

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF ILLINOIS

PAT BEESLEY et al.,

Plaintiffs,

v.

INTERNATIONAL PAPER COMPANY et  
al.,

Defendants.

No: 3:06-cv-703-DRH-SCW

**JOINT MOTION FOR PRELIMINARY APPROVAL OF CLASS  
SETTLEMENT**

The Parties respectfully file this Motion under Rule 23(e) of the Federal Rules of Civil Procedure for preliminary approval of a Class Settlement.

1. This litigation, which was commenced on September 11, 2006, alleges, among other things, that the fiduciaries responsible for overseeing the Plans breached their duties under Employee Retirement Income Security Act of 1974 (ERISA) by causing the Plans to pay excessive fees, failing to capture revenue for the benefit of the Plans, and imprudently causing the Plans to invest in two particular plan options, the Company Stock Fund and the Large Cap Stock Fund.

2. On September 30, 2013, after months of arm's-length negotiation, the Parties entered into a Settlement Agreement and request that the Court preliminarily approve the Settlement Agreement that is attached hereto as Exhibit A.

3. The Settlement Class is defined as:

All participants in the International Paper Company Salaried Savings Plan or the International Paper Company Hourly Savings Plan, excluding the Defendants, whose Plan accounts had balances greater than \$0 at any time between January 1, 1997 and May 31, 2008. The Class includes the Beneficiary of a deceased person who participated in the Plan at any time during the Class Period, and/or, Alternate

Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during the Class Period.

4. The Settlement includes two Sub-Classes. The Large cap Stock Fund sub-

Class is defined as:

All participants in the Plans, excluding the Defendants, whose accounts held units of the Large Cap Stock Fund (LCSF) from April 1, 2002, through May 24, 2011 (the “LCSF Sub-Class Period”), and whose LCSF units underperformed relative to the Russell 1000 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plan at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

The Company Stock Fund Sub-Class is defined as:

All participants in the Plans, excluding the Defendants, whose accounts held units of the Company Stock Fund from April 14, 1998, through May 24, 2011 (the “CSF Sub-Class Period”) and whose units underperformed relative to the S&P 500 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plans at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

The Settlement is fundamentally fair, adequate, and reasonable in light of the circumstances of this case and preliminary approval of the Settlement is in the best interests of the Class Members. In return for a release of the Class Representatives’ and Class Members’ claims, Defendants have agreed to:

- (a) Pay a sum of \$30,000,000 into a Gross Settlement Fund; and
- (b) Institute Affirmative Relief as described in the Settlement Agreement (attached hereto as Exhibit A).

5. The purpose of preliminary approval is merely to determine whether the proposed settlement is “within the range of possible approval.” *Gautreaux v. Pierce*, 690 F.2d 616, 621 n.3 (7th Cir. 1982). The preliminary approval hearing is not a fairness hearing. *Id.*

6. The Settlement reached between the Parties here more than satisfies this standard and is clearly “within the range of possible approval” by the Court given the significant nature of the case and the result reached by the Plaintiffs. Preliminary approval will not foreclose interested persons from objecting to the Settlement and thereby presenting dissenting viewpoints to the Court.

7. Plaintiffs also submit to the Court a Memorandum in Support of this Joint Motion for Preliminary Approval, as well the Declaration of Class Counsel. Defendants are not submitting a Memorandum in Support of the Joint Motion.

WHEREFORE, the Parties request the following:

- That the Court hold a preliminary approval hearing to review the Settlement Agreement and to receive argument from Counsel regarding the adequacy of the Settlement;
- That following the preliminary approval hearing, the Court enters an Order granting its preliminary approval of the Settlement Agreement;
- That the Court order any interested party to file any objections to the Settlement within the time limit set by the Court, with supporting documentation, order such objections, if any, be served on counsel as set forth in the proposed Preliminary Approval Order and Class Notice, and permit the Parties the right to

limited discovery from any objector as provided for in the proposed Preliminary Approval Order;

- That the Court schedule a Fairness Hearing for the purpose of receiving evidence, argument, and any objections relating to the Parties' Settlement Agreement; and
- That following the Fairness Hearing, the Court enter an Order granting final approval of the Parties' Settlement and dismissing the Complaint in this Action with prejudice.

By: /s/ Jerome J. Schlichter  
Jerome J. Schlichter, 2488116  
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By: /s/ Azeez Hayne (w/consent)  
Azeez Hayne  
MORGAN LEWIS & BOCKIUS, LLP  
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#### CERTIFICATE OF SERVICE

I certify that on October 1, 2013, I filed this document with the clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Azeez Hayne  
Gregory C. Braden  
Donald L. Havermann  
Sean K. McMahan  
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/s/ Jerome J. Schlichter

## **CLASS ACTION SETTLEMENT AGREEMENT**

This Class Action Settlement Agreement (“Settlement Agreement”) is entered into between and among the Class Representatives, all Settlement Class Members, and the Defendants.

### **1. Article 1 - Recitals**

- 1.1** On September 11, 2006, Pat Beesley, Nelda Kistler (now deceased), Greg Martin, Ron Miller, Willie Mitchell, Anthony Reed, David Miller, John Tonelle, and Paul Glenney (Plaintiffs Beesley, Kistler, Ron Miller, David Miller, Reed and Glenney, as well as later-added Plaintiff Charles Wade are, hereafter, “Class Representatives”) filed a Complaint (Case No. 06-703-DRH) against International Paper Company, The International Paper 401(k) Committee, The International Paper Fiduciary Review Committee, Robert Florio, Mark Lehman, Ethel A. Scully, Bob Hunkeler, Jerome N. Carter, Alicen Francis, David Whitehouse, and Patricia Neuhoff, (collectively, “Defendants”), in the United States District Court for the Southern District of Illinois as representatives of a purported class asserting various claims of breaches of fiduciary duty and for relief under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), all of which claims are disputed by Defendants. Among other claims, Class Representatives specifically alleged that the Defendants violated ERISA by including the IP Company Stock Fund and Large Cap Stock Fund as investment vehicles in the International Paper Company Hourly Savings Plan (“Hourly Plan”) and the International Paper Company Salaried Savings Plan (“Salary Plan”) (collectively “the Plans”), operating a “securities lending” program that included assets of the Plans while failing to provide the Plans their rightful share of the securities lending revenue, paying excessive fees to the Plans’ recordkeeper, paying excessive fees for investment management, fraudulently reporting performance histories for the Plans’ funds, and improperly delaying contributions to the Plans and retaining interest thereon for corporate accounts.
- 1.2** On September 30, 2008, the Court certified a plan-wide class under Rule 23(b)(1) of all past and future participants in the Hourly and Salaried Plans for all of Plaintiffs’ claims. Doc. 240 at 6, 18, 20. The Seventh Circuit granted Defendants’ petition for an interlocutory appeal under Rule 23(f), and on January 21, 2011, vacated the district court’s order and remanded for further class certification proceedings. *Spano v. Boeing Co.*, 633 F.3d 574 (7th Cir. 2011). On March 2, 2011, Plaintiffs filed their amended motion for class certification (Doc. 357), which remains pending.
- 1.3** On January 23, 2009, the parties filed cross motions for partial summary judgment. Docs. 253, 254. Following the appeal of class certification, the Court

granted Defendants leave to file a substitute motion for partial summary judgment, which Defendants filed December 21, 2011. Doc. 447. The Court subsequently denied the summary judgment motions as premature, indicating that the motions may be refiled after the Court rules on Plaintiffs' Amended Motion for Class Certification. Doc. 511 at 1–2.

- 1.4** The Class Representatives and Class Counsel consider it desirable and in the Settlement Class Members' best interests that Class Representatives' claims against Defendants be settled on behalf of the Class Representatives and the Settlement Class upon the terms set forth below, and have concluded that such terms are fair, reasonable and adequate, and that this Settlement will result in benefits to Class Representatives and the Settlement Class.
- 1.5** Defendants deny all liability for the claims made in the Class Action, and maintain that they are without any fault or liability. This Settlement Agreement, and the discussions between the Settling Parties preceding it, shall in no event be construed as, or be deemed to be evidence of, or an admission or concession on Defendants' part, of any fault or liability whatsoever.
- 1.6** Defendants contend that the fees paid to Plan service providers for various services provided to the Plans are prudent and reasonable.
- 1.7** Defendants contend that the Plans have consistently offered a broad portfolio of prudent investment options that cover a range of asset classes, including cash equivalents, fixed income, and domestic and international equities, with diverse risk and return characteristics.
- 1.8** Defendants contend that the Plans have consistently maintained a comprehensive program designed to inform participants of their investment choices, and that this program includes informing participants (among other things) regarding the aggregate fees and expenses associated with each of the Plans' investment options, each option's risk and reward characteristics, and how a participant may direct his or her investments among the options, including any restrictions on participants' ability to transfer funds between the investment options. Defendants also contend that the Plans' investments, including the Large Cap Stock Fund and the Company Stock Fund, have been prudent at all relevant times, that they have not made any misrepresentations to the Plans' participants, that they prudently managed a securities lending program and properly credited the Plans under this program, and that they did not unduly delay making contributions to the Plans.
- 1.9** The Settling Parties have concluded that it is desirable that the Class Actions be finally settled upon the terms and conditions set forth in this Settlement Agreement.

**1.10** Therefore, the Settling Parties, in consideration of the promises, covenants and agreements herein described, acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, do hereby mutually agree as follows.

**2. Article 2 - Definitions**

As used in this Settlement Agreement and the Exhibits hereto (as listed in Paragraph 12.17), unless otherwise defined, the following terms have the meanings specified below:

- 2.1** “Administrative Expenses” means expenses incurred in the administration of this Settlement Agreement, including, (a) all fees, expenses and costs associated with providing the Settlement Notices to the Settlement Class; (b) related tax expenses (including taxes and tax expenses as described in Paragraph 5.3); (c) all expenses and costs associated with the distribution of funds pursuant to the Plan of Allocation, except any fees of the Plans’ recordkeeper associated with distribution of funds pursuant to the Plan of Allocation and gathering data necessary to prepare the Plan of Allocation; (d) all fees and expenses of the Independent Fiduciary, Settlement Administrator and Escrow Agent; and (e) all fees, expenses and costs associated with providing CAFA notices. Administrative Expenses shall be paid from the Gross Settlement Amount. In no event may Defendants’ internal expenses, or the Settling Parties’ respective legal expenses, be included in the definition of Administrative Expenses. The Settling Parties are responsible for their own costs, including attorneys’ fees and litigation costs associated with the execution of the settlement.
- 2.2** “Active Account” means an individual investment account in either of the Plans with a balance greater than \$0.
- 2.3** “Alternate Payee” means a person other than a Plan participant or Beneficiary who is entitled to a benefit under the Plan as a result of a Qualified Domestic Relations Order.
- 2.4** “Attorneys’ Fees and Costs” means the amount awarded by the Court as compensation for the services provided by Class Counsel. The amount of Attorneys’ Fees for Class Counsel shall not exceed \$10,000,000, which shall be recovered from the Gross Settlement Amount. Class Counsel will also seek reimbursement for all litigation costs and expenses, not to exceed \$1,700,000, which also shall be recovered from the Gross Settlement Amount.
- 2.5** “Authorized Former Participant” means a Former Participant who has submitted a completed, satisfactory Former Participant Claim Form by the Claims Deadline set by the Court in the Preliminary Order, and whose Former Participant Claim Form is accepted by the Settlement Administrator.
- 2.6** “Beneficiary” means a person who currently is entitled to receive a benefit under the Plan that is derivative of the interest of a Plan participant, other than an Alternate Payee. A Beneficiary includes, but is not limited to, a spouse, surviving spouse, domestic partner or child who is currently entitled to a benefit.

- 2.7** “CAFA” shall mean the Class Action Fairness Act of 2005, 28 U.S.C. §§ 1711–1715.
- 2.8** “Claims Deadline” means the date that is no later than fifteen (15) calendar days before the Fairness Hearing.
- 2.9** “Class Action” means *Pat Beesley, et al. v. International Paper Company, et al.*, Case No: 3:06-703 in the United States District Court for the Southern District of Illinois.
- 2.10** “Class Counsel” means Schlichter, Bogard & Denton, 100 S. Fourth St., Ste. 900, St. Louis, Missouri, 63102.
- 2.11** “Class Period” means the period from January 1, 1997 through May 31, 2008.
- 2.12** “Class Representatives’ Compensation” means an amount to be determined by the Court, but not to exceed \$25,000 for each Class Representative, which shall be paid from the Gross Settlement Amount.
- 2.13** “Company Stock Fund Sub-Class” means all participants in the Plans, excluding the Defendants, whose accounts held units of the Company Stock Fund from April 14, 1998, through May 24, 2011 (the “CSF Sub-Class Period”) and whose units underperformed relative to the S&P 500 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plans at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.
- 2.14** “Confidentiality Order” means the Protective Order signed by the Court in the Class Action on January 9, 2008. Doc. 113.
- 2.15** “Court” means the United States District Court for the Southern District of Illinois.
- 2.16** “Court of Appeals” means the United States Court of Appeals for the Seventh Circuit.
- 2.17** “Current Participant” means a person who participated in either or both Plans during the Class Period or is a member of the Company Stock Fund Sub-Class or the Large Cap Stock Fund Sub-Class and on September 30, 2013 has an Active Account balance.
- 2.18** “Defendants” means International Paper Company, The International Paper 401(k) Committee, The International Paper Fiduciary Review Committee, Robert Florio, Mark Lehman, Ethel A. Scully, Bob Hunkeler, Jerome N. Carter, Alicen Francis, David Whitehouse, and Patricia Neuhoff.
- 2.19** “Defense Counsel” means counsel for Defendants, including Gergory C. Braden, Azeez Hayne, Donald L Havermann, Simon J. Torres, Theresa J. Chung, Shannon M. Callahan, and Michael J. Nester.
- 2.20** “Escrow Agent” means an entity that is mutually agreed to by the Settling Parties for serving as an escrow agent for purposed of the settlement.



