

Neenah Paper Inc  
Form DEF 14A  
April 11, 2017

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[Table of Contents](#)

[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 under §240.14a-12

**Neenah Paper, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(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)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

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Table of Contents

**NOTICE OF 2017 ANNUAL MEETING  
AND  
PROXY STATEMENT**

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## Table of Contents

**April 11, 2017**

Dear Stockholder:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the 2017 Annual Meeting of Stockholders of Neenah Paper, Inc. to be held at the Company's headquarters located at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005 on Tuesday, May 23, 2017 at 10:00 a.m., Eastern Time.

In 2016, we continued in our evolution to become a premier specialty materials company and delivered record sales, earnings and operating cash flows, along with attractive returns for our stockholders. In addition, we completed two important strategic initiatives that provide us with a growth platform for years to come. First, we concluded an organic capital investment expanding our transportation filtration manufacturing base outside of Europe, further solidifying our position with customers as a premium global transportation filtration player. Second, we finished our integration of FiberMark, which broadened our product portfolio, adding coating and finishing capabilities in both Technical Products and Fine Paper & Packaging and almost doubling the size of our premium packaging business. Guiding all of our activities is an ongoing commitment to deploy capital efficiently, maintaining an attractive Return on Invested Capital and a meaningful return of cash to shareholders. In 2016, we returned \$39 million to shareholders through dividends and share repurchases, up from \$29 million in 2015, and announced for 2017 our seventh consecutive double-digit dividend increase over the past five years.

We are proud of our results and of the contributions of Neenah's dedicated employees around the world that helped to create this value and appreciate the confidence and ongoing support of our stockholders.

The formal business to be transacted at the 2017 Annual Meeting includes:

The election of the three nominees detailed in this Proxy Statement as Class I directors for a three-year term;

Approval of an advisory vote on the Company's executive compensation;

Approval of an advisory vote on the frequency of future advisory votes on the Company's executive compensation; and

The ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.

At the meeting, we will provide a brief report on our results and strategies. Our directors and executive officers, as well as representatives from Deloitte & Touche LLP, will be in attendance to answer any questions you may have.

Regardless of whether you choose to attend or not, please either vote electronically using the Internet, vote by telephone, or follow the procedures for requesting written copies of the proxy materials described in the attached Proxy Statement and mark, date, sign and return the proxy card included with those materials at your earliest convenience. This will assure your shares will be represented and voted at the Annual Meeting.

Sincerely,

JOHN P. O'DONNELL

*President and Chief Executive Officer*

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Table of Contents

## **Neenah Paper, Inc.**

**Preston Ridge III  
3460 Preston Ridge Road, Suite 600  
Alpharetta, Georgia 30005**

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### **NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 23, 2017**

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NOTICE HEREBY IS GIVEN that the 2017 Annual Meeting of Stockholders of Neenah Paper, Inc. will be held at the Company's headquarters located at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005 on Tuesday, May 23, 2017 at 10:00 a.m., Eastern time, for the purpose of considering and voting upon:

1. A proposal to elect the three nominees named as Class I directors in the attached Proxy Statement to serve until the 2020 Annual Meeting of Stockholders;
2. A proposal to approve, on an advisory basis, the Company's executive compensation;
3. A proposal to approve an advisory vote on the frequency of future advisory votes on the Company's executive compensation;
4. A proposal to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of Neenah Paper, Inc. for the fiscal year ending December 31, 2017; and
5. Such other business as properly may come before the Annual Meeting or any adjournments thereof. The Board of Directors is not aware of any other business to be presented to a vote of the stockholders at the Annual Meeting.

Information relating to the above matters is set forth in the attached Proxy Statement. Stockholders of record at the close of business on March 31, 2017 are entitled to receive notice of and to vote at the Annual Meeting and any adjournments thereof.

**The Proxy Statement and the 2016 Annual Report to Stockholders are available at [www.neenah.com/proxydocs](http://www.neenah.com/proxydocs).**

By order of the Board of Directors.

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STEVEN S. HEINRICHS

*Senior Vice President, General Counsel and Secretary*

Alpharetta, Georgia

April 11, 2017

PLEASE READ THE ATTACHED PROXY STATEMENT AND THEN VOTE ELECTRONICALLY, BY TELEPHONE, OR REQUEST PRINTED PROXY MATERIALS AND PROMPTLY COMPLETE, EXECUTE AND RETURN THE PROXY CARD INCLUDED WITH THE PROXY MATERIALS IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

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Table of Contents

**Table of Contents**

<u>ANNUAL MEETING</u>	<u>4</u>
<u>VOTING</u>	<u>4</u>
<u>BENEFICIAL OWNERSHIP</u>	<u>7</u>
<u>ELECTION OF DIRECTORS (ITEM 1)</u>	<u>10</u>
<u>MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS</u>	<u>13</u>
<u>CORPORATE GOVERNANCE</u>	<u>15</u>
<u>2016 DIRECTOR COMPENSATION</u>	<u>19</u>
<u>EXECUTIVE COMPENSATION</u>	<u>21</u>
<u>COMPENSATION COMMITTEE REPORT</u>	<u>32</u>
<u>ADVISORY VOTE ON EXECUTIVE COMPENSATION (ITEM 2)</u>	<u>33</u>
<u>ADVISORY VOTE ON FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION (ITEM 3)</u>	<u>35</u>
<u>ADDITIONAL EXECUTIVE COMPENSATION INFORMATION</u>	<u>36</u>
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	<u>45</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>45</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>46</u>
<u>RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (ITEM 4)</u>	<u>47</u>
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES</u>	<u>47</u>
<u>STOCKHOLDERS' PROPOSALS FOR 2018 ANNUAL MEETING</u>	<u>48</u>
<u>OTHER MATTERS THAT MAY COME BEFORE THE ANNUAL MEETING</u>	<u>49</u>
<u>HOUSEHOLDING OF NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS</u>	<u>49</u>

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**PROXY STATEMENT**

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***General Information***

Our Board of Directors is soliciting proxies from our stockholders in connection with Neenah's Annual Meeting of Stockholders. When used in this Proxy Statement, the terms "we," "us," "our," "the Company" and "Neenah" refer to Neenah Paper, Inc. This Proxy Statement and our 2016 Annual Report are first being mailed to stockholders who requested copies, and made available on April 11, 2017.

***SUMMARY***

**This summary highlights information contained in the Proxy Statement. It does not include all of the information that you should consider prior to voting and we encourage you to read the entire document prior to voting. For more complete information regarding Neenah's 2016 financial performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2016.**

**Stockholders are being asked to vote on the following matters at the 2017 Annual Meeting of Stockholders:**

	<b>Our Board's Recommendation</b>
<b>ITEM 1. Election of Directors (page 10)</b> The Board and the Nominating and Corporate Governance Committee believe that the three Class I Director nominees possess the necessary qualifications, attributes, skills and experiences to provide quality advice and counsel to the Company's management and effectively oversee the business and the long-term interests of stockholders.	<b>FOR each Director Nominee</b>
<b>ITEM 2. Advisory Vote to Approve Executive Compensation (page 29)</b> The Company seeks a non-binding advisory vote to approve the compensation of its named executive officers as described in the Compensation Discussion and Analysis section beginning on page 19 and the Executive Compensation Tables section beginning on page 31. The Board values stockholders' opinions, and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.	<b>FOR</b>
<b>ITEM 3. Approve the Frequency of Future Advisory Votes on the Company's Executive Compensation (page 30)</b> The Company seeks a non-binding advisory vote to approve the frequency of the advisory vote on executive compensation. The Board values stockholders' opinions and believes an annual advisory vote to approve executive compensation provides the appropriate opportunity for stockholders to communicate with the Board regarding the Company's executive compensation plans.	<b>ANNUAL</b>
<b>ITEM 4. Ratification of the Appointment of Deloitte &amp; Touche, LLP, as Independent Auditors (page 42)</b> The Audit Committee and the Board believe that the retention of Deloitte & Touche, LLP, to serve as the Independent Auditors for the fiscal year ending December 31, 2017 is in the best interest of the Company and its shareowners. As a matter of good corporate governance, stockholders are being asked to ratify the Audit Committee's selection of the Independent Auditors.	<b>FOR</b>

Table of Contents

## ***Questions and Answers about the Annual Meeting and Voting***

### **When and where is the Annual Meeting?**

When: Tuesday, May 23, 2017, at 10:00 A.M. Eastern Daylight Time

Where: Company headquarters located at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005

### **Who is entitled to vote at the Annual Meeting?**

You are entitled to vote at the Annual Meeting if you owned our common stock, par value \$0.01 per share, as of the close of business March 31, 2017 (the "Record Date"), with each share entitling its owner to one vote on each matter submitted to the stockholders. On the record date, 16,787,202 shares of common stock were outstanding and eligible to be voted at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of our common stock is necessary to constitute a quorum at the Annual Meeting.

