

SCHWEITZER MAUDUIT INTERNATIONAL INC
Form DEF 14A
March 05, 2014

March 13, 2014

Frédéric Villoutreix
Chairman of the Board and
Chief Executive Officer

TO OUR STOCKHOLDERS:

On behalf of the Board of Directors and management of Schweitzer-Mauduit International, Inc., I cordially invite you to the Annual Meeting of Stockholders to be held on Thursday, April 24, 2014 at 11:00 a.m. at the Company's corporate headquarters located at 100 North Point Center East, Suite 600, Alpharetta, Georgia.

Details about the Annual Meeting, nominees for election to the Board of Directors and other matters to be acted on at the Annual Meeting are presented in the Notice of Annual Meeting and Proxy Statement that follow.

It is important that your stock be represented at the meeting regardless of the number of shares you hold. You are encouraged to specify your voting preferences by so marking and dating the enclosed proxy card. But, if you wish to vote in accordance with the directors' recommendation, all you need do is sign and date the card. You may also vote over the Internet by following the instructions on the enclosed proxy card.

Please complete and return the proxy card in the enclosed envelope or vote over the Internet whether or not you plan to attend the meeting. If you do attend and wish to vote in person, you may revoke your proxy at that time.

If you plan to attend the meeting, please check the card in the space provided. This will assist us with meeting preparations and will enable us to expedite your admittance. If your shares are not registered in your own name and you would like to attend the meeting, please ask the broker, bank or other nominee which holds the shares to provide you with evidence of your share ownership, which will enable you to gain admission to the meeting.

Sincerely,

Frédéric Villoutreix

SCHWEITZER-MAUDUIT INTERNATIONAL, INC.

100 North Point Center East, Suite 600

Alpharetta, Georgia 30022-8246

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 24, 2014

The Annual Meeting of Stockholders of Schweitzer-Mauduit International, Inc. will be held at the Company's corporate headquarters located at 100 North Point Center East, Suite 600, Alpharetta, Georgia, on Thursday, April 24, 2014 at 11:00 a.m. for the following purposes:

1. To elect the two nominees for director named in the attached proxy statement, each to serve for a term expiring at the 2017 Annual Meeting of Stockholders;
2. To approve the Company's Annual Incentive Plan;
3. To approve, on an advisory basis, our named executive officer compensation;
4. To ratify the selection of Deloitte & Touche as our independent registered public accounting firm for 2014; and
5. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

We currently are not aware of any other business to be brought before the Annual Meeting.

You may vote all shares that you owned as of February 27, 2014, which is the record date for the Annual Meeting. Since a majority of the outstanding shares of our Common Stock must be represented either in person or by proxy to constitute a quorum for the conduct of business, I urge you to sign, date and promptly return the enclosed proxy card in the enclosed business reply envelope. No postage is required if mailed in the United States. You may also vote over the Internet by following the instructions on the enclosed proxy card.

Greerson G. McMullen
General Counsel and Secretary

March 13, 2014

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SCHWEITZER-MAUDUIT INTERNATIONAL, INC.

100 North Point Center East, Suite 600
Alpharetta, Georgia 30022-8246

PROXY STATEMENT

INTRODUCTION

This Proxy Statement and the accompanying proxy card are being furnished to the stockholders of Schweitzer-Mauduit International, Inc., a Delaware corporation, referred to as either the Company or SWM, in connection with the solicitation of proxies by the Board of Directors of the Company for use at the 2014 Annual Meeting of Stockholders (Annual Meeting). The Company intends to mail this Proxy Statement and proxy card, together with the 2013 Annual Report to Stockholders, on or about March 13, 2014.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

When and Where is the Annual Meeting?

The Annual Meeting will be held on April 24, 2014, at 11:00 a.m. Eastern Time, at our principal executive office located at 100 North Point Center East, Suite 600, Alpharetta, Georgia 30022 and at any adjournment thereof.

What is the Purpose of the Annual Meeting?