- 2.21** “Fairness Hearing” means the hearing scheduled by the Court to consider (a) any objections from the Settlement Class to the Settlement Agreement, (b) Class Counsel’s Petition for Attorneys’ Fees and Costs and Class Representatives’ Compensation, and (c) whether to finally approve the Settlement pursuant to Fed. R. Civ. P. 23.
- 2.22** “Final Order” means the order and final judgment approving the Settlement Agreement and finally implementing the terms of this Settlement Agreement, and dismissing the Class Action with prejudice, to be proposed by the Settling Parties for approval by the Court, in substantially the form attached as an exhibit hereto.
- 2.23** “Final” means with respect to any judicial ruling, order or judgment, that the period for any motions for reconsideration, rehearing, appeals, petitions for certiorari, or the like (“Review Proceeding”) has expired without the initiation of a Review Proceeding, or, if a Review Proceeding has been timely initiated, that it has been fully and finally resolved, either by court action or by voluntary action of any party, without any possibility of a reversal, vacatur or modification of any judicial ruling, order or judgment, including the exhaustion of all proceedings in any remand or subsequent appeal and remand.
- 2.24** “Former Participant” is a person who participated in the Plan during the Class Period and on September 30, 2013 did not have an Active Account.
- 2.25** “Former Participant Claim Form” means the form described in 3.5.2 and substantially in the form attached as Exhibit 1.
- 2.26** “Gross Settlement Amount” means the sum of thirty million dollars (\$30,000,000), contributed to the Qualified Settlement Fund pursuant to Article 5. The Gross Settlement Amount shall be the full and sole monetary payment to the Settlement Class, Plaintiffs, and Class Counsel made on behalf of Defendants in connection with the Settlement effectuated through this Settlement Agreement.
- 2.27** “Independent Fiduciary” means Evercore Trust Company or another independent fiduciary, who is a fiduciary to the Plans that has no relationship to or interest in any of the Settling Parties and is mutually agreed to by the Settling Parties.
- 2.28** “Independent Monitor” means Evercore Trust Company or another independent monitor that has no relationship to or interest in any of the Settling Parties and is mutually agreed to by the Settling Parties.
- 2.29** “Large Cap Stock Fund Sub-Class” means all participants in the Plans, excluding the Defendants, whose accounts held units of the Large Cap Stock Fund (LCSF) from April 1, 2002, through May 24, 2011 (the “LCSF Sub-Class Period”), and whose LCSF units underperformed relative to the Russell 1000 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plan at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.
- 2.30** “Manager of Retirement Plans” means the Plans’ Administrator, or his delagatee.

- 2.31** “Mediator” means a mediator mutually agreed on by the Settling Parties or, if there is no agreement, then a mediator named by Magistrate Judge Stephen C. Williams.
- 2.32** “Net Settlement Amount” means the Gross Settlement Amount minus all Attorneys’ Fees and Costs paid to Class Counsel; all Administrative Expenses paid; and a contingency reserve not to exceed an amount to be mutually agreed upon by the Settling Parties that is set aside by the Settlement Administrator for: (1) Administrative Expenses incurred before the Settlement Effective Date but not yet paid, (2) Administrative Expenses estimated to be incurred after the Settlement Effective Date but before the end of the Settlement Period, and (3) an amount estimated for adjustments of data or calculation errors.
- 2.33** “Plaintiffs” means the Class Representatives and the Settlement Class Members.
- 2.34** “Plan” or “Plans” mean the Hourly and Salaried Savings Plan, both 401(k) Plans sponsored by Defendant International Paper Company.
- 2.35** “Plan of Allocation” means the methodology for allocating and distributing the Net Settlement Amount pursuant to Article 6 below.
- 2.36** “Plan Fiduciary” means the Plans’ Administrator and/or Named Fiduciary.
- 2.37** “Plan Sponsor” means International Paper Company.
- 2.38** “Preliminary Order” means the order proposed by the Settling Parties and approved by the Court in connection with the Motion for Entry of the Preliminary Order to be filed by Class Representatives through Class Counsel, in substantially the form attached hereto as Exhibit 2.
- 2.39** “Publication Notice” means the notice in substantially the form attached hereto as Exhibit 6, which may be published according to the Notice Plan approved by the Court.
- 2.40** “Qualified Settlement Fund” or “Settlement Fund” means the interest-bearing, settlement fund account established and maintained by the Escrow Agent pursuant to Article 5 hereof and referred to as Qualified Settlement Fund (within the meaning of Treas. Reg. § 1.468B-1) .
- 2.41** “Released Parties” means (a) each Defendant, (b) each Defendant’s past, present and future parent corporation(s), and (c) each Defendant’s past, present and future affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, and assigns, and (d) with respect to (a) through (d) above, all of their affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, assigns, employee benefit plan fiduciaries (with the exception of the Independent Fiduciary), administrators, service providers, consultants, subcontractors, officers, directors, partners, agents, managers, members, employees, independent contractors, representatives, attorneys, administrators, fiduciaries, insurers, co-insurers, reinsurers, controlling shareholders, accountants, auditors, advisors, consultants, trustees, personal representatives, spouses, heirs, executors, administrators, associates, members of their

immediate families, and all persons acting under, by, through, or in concert with any of them.

- 2.41.1 “Released Claims” means any and all actual or potential claims, actions, demands, rights, obligations, liabilities, damages, attorneys’ fees, expenses, costs, and causes of action, that were asserted in the Class Action, or that:
  - 2.41.2 Relate to: (1) the selection, oversight, or performance of the Plans’ investment options and service providers, (2) fees, costs, or expenses charged to, paid or reimbursed by the Plans, (3) disclosures or failures to disclose performance information regarding the Plans’ options, (4) the Plans’ participation in any securities lending program, or (5) the timeliness of contributions to the Plans.
  - 2.41.3 Would be barred by the doctrine of *res judicata* based on the entry of the Final Order;
  - 2.41.4 Relate to the direction to calculate, the calculation of, and/or the method or manner of allocation of the Qualified Settlement Fund to the Plan or any member of the Settlement Class pursuant to the Plan of Allocation; or
  - 2.41.5 Relate to the approval by the Independent Fiduciary of the Settlement Agreement, unless brought against the Independent Fiduciary alone.
  - 2.41.6 “Released Claims” specifically excludes claims of denial of benefits or labor or employment claims, including but not limited to employment discrimination or wrongful termination.
- 2.42** “Settlement” refers to the agreement embodied in this Settlement Agreement and its Exhibits and pursuant to the Final Approval Order.
- 2.43** “Settlement Administrator” means BMC Group Class Action Services, who is an independent contractor.
- 2.44** “Settlement Agreement Execution Date” means that date on which the final signature is affixed to this Settlement Agreement.
- 2.45** “Settlement Class Members” means all individuals in the Settlement Class as certified by the Court.
- 2.46** “Settlement Class” means all persons who participated in either or both Plans at any time during the Class Period, including the Beneficiary of a deceased person who participated in the Plan at any time during the Class Period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during the Class Period. Defendants are excluded from the Settlement Class.
- 2.47** “Settlement Effective Date” means the date on which the Final Order has become Final, provided that by such date none of the events in Article 11 have occurred.

**2.48** “Settlement Notice” means the Notices of Class Action Settlement and Fairness Hearing to be mailed by first class mail to Settlement Class Members identified by the Settlement Administrator following the Court’s issuance of the Preliminary Order, in substantially the form attached hereto as Exhibits 3 and 4. The Settlement Notice shall also inform Settlement Class Members of a Fairness Hearing to be held before the Court, on a date to be determined by the Court, at which any Settlement Class Member satisfying the conditions set forth in the Preliminary Order and the Settlement Notice may be heard regarding the terms of the Settlement Agreement and the petition of Class Counsel for award of Attorneys’ Fees and Costs, for payment of and reserve for Administrative Expenses, and for Class Representatives’ Compensation. The Settlement Notice shall inform Former Participants of the Claims Deadline by which they must file a completed Former Participant Claim Form in order to be eligible for a distribution pursuant to the Plan of Allocation.

**2.49** “Settlement Period” means the period of time that begins on the Settlement Effective Date and ends four years after the Settlement Effective Date.

**2.50** “Settlement Website” means the Internet site established pursuant to Paragraph 12.2.

**2.51** “Settling Parties” means the Defendants and the Class Representatives, on behalf of themselves and each of the Settlement Class Members.

### **3. Article 3 – Review and Approval by Independent Fiduciary, Preliminary Settlement Approval, and Notice to the Settlement Class**

**3.1** The Independent Fiduciary shall be retained by the Settling Parties to determine whether to approve and authorize the settlement of Released Claims on behalf of the Plans. All fees and expenses associated with the Independent Fiduciary will constitute Administrative Expenses. The Manager of Retirement Plans, Defense Counsel, and Class Counsel shall provide the Independent Fiduciary with sufficient information so that the Independent Fiduciary can review the Settlement Agreement. The Independent Fiduciary shall notify the Plan Fiduciary of its determination in writing (with copies to Class Counsel and Defense Counsel), which notification shall be delivered no later than thirty (30) calendar days before the Fairness Hearing. The Independent Fiduciary shall comply with all relevant conditions set forth in Prohibited Transaction Class Exemption (“PTE”) 2003-39 in making its determination, for the purpose of the Plan Fiduciary’s reliance on PTE 2003-39. Within seven (7) business days of receipt of the notification from the Independent Fiduciary, the Plan Fiduciary shall review the determination by the Independent Fiduciary and conclude whether the Independent Fiduciary has made the determinations required by the PTE, and shall notify Class Counsel and Defense Counsel in writing of its conclusion in that regard.

**3.2** Class Representatives, through Class Counsel, shall file with the Court motions seeking preliminary approval of this Settlement Agreement, for certification of the Settlement Class and sub-classes, and entry of the Preliminary Order in substantially the form attached hereto as Exhibit 2. Defendants will promptly thereafter file a statement of non-

opposition to these motions. The Preliminary Order to be presented to the Court, as to the Class Action, shall, among other things:

- 3.2.1 Adopt the definition of the class for settlement purposes only pursuant to Fed. R. Civ. P. 23(b)(1);
- 3.2.2 Designate the Class Representatives as representatives of the Settlement Class;
- 3.2.3 Designate Class Counsel as counsel for the Settlement Class;
- 3.2.4 Approve the text of the Settlement Notice for mailing to Settlement Class Members identified by the Settlement Administrator to notify them of the Fairness Hearing and the Former Participant Claim Form and that notice of changes to the Settlement Agreement, future orders regarding the settlement, modifications to the Class Notice, changes in the date or timing of the Fairness Hearing, or other modifications to the settlement, including the Plan of Allocation, may be provided to the Class through the Class Website without requiring additional mailed notice;
- 3.2.5 Cause the Settlement Administrator to mail by first class mail the Settlement Notice to each Settlement Class Member identified by the Settlement Administrator, and the Former Participant Claim Form to each Former Participant identified by the Settlement Administrator based upon the data provided by the Plan's recordkeeper;
- 3.2.6 Approve substantially in the form attached hereto as Exhibit 6, the Publication Notice;
- 3.2.7 Determine that pursuant to Rule 23(c)(2) of the Federal Rules of Civil Procedure, the Settlement Notices and Publication Notice constitute the best notice practicable under the circumstances, and constitutes due and sufficient notice of the hearing and of the rights of all Settlement Class Members, complying fully with the requirements of Fed. R. Civ. P. 23, due process, the Constitution of the United States, and any other applicable law;
- 3.2.8 Provide that, pending final determination of whether the Settlement Agreement should be approved, no Settlement Class Member may directly, through representatives, or in any other capacity, commence any action or proceeding in any court or tribunal asserting any of the Released Claims against the Defendants, the Released Parties or the Plans;
- 3.2.9 Set the Fairness Hearing for no sooner than one hundred (100) calendar days after the date the Motion for Entry of the Preliminary Order is filed, in order to determine whether (i) the Court should approve the Settlement as fair, reasonable and adequate, (ii) the Court should enter the Final Order, and (iii) the Court should approve the application for Attorneys' Fees and Costs, Class Representatives' Compensation, and Administrative Expenses incurred to date, and a reserve for anticipated future Administrative Expenses;

- 3.2.10 Provide that any objections to any aspect of the Settlement Agreement shall be heard, and any papers submitted in support of said objections shall be considered, by the Court at the Fairness Hearing if they have been validly filed with the Clerk of the Court, Class Counsel and Defense Counsel. To be validly filed, the Objection and any Notice of Intent to Appear or supporting documents must be filed at least thirty (30) days prior to the scheduled Final Approval Hearing. Any person wishing to speak at the Fairness Hearing shall file and serve a notice of intention to appear within the time limitation set forth above;
  - 3.2.11 Provide that the parties may, but are not required to, serve discovery requests, including requests for documents and notice of deposition not to exceed two (2) hours in length, on any objector within ten (10) days of receipt of the objection and that any responses to discovery or depositions must be completed within ten (10) days of the request being served on the objector.
  - 3.2.12 Provide that any party may file a response to an objection by a Settlement Class Member, if such a response is filed at least ten (10) days before the Fairness Hearing;
  - 3.2.13 Set a deadline of no later than fifteen (15) calendar days before the Fairness Hearing by which each Former Participant must file a Former Participant Claim Form with the Settlement Administrator in order to be considered for a distribution pursuant to the Plan of Allocation; and
  - 3.2.14 Provide that the Fairness Hearing may, without further direct notice to the Settlement Class, other than by notice to Class Counsel, be adjourned or continued by order of the Court.
- 3.3** The Settling Parties agree that if the Settlement Agreement is terminated for any reason (i) any class certification order shall be vacated and (ii) no statement or action of any of the Settling Parties with respect to class certification will be relied upon in connection with any further proceedings with respect to class certification and no such statement or action will be construed as an admission that a class should be or continue to be certified for litigation purposes.
- 3.4** Defense Counsel, in coordination with the Manager of Retirement Plans, shall timely respond to written requests, including by e-mail, from the Settlement Administrator for readily accessible data that are reasonably necessary to determine the feasibility of administering the Plan of Allocation or to implement the Plan of Allocation.