### **How do I vote at the Annual Meeting?**

You may vote in person at the Annual Meeting or by proxy. We recommend you vote by proxy even if you plan to attend the Annual Meeting. You can always change your vote at the meeting. Giving us your proxy means you authorize us to vote your shares at the Annual Meeting in the manner you direct. If you plan to attend the meeting in person you must provide proof of your ownership of our common stock as of the record date, such as an account statement, and a form of personal identification for admission to the meeting. If you hold your shares in street name and you also wish to be able to vote at the annual meeting, you are required to obtain a proxy from your bank or broker, executed in your favor.

If your shares are held in your name, you can vote by proxy in three convenient ways:

*Via the Internet:* Go to <http://www.proxyvote.com> and follow the instructions.

*By Telephone:* Call toll-free 1-800-690-6903 and follow the instructions.

*By Mail:* Request a printed copy of the proxy materials disclosed in this Proxy Statement and complete, sign, date and return your proxy card in the envelope included with your printed proxy materials.

If your shares are held in street name, the availability of telephone and internet voting will depend on the voting processes of the applicable bank or brokerage firm; therefore, it is recommended that you follow the voting instructions on the form you receive from your bank or brokerage firm. All properly executed proxies received by Neenah in time to be voted at the Annual Meeting and not revoked will be voted at the Annual Meeting in accordance with the directions noted on the proxy card. If any other matters properly come before the Annual Meeting, the persons named as proxies will vote upon such matters according to their judgment.

We are also sending the Notice and voting materials to participants in various employee benefit plans of Neenah. The trustee of each plan, as the stockholder of record of the shares of common stock held in the plan, will vote whole shares of stock attributable to each participant's interest in the plan in accordance with the directions the participant gives or, if no directions are given by the participant, in accordance with the directions received from the applicable plan committees.

### **Can I change my vote?**

Any stockholder of record delivering a proxy has the power to revoke it at any time before it is voted: (i) by giving written notice to Steven S. Heinrichs, Senior Vice President, General Counsel and

Table of Contents

Secretary of Neenah, at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia, 30005; (ii) by submitting a proxy card bearing a later date, including a proxy submitted via the Internet or by telephone; or (iii) by voting in person at the Annual Meeting. Please note, however, that any beneficial owner of our common stock whose shares are held in street name may (a) revoke his or her proxy and (b) attend and vote his or her shares in person at the Annual Meeting only in accordance with applicable rules and procedures as then may be employed by such beneficial owner's brokerage firm or bank.

**What Proposals am I being asked to vote on at the Annual Meeting and what is required to approve each proposal?**

You are being asked to vote on four proposals: Proposal 1 the election of the proposed nominees as Class I directors; Proposal 2 the approval, in a non-binding advisory vote, of Neenah's executive compensation; Proposal 3 the approval, in a non-binding advisory vote, on the frequency of future advisory votes on the Company's executive compensation; and Proposal 4 the ratification of the appointment of our independent public accounting firm.

In voting with regard to Proposal 1, you may vote in favor of each nominees, against each nominee, or may abstain from voting. A majority of the shares of common stock represented and entitled to vote on Proposal 1 is required for the election of each director, provided a quorum is present. Abstentions will be considered in determining the number of votes required to obtain the necessary majority vote for the proposal, and therefore will have the same legal effect as votes against the proposal.

In voting with regard to Proposal 2, you may vote in favor of the proposal, against the proposal, or may abstain from voting. The vote required to approve Proposal 2 is majority of the shares of common stock represented and entitled to vote on Proposal 2, provided a quorum is present. Abstentions will be considered in determining the number of votes required to obtain the necessary majority vote for the proposal, and therefore will have the same legal effect as votes against the proposal.

In voting with regard to Proposal 3, stockholders may vote for a frequency of one, two or three years. The frequency (every one, two or three years) receiving the greatest number of votes of the shares represented and entitled to vote at the Annual Meeting, provided a quorum is present, will be considered the frequency preferred by stockholders. As a result, abstentions will therefore have no effect on such vote.

In voting with regard to Proposal 4, you may vote in favor of the proposal, against the proposal, or may abstain from voting. The vote required to approve Proposal 4 is a majority of the shares of common stock represented and entitled to vote at the Annual Meeting, provided a quorum is present. Abstentions will be considered in determining the number of votes required to obtain the necessary majority vote for the proposal, and therefore will have the same legal effect as votes against the proposal.

Neenah is not aware, as of the date hereof, of any matters to be voted upon at the Annual Meeting other than those stated in this Proxy Statement. If any other matters are properly brought before the Annual Meeting, your proxy gives discretionary authority to the persons named as proxies to vote the shares represented thereby in their discretion.

**What happens if I don't return my proxy card or vote my shares?**

If you hold your shares directly your shares will not be voted if you do not return your proxy card or vote in person at the Annual Meeting. If your shares are held in the name of a bank or brokerage firm (in "street name") and you do not vote your shares, your bank or brokerage firm can only vote your shares in their discretion for proposals which are considered "discretionary" proposals. We believe

Table of Contents

that Proposal 4 is a discretionary proposal. Brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions to the broker for proposals which are considered "non-discretionary" (a "broker non-vote"). We believe Proposals 1, 2 and 3 are non-discretionary proposals. As such, broker non-votes will be counted for the purpose of determining if a quorum is present, but will not be considered as shares entitled to vote on Proposals 1, 2 and 3, and therefore will have no effect on the outcome of these proposals.

**What happens if I sign, date and return my proxy card but do not specify how to vote my shares?**

If a signed proxy card is received which does not specify a vote or an abstention, then the shares represented by that proxy card will be voted FOR the election of all Class I director nominees described herein, FOR the approval of the Company's executive compensation, FOR annual non-binding approvals of executive compensation, and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2017.

**Why haven't I received a printed copy of the Proxy Statement or annual report?**

We are choosing to follow the Securities and Exchange Commission ("SEC") rules that allow companies to furnish proxy materials to stockholders via the Internet. If you received a Notice of Internet Availability of Proxy Materials, or "Notice," by mail, you will not receive a printed copy of the proxy materials, unless you specifically request one. The Notice instructs you on how to access and review all of the important information contained in the proxy statement and annual report as well as how to submit your proxy over the Internet. If you received the Notice and would still like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials included in the Notice. We plan to mail the Notice to stockholders by April 11, 2017.

**Who pays for the cost of this proxy solicitation?**

We will bear the cost of preparing, printing and filing the Proxy Statement and related proxy materials. In addition to soliciting proxies through the mail, we may solicit proxies through our directors, officers and employees, in person and by telephone or email and facsimile. We expect to retain Okapi Partners LLC to aid in the solicitation at a cost of approximately \$8,500, plus reimbursement of out-of-pocket expenses. Brokerage firms, nominees, custodians and fiduciaries also may be requested to forward proxy materials to the beneficial owners of shares held of record by them. We will pay all expenses incurred in connection with the solicitation of proxies.

**When will voting results be made available?**

We will announce the final results on our web site at [www.neenah.com](http://www.neenah.com) shortly after the meeting and on Form 8-K immediately following the meeting.

Table of Contents***BENEFICIAL OWNERSHIP*****DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth information regarding the beneficial ownership of our common stock as of March 31, 2017 with respect to: (i) each of our directors; (ii) each of the named executive officers appearing elsewhere herein; and (iii) all executive officers and directors as a group, based in each case on information furnished to us by such persons. As used in this Proxy Statement, "beneficial ownership" means that a person has, as of March 31, 2017, or may have within 60 days thereafter, the sole or shared power to vote or direct the voting of a security and/or the sole or shared investment power to dispose of or direct the disposition of a security.