At the Annual Meeting, stockholders will act upon the matters listed in the attached Notice of Annual Meeting of Stockholders, including (i) the election of two directors to serve for terms expiring in 2017, (ii) the approval of our Annual Incentive Plan, (iii) an advisory vote to approve the compensation of our Named Executive Officers and (iv) the ratification of the Audit Committee's selection of Deloitte & Touche as our independent registered public accounting firm for 2014.

We currently are not aware of any business to be acted upon at the Annual Meeting other than that described in this Proxy Statement. If, however, other matters are properly brought before the Annual Meeting, or any adjournment or postponement of the Annual Meeting, your proxy includes discretionary authority on the part of the individuals appointed to vote your shares to act on those matters according to their best judgment.

Adjournment of the Annual Meeting may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time by the chairman of the Annual Meeting.

Who May Attend the Annual Meeting?

All stockholders of record at the close of business on February 27, 2014, the record date for the Annual Meeting, or their duly appointed proxies may attend the Annual Meeting. Although we encourage you to complete and return the attached proxy card by mail or vote over the Internet to ensure your vote is counted, you may attend the Annual Meeting and vote your shares in person.

What Constitutes a Quorum for Purposes of the Annual Meeting?

Pursuant to Section 216 of the Delaware General Corporation Law and the Company's By-Laws, a quorum for the Annual Meeting will be a majority of the issued and outstanding shares of the Company's Common Stock, par value \$0.10 per share (the "Common Stock"), present in person or represented by proxy. Abstentions and "broker non-votes" are

counted as present and entitled to vote for purposes of determining a quorum.

1

Who is Entitled to Vote at the Annual Meeting?

Each stockholder of record at the close of business on February 27, 2014, the record date for the Annual Meeting, will be entitled to one vote for each share registered in such stockholder's name. As of February 27, 2014, there were 30,659,596 shares of Common Stock outstanding.

Participants in the Company's Retirement Savings Plan ("Plan") may vote the number of shares they hold in that plan. The number of shares shown on a participant's proxy card includes the stock units you hold in the Retirement Savings Plan and serves as a voting instruction to the trustee of the Plan for the account in the participant's name. Information as to the voting instructions given by individuals who are participants in the Plan will not be disclosed to the Company.

How May I Vote My Shares?

You can vote by completing, signing, dating, and mailing the enclosed proxy card in the envelope provided. Proxy cards received at the Company's principal executive office prior to the Annual Meeting will be voted as instructed. You may also vote over the Internet by following the instructions on the enclosed proxy card or vote in person at the Annual Meeting.

If your shares are held in "street name" (through a broker, bank or other nominee), you may receive a separate voting instruction form with this Proxy Statement, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically by using the Internet or by telephone. If your shares are held in "street name," you must obtain a legal proxy from the record holder (the broker, bank or other nominee) giving you the right to vote the shares at the Annual Meeting.

If your vote is received before the Annual Meeting the named proxies will vote your shares as you direct.

How Does the Board Recommend that I Vote?

The Board of Directors unanimously recommends that you vote:

FOR the two nominees for election to the Board of Directors in Proposal One – Election of Directors;
FOR Proposal Two – Approval of the Company's Annual Incentive Plan;
FOR Proposal Three – Advisory Vote on Named Executive Officer Compensation; and
FOR Proposal Four – Ratification of the Selection of Independent Registered Public Accounting Firm.

What Vote is Required to Approve Each Proposal?

Proposal One – Election of Directors. This proposal will be decided by a plurality of shares of SWM's Common Stock as of the record date present in person or represented by proxy and entitled to vote on the election of directors. This means that the individuals who receive the greatest number of votes cast "FOR" will be elected as directors, up to the maximum number of directors to be chosen at the meeting. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement. Votes may be cast in favor of or withheld from each nominee; votes that are withheld will be excluded entirely from the vote and will have no effect.

Proposal Two – Approval of the Company's Annual Incentive Plan. This proposal will be decided by the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the subject matter.

Proposal Three – Advisory Vote on Named Executive Officer Compensation. This proposal will be decided by the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the subject matter. Although the say-on-pay vote is non-binding, the Board of Directors and the Compensation Committee will consider the voting results as appropriate when making future decisions regarding executive compensation.