When provided, such data shall be used to deliver the Class Notice and to implement the Settlement, including the Plan of Allocation, and for no other purpose. The Settlement Administrator shall not use or disclose any information provided under this Paragraph 3.4 to any third party except as necessary to comply with the terms of the Preliminary Order or the Final Order. The Settlement Administrator shall use Social Security numbers solely for the purpose of updating last known addresses of Settlement Class Members for mailing of the Settlement Notice and Former Participant Claim Form, verifying identities



of Settlement Class Members, processing of claims, and complying with applicable tax laws, and for no other purpose. Class Counsel and the Settlement Administrator shall treat all information provided under this Paragraph 3.4 as “Confidential” pursuant to the Confidentiality Order and in accordance with all applicable laws. The Settlement Administrator shall be bound by the terms of the Confidentiality Order.

**3.5** By the date and in the manner set by the Court in the Preliminary Order, and unless otherwise set forth below, the Settlement Administrator shall:

3.5.1 Cause to be mailed to each Settlement Class Member identified by the Settlement Administrator a Settlement Notice in a form and manner to be approved by the Court, which shall be in substantially the forms attached hereto as Exhibits 3 and 4 or forms subsequently agreed to by the Parties and the Court. These materials shall be sent by first-class mail, postage prepaid, to the last known address of each Settlement Class Member provided by the Manager of Retirement Plans through Defense Counsel, unless an updated address is obtained by the Settlement Administrator through its efforts to verify last known addresses provided by the Manager of Retirement Plans. Class Counsel shall also post a copy of the Settlement Notice on the Settlement Website. The Settlement Administrator shall use reasonable efforts to locate any Settlement Class Member whose Settlement Notice is returned and re-mail such notice one additional time.

3.5.2 Cause the Former Participant Claim Form, which shall be in substantially the form attached as Exhibit 1 or a form subsequently agreed to by the Parties and the Court, to be included with the Settlement Notice that is mailed to the Former Participants.

3.5.3 Shall have prepared and provided CAFA notices to the Attorney General of the United States, the Secretary of the Department of Labor, and the Attorneys General of all states in which members of the Settlement Class reside, as specified by 28 U.S.C. § 1715, within ten (10) calendar days of Named Plaintiffs’ filing of the Settlement Agreement and proposed Preliminary Order. Subject to Court approval, the costs of such notice shall be paid from the Qualified Settlement Fund, and shall be considered Administrative Expenses.

**4. Article 4 – Final Settlement Approval**

**4.1** No later than ten (10) business days before the Fairness Hearing, Class Counsel and Defense Counsel shall submit to the Court a mutually agreed upon motion for entry of the Final Order (Exhibit 5), which shall request approval by the Court of the terms of this Settlement Agreement and entry of the Final Order in accord with this Settlement Agreement. The Final Order as proposed by the Settling Parties shall provide for the following, among other things as necessary to carry out the Settlement consistent with applicable law and governing Plan documents:

- 4.1.1 Approval of the class settlement of the claims covered by this Settlement Agreement adjudging the terms of the Settlement Agreement to be fair, reasonable and adequate to the Plan and the Settlement Class (including sub-classes), and directing the Settling Parties to take the necessary steps to effectuate the terms of the Settlement Agreement;
- 4.1.2 A determination pursuant to Rule 23(c)(2) of the Federal Rules of Civil Procedure that the Settlement Notice, including any Publication Notice, constituted the best notice practicable under the circumstances, and that due and sufficient notice of the Fairness Hearing and the rights of all Settlement Class Members has been provided;
- 4.1.3 Dismissal with prejudice of the Class Action and all claims asserted therein whether asserted by Class Representatives on their own behalf or on behalf of the Settlement Class, or derivatively to secure relief for the Plans, without costs to any of the Settling Parties other than as provided for in this Settlement Agreement;
- 4.1.4 That each member of the Settlement Class and their respective heirs, beneficiaries, executors, administrators, estates, past and present partners, officers, directors, agents, attorneys, predecessors, successors and assigns, shall be (i) conclusively deemed to have, and by operation of the Final Order shall have, fully, finally and forever settled, released, relinquished, waived and discharged Defendants, the Plans, and the Released Parties from all Released Claims, and (ii) barred from suing Defendants, the Plans or the Released Parties in any action or proceeding alleging any of the Released Claims, even if any Settlement Class Member may thereafter discover facts in addition to or different from those which the Settlement Class Members or Class Counsel now know or believe to be true with respect to the Class Action and the Released Claims, whether or not such Settlement Class Members have executed and delivered a Former Participant Claim Form, whether or not such Settlement Class Members have filed an objection to the Settlement or to any application by Class Counsel for an award of Attorneys' Fees and Costs, and whether or not the objections or claims for distribution of such Settlement Class Members have been approved or allowed;
- 4.1.5 That the Plans and each member of the Settlement Class (and their respective heirs, beneficiaries, executors, administrators, estates, past and present partners, officers, directors, agents, attorneys, predecessors, successors and assigns) on behalf of the Plans shall be (i) conclusively deemed to have, and by operation of the Final Order shall have, fully, finally and forever settled, released, relinquished, waived and discharged Defendants and the Released Parties from all Released Claims, and (ii) barred from suing Defendants or the Released Parties in any action or proceeding alleging any of the Released Claims, even if the Plans or any member of the Settlement Class on behalf of the Plans may thereafter discover facts in addition to or different from those which the Plans or



any member of the Settlement Class on behalf of the Plans now knows or believes to be true with respect to the Class Action and the Released Claims;

- 4.1.6 That each member of the Settlement Class shall hold harmless Defendants, Defense Counsel, Class Counsel, the Released Parties, and the Plan for any claims, liabilities, attorneys' fees and expenses arising from the allocation of the Gross Settlement Amount or Net Settlement Amount and for all tax liability and associated penalties and interest as well as related attorneys' fees and expenses;
  - 4.1.7 That all relevant requirements of the Class Action Fairness Act have been satisfied;
  - 4.1.8 That the Settlement Administrator shall have final authority to determine the share of the Net Settlement Amount to be allocated to each Current Participant and each Authorized Former Participant;
  - 4.1.9 That, with respect to payments or distributions to Authorized Former Participants, all questions not resolved by the Settlement Agreement shall be resolved by the Settlement Administrator in its sole and exclusive discretion;
  - 4.1.10 That, with respect to any matters that arise concerning the implementation of distributions to Current Participants (after allocation decisions have been made by the Settlement Administrator in its sole discretion), all questions not resolved by the Settlement Agreement shall be resolved by the Plan's Administrator pursuant to the applicable law and governing Plan terms;
  - 4.1.11 That at a reasonable date following the issuance of all settlement payments to Settlement Class Members, the Settlement Administrator shall prepare and provide to Class Counsel and Defense Counsel a list of each person who received a settlement payment and the amount of such payment;
- 4.2 The Final Order shall provide that upon its entry all Settlement Class Members and the Plans shall be bound by the Settlement Agreement and by the Final Order.

## **5. Article 5 – Establishment of Qualified Settlement Fund**

- 5.1 No later than two (2) business days after entry of the Preliminary Order, the Escrow Agent shall establish an escrow account. The Settling Parties agree that the escrow account is intended to be, and will be, an interest-bearing Qualified Settlement Fund within the meaning of Treas. Reg. § 1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this Paragraph 5.1, including the "relation-back election" (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

**5.2** For the purpose of § 468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent. The Escrow Agent shall timely and properly cause to be filed all informational and other tax returns necessary or advisable with respect to the Gross Settlement Amount (including without limitation the returns described in Treas. Reg. § 1.468B-2(k)). Such returns as well as the election described in Paragraph 5.1 shall be consistent with this Article 5 and, in all events, shall reflect that all taxes (as defined in Paragraph 5.3 below) (including any estimated taxes, interest, or penalties) on the income earned by the Gross Settlement Amount shall be paid out of the Gross Settlement Amount as provided in Paragraph 5.3 hereof.

**5.3** Taxes and tax expenses are Administrative Expenses to be paid out of the Gross Settlement Fund, including but not limited to: (1) all taxes (including any estimated taxes, interest, or penalties) arising with respect to the income earned by the Gross Settlement Amount, including any taxes or tax detriments that may be imposed upon Defendants or Defense Counsel with respect to any income earned by the Gross Settlement Amount for any period during which the Gross Settlement Amount does not qualify as a “qualified settlement fund” for federal or state income tax purposes, and (2) all tax expenses and costs incurred in connection with the operation and implementation of this Article 5 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this Article 5). In no event shall the Defendants or their counsel or Class Counsel have liability or responsibility for such taxes or the tax expenses. Such taxes and tax expenses shall be Administrative Expenses and shall be timely paid by the Escrow Agent out of the Gross Settlement Amount without prior order from the Court. The Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to any Settlement Class Member any funds necessary to pay such amounts, including the establishment of adequate reserves for any taxes and tax expenses (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(1)(2)); neither Defendants, Defense Counsel, nor Class Counsel are responsible nor shall they have any liability therefor. The Settling Parties agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Article 5.

**5.4** Within twenty (20) business days after the Escrow Agent establishes the escrow account described in Article 5.1 and provides to Defendants the account name, IRS W-9 Form, and all necessary wiring instructions, Defendants, or their agents or insurers, will deposit the Gross Settlement Amount into the Qualified Settlement Fund. However, Defendants, and their agents or insurers, are not obligated to deposit the gross Settlement Amount into the Qualified Settlement Fund until after the Court has entered its Order granting Preliminary Approval of the Class Settlement.

**5.5** The Escrow Agent shall invest the Qualified Settlement Fund in short-term United States Agency or Treasury Securities or other instruments backed by the Full Faith and Credit of the United States Government or an Agency thereof, or fully insured by the United States Government or an Agency thereof, and shall reinvest the proceeds of these investments as they mature in similar instruments at their then-current market rates. All risks related to

the investment of the Qualified Settlement Fund shall be borne by the Qualified Settlement Fund.

- 5.6** The Escrow Agent shall not disburse the Qualified Settlement Fund or any portion thereof except as provided in this Settlement Agreement, in an order of the Court, or a subsequent written stipulation between Class Counsel and Defense Counsel. Subject to the orders of the Court, the Escrow Agent is authorized to execute such transactions as are consistent with the terms of this Settlement Agreement.
- 5.7** Within ninety (90) calendar days after the Settlement Effective Date, the Gross Settlement Amount will be distributed from the Qualified Settlement Fund as follows: First, all Attorneys' Fees and costs shall be paid to Class Counsel within three (3) business days after the Settlement Effective Date. Second, all Administrative Expenses not previously paid shall be promptly paid. Third, a contingency reserve not to exceed an amount to be mutually agreed upon by the Settling Parties shall be set aside by the Settlement Administrator for: (1) Administrative Expenses incurred before the Settlement Effective Date but not yet paid, (2) Administrative Expenses estimated to be incurred after the Settlement Effective Date but before the end of the Settlement Period, and (3) an amount estimated for adjustments of data or calculation errors. Fourth, the Net Settlement Amount will be distributed pursuant to the Plan of Allocation. Pending final distribution of the Net Settlement Amount in accordance with the Plan of Allocation, such account shall be invested by the Escrow Agent subject to the limitations set forth in this Settlement Agreement.
- 5.8** The Escrow Agent is solely responsible for making provision for the payment from the Qualified Settlement Fund of all taxes and tax expenses, if any, owed with respect to the Qualified Settlement Fund and for all tax reporting and withholding obligations, if any, for amounts distributed from it. Defendants, Defense Counsel, and/or Class Counsel have no responsibility or any liability for any taxes or tax expenses owed by, or any tax reporting or withholding obligations, if any, of the Qualified Settlement Fund.
- 5.9** No later than February 15 of the year following the calendar year in which Defendants, their insurers or agents make a transfer to the Qualified Settlement Fund pursuant to the terms of this Article 5, Defendants, their insurers or agents shall timely furnish a statement to the Escrow Agent that complies with Treas. Reg. § 1.468B-3(e)(2), which may be a combined statement under Treas. Reg. § 1.468B3(e)(2)(ii), and shall attach a copy of the statement to their federal income tax returns filed for the taxable year in which Defendants, their insurers or agents make a transfer to the Qualified Settlement Fund.