Name	Shares Beneficially Owned(1)	Percent of Class(2)
William M. Cook	1,563(3)	*
Margaret S. Dano	2,460(4)	*
Sean T. Erwin	19,245(5)	*
Steven S. Heinrichs	22,303(6)	*
Bonnie C. Lind	31,574(7)	*
Timothy S. Lucas	16,375(8)	*
John F. McGovern	4,155	*
Philip C. Moore	19,580(9)	*
John P. O'Donnell	78,502(10)	*
James R. Piedmonte	38,927(11)	*
Julie A. Schertell	7,008(12)	*
Stephen M. Wood	45,995(13)	*
All directors and executive officers as a group (15 persons)	317,592(14)	2.0

- (1) Except as otherwise noted, the directors and executive officers, and all directors and executive officers as a group, have sole voting power and sole investment power over the shares listed. Shares of common stock held by the trustee of Neenah's 401(k) Retirement Plan for the benefit of, and which are attributable to our executive officers are included in the table.
- (2) An asterisk indicates that the percentage of common stock beneficially owned by the named individual does not exceed 1% of the total outstanding shares of our common stock.
- (3) Includes 1,063 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 31, 2017.
- (4) Includes 1,170 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 31, 2017.
- (5) Includes 1,170 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 31, 2017. This total does not include 3,500 vested Stock Appreciation Rights.
- (6) This total does not include 9,850 vested Stock Appreciation Rights.
- (7) This total does not include 5,385 vested Stock Appreciation Rights.
- (8)

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Includes 1,170 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 31, 2017. This total does not include 9,310 vested Stock Appreciation Rights.

## Edgar Filing: Neenah Paper Inc - Form DEF 14A

### Table of Contents

- (9) Includes 1,186 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 31, 2017.
- (10) This total does not include 41,811 vested Stock Appreciation Rights.
- (11) This total does not include 6,287 vested Stock Appreciation Rights.
- (12) This total does not include 18,788 vested Stock Appreciation Rights.
- (13) Includes 1,170 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 31, 2017.
- (14) On July 1, 2014 the Company converted all outstanding Stock Options to Stock Appreciation Rights which are not included in the calculation of beneficial ownership. Stock Appreciation Rights are disclosed in detail under the *Outstanding Equity at the End of 2015* section of this Proxy Statement.

Table of Contents**THIRD PARTIES**

The following table sets forth information regarding the beneficial ownership of our common stock as of December 31, 2016 for each person known to us to be the beneficial owner of more than 5% of our outstanding common stock.

Name and Address of Beneficial Owner	Common Stock Beneficially Owned	
	Number of Shares	Percent of Class
Blackrock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	1,867,930(1)	11.2%
Royce & Associates LP  745 Fifth Ave. New York, NY 10151	941,545(2)	5.6%
FMR LLC 245 Summer Street Boston, MA 02210	892,538(3)	5.3%
The Vanguard Group  100 Vanguard Blvd. Malverne, PA 19355	843,855(4)	5.0%

- (1) The amount shown and the following information is derived from the Schedule 13G filed by Blackrock, Inc. on January 17, 2017, reporting beneficial ownership as of December 31, 2016. Of the 1,607,005 shares shown, BlackRock, Inc. has sole dispositive power over all of the shares and sole voting power over 1,830,038 shares.
- (2) The amount shown and the following information is derived from the Schedule 13G filed by Royce & Associates LP on January 11, 2017, reporting beneficial ownership as of December 31, 2016. Royce & Associates, LP has sole dispositive power over all shares and sole voting power over all shares.
- (3) The amount shown and the following information is derived from the Schedule 13G filed by FMR LLC, on February 14, 2017, reporting beneficial ownership as of December 31, 2016. Of the 892,538 shares shown FMR LLC has sole dispositive power over all of the shares, and sole voting power over 2,238 shares.
- (4) The amount shown and the following information is derived from the Schedule 13G filed by The Vanguard Group, on February 10, 2017, reporting beneficial ownership as of December 31, 2016. Of the 843,855 shares shown The Vanguard Group has sole dispositive power over 808,542 of the shares, and sole voting power over 33,228 shares.

Table of Contents

***ELECTION OF DIRECTORS (ITEM 1)***

**The Board unanimously recommends that the stockholders vote "FOR" the proposal to elect John P. O'Donnell, William M. Cook, and Philip C. Moore as Class I directors for a three-year term expiring at the 2020 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.**

The Board currently consists of eight members divided into two classes of three directors and one class of two directors. The directors in each class serve three year terms, with the terms of the Class I directors expiring at the 2017 Annual Meeting. The Board has nominated John P. O'Donnell, William M. Cook, and Philip C. Moore, each a current director of Neenah, for re-election as Class I directors at the 2017 Annual Meeting. If elected, the nominees will serve a three-year term expiring at the 2020 Annual Meeting of Stockholders and until his or her successor has been duly elected and qualified.

Each of the nominees has consented to serve another term as a director if re-elected. If any of the nominees should be unavailable to serve for any reason (which is not anticipated), the Board may designate a substitute nominee or nominees (in which event the persons named on the enclosed proxy card will vote the shares represented by all valid proxy cards for the election of such substitute nominee or nominees), allow the vacancies to remain open until a suitable candidate or candidates are located, or by resolution provide for a lesser number of directors.

If any incumbent nominee for director in an uncontested election should fail to receive the required affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting, under Delaware law the director remains in office as a "holdover" director until his or her successor is elected and qualified or until his or her earlier resignation, retirement, disqualification, removal from office or death. In the event of a holdover director, the Board of Directors in its discretion may request the director to resign from the Board. If the director resigns, the Board of Directors may immediately fill the resulting vacancy, allow the vacancy to remain open until a suitable candidate is located and appointed or adopt a resolution to decrease the authorized number of directors.

Set forth below is certain information as of March 31, 2017, regarding the nominees and each director continuing in office, including their ages, principal occupations (which have continued for at least the past five years unless otherwise noted), current Board experience and participation, and how the background, experience and qualification of each nominee and director make them well suited to serve on Neenah's Board.

*Information Regarding Directors Nominated for Reelection*

**John P. O'Donnell**, born in 1960, is President and Chief Executive Officer of the Company. Prior to being CEO, Mr. O'Donnell served as Chief Operating Officer of the Company and President, Fine Paper. Mr. O'Donnell was employed by Georgia Pacific Corporation from 1985 until 2007 and held increasingly senior management positions in the Consumer Products division. Mr. O'Donnell served as President of the North American Retail Business from 2004 through 2007, and as President of the North American Commercial Tissue business from 2002 through 2004. Mr. O'Donnell received his BS from Iowa State University. Mr. O'Donnell has served as a director of Neenah since November 2010. Mr. O'Donnell has also served as a Director for Clearwater Paper since April 2016. Mr. O'Donnell's extensive experience in the paper and consumer products industries, and his leadership positions in the Company, makes him an effective member of Neenah's Board.

**William M. Cook**, born 1953, is the retired Executive Chairman (2015-2016) of Donaldson Company Inc., a technology-driven global company that manufactures filtration systems to remove contaminants from air and liquids. Mr. Cook is also the former Chairman, President and Chief

Table of Contents

Executive Officer (2004-2015) of Donaldson. Prior to that, Mr. Cook held various roles at Donaldson of increasing responsibility, including service as Senior Vice President, International (2000-2004); Chief Financial Officer (2001-2004); and Senior Vice President, Commercial and Industrial (1994-2000). Mr. Cook has served as a director of Neenah since July 21, 2016. Mr. Cook brings to the Neenah Board his filtration industry and operations experience and financial expertise for the past 35 years at Donaldson where he held a wide range of financial and business positions with global responsibilities. Mr. Cook is an experienced public company Board member having served on the Donaldson Board from 2004-2016 and as an independent public company Director for IDEX since 2008 and Valspar since 2010. Mr. Cook also has valuable Board experience from his past service to various private and charitable organizations. Mr. Cook holds a B.S. degree in Business Management and an M.B.A. degree from Virginia Tech.