Proposal Four – Ratification of the Selection of Independent Registered Public Accounting Firm. This proposal will be decided by the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the subject matter.

What Happens if I Do Not Vote My Shares?

Voting is an important stockholder right and we encourage you to do so. It is also important that you vote to establish a quorum for the conduct of business. Abstentions and “broker non-votes” are counted as present and entitled to vote for purposes of determining a quorum. In tabulating the voting result for any particular proposal, abstentions and, if applicable, broker non-votes, are not counted as votes “FOR” or “AGAINST” the proposals. Accordingly, abstentions will have no effect on Proposal One, since only votes “FOR” a director nominee will be considered in determining the outcome. Because they are considered to be present and entitled to vote for purposes of determining voting results, abstentions will have the effect of a vote “AGAINST” the other proposals.

Under the New York Stock Exchange, or NYSE, rules, if your shares are held in “street name” and you do not indicate how you wish to vote, your broker is permitted to exercise its discretion to vote your shares only on certain “routine” matters. Proposal Four is a “routine” matter under NYSE rules and, as such, your broker is permitted to exercise discretionary voting authority to vote your shares “FOR” or “AGAINST” the proposal in the absence of your instruction. The other proposals are not considered “routine” matters. Accordingly, if you do not direct your broker how to vote on such proposals, your broker may not exercise discretionary voting authority and may not vote your shares. This is called a “broker non-vote” and although your shares will be considered to be represented by proxy at the Annual Meeting, and counted for quorum purposes as discussed above, they are not considered to be shares “entitled to vote” at the Annual Meeting and will not be counted as having been voted on the applicable proposal.

How Can I Revoke My Proxy or Change My Vote?

Any proxy may be revoked by the stockholder granting it at any time before it is voted by delivering to the Company’s General Counsel and Secretary another signed proxy card, or a signed document revoking the earlier proxy, or by attending the Annual Meeting and voting in person. You may also change your vote by submitting a subsequent vote over the Internet. The last vote received prior to the Annual Meeting will be the one counted.

If your shares are held in “street name” (through a broker, bank or other nominee), you may submit new voting instructions by contacting your broker, bank or other nominee. You may also change your vote or revoke your proxy in person at the Annual Meeting if you obtain a legal proxy from the record holder (the broker, bank or other nominee) giving you the right to vote the shares.

Who Pays For the Proxy Solicitation?

The Company will pay the entire cost of the proxy solicitation. The Company has retained American Stock Transfer & Trust Company, the Company’s transfer agent, to aid in the solicitation of proxies. Proxy solicitation services on routine proxy matters, including each of the four proposals listed in this Proxy Statement, are included in the fees paid to American Stock Transfer & Trust Company to act as the Company’s stock transfer agent and registrar. Only reasonable out-of-pocket expenses on proxy solicitation services are charged separately. The Company will reimburse brokers, fiduciaries and other nominees for their reasonable expenses in forwarding proxy materials to beneficial owners. In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies in person, by telephone or by other means of communication. Directors, officers and employees of the Company will not receive any additional compensation in connection with such solicitation.

Who Will Count the Vote?

American Stock Transfer & Trust Company has been engaged to tabulate stockholder votes and act as our independent inspector of election for the Annual Meeting.

STOCK OWNERSHIP

Significant Beneficial Owners

The following table shows the persons known to the Company as of February 27, 2014 to be the beneficial owners of more than 5% of the outstanding shares of the Company's Common Stock. In furnishing the information below, the Company has relied solely on information filed with the Securities and Exchange Commission (the "SEC") by the beneficial owners.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class*	Sole Voting Power	Shared Voting Power	Sole Investment Power	Shared Investment Power
Royce & Associates, LLC (1) 745 Fifth Avenue New York, NY 10151	4,679,305	14.9%	4,679,305	0	4,679,305	0
BlackRock Inc. (2) 40 East 52nd Street New York, NY 10022	2,802,354	8.9%	2,705,036	0	2,802,354	0
The Vanguard Group, Inc. (3) 100 Vanguard Blvd. Malvern, PA 1935	2,513,851	8.0%	43,533	0	2,471,118	42,733
Capital World Investors (4) 333 South Hope Street Los Angeles, CA 90071	2,415,018	7.7%	2,415,018	0	2,415,018	0

* The percentages contained in this column are based solely on information provided in Schedules 13G (or amendments thereto) filed with the SEC by each of the beneficial owners listed above regarding their respective holdings of the Company's Common Stock as of December 31, 2013.