**6. Article 6 – Plan of Allocation**

- 6.1** After the Settlement Effective Date, the Settlement Administrator shall cause the Net Settlement Amount to be allocated and distributed to the Authorized Former Participants and to the Master Trust for distribution to the Current Participants in accordance with the Plan of Allocation set forth in this Article 6 and as ordered by the Court.

**6.2** In order to be eligible for a distribution from the Net Settlement Amount, a person must be a Current Participant or Authorized Former Participant or the Beneficiary or Alternate Payee of such a person. Current Participants shall receive their settlement payments as contributions to their Plan accounts as described in this Article 6 unless, as of the date of the settlement payments, they no longer have an account in either of the Plans. Authorized Former Participants shall receive their settlement payments in the form of checks as described in this Article 6.

**6.3** Beneficiaries will receive checks as described in this Article 6, in amounts corresponding to their entitlement as beneficiaries of the Current Participant or Authorized Former Participant with respect to which the payment is made. Alternate Payees will receive checks if and to the extent they are entitled to receive a portion of a Current Participant's or Authorized Former Participant's allocation under this Article 6 pursuant to the terms of the applicable Qualified Domestic Relations Order. The Settlement Administrator shall have sole and final discretion to determine the amounts to be paid to Beneficiaries and Alternate Payees.

6.3.1 Each Settlement Class Member who had an Active Account in either or both Plans at any time between January 1, 1997 and September 10, 2000 will be awarded 3 points if the participant did not have an Active Account after September 10, 2000.

6.3.2 Each Settlement Class Member who had an Active Account in either or both Plans at any time between September 11, 2000 and December 31, 2001 will be awarded 10 points if the participant did not have an Active Account after December 31, 2001.

6.3.3 Each Settlement Class Member who had an Active Account in either or both Plans at any time after December 31, 2001 will be awarded 4 points for each quarter he or she had an Active Account in either or both of the Plans between the first quarter of 2002 and the second quarter of 2008, inclusive until the end of the Class Period. Settlement Class Members who had an Active Account on January 1, 2002 will receive an additional 6 points.

6.3.4 Members of the Large Cap Stock Fund Sub-Class will be awarded 2 points for each quarter of the Large Cap Stock Fund Sub-Class Period in which they had a positive balance in the Large Cap Stock Fund.

6.3.5 Members of the Company Stock Fund Sub-Class will be awarded 2 points for each quarter between the second quarter of 2002 and the second quarter of 2011 (inclusive until the end of the Class Period) in which they had a balance in the Company Stock Fund. Additionally, Settlement Class Members who had a balance in the Company Stock Fund at any point between April 14, 1998 and September 11, 2000 will receive two points and Settlement Class Members who had a balance in the Company Stock Fund at any point between September 12, 2000 and March 31, 2002 will receive an additional three points.

The Current Participants and Authorized Former Participants will then be grouped into four Bands. Band 4 will consist of approximately the quartile of individuals with the greatest number of points, Band 3 will consist of approximately the quartile of individuals with the second greatest number of points, Band 2 will consist of approximately the quartile of individuals with the third greatest number of points, and Band 1 will consist of approximately the quartile of individuals with the least number of points.

**6.4** The Net Settlement Amount shall be allocated to the settlement Bands approximately as follows:

10% to Band 1; 15% to Band 2; 25% to Band 3 and 50% to Band 4. The amount allocated to each Band shall then be divided by the total number of Current Participants or Authorized Former Participants in that Band. The resulting amount will be paid to each Current Participant and Authorized Former Participant assigned to such Band, according to the methodology set forth in this Article 6.

**6.5** Current Participants will not be required to submit a Former Participant Claim Form in order to receive a settlement payment. The Settlement Administrator shall complete all payment calculations for all Current Participants and Authorized Former Participants within twenty (20) business days after the Settlement Effective Date. Within two (2) business days after the Settlement Administrator has completed all payment calculations for all Current Participants, the Settlement Administrator will provide the Manager of Retirement Plans with an Excel spreadsheet containing the name, Social Security number and the amount of the settlement payment for each of the Current Participants. Thereafter, within ten (10) business days' written notice to the Manager of Retirement Plans, the Settlement Administrator shall affect a transfer from the Qualified Settlement Fund to the Master Trust of the aggregate amount of all settlement payments payable to Current Participants. The Manager of Retirement Plans shall direct the Plan's recordkeeper to credit the individual account of each Current Participant in an amount equal to that stated on the spreadsheet provided by the Settlement Administrator in relation to such Current Participant. The settlement payment for each Current Participant will be invested in accordance with such Current Participant's investment elections then on file. If there is no investment election on file for any Current Participant, then such Current Participant shall be deemed to have directed such payment to be invested in the Plan's "Qualified Default Investment Alternative," as defined in 29 C.F.R. § 2550.404c-5. The settlement payment will be reflected in the Current Participant's Plan account as additional earnings. The Plan's recordkeeper shall process all Current Participant transactions within thirty (30) calendar days of receiving direction from the Manager of Retirement Plans for any Current Participant. The Plans may be amended, to the extent necessary, to reflect the settlement allocation to Current Participants' accounts in accordance with this Article 6.

**6.6** If, as of the date when distributions pursuant to this Settlement Agreement are made, a Current Participant no longer has an Active Account, he or she will be treated as an Authorized Former Participant for purposes of the settlement distribution only and will receive his or her payment from the Settlement Administrator in one settlement check as

described in Paragraph 6.7. A Current Participant who no longer has an Active Account on the date of his or her Settlement distribution need not complete a Former Participant Claim Form. Settlement payments that cannot be made by the Plan's recordkeeper within thirty (30) calendar days of receiving direction from the Manager of Retirement Plans under Paragraph 6.5 because the class member no longer has an Active Account shall be returned by the recordkeeper to the Settlement Administrator for distribution under this Paragraph 6 within ten (10) calendar days thereafter.

**6.7** For each Authorized Former Participant, the Settlement Administrator will issue a single check from the Qualified Settlement Fund and mail it to the address of such Authorized Former Participant listed in his or her Former Participant Claim Form or, in the case of ambiguity or uncertainty, to the address of such person as determined by the Settlement Administrator using commercially reasonable means. The Settlement Administrator shall advise Authorized Former Participants that any distribution pursuant to the Settlement is rollover eligible and of their right to rollover such an amount. The Settlement Administrator shall follow proper rollover instructions provided by an Authorized Former Participant. The Settlement Administrator shall: (i) calculate and withhold any applicable taxes from settlement payments to Authorized Former Participants; (ii) report such payments and remit such tax withholdings to the Internal Revenue Service and applicable state revenue agents; and (iii) issue appropriate tax forms to the Authorized Former Participants.

**6.8** This Plan of Allocation is based upon preliminary data regarding the Settlement Class Members who may be entitled to settlement payments. If the Settlement Administrator concludes that it is impracticable to implement any provision of this Plan of Allocation, the Settling Parties will promptly modify the terms of this Plan of Allocation and present such modified terms first to the Independent Fiduciary for its review and approval, and second, to the Court for its approval. Direct mailed notice to Settlement Class Members of such proposed modification of the Plan of Allocation shall not be required. However, notice of such proposed modification shall be posted on the Settlement Website, within five (5) business days of the date that the proposed modification is submitted to the Court for its approval. If the proposed modification is implemented, notice of such modification shall be posted on the Settlement Website within five (5) business days of the date that the modification was implemented.

The Settlement Administrator shall be solely responsible for performing any calculations required by this Plan of Allocation.

**6.9** Within ten (10) business days of completing all aspects of this Plan of Allocation, the Settlement Administrator shall send to Class Counsel, Defense Counsel, and Defendants one or more affidavits stating the following: (a) the name of each Settlement Class Member to whom the Settlement Administrator sent the Settlement Notice or the Former Participant Claim Form; (b) the date(s) upon which the Settlement Administrator sent the Settlement Notice or the Former Participant Claim Form; (c) the name of each Settlement Class Member whose Settlement Notice or Former Participant Claim Form was returned as undeliverable; (d) the efforts made by the Settlement Administrator to find the correct address and to deliver the Settlement Notice or Former Participant Claim Form for each



such Settlement Class Member; and (e) the name of each Settlement Class Member to whom the Settlement Administrator made a distribution from the Net Settlement Amount, together with the amount of the distribution, the name of the payee, the date of distribution, the amount of tax withholdings, if applicable, and the date of remittance of tax withholdings to the appropriate tax authority, if applicable.

- 6.10** The Settling Parties acknowledge that any payments to Settlement Class Members or their attorneys may be subject to applicable tax laws. Except as required by law, Defendants, Defense Counsel, Class Counsel, and Class Representatives will provide no tax advice to the Settlement Class Members and make no representation regarding the tax consequences of any of the settlement payments described in this Settlement Agreement. To the extent that any portion of any settlement payment is subject to income or other tax, the recipient of the payment shall be responsible for payment of such tax. Deductions will be made, and reporting will be performed by the Settlement Administrator, as required by law in respect of all payments made under the Settlement Agreement. Payments from the Qualified Settlement Fund shall not be considered to be wages by the Settling Parties.
- 6.11** Each Settlement Class Member who receives a payment under this Settlement Agreement shall be fully and ultimately responsible for payment of any and all federal, state or local taxes resulting from or attributable to the payment received by such person. Each Settlement Class Member shall hold Defendants, Defense Counsel, Class Counsel and the Settlement Administrator harmless from any tax liability, including penalties and interest, related in any way to payments under the Settlement Agreement, and shall hold Defendants, Defense Counsel, Class Counsel and the Settlement Administrator harmless from the costs (including, for example, attorneys' fees and disbursements) of any proceedings (including, for example, investigation and suit), related to such tax liability.
- 6.12** All checks issued pursuant to this Plan of Allocation shall expire no later than one hundred twenty (120) calendar days after their issue date. All checks that are undelivered or are not cashed before their expiration date shall revert to the Qualified Settlement Fund.
- 6.13** No sooner than thirty (30) calendar days following the end of the Settlement Period, any Net Settlement Amount remaining in the Qualified Settlement Fund shall be paid to the Plan for the purpose of defraying administrative fees and expenses of the Plan that would otherwise be charged to the Plan's participants.

## **7. Article 7 – Attorneys' Fees and Costs**

- 7.1** Class Counsel will seek to recover Attorneys' Fees and Costs from the Gross Settlement Amount. Class Counsel will file a motion for an award of Attorneys' Fees and Costs at least thirty (30) days before the deadline set in the Preliminary Order for objections to the proposed settlement, which may be supplemented thereafter. Defendants will take no position with the Court regarding Class Counsel's request for Attorneys' Fees and Costs, to the extent it does not exceed the amounts set forth in paragraph 2.4.

**8. Article 8 – Release and Covenant Not to Sue**

**8.1** As of the Settlement Effective Date, the Plans, subject to Independent Fiduciary approval in §§ 3.1, 10.1, and the Settlement Class Members and their respective heirs, beneficiaries, executors, administrators, estates, past and present partners, officers, directors, agents, attorneys, predecessors, successors and assigns, shall be deemed to have fully, finally and forever settled, released, relinquished, waived and discharged Defendants, the Plan and all Released Parties from the Released Claims, whether or not such Settlement Class Members have executed and delivered a Former Participant Claim Form, whether or not such Settlement Class Members have filed an objection to the Settlement or to any application by Class Counsel for an award of Attorneys' Fees and Costs, and whether or not the objections or claims for distribution of such Settlement Class Members have been approved or allowed.

**8.2** As of the Settlement Effective Date, the Settlement Class Members and the Plans, subject to Independent Fiduciary approval in §§ 3.1, 10.1, expressly agree that they, acting individually or together, or in combination with others, shall not sue or seek to institute, maintain, prosecute, argue, or assert in any action or proceeding (including an IRS determination letter proceeding, a Department of Labor proceeding, or a proceeding before any state insurance department or commission, based on the Released Claims). Nothing herein shall preclude any action to enforce the terms of this Settlement Agreement pursuant to the procedures set forth in this Settlement Agreement.