**Philip C. Moore**, born in 1953, retired as Senior Vice President, Deputy General Counsel and Corporate Secretary of TD Bank Group, Toronto, Canada on December 31, 2016. Mr. Moore joined TD Bank Group in May 2013, prior to which he had been a partner at McCarthy Tétrault LLP, Canada's national law firm where he practiced corporate and securities law in Toronto and Sydney, Australia, with particular emphasis on corporate governance and finance, mergers and acquisitions and other business law issues. He has been involved in many corporate mergers, acquisitions, dispositions and reorganizations, as well as capital markets transactions in a variety of industries and geographies. Mr. Moore has extensive experience in corporate transactions involving the pulp and paper industries. Mr. Moore has been awarded the designation "Chartered Director" from the Directors College, Canada's leading director education program run by McMaster University and the Conference Board of Canada. He has advised on the design and implementation of numerous executive compensation plans, as well as on executive compensation governance matters. From 1994 until 2000, he was a director of Imax Corporation and is currently a director of a number of private corporations. Mr. Moore has served as a director of Neenah since November 30, 2004. Mr. Moore received his BA from McMaster University and his LLB from Queen's University. Mr. Moore's educational background and extensive experience in corporate governance and business law makes him an effective member of Neenah's Board.

*Class II Directors Term Expiring at the 2018 Annual Meeting*

**Margaret S. Dano**, born in 1959, is Chairman of the Board for Superior Industries International, Inc., a leading manufacturer of aluminum road wheels for use in the automobile and light truck industry. Ms. Dano was appointed as Chairman of the Board in 2014 and has served as a director for Superior since 2007. In addition, Ms. Dano currently serves as a director of Douglas Dynamics, Inc., a manufacturer of snow and ice control equipment for the global light truck market, a position she has held since 2012. From 2002 to 2005, Ms. Dano served as Vice President, Worldwide Integrated Supply Chain and Operations for Honeywell Corporation. Prior to that she served as Vice President, Worldwide Supply Chain Office Products & GM Printer Papers for Avery Dennison Corporation from 1999 to 2002 and Vice President of Corporate Manufacturing & Engineering from 1996-1999. Ms. Dano has served as a director of Neenah since March 24, 2015. Ms. Dano received a BS in mechanical engineering from Kettering University (formerly the General Motors Institute). Ms. Dano's senior executive experience in global manufacturing and supply chain and her public board experience and leadership with manufacturing companies makes her an effective member of Neenah's Board.

**Stephen M. Wood, Ph.D.**, born in 1946, is an Operating Partner with Snow Phipps Group LLC, an internationally diversified investment company. Prior to this, he served as Chairman of the Board for FiberVisions Corporation, which is a leading global manufacturer of synthetic fibers for consumer products, construction and industrial applications. Dr. Wood was President and Chief Executive Officer of FiberVisions from 2006 to 2012. Dr. Wood was also Chairman of the Board of ESFV which is a

Table of Contents

global joint Venture with JNC Corporation, a leading Japanese chemical company. From 2001 to 2004, Dr. Wood served as President and Chief Executive Officer of Kraton Polymers, a specialties chemical company, and Chairman and Representative Director of JSR Kraton Elastomers, a Japanese joint venture company. Prior to this, Dr. Wood was President of the Global Elastomers business of Shell Chemicals, Ltd., and a Vice President of that company. Dr. Wood was also elected International President of the International Institute of Synthetic Rubber Producers. Dr. Wood has a BSc in Chemistry and a Ph.D. in Chemical Engineering from Nottingham University, United Kingdom and is a graduate of the Institute of Chemical Engineers. Dr. Wood has served as a director of Neenah since November 30, 2004. Dr. Wood's educational background and his experience as a senior executive of a chemical manufacturing company provides the knowledge base and experience to make him an effective member of Neenah's Board.

*Class III Directors Term Expiring at the 2019 Annual Meeting*

**Sean T. Erwin**, born in 1951, is the Chairman of our Board of Directors. Mr. Erwin served as the Company's President and Chief Executive Officer from 2004 through May 2011. Prior to the spin-off of Neenah from Kimberly Clark Corporation on November 30, 2004 (the "spin-off"), Mr. Erwin had been an employee of Kimberly Clark since 1978, and had held increasingly senior positions in both finance and business management. In January 2004, Mr. Erwin was named President of Kimberly Clark's Pulp and Paper Sector, which comprised the businesses transferred to us by Kimberly Clark in the spin-off. He served as the President of the Global Nonwoven business from early 2001. He has also served as the President of the European Consumer Tissue business, Managing Director of Kimberly Clark Australia, as well as previously serving as President of the Pulp and Paper Sector, and President of the Technical Paper business. Mr. Erwin received his BS in Accounting and Finance from Northern Illinois University. Mr. Erwin served as a director of Carmike Cinemas, Inc. from 2012-2016. Mr. Erwin has served as a director of Neenah since November 30, 2004. Mr. Erwin's extensive experience as former CEO of the Company and his vast industry experience and leadership positions make him an effective member of Neenah's Board.

**John F. McGovern**, born in 1946, is the founder, and since 1999 a partner, of Aurora Capital LLC, a private investment and consulting firm based in Atlanta, Georgia. Prior to founding Aurora Capital, Mr. McGovern served in a number of positions of increasing responsibility at Georgia Pacific Corporation from 1981 to 1999, including Executive Vice President/Chief Financial Officer from 1994 to 1999. Previously, Mr. McGovern had been Vice President and Director, Forest Products and Package Division of Chase Manhattan Bank. He currently serves as a director of Xerium Technologies, Inc. where he serves as audit committee chairman. Mr. McGovern also served as a director of GenTek, Inc. from 2003 to 2009, Maxim Crane Works Holdings, Inc. from 2005 to 2008, and Collective Brands Inc. from 2003 to 2012. From 2006 to 2010, Mr. McGovern served as lead director of Neenah's Board for all executive sessions of non-management directors. Mr. McGovern has served as a director of Neenah since January 10, 2006. Mr. McGovern received his BS from Fordham University. Mr. McGovern's extensive experience as the senior financial executive of a multinational paper products company and his experience as an executive in the financial services industry as well as his experience on other public company boards make him an effective member of Neenah's Board.

**Timothy S. Lucas**, born in 1946, has served as an independent consultant on financial reporting issues practicing as Lucas Financial Reporting since 2002. From 1988 to 2002, Mr. Lucas worked at the Financial Accounting Standards Board ("FASB"), where he was the Director of Research and Technical Activities, and Chairman of the FASB's Emerging Issues Task Force. Mr. Lucas has served as a director of Neenah since November 30, 2004. Mr. Lucas received his BA in Economics and BS in Accounting from Rice University and his Master of Accounting from the Jesse H. Jones Graduate School, Rice University. Mr. Lucas' experience at FASB and his educational background make him an effective member of Neenah's Board.

Table of Contents**MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors conducts its business through meetings of the full Board and through committees of the Board, consisting of an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, which we refer to as the Nominating Committee. The Board of Directors held four meetings in 2016. The Company's Corporate Governance Policies provide that all directors are expected to regularly attend and participate in Board and Committee meetings and encourage the directors to attend the Company's Annual Meeting. In 2016 all of our directors attended at least 75% of the meetings of the Board and meetings of the committees of which he or she is a member. Neenah holds regularly scheduled executive sessions of the independent directors at each Board meeting. As Chairman of the Board Mr. Erwin presides at all the executive sessions other than meetings of the non-affiliated independent directors, at which Mr. McGovern presides. All of the Company's directors were in attendance at the 2016 Annual Meeting.

The following table describes the membership of each of the committees as of the 2017 Annual Meeting:

	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee
Philip C. Moore	X	X	
Timothy S. Lucas	Chair*		
John F. McGovern		Chair	X
Stephen M. Wood	X		Chair
Margaret S. Dano		X	X
William M. Cook	X*		
Number of meetings	8	6	6

\*

The Board has determined, based on his experience at the FASB, that Mr. Lucas and Mr. Cook are audit committee financial experts within the meaning of the SEC's rules.