(1) Based solely on information contained in a Schedule 13G/A filed on January 14, 2014 by Royce & Associates, LLC ("Royce") to report that it was the beneficial owner of 4,679,305 shares of Common Stock as of December 31, 2013. Various accounts managed by Royce have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of shares of Common Stock. The investment of one account, Royce Special Equity Fund, an investment company registered under the Investment Company Act of 1940 and managed by Royce, amounted to 2,638,557 shares or 8.4% of the total shares outstanding.

(2) Based solely on information contained in a Schedule 13G/A filed on January 30, 2014 by BlackRock Inc. ("Blackrock") to report that it was the beneficial owner of 2,802,354 shares of Common Stock as of December 31, 2013.

(3) Based solely on information contained in a Schedule 13G/A filed on February 11, 2014 by The Vanguard Group, Inc. ("Vanguard") to report that it was the beneficial owner of 2,513,851 shares of Common Stock as of December 31, 2013. Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of Vanguard, is the beneficial owner of 42,733 shares or 0.13% of the Common Stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd. ("VIA"), a wholly-owned subsidiary of Vanguard, is the beneficial owner of 800 shares or 0.00% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

(4) Based solely on information contained in a Schedule 13G/A filed on February 13, 2014 by Capital World Investors, a division of Capital Research and Management Company ("CRMC"), to report that it was deemed to be the beneficial owner of 2,415,018 shares of the Common Stock as of December 31, 2013 as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.

Directors and Executive Officers

To assure that the interests of directors and executive officers are aligned with the Company's stockholders, the Company requires both directors and key executive officers (including all Named Executive Officers) to own minimum amounts of common stock. Either directly or through deferred compensation accounts, each director must hold equity, or equity equivalents, equal to five times the value of the directors' annual Board cash retainer. Each Named Executive Officer must hold equity (vested or unvested) equal to a multiple (from two to five), depending on the position held of his or her annual base salary. The requirements are effective in 2017 or within five years after the individual becomes subject to the policy, whichever is later.

The following table sets forth information as of February 27, 2014 regarding the number of shares of Common Stock beneficially owned by all directors and nominees, each Named Executive Officer, and by all directors and executive officers as a group. In addition to stock they own beneficially, all directors have deferred part of their compensation from the Company to a deferred compensation plan for non-employee directors, explained in more detail in "Compensation of Directors," below. Each director holds the equivalent of stock units in a deferral account. Unless otherwise indicated in a footnote, each person listed below possesses sole voting and investment power with respect to the shares indicated as beneficially owned by that person.

The Company prohibits directors and key executives (including all Named Executive Officers) from hedging any of the Company's equity securities or from pledging a significant number of the Company's equity securities. No shares listed in the table are pledged as security.

Name of Individual or Identity of Group	Amount and Nature of Beneficial Ownership	Number of Deferred Stock Units ⁽¹⁾	Percent of Class ⁽²⁾
Claire L. Arnold	8,420	42,454	*
K.C. Caldabaugh	4,000	24,410	*
Jeffrey A. Cook	36,644 ⁽³⁾	0	*
Stephen D. Dunmead	38,039 ⁽⁴⁾	0	*
Michel Fievez	104,318 ⁽⁵⁾	0	*
William A. Finn	13,500	4,007	*
Heinrich Fischer	0	0	*
Robert F. McCullough	2,000	21,412	*
Greerson G. McMullen	14,586 ⁽⁶⁾	0	*
John D. Rogers	2,004 ⁽⁷⁾	10,329	*
Frédéric P. Villoutreix	387,694 ⁽⁸⁾	0	1.3%

Anderson D. Warlick

5,218

7,297 *