**8.3** Class Counsel, the Settlement Class Members, or the Plans, may hereafter discover facts in addition to or different from those which they know or believe to be true with respect to the Released Claims. Such facts, if known by them, might have affected the decision to settle with Defendants, the Plans and the Released Parties or the decision to release, relinquish, waive, and discharge the Released Claims, or might have affected the decision of a Settlement Class Member not to object to the Settlement. Notwithstanding the foregoing, each Settlement Class Member and the Plans shall expressly, upon the entry of the Final Order, be deemed to have, and by operation of the Final Order, shall have, fully, finally and forever settled, released, relinquished, waived and discharged any and all Released Claims. The Settlement Class Members and the Plans acknowledge and shall be deemed by operation of the Final Order to have acknowledged that the foregoing waiver was separately bargained for and a key element of the Settlement.

**8.4** Each Settlement Class Member and the Plans, hereby stipulates and agrees with respect to any and all Released Claims that, upon the entry of the Final Order, the Settlement Class Members shall be conclusively deemed to, and by operation of the Final Order shall settle, release, relinquish, waive and discharge any and all rights or benefits they may now have, or in the future may have, under any law relating to the releases of unknown claims, including without limitation, Section 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release,



which if known by him must have materially affected his settlement with the debtor.

Also, the Settlement Class Members with respect to the Released Claims shall, upon the entry of the Final Order, waive any and all provisions, rights and benefits conferred by any law of any State or territory of the United States or any foreign country, or any principle of common law, which are similar, comparable or equivalent in substance to Section 1542 of the California Civil Code.

## **9. Article 9 – Representations and Warranties**

### **9.1 The Settling Parties represent:**

- 9.1.1 That they are voluntarily entering into this Settlement Agreement as a result of arm's length negotiations among their counsel, and that in executing this Settlement Agreement they are relying solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims hereunder and regarding all matters that relate in any way to the subject matter hereof;
- 9.1.2 That they assume the risk of mistake as to facts or law;
- 9.1.3 That they recognize that additional evidence may have come to light, but that they nevertheless desire to avoid the expense and uncertainty of litigation by entering into the Settlement;
- 9.1.4 That they have carefully read the contents of this Settlement Agreement, and this Settlement Agreement is signed freely by each individual executing this Settlement Agreement on behalf of each of the Settling Parties; and
- 9.1.5 That they have made such investigation of the facts pertaining to the Settlement and all matters pertaining thereto, as they deem necessary.

**9.2** Each individual executing this Settlement Agreement on behalf of a Settling Party does hereby personally represent and warrant to the other Settling Parties that he/she has the authority to execute this Settlement Agreement on behalf of, and fully bind, each principal that each such individual represents or purports to represent.

## **10. Article 10 – Affirmative Relief During the Settlement Period**

**10.1** The Settling Parties agree that an Independent Fiduciary must determine that the settlement meets the requirements of Prohibited Transaction Class Exemption ("PTE") 2003-39. The Settling Parties shall agree on the selection of the Independent Fiduciary.

**10.2** During the four year Settlement Period:

- 10.2.1 The Committee will conduct an RFP competitive bidding process for recordkeeping services (the “RFP Process”) to begin after the current contract expires on March 31, 2017. A minimum of four (4) recordkeeping service providers will be invited to respond during the RFP Process, with the objective of receiving not less than three (3) service provider responses, and:
- 1.10.1.1 Nothing prohibits J.P. Morgan from participating in the RFP with at least (3) other service providers invited.
  - 1.10.1.2 Within 45 days after the completion of the RFP Process, the Committee shall provide to the Independent Monitor an Affidavit executed by a person with knowledge, confirming that the RFP Process has been completed, together with a list of the names of all invitees and respondents in the RFP Process.
  - 1.10.1.3 Within 15 days after the effective date of the recordkeeping service contract executed following the RFP Process, the Committee will send the Independent Monitor a copy of such service contract.
  - 1.10.1.4 Class Counsel shall not be entitled to receive any document or information regarding the RFP Process other than as set forth above.
- 10.2.2 Defendants will continue to allow participants to divest employer stock allocated to their accounts without restriction.
- 10.2.3 Defendants shall offer at least one passively managed investment option that invests primarily or exclusively in large capitalization domestic equities in the Plans’ core investment lineup.
- 10.2.4 Defendants will continue their practice of not offering retail mutual funds as core options. Investment managers will be reminded that any revenue sharing paid to them must be credited back to the Plans. Retail mutual funds are defined as mutual funds available to retail investors, with either no minimum investment level or a minimum investment level that does not exceed \$50,000.
- 10.2.5 The fees paid to the Plans’ recordkeeper (currently J.P. Morgan) for recordkeeping services shall not be set or determined on a percentage of assets basis. Nothing in this Settlement Agreement prohibits the Plans from allocating fixed recordkeeping expenses to participants on a percentage of assets basis. International Paper contends that the Plans’ current contract with J.P. Morgan does not set or determine recordkeeping fees based on a percentage of assets.
- 10.2.6 During the Settlement Period, the Plans will comply with the United States Department of Labor’s participant fee disclosure requirements. International Paper contends that the Plans’ current disclosures meet applicable Department of Labor requirements.

- 10.2.7 Any relationship discounts offered by a service provider that provides services to the 401(k) plan and any other plan sponsored by Defendants shall be allocated to all plans pro rata. International Paper contends that any relationship discounts are currently allocated pro rata.
- 10.2.8 International Paper may be reimbursed for its direct expenses incurred in administering the Plans and expressly agrees that such expense will not include any profit from the Plans. Further, if International Paper employees provide services to the Plans, the Plans' Fiduciaries shall certify in a declaration provided to the Independent Monitor that such reimbursements meet the requirements for reimbursement of direct expenses. International Paper contends that the reimbursement for expenses it has received in the past have met the requirements for reimbursement of direct expenses and did not include any profit from the Plans.
- 10.2.9 Defendants and Class Counsel will select an Independent Monitor to determine whether the obligations set forth in this Section have been fulfilled. The Independent Monitor's review will be limited to review of: (1) the RFP, RFP responses, the Plan fiduciaries' decision with respect to the recordkeeping RFP described in this Section, and the final executed contract; (2) a copy of any Plan amendments executed during the Settlement Period related to how fees are allocated to participants, the Company Stock Fund, or changes to plan core investment options; (3) a list of the Plans' investment options, asset amounts, and fees charged; (4) invoices for service providers that provide services to any plan sponsored by International Paper in addition to the Plans, which reflect discounts from the service providers, how these discounts were calculated (including amount of assets applied to particular discount), and how the discounts were allocated among the plans; (5) participant communications required by Department of Labor regulations; and (6) information sufficient to determine whether any reimbursements paid to International Paper meet the requirements for reimbursement of direct expenses. The Independent Monitor will send to Defendants any request for information with a copy sent to Class Counsel. The Independent Monitor will report to Class Counsel and to Defendants only if it believes that, based on its review of the Affirmative Relief information, Defendants have materially failed to comply with any of the Affirmative Relief provisions of this Section.

**11. Article 11 – Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination**

- 11.1** The Settlement Agreement shall be terminated, be deemed null and void, and have no further force or effect if:
- 11.1.1 Pursuant to Paragraph 3.1, (a) the Independent Fiduciary does not approve the Settlement Agreement, or disapproves the Settlement Agreement for any reason whatsoever, or (b) the Plan Fiduciaries reasonably conclude that the Independent Fiduciary's approval does not include the determinations required by the PTE;

and (c) the Settling Parties do not mutually agree to modify the terms of this Settlement Agreement to facilitate an approval by the Independent Fiduciary or the Independent Fiduciary's determinations required by the PTE;

- 11.1.2 The Preliminary Order and the Final Order are not entered by the Court in the form submitted by the Settling Parties or in a form which is otherwise agreed to by the Settling Parties;
  - 11.1.3 This Settlement Agreement is disapproved by the Court or fails to become effective for any reason whatsoever;
  - 11.1.4 The Preliminary Order or Final Order is finally reversed on appeal, or is modified on appeal and the Settling Parties do not mutually agree to any such modifications.
- 11.2** If the Settlement Agreement is terminated, deemed null and void, or has no further force or effect, the Class Action and the claims asserted by Class Representatives shall for all purposes with respect to the Settling Parties revert to their status as though the Settling Parties never executed the Settlement Agreement; any Settlement Class certified shall be decertified. All funds deposited in the Qualified Settlement Fund, and any interest earned thereon, shall be returned to International Paper and its insurers pro rata based on their contributions to the Qualified Settlement Fund within 20 business days after the Settlement Agreement is terminated or deemed null and void.
- 11.3** It shall not be deemed a failure to approve the Settlement Agreement if the Court denies, in whole or in part, Class Counsel's request for Attorneys' Fees (including litigation costs and expenses) and/or Class Representatives' Compensation.
- 11.4** In the event that the Settlement Agreement is terminated, Administrative Expenses incurred prior to the termination shall be paid first from the interest earned, if any, on the Qualified Settlement Fund. Administrative Expenses in excess of the interest earned on the Qualified Settlement Fund shall be evenly split and paid by Class Representatives, on the one hand, and Defendants, on the other hand.
- 11.5** CAFA Notice will be timely served on the appropriate officials.
- 12. Article 12 – Public Comments Regarding the Class Action or Settlement Agreement**
- 12.1** The Settling Parties and their counsel agree to keep confidential all positions, assertions, and offers made during settlement negotiations relating to the Class Action and this Settlement Agreement, except that they may discuss the negotiations with the Settlement Class Members, the Independent Fiduciary, and the Settling Parties' tax advisors, provided in each case that they secure agreements with such individuals or entities that such information shall not be further disclosed.
- 12.2** Class Counsel will establish a Settlement Website on which it will post the following documents or links to the following documents on or following the date of the Preliminary Order: Operative Complaint, this Settlement Agreement and its Exhibits,

Settlement Notice, Publication Notice, Former Participants' Claim Form, Class Representatives' Motion for Attorneys' Fees and costs and Award of Compensation to Class Representatives, any Court orders related to settlement, and any other documents or information mutually agreed upon by the Settling Parties. No other information or documents will be posted on this website unless agreed to by the Settling Parties in writing. Class Counsel will take down the Settlement Website within one-hundred eighty (180) calendar days after the Settlement Effective Date.

- 12.3** All necessary disclosures may be made on financial statements; to accountants and auditors; in public filings; and to government regulatory agencies or their representatives in response to direct inquiries or as otherwise required by law; and to any local, state, or federal taxing authority.
- 12.4** The Settling Parties and Class Counsel further agree that they each will not at any time publicly disparage or encourage or induce others to publicly disparage any of the Settling or Released Parties or disparage them in writing.

**13. Article 13 – General Provisions**

- 13.1** The undersigned counsel, on behalf of themselves and the Settling Parties, agree to cooperate fully with each other in seeking Court approvals of the Preliminary Order and the Final Order, and to do all things as may reasonably be required to effectuate preliminary and final approval and the implementation of this Settlement Agreement according to its terms.
- 13.2** Within thirty (30) days after the Settlement Effective Date, the Settling Parties shall either return to the producing parties, or destroy, all documents produced in discovery under a claim of confidentiality pursuant to the Confidentiality Order, including but not limited to documents produced under a claim of privilege. Each Settling Party shall serve a written notice to each producing party certifying that the Settling Party has carried out the obligations imposed by this Paragraph 13.2. The Settling Parties, Class Counsel, and Defense Counsel agree that at all times they will honor the requirements of the Confidentiality Order, notwithstanding Settlement of the Action.
- 13.3** This Settlement Agreement, whether or not consummated, and any negotiations or proceedings hereunder are not, and shall not be construed as, deemed to be, or offered or received as evidence of an admission by or on the part of Defendants of fiduciary status under ERISA or of any wrongdoing, fault, or liability whatsoever by any of Defendants, or give rise to any inference of fiduciary status under ERISA or of any wrongdoing, fault, or liability or admission of any wrongdoing, fault, or liability in the Class Action or any other proceeding, and Defendants expressly deny and disclaim any such wrongdoing, fault, or liability, and deny each and every claim asserted in the Class Action. This Settlement Agreement, whether or not consummated, and any negotiations or proceedings hereunder, shall not constitute admissions of any liability of any kind, whether legal or factual.