**Audit Committee**

The Audit Committee is comprised solely of directors who meet the independence requirements of the New York Stock Exchange ("NYSE") and the Securities Exchange Act of 1934, as amended ("Exchange Act"), and are financially literate, as required by NYSE rules. At least one member of the Audit Committee is an audit committee financial expert, as defined by the rules and regulations of SEC. The Audit Committee has been established in accordance with applicable rules promulgated by the NYSE and SEC. The Audit Committee assists the Board in monitoring:

the quality and integrity of our financial statements;

our compliance with ethical policies contained in our Code of Business Conduct and Ethics and legal and regulatory requirements as well as the administration of our policy regarding related party transactions;

the independence, qualification and performance of our registered public accounting firm;

the performance of our internal auditors; and

related party transactions.

The Audit Committee is governed by the Audit Committee Charter approved by the Board. The charter is available on our website at [www.neenah.com](http://www.neenah.com).



Table of Contents

***Nominating and Corporate Governance Committee***

The Nominating Committee is comprised solely of directors who meet the NYSE independence requirements. The Nominating Committee:

oversees the process by which individuals are nominated to our Board;

reviews the qualifications, performance and independence of members of our Board;

reviews and recommends policies with respect to composition, organization, processes and practices of our Board, including diversity; and

identifies and investigates emerging corporate governance issues and trends that may affect us.

The Nominating Committee is governed by the Nominating and Corporate Governance Committee Charter approved by the Board. The charter is available on our website at [www.neenah.com](http://www.neenah.com).

***Compensation Committee***

The Compensation Committee is comprised solely of directors who meet NYSE independence requirements, meet the requirements for a "nonemployee director" under the Exchange Act, and meet the requirements for an "outside director" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Compensation Committee:

reviews and approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and sets such compensation;

approves, in consultation with our Chief Executive Officer, the compensation of our officers who are elected by our Board;

makes recommendations to our Board with respect to our equity-based plans and executive incentive compensation plans; and

reviews with management and approves awards under our long-term incentive-compensation plans and equity-based plans.

The Compensation Committee is governed by the Compensation Committee Charter approved by the Board. The charter is available on our website at [www.neenah.com](http://www.neenah.com).

Additional information regarding the Compensation Committee's processes and procedures for consideration of executive compensation is provided in the Compensation Discussion and Analysis below.

Table of Contents

## ***CORPORATE GOVERNANCE***

### ***Board Leadership***

The Board selects from among its members the Chairman of the Board. The Board also elects the Chief Executive Officer of the Company. The current Board Leadership is as Follows:

<b>Chairman of the Board:</b>	Sean T. Erwin
<b>Chief Executive Officer:</b>	John P. O'Donnell

The Board believes that at this time it is appropriate for Mr. Erwin to serve as independent Chairman while Mr. O'Donnell serves as Chief Executive Officer and a member of the Board. Mr. O'Donnell's position as both CEO and a Director provides a continuity of leadership between the senior executive team and the Board and enhances the corporate governance environment of the Board.

### ***Independent Directors***

Our Amended and Restated Bylaws provide that a majority of the directors on our Board shall be independent and currently seven out of the eight directors are independent. In addition, the Corporate Governance Policies adopted by the Board, described further below, provide for independence standards consistent with NYSE listing standards. Generally, a director does not qualify as an independent director if the director (or in some cases, members of the director's immediate family) has, or in the past three years has had, certain material relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. Having seven out of eight independent directors provides Neenah with a sufficient level of oversight, governance and independence without unduly limiting the senior executives from acting in the best interest of the Company and its shareholders. Even though Mr. Erwin is considered independent according to NYSE listing standards and SEC regulations, the Board appointed John F. McGovern to serve as Presiding Director for meetings of the non-affiliated independent directors.

In evaluating the independence of our independent directors, the Board also considered whether any of the independent directors had any material relationships with Neenah and concluded that no such material relationship existed that would impair their independence. See "Approval of Related Party Transactions" below. In making this determination, the Board relied both on information provided by our directors as well as information developed internally by Neenah. As is currently the case, immediately after the election of the nominees to the Board of Directors, a majority of all directors holding office will be independent directors. The Nominating Committee and the Board have affirmatively determined that seven of the Company's eight directors do not have any relationship that would interfere with the exercise of independent judgment in carrying out their responsibilities as directors and are independent in accordance with NYSE listing standards, rules and regulations and our Corporate Governance Policies. Neenah's independent directors are Sean T. Erwin, Margaret S. Dano, Stephen M. Wood, John F. McGovern, Timothy S. Lucas, Philip C. Moore and William M. Cook.

### ***Nomination of Directors***

The Board of Directors is responsible for approving candidates for Board membership. The Board has delegated the screening and recruitment process to the Nominating Committee, in consultation with the Chairman of the Board and Chief Executive Officer. More specifically, our Nominating Committee has adopted, and the Board has ratified, the "Neenah Paper, Inc. Policy Regarding Qualification and Nomination of Director Candidates."

Table of Contents

The Nominating Committee seeks to create a Board that is as a whole strong in its collective knowledge of, and diversity of skills and experience with respect to, accounting and finance, management and leadership, vision and strategy, business operations, business judgment, crisis management, risk assessment, industry knowledge, corporate governance, education, background and global markets.

Qualified candidates for director are those who, in the judgment of the Nominating Committee, possess all of the following personal attributes and a sufficient mix of the following experience attributes to assure effective service on the Board. Personal attributes of a Board candidate considered by the Nominating Committee include: leadership, ethical nature, contributing nature, independence, interpersonal skills, and effectiveness. Experience attributes of a Board candidate considered by the Nominating Committee include: financial acumen, general business experience, industry knowledge, diversity of view-points, special business experience and expertise. When the Nominating Committee reviews a potential new candidate, the Nominating Committee looks specifically at the candidate's qualifications in light of the needs of the Board and our company at that time, given the then current mix of director attributes. Although the Company does not have a specific Board diversity policy, the Nominating Committee looks at the diversity of experience, background and Board composition in recommending director candidates as required by the Nominating Committee's charter.

The Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating Committee periodically assesses the appropriate size of the Board and whether any vacancies on the Board are expected. In the event that vacancies are anticipated or otherwise arise, the Nominating Committee will seek to identify director candidates based on input provided by a number of sources, including: (i) Nominating Committee members; (ii) other directors of Neenah; (iii) management of Neenah; and (iv) stockholders of Neenah. The Nominating Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified director candidates.

The Nominating Committee will consider nominees recommended by stockholders as candidates for election to the Board. A stockholder wishing to nominate a candidate for election to the Board at the Annual Meeting is required to give written notice to the Secretary of Neenah of his or her intention to make a nomination. Pursuant to our Amended and Restated Bylaws, the notice of nomination must be received by Neenah not less than 50 days nor more than 75 days prior to the Annual Meeting, or if Neenah gives less than 60 days' notice of the meeting date, the notice of nomination must be received within 10 days after the Annual Meeting date is announced.

To recommend a nominee, a stockholder should write to Steven S. Heinrichs, Senior Vice President, General Counsel and Secretary of Neenah, at 3460 Preston Ridge Road, Preston Ridge III, Suite 600, Alpharetta, Georgia 30005. Any such recommendation must include:

the name and address of the stockholder and a representation that the stockholder is a holder of record of shares of our common stock;

a brief biographical description for the nominee, including his or her name, age, business and residence addresses, occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements set forth above;

a description of all arrangements or understandings between the stockholder and each nominee; and

the candidate's consent to serve as a director if elected.

Once director candidates have been identified, the Nominating Committee will then evaluate each candidate in light of his or her qualifications and credentials and any additional factors that the

Table of Contents

Nominating Committee deems necessary or appropriate, including those set forth above. Qualified prospective candidates will be interviewed by the Chairman of the Board, the Chief Executive Officer and at least one member of the Nominating Committee. The full Board will be kept informed of the candidate's progress. Using input from such interviews and other information obtained by the Nominating Committee, the Nominating Committee will evaluate whether a prospective candidate is qualified to serve as a director and, if so qualified, will seek full Board approval of the nomination of the candidate or the election of such candidate to fill a vacancy on the Board.

