limit. To qualify as performance-based compensation: (i) the compensation must be subject to achievement of performance goals established by a committee consisting solely of two or more outside directors, (ii) the material terms under which the compensation is to be paid, including the performance goals, must be approved by a majority of the corporation s stockholders and (iii) the Plan Committee must certify that the applicable performance goals were satisfied before payment of any performance-based compensation is made. The Company reserves the right to pay compensation that is not deductible.

Section 409A. Awards made under the 2017 PIP that are considered to include deferred compensation for purposes of Section 409A of the Code will be interpreted, administered and construed to comply with the requirements of Section 409A to avoid adverse tax consequences to recipients. The Company intends to structure any awards under the 2017 PIP so that the requirements under Section 409A are either satisfied or are not applicable.

The affirmative vote of the holders of a majority of the shares of the Company s common stock present in person or by proxy at the 2017 Annual Meeting and entitled to vote on the proposal is required to approve the 2017 PIP.

The Board of Directors recommends that the stockholders vote FOR the approval of the 2017 Performance Incentive Plan.

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Below are instructions on how to vote, as well as information on your rights as a stockholder as they relate to voting. Some of the instructions vary depending on how your stock is held. It s important to follow the instructions that apply to your situation.

Q: **Who can vote?**

A: You are entitled to one vote on each proposal for each share of the Company s common stock that you own as of the close of business on the record date, March 31, 2017.

Q: **What is the difference between holding shares as a stockholder of record and a street name holder?**