- 13.4** Neither the Settling Parties, Class Counsel, nor Defense Counsel shall have any responsibility for or liability whatsoever with respect to (i) any act, omission, or determination of the Settlement Administrator, or any of their respective designees or agents, in connection with the administration of the Gross Settlement Amount or otherwise; (ii) the determination of the Independent Fiduciary; (iii) the management, investment, or distribution of the Qualified Settlement Fund; (iv) the Plan of Allocation as approved by the Court; (v) the determination, administration, calculation, or payment of any claims asserted against the Qualified Settlement Fund; (vi) any losses suffered by, or fluctuations in the value of the Qualified Settlement Fund; or (vii) the payment or withholding of any taxes, expenses, and/or costs incurred in connection with the taxation of the Qualified Settlement Fund or tax reporting, or the filing of any returns. Further, neither Defendants nor Defense Counsel shall have any responsibility for or liability whatsoever with respect to any act, omission or determination of Class Counsel in connection with the administration of the Gross Settlement Amount or otherwise.
- 13.5** Only Class Counsel shall have standing to seek enforcement of this Settlement Agreement on behalf of Plaintiffs and Settlement Class Members. Any individual concerned about Defendants' compliance with this Settlement Agreement may so notify Class Counsel and direct any requests for enforcement to them. Class Counsel shall have the full and sole discretion to take whatever action they deem appropriate, or to refrain from taking any action, in response to such request.
- 13.6** This Settlement Agreement shall be interpreted, construed and enforced in accordance with applicable federal law and, to the extent that federal law does not govern, Illinois law.
- 13.7** Class Counsel, Defense Counsel, and the Settling Parties agree that any and all disputes concerning compliance with the Settlement Agreement, with the exception of any and all disputes concerning compliance with Article 8, shall be exclusively resolved as follows:
- 13.7.1 If Class Counsel, Defense Counsel, or a Settling Party has reason to believe that a legitimate dispute exists concerning the Settlement Agreement, other than any and all disputes concerning compliance with Article 8, the party raising the dispute shall first promptly give written notice under the Settlement Agreement to the other party including in such notice: (a) a reference to all specific provisions of the Settlement Agreement that are involved; (b) a statement of the alleged non-compliance; (c) a statement of the remedial action sought; and (d) a brief statement of the specific facts, circumstances, and any other arguments supporting the position of the party raising the dispute;
- 13.7.2 Within twenty (20) days after receiving the notice described in sub-Paragraph 13.7.1, the receiving party shall respond in writing with its position and the facts and arguments it relies on in support of its position;
- 13.7.3 For a period of not more than twenty (20) days following mailing of the response described in sub-Paragraph 13.7.2, the Settling Parties shall undertake



good-faith negotiations, including meeting in person or conferring by telephone, to attempt to resolve the dispute;

- 13.7.4 If the dispute is not resolved during the period described in sub-Paragraph 13.7.3, the parties shall conduct a mediation of the dispute with the Mediator on the earliest reasonably practicable date; provided, however, that the scope of such mediation shall be expressly limited to the dispute;
- 13.7.5 Within 30 days after the conclusion of the Mediator's attempt to resolve the dispute (the date of the conclusion of the mediation shall be determined by agreement of the parties or by the Mediator), if the dispute persists, the Settling Parties shall arbitrate the dispute. The Mediator shall serve as arbitrator.
- 13.7.6 The Settling Parties intend to resolve any disputes quickly, expeditiously, and inexpensively. Accordingly, there shall be no discovery allowed in connection with mediation or arbitration pursuant to this Paragraph 13.7, and no witnesses shall be presented or examined during the mediation or arbitration except that if the Mediator acting as arbitrator, in his sole discretion, should determine that a limited number of documents or witnesses are necessary to resolve the dispute, he may order their production or testimony. The Mediator acting as the arbitrator will make his decision based solely on the papers and arguments of counsel presented to him.
- 13.7.7 If the Mediator acting as the arbitrator finds that a party has not complied with the Settlement Agreement as asserted, the sole remedy that the Mediator acting as the Arbitrator may impose is the issuance of an order requiring the offending party to cure such non-compliance.
- 13.7.8 In any arbitration or mediation under this Paragraph 13.7, each party shall bear its own fees and costs. The Mediator acting as the Arbitrator shall have no discretion or authority to award reasonable attorneys' fees and costs to the prevailing party.
- 13.7.9 The Mediator acting as the arbitrator shall issue a written determination, including findings of fact, if requested by any party.
- 13.7.10 Under no circumstances shall the Mediator acting as the arbitrator have authority to consider any disputes or order any remedy other than as expressly set forth in this Paragraph 13.7. The arbitrator's order may be enforced under federal law governing arbitration awards.
- 13.8** The Settling Parties agree that the Southern District of Illinois has personal jurisdiction over the Settlement Class under ERISA and shall maintain that jurisdiction for purposes of resolving any disputes concerning compliance with Article 8. Any motion or action to enforce Article 8 of this Settlement Agreement — including by way of injunction — may be filed in the U.S. District Court for the Central District of Illinois, and/or asserted by way of an affirmative defense or counterclaim in response to any action that is asserted to violate Article 8.

- 13.9** The Settlement Agreement may be executed by exchange of executed signature pages, and any signature transmitted by facsimile or e-mail attachment of scanned signature pages for the purpose of executing this Settlement Agreement shall be deemed an original signature for purposes of this Settlement Agreement. The Settlement Agreement may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed an original, and all such counterparts shall together constitute the same instrument.
- 13.10** Each party to this Settlement Agreement hereby acknowledges that he, she, or it has consulted with and obtained the advice of counsel prior to executing this Settlement Agreement, and that this Settlement Agreement has been explained to that party by his, her, or its counsel.
- 13.11** The headings included in this Settlement Agreement are for convenience only and do not in any way limit, alter, or affect the matters contained in this Settlement Agreement or the Articles or Paragraphs they caption. References to a person are also to the person's permitted successors and assigns, except as otherwise provided herein. Whenever the words "include," "includes" or "including" are used in this Settlement Agreement, they shall not be limiting but shall be deemed to be followed by the words "without limitation."
- 13.12** Before entry of the Preliminary Approval Order and approval of the Independent Fiduciary, this Settlement Agreement may be modified or amended only by written agreement signed by or on behalf of all Settling Parties. Following approval by the Independent Fiduciary, this Settlement Agreement may be modified or amended only if such modification or amendment is set forth in a written agreement signed by or on behalf of all Settling Parties and only if the Independent Fiduciary approves such modification or amendment in writing. Following entry of the Preliminary Approval Order, this Settlement Agreement may be modified or amended only by written agreement signed on behalf of all Settling Parties, and only if the modification or amendment is approved by the Independent Fiduciary in writing and approved by the Court.
- 13.13** This Settlement Agreement and the exhibits attached hereto constitute the entire agreement among the Settling Parties and no representations, warranties or inducements have been made to any party concerning the Settlement other than those contained in this Settlement Agreement and its Exhibits.
- 13.14** The provisions of this Settlement Agreement may be waived only by an instrument in writing executed by the waiving party and specifically waiving such provisions. The waiver of any breach of this Settlement Agreement by any party shall not be deemed to be or construed as a waiver of any other breach or waiver by any other party, whether prior, subsequent, or contemporaneous, of this Settlement Agreement.
- 13.15** The provisions of this Settlement Agreement are not severable.



- 13.16** All of the covenants, representations, and warranties, express or implied, oral or written, concerning the subject matter of this Settlement Agreement are contained in this Settlement Agreement. No party is relying on any oral representations or oral agreements.
- 13.17** All of the Exhibits attached hereto are incorporated by reference as though fully set forth herein. The exhibits shall be: Exhibit 1 – Former Participant Claim Form; Exhibit 2 – Preliminary Order; Exhibit 3 – Notice of Class Action Settlement and Fairness Hearing to Current Participants; Exhibit 4 – Notice of Class Action Settlement and Fairness Hearing to Former Participants; Exhibit 5 – Final Order; Exhibit 6 – Publication Notice.
- 13.18** No provision of the Settlement Agreement or of the Exhibits attached hereto shall be construed against or interpreted to the disadvantage of any party to the Settlement Agreement because that party is deemed to have prepared, structured, drafted, or requested the provision.
- 13.19** Any notice, demand, or other communication under this Settlement Agreement (other than the Settlement Notice, or other notices given at the direction of the Court) shall be in writing and shall be deemed duly given upon receipt if it is addressed to each of the intended recipients as set forth below and personally delivered, sent by registered or certified mail postage prepaid, or delivered by reputable express overnight courier:

IF TO THE CLASS REPRESENTATIVES:

Jerome J. Schlichter (jschlichter@uselaws.com)  
Mark G. Boyko (mboyko@uselaws.com)  
Sean E. Soyars (ssoyars@uselaws.com)

SCHLICHTER, BOGARD & DENTON

100 S. Fourth St., Ste. 900  
St. Louis, Missouri 63102  
Tel: (314) 621-6115  
Fax: (314) 621-7151

IF TO DEFENDANTS:

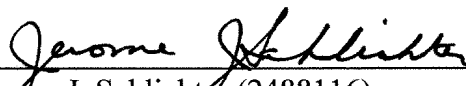
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International Paper Company  
c/o Litigation Department  
6400 Poplar Ave.  
Memphis, TN 38197

ON BEHALF OF PLAINTIFFS Pat Beesley, Nelda Kistler (now deceased), Ron Miller, David Miller, Anthony Reed, Paul Glenney, and Charles Wade, Individually and as Representatives of the Settlement Class and sub-classes.

Dated: 9/30/2013

SCHLICHTER, BOGARD & DENTON

  
\_\_\_\_\_  
Jerome J. Schlichter (2488116)  
Mark G. Boyko (6288036)  
Sean E. Soyars  
100 South Fourth Street, Suite 900  
St. Louis, MO 63102  
Telephone.: (314) 621-6115  
Facsimile: (314) 621-7151

Attorneys for Plaintiffs and Class Representatives

ON BEHALF OF ALL DEFENDANTS

Dated: September 30, 2013

  
\_\_\_\_\_  
GENERAL COUNSEL  
International Paper Company



Beesley, et al., v. International Paper, et al.,  
Case No. 06-cv-703

FORMER PARTICIPANT CLAIM FORM

This Former Participant Claim Form is **ONLY** for Settlement Class (or Sub-Class) Members who are **Former Participants**, or the beneficiaries, alternate payees or attorneys-in-fact of Former Participants (all of whom will be treated as Former Participants). A Former Participant is a Settlement Class (or Sub-Class) Member who no longer had Active Accounts as of September 30, 2013.

This form must be completed, signed and received by the Settlement Administrator no later than \_\_\_\_\_, 2014 in order for you to receive your share of the Settlement proceeds. **Former Participants who do not complete and timely return this form will not receive any Settlement payment.** Please review the instructions below carefully. If you have questions regarding this Claim Form, you may contact the Settlement Administrator as indicated below.

**PLEASE ALSO BE SURE TO REVIEW THE IMPORTANT SPECIAL TAX NOTICE REGARDING DIRECT SETTLEMENT PAYMENTS TO SETTLEMENT CLASS MEMBERS FOUND AT THE END OF THE CLASS NOT.**

INSTRUCTIONS FOR COMPLETING FORMER PARTICIPANT CLAIM FORM

1. Complete this claim form and keep a copy of all pages of your Former Participant Claim Form, including page 1 with the address label, for your records.
2. **Mail your completed Former Participant Claim Form to the following address so that it is received by the Settlement Administrator no later than \_\_\_\_\_, 2014: IP 401(k) Settlement Administrator, XXXXXXXXXXXX.** It is your responsibility to ensure the Settlement Administrator has timely received your Former Participant Claim Form.
3. Other Reminders:
  - You must provide date of birth, signature and a completed Substitute IRS Form W-9, which is attached as Part 4 to this form.
  - If you desire to do a rollover and you do not complete in full the rollover information in Part 2 Payment Election of the Settlement Distribution Form, payment will be made to the participant.
  - If you change your address after sending in your Former Participant Claim Form, please send your new address to the Settlement Administrator.
  - **Timing Of Payments To Eligible Settlement Class Members.** Please note that Settlement payments are subject to the Settlement Agreement's receiving final Court approval. If the Settlement Agreement is approved and if you are entitled to a Settlement payment under the terms of the Settlement, such payments will be distributed no earlier than mid-2012 due to the need to process and verify information for all Settlement Class Members who are entitled to a payment and to compute the amount of each payment. Payments may be further delayed if any appeals are filed.
4. **Questions?** If you have any questions about this Former Participant Claim Form, please call the Settlement Administrator at 1-888-\_\_\_\_\_. The Settlement Administrator will provide advice only regarding completing this form and will not provide financial, tax or other advice concerning the Settlement. You therefore may want to consult with your financial or tax advisor. Information about the status of the approval of the Settlement, the Settlement administration and claim processing is available on the lawsuit website, [www.IP401ksettlement.com](http://www.IP401ksettlement.com).

Participant Address Block

**FORMER PARTICIPANT CLAIM FORM**

You are eligible to receive a payment from a class action settlement. The court has approved the class settlement of *Beesley, et al., v. International Paper, et al.*, Case No. 06-cv-703. That settlement provides allocation of monies to the individual accounts of Settlement Class Members who had plan accounts with a positive balance ("Active Account") in the Salaried or Hourly 401(k) Plans as of September 30, 2013 ("Current Participants"). Settlement Class Members who are entitled to a distribution but who no longer had Active Accounts as of September 30, 2013 ("Former Participants") will receive their allocation in the form of a check or rollover if and only if they submit a valid Former Participant Claim Form received by the Settlement Administrator by \_\_\_\_\_, 2014. For more information about the settlement, please see [www.IP401ksettlement.com](http://www.IP401ksettlement.com), or call 1-888-\_\_\_\_\_.

Because you are a former participant (or beneficiary of a former participant) in the Plans, you must decide whether you want your payment (1) sent payable to you directly or (2) to be rolled over into another eligible retirement plan or into an individual retirement account ("IRA"). To make that choice, please complete and return this Former Participant Claim Form, so that it is received by the Settlement Administrator by \_\_\_\_\_, 2014. If you do not indicate a payment election, your payment will be sent payable to you directly.