Existing directors who are being considered for re-nomination will be re-evaluated by the Nominating Committee based on each director's satisfaction of the qualifications described above and his or her performance as a director during the preceding year. All candidates submitted by stockholders will be evaluated in the same manner as candidates recommended from other sources, provided that the procedures set forth above have been followed.

All of the current nominees for director are current members of the Board. Based on the Nominating Committee's evaluation of each nominee's satisfaction of the qualifications described above, the Nominating Committee determined to recommend the three directors for re-election. The Nominating Committee has not received any nominations from stockholders for the Annual Meeting.

***Corporate Governance Policies***

We have adopted the Neenah Paper, Inc. Corporate Governance Policies that guide the Company and the Board on matters of corporate governance, including director responsibilities, Board committees and their charters, director independence, director qualifications, director evaluations, director orientation and education, director access to management, Board access to independent advisors, and management development and succession planning. Copies of the Corporate Governance Policies are available on our website at [www.neenah.com](http://www.neenah.com).

***Code of Business Conduct and Ethics***

We have adopted the Neenah Paper, Inc. Code of Business Conduct and Ethics, which applies to all of our directors, officers and employees. The Code of Business Conduct and Ethics meets the requirements of a "code of ethics" as defined by SEC rules and regulations. The Code of Business Conduct and Ethics also meets the requirements of a code of conduct under NYSE listing standards. The Code of Business Conduct and Ethics is available on our website at [www.neenah.com](http://www.neenah.com).

***Risk Oversight***

The Board participates in risk oversight through the Company's Enterprise Risk Evaluation conducted by our Chief Financial Officer and General Counsel, in conjunction with the Company's senior management team. Annual findings are reported to the Audit Committee pursuant to the requirements of its charter and the full Board reviews an annual report of the findings as required by our Corporate Governance Policies.

***Communications with the Board of Directors***

We have established a process for interested parties to communicate with members of the Board, including non-management members of the Board. If you have any concern, question or complaint regarding any accounting, auditing or internal controls matter, or any issue with regard to our Code of Business Conduct and Ethics or other matters that you wish to communicate to our Board or non-management directors, send these matters in writing to c/o General Counsel, Neenah Paper, Inc., Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005. Information about our Board communications policy and procedures for processing Board communications for all

Table of Contents

interested parties can be found on our website at [www.neenah.com](http://www.neenah.com) under the link "Investor Relations Corporate Governance Board of Directors Board Communications Policy."

***Approval of Related Party Transactions***

The charter of the Audit Committee requires that the Audit Committee review and approve any transactions that would require disclosure under SEC rules and regulations. To help identify related party transactions and relationships, each director and named executive officer, as such term is used is "Additional Executive Compensation Information Summary Compensation Table," completes a questionnaire on an annual basis that requires the disclosure of any transaction or relationships that the person, or any member of his or her immediate family, has or will have with the Company. Additionally, the Company's Code of Business Conduct and Ethics prohibits related party transactions and requires that any employee with knowledge of such a transaction provide written notice of the relationship or transaction to the Company's General Counsel. Neither Neenah nor the Board is aware of any matter in 2016 that required the review and approval of the Audit Committee in accordance with the terms of the charter.

***Shareholder Rights Plan***

The Company's stockholder Rights Agreement expired on November 30, 2014. The Company has decided at this time to not put a new plan in place. We will evaluate the need for such a plan in the future as such need may arise.

Table of Contents**2016 DIRECTOR COMPENSATION**

The Compensation Committee has responsibility for evaluating and making recommendations to the Board of Directors regarding compensation for our nonemployee directors.

Each of our directors who are not employees receives the following compensation:

Item	Amount
<b>Annual cash retainer</b>	\$36,000
<b>Board and committee meeting fee</b>	\$1,500 per meeting
<b>Additional cash retainers for Committee and Board Chairs:</b>	
<b>Board Chairman</b>	\$30,000
<b>Audit Committee Chairman</b>	\$15,000
<b>Compensation Committee Chairman</b>	\$15,000
<b>Nominating Committee Chairman</b>	\$10,000
<b>Annual value of equity grant</b>	\$80,000 (choice of 100% restricted stock units or 50% restricted stock units / 50% non-qualified stock options)

Neenah's director compensation program is intended to align with market level compensation to attract, motivate, and retain high-performing and diverse quality director talent. Neenah bi-annually conducts a director pay study to ensure alignment with market level compensation. In 2016 the directors all received 100% RSUs, which grant was a total of 1,170 shares (except for Mr. Cook who received 1,063 shares based on the Company's stock price on July 21, 2017). The number of stock options and RSUs granted to nonemployee directors is calculated annually using a modified Black Scholes formula used to provide a total equity value equal to the annual equity grant target in the same manner as used to calculate grants for Company employees under the Long-Term Compensation Plan ("LTCP"). Stock Options, when granted, become fully vested and exercisable on the first anniversary of the date of grant. The RSUs become fully vested and convert to shares of our common stock on the first anniversary of the date of grant. Employee directors receive no additional compensation and no perquisites for serving on our Board. Neenah also established the Neenah Paper Directors' Deferred Compensation Plan (the "Directors' Plan"), which enables each of our nonemployee directors to defer a portion of their cash compensation and RSU awards. In 2016 Mr. McGovern participated in the Director's Plan.

Each of our nonemployee directors are required to own Company stock equal to two times their annual cash retainer. The valuation of restricted stock and options owned by our directors is calculated pursuant to the same guidelines detailed in this Proxy Statement for our named executive officers. All of our nonemployee directors met or exceeded the guidelines as of December 31, 2016.

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### Table of Contents

The following table shows the total compensation paid to each of our nonemployee directors in 2016.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Total (\$)
Sean T. Erwin	72,000	79,946		151,946
William M. Cook	18,000(2)	79,969		97,969
Margaret S. Dano	57,000	79,946		136,946
Timothy S. Lucas	70,000	79,946		149,946
John F. McGovern	70,000	79,946		149,946
Philip C. Moore	58,500	79,946		138,446
Stephen M. Wood	68,000	79,946		147,946

- (1) Amounts reported in this column represent the grant date fair value of the 2016 RSU award granted to each director, calculated in accordance with Financial Accounting Standards Board Statement ASC Topic 718 ("ASC 718"). Due to restrictions imposed by Canadian law, Mr. Moore is not able to receive a quarterly cash dividend on his RSUs. In lieu of receiving such dividends, Mr. Moore is granted additional RSUs on the date of each dividend payment and in value to the cash dividend that he would have received. Mr. Moore received 25 of these RSUs in 2016.
- (2) Mr. Cook became a director on July 21, 2016.

Table of Contents

***EXECUTIVE COMPENSATION***

***Compensation Discussion and Analysis***

The following section presents an analysis, summary and overview of our compensation policies and programs, including material decisions made under those policies and programs in setting the compensation levels for 2016 for our "named executive officers" ("NEO"). Decisions made concerning the total compensation package for our executives take into consideration the individual executive's level of responsibility within Neenah, the performance of Neenah relative to internal targets and peer companies, and the creation of long term shareholder value. We strive to achieve a balanced and competitive compensation package through a mix of base salary, performance-based cash bonuses, long-term equity based incentives and awards, deferred compensation plans, pension plans and welfare benefits.

***Compensation Objectives and Philosophy***

Neenah's compensation policies are designed to incorporate the following attributes:

<b>Included</b>	<b>Excluded</b>
Significant component of pay based on performance achievement; more senior positions have a higher percentage of performance-based pay. Maximum payment limit on incentive plans	Guaranteed variable compensation and/or open ended payments
Measures are based on achievement of financial targets, attainment of strategic objectives and enhancement of stockholder value, with a clawback policy	Single trigger change-in-control arrangements
Policies validated through independent consultant reporting to Compensation Committee, comparison to independent peer companies and stockholder "say on pay" votes	Re-pricing or cash buyout of underwater stock appreciation rights without shareholder approval
Competitive mix of short term and long term performance performance-based incentives	Market timing of equity awards
Strict insider trading policy	Excise tax gross-ups
<b><i>2016 Key Strategic and Financial Achievements</i></b>	

**Delivered record sales, earnings and cash generated from operations.**

Net sales of \$942 million increased 6% versus 2015 and earnings per share of \$4.26 increased 21% versus 2015

**Deployed cash in a disciplined fashion to maintain a strong Return on Capital and support attractive shareholder returns**

Return on Invested Capital increased from 11.8% to 12.7%

Direct cash returns to shareholders increased from \$25 to \$38 million, reflecting a double digit increase in dividend payouts and increased share buybacks

Debt was reduced from \$229 to \$221 million during the year, and the company maintained its good credit ratings and metrics

**Completed important strategic initiatives**

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Organic capital project to add transportation filtration capacity in the US

Integration of FiberMark acquisition and delivery of end of curve synergies ahead of schedule

**Total shareholder return of 39.3%**

Neenah stock price increase of 36% in 2016 compares to 29% increase in Russell 2000

Table of Contents

Following this section under the heading "Additional Executive Compensation Information" we have included certain tables where you will find detailed compensation information for the named executive officers. This section is intended to provide additional details regarding Neenah's compensation practices, as well as the information and process used to create and implement our compensation program for our named executive officers and our other executive officers.

*Named Executive Officers*

John P. O'Donnell, President and Chief Executive Officer

Bonnie C. Lind, Senior Vice President, Chief Financial Officer and Treasurer

Steven S. Heinrichs, Senior Vice President, General Counsel and Secretary

Julie A. Schertell, Senior Vice President, President Fine Paper & Packaging

James R. Piedmonte, Senior Vice President, Global Operations

***Our Compensation-Setting Process***

*Role of Compensation Committee*

The Compensation Committee is responsible for carrying out the Board's responsibilities for determining the compensation for our named executive officers. In that capacity, the Compensation Committee (1) annually reviews and approves the corporate goals and objectives relating to our executive compensation programs; (2) evaluates performance against those goals and objectives; and (3) approves the compensation payable to our named executive officers.

*The Role of Shareholder Say-on-Pay Votes*

The Company provides its shareholders with the opportunity to cast an annual advisory vote on executive compensation (a "*say-on-pay proposal*"). At the Company's annual meeting of shareholders held on May 26, 2016, greater than 98% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Compensation Committee considered these results and believes the voting results reflect strong shareholder support for the Company's approach to executive compensation. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes in order to understand the environment of future compensation decisions for the named executive officers.

*Use of Compensation Consultants*

The Compensation Committee charter grants the Compensation Committee authority to independently retain compensation consultants, and in 2016 the Compensation Committee again engaged Hugessen Consulting Inc. ("Hugessen") to provide it with independent advice and assistance in its deliberations regarding compensation matters. At the Committee's request, Hugessen originated certain analyses, reviewed the information provided by management and assisted the Compensation Committee in assessing 2016 compensation for Neenah's named executive officers. In addition, Hugessen provided input to assist the Compensation Committee in establishing the 2016 targeted compensation levels and performance criteria under the Company's incentive plans.

The Compensation Committee must pre-approve any additional work of a material nature assigned to its consultant and will not approve any such work that, in its view, could compromise Hugessen's independence as advisor to the Committee. Hugessen does not provide any other services to Neenah. Decisions made by the Compensation Committee are the responsibility of the Committee and reflect factors and considerations in addition to the information and recommendations provided by Hugessen.

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### Table of Contents

In 2016, the Compensation Committee, in accordance with SEC rules, considered the independence factors having to do with consultant conflicts of interest and determined that the work of the compensation consultant did not raise any conflicts of interest.

#### *Role of Executive Officers*

At the request of the Compensation Committee, our President and Chief Executive Officer, along with our Senior Vice President and Chief Human Resources Officer, make recommendations to our Compensation Committee regarding base salary and target levels for our annual performance bonuses and long-term equity compensation for our executive officers. Mr. O'Donnell is not involved in setting or approving his own compensation levels. These recommendations are based on the philosophy and analysis described in this Compensation Discussion and Analysis section of this Proxy Statement.

#### *Peer Comparison*

To assist in evaluating and determining levels of compensation in 2016 for each element of pay, the Compensation Committee reviewed various sources of data prepared by management including:

Proxy data collected and analyzed from a peer group of companies in the paper, packaging, and base materials and specialty chemical industries similar in size to Neenah (the "Peer Group"). In 2016 the Peer Group consisted of the following companies:

AEP Industries Inc.	Omnova Solutions, Inc.
Clearwater Paper Corporation	P.H. Glatfelter Company
Innophos Holdings Inc.	Quaker Chemical Corp
Innospec, Inc.	Rayonier Advanced Materials Inc.
Kraton Corporation	Schweitzer-Mauduit International, Inc.
Mercer International, Inc.	Tredegar Corporation

Data collected from Equilar's database using a broad industry cut of manufacturing companies with revenues between \$500 million and \$2.0 billion.

The only Peer Group change in 2016 was the elimination of OM Group, Inc. due to the company being taken private in 2015.

To develop market figures, compensation opportunities for the named executive officers were compared to the compensation opportunities for similarly situated executives in comparable positions. Hugessen reviewed the results of these analyses and provided feedback to the Compensation Committee in connection with their review of competitive pay practices.

Neenah's management and the Compensation Committee do not believe that it is appropriate to establish compensation levels based solely on peer comparisons or benchmarking; however, marketplace information is one of the many factors that we consider in assessing the reasonableness of compensation. Management and the Compensation Committee believe that information regarding pay practices at other companies is useful to confirm that our compensation practices are competitive in the marketplace.

*Targeted Compensation Levels*

The Compensation Committee establishes targeted total compensation levels based upon performance objectives for our executive officers eligible to receive an annual cash bonus opportunity under the Management Incentive Plan ("MIP") and the equity awards under the Long-Term

Table of Contents

Compensation Plan ("LTCP") as authorized by the Amended and Restated Neenah Paper, Inc. 2004 Omnibus Stock and Incentive Plan (the "Omnibus Plan"). In making these determinations, our Compensation Committee is guided by the compensation philosophy described below. Our Compensation Committee also considers historical compensation levels, pay practices at companies in the Peer Group and the relative compensation among Neenah's senior executive officers. The Compensation Committee also considers industry conditions, corporate performance versus peer companies and the overall effectiveness of Neenah's compensation program in achieving desired performance levels.

As targeted total compensation levels are determined, our Compensation Committee also determines the portion of total compensation that will be contingent, performance-based pay. Performance-based pay includes cash awards under our MIP program and equity awards under our LTCP, which may be earned based on the Company's achievement of performance goals and whose value depends upon long-term appreciation in stock price.

Neenah's compensation philosophy is intended to provide competitive pay within the relevant market by targeting the total compensation opportunities and to reward the executives for short term and long term performance through an overall compensation mix that is targeted to include a minimum of 50% performance-based compensation for named executive officers. Our Chief Executive Officer's compensation in 2016 was approximately 71% performance-based at target levels and our other NEOs compensation was approximately 55% performance-based at target.

***Compensation Components***

Our executive compensation includes the base components described below, each of which is designed to accomplish specific goals of our compensation philosophy described above. In connection with our discussion of each of such base components, the following questions will be addressed:

Why Neenah chooses to pay each of the base components;

How Neenah determines the amount of the various base components;

How each component fits into Neenah's overall compensation scheme and supports Neenah's compensation philosophy.

***Base Salary***

Base salary is a critical element of executive compensation because it provides our executives with a base level of monthly income and also sets the base level for performance compensation. Individual base salaries for our named executive officers are generally reviewed by comparing total compensation opportunities within the Peer Group as discussed above. Salary increases, if any, are reviewed and approved by the Compensation Committee on an annual basis. Factors considered in base salary

Table of Contents

increases include the Company's performance over the past year, changes in individual executive responsibility and the position of base salary together with all other compensation as indicated by our analysis of the Peer Group.

This approach to base salary supports our compensation philosophy. The Compensation Committee has determined that setting NEO base salaries at this level allows Neenah to be competitive in attracting and retaining talent, while at the same time a substantial portion of the executive's overall compensation is performance based, thus aligning the executive's and stockholders' interests.