**PART 1: PARTICIPANT INFORMATION**

\_\_\_\_\_  
Last Name First Name MI

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City State Zip

(\_\_\_\_\_) \_\_\_\_\_  
Home Phone Work Phone or Cell Phone

\_\_\_\_\_  
Social Security Number Date of Birth

\_\_\_\_\_  
E-mail address

**PART 2. PAYMENT ELECTION**

- Payment to Self – A check will be mailed to you to address on previous page.
- Direct Rollover to an Eligible Plan:  
 Check only one box below and complete Rollover Information Section Below:
  - Government 457(b)    401(a)/401(k)    403(b)
  - Direct Rollover to a Traditional IRA
  - Direct Rollover to a Roth IRA (subject to ordinary income tax)

Rollover Information:

\_\_\_\_\_  
Company or Trustee's Name (to whom the check should be made payable)

\_\_\_\_\_  
Company or Trustee's Mailing Address

\_\_\_\_\_  
Company or Trustee's City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

\_\_\_\_\_  
Account Number

(      ) \_\_\_\_\_  
Company or Trustee's Phone Number

**PART 3: SIGNATURE AND CONSENT**

UNDER PENALTIES OF PERJURY UNDER THE LAWS OF THE UNITED STATES OF AMERICA, I CERTIFY THAT ALL OF THE INFORMATION PROVIDED ON THIS FORMER PARTICIPANT CLAIM FORM IS TRUE, CORRECT AND COMPLETE AND THAT I SIGNED THIS FORMER PARTICIPANT CLAIM FORM.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date (Required)

- Check here if you are the surviving spouse or other beneficiary, alternate payee under a qualified domestic relations order (QDRO), or attorney-in-fact for the Former Participant. The Settlement Administrator will contact you with further instructions.
- Check here if you were a Former Participant, but did not receive a Notice of Class Action Settlement in the mail. This may be because you were a participant in the plan only for a brief period.

**PART 4: SUBSTITUTE IRS FORM W-9**

**TAXPAYER IDENTIFICATION NUMBER**

Enter Your Social Security Number:       -   -

**CERTIFICATION**

Under penalties of perjury, I certify that:

1. The Social Security number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. Person (including a U.S. resident alien).

W-9 Signature: \_\_\_\_\_

W-9 Date:    /    /   

Note: if you have been notified by the IRS that you are subject to backup withholding, you must cross out item 2 above. The IRS does not require your consent to any provision of this document other than this Form W-9 certification to avoid backup withholding





Defendants (the “Settlement”). The terms of the settlement are set out in a Class Action Settlement Agreement dated September 30, 2013 (the “Settlement Agreement”) (Doc. \_\_\_\_\_), executed by the parties and their counsel.

The Court has considered the proposed settlement and whether to certify a class for settlement purposes and authorize notice to members of the Settlement Class. Having reviewed the Settlement Agreement, the motion papers, and conducted a hearing in open Court on \_\_\_\_\_, 2013, it is **ORDERED** as follows.

1. **Class Findings:** Solely for the purposes of the Settlement, the Court finds that the requirements of Rule 23 of the Federal Rules of Civil Procedure have been met as to the “Settlement Class” defined below, as well as two sub-classes, the “Company Stock Fund Sub-Class” and the “Large Cap Stock Fund Sub-Class”, in that:

A. All findings in this Section 1 are based on the submissions to the Court, including the Settlement Agreement. These findings are not based upon any admissions, representations, assertions, or arguments by the Defendants that a class can, should, or would be certified in the Action, and these findings are made while preserving the Defendants’ rights to argue, in the event that the settlement does not become final or is terminated pursuant to terms of the Settlement Agreement, that no class or that a different class or subclasses, can or should be certified in the Action.

B. The Court finds that, as required by Rule 23(a)(1), the Settlement Class and sub-classes are ascertainable from records kept with respect

to the Plans and from other objective criteria, and that the members of the Settlement Class and sub-classes are so numerous that their joinder before the Court would be impracticable.

C. The Court finds that, as required by Rule 23(a)(2), there are one or more questions of fact and/or law common to the Settlement Class and one or more questions of fact and/or law common to each of the two sub-classes.

D. The Court finds that, as required by Rule 23(a)(3), the claims of the Class Representatives are typical of the claims of the Settlement Class and each of the two sub-classes.

E. The Court finds, as required by Rule 23(a)(4), that the Class Representatives will fairly and adequately protect the interests of the Settlement Class and the sub-classes in that:

i. The interests of Class Representatives and the nature of their alleged claims are consistent with those of the members of the Settlement Class and sub-classes;

ii. There appear to be no conflicts between or among the Class Representatives and the Settlement Class or the sub-classes; and

iii. The Class Representatives and the members of the Settlement Class and the sub-classes are represented by qualified, reputable counsel who are experienced in preparing and prosecuting large, complex ERISA class actions.

F. The Court finds that, as required by Rule 23(b)(1), the

prosecution of separate actions by individual members of the Settlement Class or sub-classes would create a risk of inconsistent or varying adjudications as to individual members of the Settlement Class and sub-classes, would establish incompatible standards of conduct for Defendants, and that adjudication as to individual class members would, as a practical matter, be dispositive of the interest of the other members not parties to the adjudications, or substantially impair or impede those persons' ability to protect their interests.

G. The Court finds that, as required by Rule 23(g), the law firm Schlichter, Bogard & Denton, LLP, is capable of fairly and adequately representing the interests of the Settlement Class and the sub-classes as Class Counsel. Class Counsel has done extensive work identifying and investigating potential claims in the action, and has litigated the validity of those claims for over seven years. Class Counsel is experienced in handling class actions and claims of the type asserted in the Action and Class Counsel is knowledgeable of the applicable law. Class Counsel has committed the necessary resources to represent the Settlement Class and the sub-classes.

2. **Settlement Class Certification:** The Court certifies the following class for settlement purposes under Fed. R. Civ. P. 23(b)(1) in this litigation (the "Settlement Class"):

All participants in the International Paper Company Salaried Savings Plan or the International Paper Company Hourly Savings Plan, excluding the Defendants, whose Plan accounts had balances greater than \$0 at any time between January 1, 1997 and May 31, 2008. The Class includes the Beneficiary of a deceased person who participated in the Plan at any time during the Class Period, and/or, Alternate

Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during the Class Period.

3. **Company Stock Fund Sub-Class Certification:** The Court certifies the following sub-class for settlement purposes under Fed. R. Civ. P. 23(b)(1) in this litigation (the “CSF Sub-Class”):

All participants in the Plans, excluding the Defendants, whose accounts held units of the Company Stock Fund from April 14, 1998, through May 24, 2011 (the “CSF Sub-Class Period”) and whose units underperformed relative to the S&P 500 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plans at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

4. **Large Cap Stock Fund Sub-Class Certification:** The Court certifies the following sub-class for settlement purposes under Fed. R. Civ. P. 23(b)(1) in this litigation (the “LCSF Sub-Class”):

All participants in the Plans, excluding the Defendants, whose accounts held units of the Large Cap Stock Fund (LCSF) from April 1, 2002, through May 24, 2011 (the “LCSF Sub-Class Period”), and whose LCSF units underperformed relative to the Russell 1000 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plan at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

5. **Appointment of Class Representatives and Class Counsel:** The Court appoints the Class Representatives to represent the Settlement Class and the sub-classes, and Schlichter, Bogard & Denton, LLP, as Class Counsel pursuant to

Fed. R. Civ. P. 23(e) and (g).

6. **Preliminary Findings Regarding Proposed Settlement:** The Court preliminarily finds that:

A. The proposed settlement resulted from extensive arm's-length negotiations;

B. The Settlement Agreement was executed only after Class Counsel had conducted extensive pre-settlement motion practice and discovery, and after negotiations had continued for several months, including in-person mediation sessions and numerous teleconference mediation sessions with Judge Williams, two in-person mediation session with a nationally recognized private mediator, and extensive telephonic and email communications with and without a skilled mediator;

C. Class Counsel has concluded that the Settlement Agreement is fair, reasonable and adequate; and

D. The Settlement is sufficiently fair, reasonable, and adequate to warrant sending notice of the Settlement to the Settlement Class.

7. **Fairness Hearing:** A hearing is scheduled at the United States District Court for the Southern District of Illinois, Chief Judge David R. Herndon presiding, at \_\_\_\_ p.m. on \_\_\_\_\_, 2014, (the "Fairness Hearing") to determine, among other issues:

A. Whether the Settlement Agreement should be approved as fair, reasonable, and adequate;

B. Whether the notice, publication notice and notice methodology were performed as directed by this Court;

C. Whether the motion for attorneys' fees and costs to be filed by Class Counsel should be approved;

D. Whether the motion for compensation to Class Representatives should be approved; and

E. Whether the Administrative Expenses specified in the Settlement Agreement and requested by the parties should be approved for payment from the Settlement Fund.

8. **Establishment of Qualified Settlement Fund:** A common fund is agreed to by the parties in the Settlement Agreement and is hereby established and shall be known as the *Beesley v. International Paper Co.* Litigation Settlement Fund (the "Settlement Fund"). The Settlement Fund shall be a "qualified settlement fund" within the meaning of Treasury Regulations § 1.468-1(a) promulgated under Section 468B of the Internal Revenue Code. The Settlement Fund shall consist of \$30,000,000.00 and any interest earned thereon. The Settlement Fund shall be administered as follows:

A. The Settlement Fund is established exclusively for the purposes of: (a) making distributions to eligible claimants pursuant to the claims process described in the Settlement Agreement; (b) making distributions to Class Representatives and Settlement Class Members as specified in the Settlement Agreement; (c) making payments for all settlement administration costs and costs of



notice, including payments of all Administrative Expenses specified in the Settlement Agreement; (d) making payments of all Attorneys' Fees and Costs to Class Counsel as awarded by the Court in this action; and (e) paying employment, withholding, income and other applicable taxes, all in accordance with the terms of the Settlement Agreement and this Order. Other than the payment of Administrative Expenses or as otherwise expressly provided in the Settlement Agreement, no distribution shall be made from the Settlement Fund until after the Settlement Effective Date.

B. Within the time period set forth in the Settlement Agreement, Defendants shall cause \$30,000,000 to be deposited into the Settlement Fund.

C. The Settlement Fund shall be a single qualified settlement fund within the meaning of Treasury Regulation § 1.468B-1 *et seq.* Defendants shall timely furnish a statement to the Settlement Administrator that complies with Treasury Regulation § 1.468B-3(e)(2) (a “§ 1.468B-3 Statement”), which may be a combined statement under Treasury Regulation § 1.468B-3(e)(2)(ii), and shall attach a copy of the statement to their federal income tax returns filed for the taxable year in which Defendants make a transfer to the Settlement Fund.

D. Defendants shall have no withholding, reporting or tax reporting responsibilities with regard to the Settlement Fund or its distribution, except as otherwise specifically identified herein. Moreover, Defendants shall have no liability, obligation, or responsibility for administration of the Settlement Fund or the disbursement of any monies from the Settlement Fund except for: (1) their

obligation to cause the Settlement Amount to be paid no later than the date specified above; and (2) their agreement to cooperate in providing information that is necessary for settlement administration set forth in the Settlement Agreement.

E. The oversight of the Settlement Fund is the responsibility of the Settlement Administrator. The status and powers of the Settlement Administrator are as defined by this Order.

F. The Settlement Amount caused to be paid by Defendants into the Settlement Fund pursuant to the Settlement Agreement, and all income generated by that Amount, shall be *in custodia legis* and immune from attachment, execution, assignment, hypothecation, transfer or similar process by any person. Once the Settlement Fund vests, it is irrevocable during its term and Defendants have divested themselves of all right, title or interest, whether legal or equitable, in the Settlement Fund, if any; provided, however, in the event the Settlement Agreement is not approved by the Court or the Settlement set forth in the Settlement Agreement is terminated or fails to become effective in accordance with its terms (or, if following approval by this Court, such approval is reversed or modified), the Parties shall be restored to their respective positions in this Case as of the day prior to the Settlement Agreement Execution Date; the terms and provisions of the Settlement Agreement and this Order shall be void and have no force and effect and shall not be used in this Case or in any proceeding for any purpose; and the Settlement Fund and income earned thereon shall immediately be returned to the entity that funded the Settlement Fund. Further provided that, if

the Settlement Agreement is terminated after Defendants have deposited the \$30,000,000, but prior to the entry of an order granting Final Approval of the settlement, the funds in the Settlement Fund shall be disposed of as set forth in the Settlement Agreement.

G. The Settlement Administrator may make disbursements out of the Settlement Fund only in accordance with this Order or any additional Orders issued by the Court.

H. The Settlement Fund shall expire after the Settlement Administrator distributes all of the assets of the Settlement Fund in accordance with Article 6 of the Settlement Agreement, provided, however, that the Settlement Fund shall not terminate until its liability for any and all government fees, fines, taxes, charges and excises of any kind, including income taxes, and any interest, penalties or additions to such amounts, are, in the Settlement Administrator's sole discretion, finally determined and all such amounts have been paid by the Settlement Fund.