*2016 Base Salary Decisions*

After discussing the individual performance, experience, scope of responsibilities, and Mr. O'Donnell's recommendations for the other NEOs, the Compensation Committee established the base salaries for each NEO in January of 2016. In general, any increases in base pay are intended to be competitive with the market and take into consideration the individual performance and scope of responsibilities of each NEO.

The following table provides the base salary received by each named executive officer for 2016.

	2015 Base Salary	2016 Base Salary	% Increase
<b>O'Donnell</b>	\$ 625,000	\$ 750,000	20%
<b>Lind</b>	\$ 346,000	\$ 370,000	7%
<b>Heinrichs</b>	\$ 310,000	\$ 330,000	6%
<b>Schertell</b>	\$ 336,000	\$ 360,000	7%
<b>Piedmonte</b>	\$ 280,000	\$ 280,000	0%

*Annual Performance Bonuses*

Annual cash incentive bonus opportunities are awarded under the MIP, and are based on our achievement of performance goals established in the beginning of each calendar year. MIP target bonuses are established as a percentage of base salary with a target bonus ranging from 45% to 80% for NEOs. The Compensation Committee annually approves the target bonus range based on data provided from the market surveys as previously described and based on the experience and knowledge of the executive and the quality and effectiveness of their leadership within Neenah as determined by the Compensation Committee. The amount of the actual MIP bonus may be adjusted up or down from the target bonus based on Neenah's year-end results (as measured by the objective and subjective criteria set forth in the MIP plan for the applicable year, as previously approved by the Compensation Committee). Actual MIP payments can range from 0-200% of the target bonus for our chief executive, legal, operations and financial officers, and 0-250% for the business unit leaders, depending on whether the results fall short of, achieve or exceed the identified performance goals.

Under the MIP, the Compensation Committee generally sets a range of possible payments from zero to a maximum percentage of the target award based on its belief that no bonus should be earned if performance is below established thresholds and its determination that the top end of the range should provide an appropriate incentive for management to achieve exceptional performance. Under the MIP, specific performance measures and thresholds are determined by the Compensation Committee in consultation with Mr. O'Donnell, based on key metrics that support the achievement of Neenah's short-term and long-term strategic objectives.

Annual performance bonuses support our compensation philosophy in that they: (i) reward Neenah's executives for meeting and exceeding goals that contribute to Neenah's short-term and long-term strategic plan and growth; (ii) promote a performance-based work environment; and (iii) serve as a material financial incentive to attract and retain executive talent.

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### Table of Contents

#### 2016 Annual Performance Bonus Awards

For 2016, the Compensation Committee approved target bonuses for our named executive officers as a percentage of base salary with a target bonus ranging from 45% to 80%. The performance goals for the 2016 MIP program were set based on the following performance criteria and the relative weighting set forth below: (i) adjusted corporate earnings before interest, income taxes, depreciation and amortization ("Corporate EBITDA"), which is calculated as net income plus income tax expenses, plus depreciation expense and amortization expense for intangibles, plus amortization expense for stock options and restricted stock units adjusted for any one time events outside of the ordinary course of business and (ii) business unit earnings before interest and taxes ("EBIT") for our Fine Paper and Technical Products business units, and (iii) progress achieved in implementing the Company's strategic plan:

	<b>2016 TARGET MIP (% of Base Salary)</b>	<b>Performance Criteria</b>		
		<b>Corporate EBITDA</b>	<b>Business Unit EBIT</b>	<b>Strategic Initiatives</b>
O'Donnell	80%	75%		25%
Lind	55%	75%		25%
Heinrichs	50%	75%		25%
Schertell	55%		50%	25%
Piedmonte	45%	75%		25%

Each goal was set at levels that both the Compensation Committee and management believed to be challenging but attainable, and achievements would reflect significant performance by the Company. On a stand-alone basis, Corporate EBITDA could have yielded a payout from 0% at threshold, 100% at target and 200% at outstanding, and business unit EBIT could have yielded a payout from 0% at threshold, 100% at target and 300% at maximum, based on year-end results. These targets are consistent with our desire to incentivize and reward significant growth in profits.

The strategic plan objective was paid out at 100% of target reflecting performance in achieving a set of strategic objectives considered critical for long-term growth. Results included the successful completion of an organic capital project to add filtration capacity in the US, finishing the integration of FiberMark and delivering end of curve synergies ahead of schedule, driving organic growth of targeted categories, and other strategic corporate initiatives.

The performance goals and results for each of the financial metrics in 2016 were as follows:

Metric (\$MM)	Threshold (0%)	Target (100%)	Outstanding (200%)	Maximum (300%)	2016 Results	Payout %
Corporate EBITDA	135	160	172	N/A	158	<b>95%</b>
Fine Paper & Packaging EBIT	63	74	81	85	73	<b>87%</b>

Based on the process described above, MIP payments were awarded as follows:

	2016 MIP at Target	2016 MIP at Actual	% of Target Earned
<b>O'Donnell</b>	\$ 600,000	\$ 577,500	96%
<b>Lind</b>	\$ 203,500	\$ 195,869	96%
<b>Heinrichs</b>	\$ 165,000	\$ 158,813	96%
<b>Schertell</b>	\$ 198,000	\$ 182,655	92%
<b>Piedmonte</b>	\$ 126,000	\$ 121,275	96%

Table of Contents*Long-Term Equity Compensation*

Long-term equity incentives under the LTCP consist of performance share units and stock appreciation rights ("SARs") granted on an annual basis, with stock appreciation rights representing approximately 30% of the total value of the equity incentive awards and performance shares representing approximately 70% of the total value of the equity award granted to an executive officer for that year. This reflects the Company's desire to emphasize the performance based incentives in the LTCP. The total target LTCP grants are set at the beginning of the year for each named executive officer at a minimum of 55% of the executive's base salary. The Company typically grants 100% of the SARs in conjunction with the first Board meeting of each fiscal year. Each year the Compensation Committee reviews and approves a target number of performance share units for each of our named executive officers and each other participant in the LTCP plan. The number of units actually earned by each participant is determined by the Company's corporate performance. The range of possible awards is set by the Compensation Committee based on its: (i) belief that a minimal award shall be granted if the performance measures are significantly below target levels; and (ii) determination that the top end of the range provided an appropriate incentive for management to achieve exceptional performance.

The combination of SARs and performance share units focuses our executives on Neenah's financial performance and increasing shareholder value. It is aligned with and supports our stock ownership policy. Long-term incentives also help retain employees during the performance periods.

*2016 LTCP Awards*

For 2016, the Compensation Committee approved equity grants under the LTCP for our named executive officers with target values ranging from 55% to 170% of base salary pay as follows:

	<b>2016 LTCP</b> <b>(% of base Salary)</b>
<b>O'Donnell</b>	170%
<b>Lind</b>	75%
<b>Heinrichs</b>	65%
<b>Schertell</b>	75%
<b>Piedmonte</b>	55%

For each of our named executive officers, the value was divided into awards of SARs and a target number of performance share units, with 70% of the value in performance share units and 30% of the value in SARs. The range of possible awards under the LTCP was selected to tie a substantial percentage of their compensation to Neenah's performance.

The number of SARs to be awarded to each named executive officer in 2016 was determined by dividing the value of the portion of the LTCP award to be awarded as SARs (determined by the Compensation Committee as described above) by the fair value of one stock option (determined using a modified Black-Scholes formula), and then rounded to the nearest tens to produce the number of shares subject to the applicable option award. Each grant of SARs made in 2016 vests in increments of 33.34%, 33.33% and 33.33% over a three year period, with vesting occurring on each anniversary of the

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### Table of Contents

applicable grant and a ten year term to exercise. The process described above resulted in grants of SARs in 2016 to purchase the following options:

	<b>2016 SARs</b>
<b>O'Donnell</b>	28,312
<b>Lind</b>	6,162
<b>Heinrichs</b>	4,763
<b>Schertell</b>	5,996
<b>Piedmonte</b>	3,420

The target number of performance share units to be awarded to each named executive officer in 2016 was determined by dividing the value of the portion of the LTCP award to be awarded as performan