I. The Settlement Fund shall be used to make payments to Settlement Class Members under the Plan of Allocation set forth in the Settlement Agreement. Individual payments to Settlement Class Members will be subject to tax withholding as required by law and as described in the Class Notice and its attachments. In addition, all Class Representatives Compensation, Administrative Expenses and all Attorneys' Fees and Costs of Class Counsel shall be paid from the Settlement Fund.

J. The Court and the Settlement Administrator recognize that there will be tax payments, withholding and reporting requirements in connection with the administration of the Settlement Fund. The Settlement Administrator shall, pursuant to the Settlement Agreement, determine, withhold, and pay over to the appropriate taxing authorities any taxes due with respect to any distribution from the Settlement Fund and shall make and file with the appropriate taxing authorities any reports or returns due with respect to any distributions from the Settlement Fund. The Settlement Administrator also shall determine and pay any income taxes owing with respect to the income earned by the Settlement Fund. Additionally, the Settlement Administrator shall file returns and reports with the appropriate taxing authorities with respect to the payment and withholding of taxes.

K. The Settlement Administrator, in its discretion, may request expedited review and decision by the IRS or the applicable state or local taxing authorities, with regard to the correctness of the returns filed for the Settlement Fund and shall establish reserves to assure the availability of sufficient funds to meet the obligations of the Settlement Fund itself and the Settlement Administrator as fiduciaries of the Settlement Fund. Reserves may be established for taxes on the Settlement Fund income or on distributions.

L. The Settlement Administrator and Defendants shall provide to and exchange with each other such information as shall be reasonably necessary to file notices, reports and returns and to make timely determinations of withholding

obligations.

M. The Settlement Administrator shall have all the necessary powers, and take all necessary ministerial steps, to effectuate the terms of the Settlement Agreement, including the payment of all distributions. Such powers include receiving and processing information from Former Participants pertaining to their claims and investing, allocating and distributing the Settlement Fund, and in general supervising the administration of the Settlement Agreement in accordance with its terms and this Order.

N. The Settlement Administrator shall keep detailed and accurate accounts of all investments, receipts, disbursements and other transactions of the Settlement Fund. All accounts, books and records relating to the Settlement Fund shall be open for reasonable inspection by such persons or entities as the Court orders. Included in the Settlement Administrator's records shall be complete information regarding actions taken with respect to the award of any payments to any person; the nature and status of any payment from the Settlement Fund and other information which the Settlement Administrator considers relevant to showing that the Settlement Fund is being administered, and awards are being made, in accordance with the purposes of the Settlement Agreement, this Order, and any future orders that the Court may find it necessary to issue.

O. The Settlement Administrator may establish protective conditions concerning the disclosure of information maintained by the Settlement Administrator if publication of such information would violate any law, including

rights to privacy. Any person entitled to such information who is denied access to the Settlement Fund's records may submit a request to the Court for such information. However, the Settlement Administrator shall supply such information to any claimant as may be reasonably necessary to allow him or her to accurately determine his or her federal, state and local tax liabilities. Such information shall be supplied in the form and manner prescribed by relevant law.

P. This Order will bind any successor Settlement Administrator. The successor Settlement Administrator(s) shall have, without further act on the part of anyone, all the duties, powers, functions, immunities, and discretion granted to the original Settlement Administrator. Any Settlement Administrator(s) who is replaced (by reason other than death) shall execute all instruments, and do all acts, that may be necessary or that may be ordered or requested in writing by the Court or by any successor Settlement Administrator(s), to transfer administrative powers over the Settlement Fund to the successor Settlement Administrator(s). The appointment of a successor Settlement Administrator(s), if any, shall not under any circumstances require any Defendant to make any further payment of any nature into the Settlement Fund or otherwise.

9. **Class Notice:** The Settling Parties have presented to the Court proposed forms of Class Notice, which are appended hereto as Exhibits 1 and Exhibit 2, respectively. The Settling Parties have also presented a proposed Publication Notice, appended hereto as Exhibit 3.

A. The Court finds that the proposed forms and the website

referenced in the Class Notice fairly and adequately:

- i. Describe the terms and effect of the Settlement Agreement and of the Settlement;
- ii. Notify the Settlement Class concerning the proposed Plan of Allocation;
- iii. Notify the Settlement Class that Class Counsel will seek compensation from the Settlement Fund for the Class Representatives, Attorneys' Fees and Costs;
- iv. Notify the Settlement Class that Administrative Expenses related to the implementation of the Settlement will be paid from the Settlement Fund;
- v. Give notice to the Settlement Class of the time and place of the Fairness Hearing; and
- vi. Describe how the recipients of the Class Notice may object to any of the relief requested and the rights of the Parties to discovery concerning such objections.

B. The Settling Parties have proposed the following manner of communicating the notice to members of the Settlement Class, and the Court finds that such proposed manner is the best notice practicable under the circumstances, and directs that the Settlement Administrator shall by no later than sixty (60) days before the Fairness Hearing, cause the Class Notice, with such non-substantive modifications thereto as may be agreed upon by the Settling Parties, to be mailed,



by first-class mail, postage prepaid, to the last known address of each member of the Settlement Class who can be identified through commercially reasonable means. Defendants shall cooperate with the Settlement Administrator by providing, in electronic format, the names, addresses and social security numbers of members of the Settlement Class. The names, addresses, and Social Security numbers obtained pursuant to this Order shall be used solely for the purpose of providing notice of this settlement and as required for purposes of tax withholding and reporting, and for no other purpose. The Settlement Administrator shall also publish the Publication Notice in \_\_\_\_ editions of \_\_\_\_\_, and the publication date(s) shall be at least 40 (forty) days before the Fairness Hearing.

C. For any Class Notice returned as undeliverable, the Settlement Administrator shall utilize the provided Social Security number to attempt to determine the current address of the Person and shall mail notice to that address.

D. At or before the Fairness Hearing, Class Counsel or the Settlement Administrator shall file with the Court a proof of timely compliance with the foregoing requirements.

E. The Court directs Class Counsel, no later than 60 days before the Fairness Hearing, to cause the Class Notice to be published on the website identified in the Class Notice.

10. **Objections to Settlement:** Any member of the Settlement Class, or any sub-class, who wishes to object to the fairness, reasonableness or adequacy of the Settlement, to the Plan of Allocation, to any term of the Settlement Agreement,

to the proposed award of attorneys' fees and costs, or to any request for compensation for the Class Representatives must file an Objection in the manner set out in this Order.

A. A member of the Settlement Class, or any sub-class, wishing to raise an objection to the Plan of Allocation, to any term of the Settlement Agreement, to the proposed award of attorneys' fees and costs, or to any request for compensation for the Class Representatives must do the following: (A) file with the Court a statement of his, her, or its objection(s), specifying the reason(s), if any, for each such objection made, including any legal support or evidence that such objector wishes to bring to the Court's attention or introduce in support of such objection; and (B) serve copies of the objection and all supporting authorities or evidence to Class Counsel and Defense Counsel. The addresses for filing objections with the Court and for service of such objections on counsel for the parties to this matter are as follows:

Clerk of the Court  
United States District Courthouse  
219 South Dearborn Street  
Chicago, IL 60604

SCHLICHTER, BOGARD & DENTON, LLP  
Attn: International Paper ERISA Settlement  
100 S. 4th Street, Ste. 900  
St. Louis, MO 63102

MORGAN, LEWIS & BOCKIUS LLP  
Attn: Azeez Hayne  
1701 Market Street  
Philadelphia, PA 19103

B. The objector or his, her, or its counsel (if any) must serve copies of the objection(s) on the attorneys listed above and file it with the Court by no later than thirty (30) days before the date of the Fairness Hearing.

C. If an objector hires an attorney to represent him, her, or it for the purposes of making such objection pursuant to this paragraph, the attorney must serve a notice of appearance on the attorneys listed above and file it with the Court by no later than thirty (30) days before the date of the Fairness Hearing.

D. Failure to serve objections(s) on either the Court or counsel for the parties shall constitute a waiver of the objection(s). Any member of the Settlement Class or other Person who does not timely file and serve a written objection complying with the terms of this Order shall be deemed to have waived, and shall be foreclosed from raising, any objection to the Settlement, and any untimely objection shall be barred.

E. Any party wishing to obtain discovery from any objector may, but is not required to, serve discovery requests, including requests for documents and notice of deposition not to exceed two hours in length, on any objector within ten days of receipt of the objection and that any responses to discovery or depositions must be completed within ten days of the request being served on the objector.

F. Any party wishing to file a response to an objection must do so, and serve the response on all parties, no later than ten (10) days before the Fairness Hearing.

11. **Appearance at Fairness Hearing:** Any objector who files and serves a timely, written objection in accordance with the terms of this Order as set out in Paragraph 10 above may also appear at the Fairness Hearing either in person or through counsel retained at the objector's expense. Objectors or their attorneys intending to speak at the Fairness Hearing must serve a notice of intention to speak setting forth, among other things, the name, address, and telephone number of the objector (and, if applicable, the name, address, and telephone number of the objector's attorney) on Class Counsel and Defendants' counsel (at the addresses set out above) and file it with the Court by no later than ten (10) days before the date of the Fairness Hearing. Any objector (or objector's attorney) who does not timely file and serve a notice of intention to appear in accordance with this paragraph shall not be permitted to speak at the Fairness Hearing.

12. **Claim Form Deadline:** All valid claim forms must be received by the settlement administrator by \_\_\_ p.m. Central Standard Time on \_\_\_\_\_, 2014.

13. **Service of Papers:** Defendants' counsel and Class Counsel shall promptly furnish each other with copies of all objections that come into their possession.

14. **Termination of Settlement:** This Order shall become null and void, and shall be without prejudice to the rights of the Settling Parties, all of whom shall be restored to their respective positions existing the day before the Settlement Agreement Execution Date, if the Settlement is terminated in accordance with the Settlement Agreement.

15. **Use of Order:** This Order shall not be construed or used as an admission, concession, or declaration by or against Defendants of any fault, wrongdoing, breach, or liability or a waiver of any claims or defenses, including but not limited to those as to the propriety of any amended pleadings or the propriety and scope of class certification. This Order shall not be construed or used as an admission, concession, or declaration by or against Named Plaintiffs or the Settlement Class (including the sub-classes) that their claims lack merit, or that the relief requested in the Action is inappropriate, improper or unavailable. This Order shall not be construed or used as a waiver by any party of any arguments, defenses, or claims he, she, or it may have, including, but not limited to, any objections by Defendants to class certification in the event that the Settlement Agreement is terminated.

16. **Continuance of Hearing:** The Court will not continue the Fairness Hearing without a showing of good cause.

**IT IS SO ORDERED.**

DATED: \_\_\_\_\_, 2013

\_\_\_\_\_  
s/  
David R. Herndon  
United States District Judge

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF ILLINOIS



Pat Beesley, et. al.,  
*Plaintiffs,*

Case No. 06-cv-703

International Paper, Co., et al.,  
*Defendants.*

U.S. District Court Judge Herndon

**NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING**

**Your legal rights might be affected if you are a member of the following class or sub-classes:**

Settlement Class:

All participants in the International Paper Company Salaried Savings Plan or the International Paper Company Hourly Savings Plan, excluding the Defendants, whose Plan accounts had balances greater than \$0 at any time between January 1, 1997 and May 31, 2008. The Class includes the Beneficiary of a deceased person who participated in the Plan at any time during the Class Period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during the Class Period.

Large Cap Stock Fund Sub-Class:

All participants in the Plans, excluding the Defendants, whose accounts held units of the Large Cap Stock Fund (LCSF) from April 1, 2002, through May 24, 2011 (the "LCSF Sub-Class Period"), and whose LCSF units underperformed relative to the Russell 1000 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plan at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

Company Stock Fund Sub-Class:

All participants in the Plans, excluding the Defendants, whose accounts held units of the Company Stock Fund from April 14, 1998, through May 24, 2011 (the "CSF Sub-Class Period") and whose units underperformed relative to the S&P 500 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plans at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

**PLEASE READ THIS SETTLEMENT NOTICE CAREFULLY.**

- The Court has preliminarily approved a proposed settlement (the "Settlement") of a class action lawsuit brought under the Employee Retirement Income Security Act ("ERISA") against International Paper Company, The International Paper 401(k) Committee, The International Paper Fiduciary Review Committee, and certain individuals alleged to be fiduciaries to the Plans. The Settlement will provide, among other things, for the allocation of monies to the individual accounts of members of the Class or either Sub-Class who had accounts with a positive balance (an "Active Account") in the Plans as of September 30, 2013 ("Current Participants"). Members of the Class who are entitled to a distribution but who no longer had Active Accounts as of September 30, 2013 ("Former Participants") will receive their allocation in the form of a check mailed to their last known address or a rollover, if elected.
- The terms and conditions of the Settlement are set forth in the Settlement Agreement dated September 30, 2013. Capitalized terms used in this Settlement Notice but not defined in this Settlement Notice have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement is available at [www.IP401ksettlement.com](http://www.IP401ksettlement.com). Any Amendments to the Settlement Agreement or any other settlement documents will be posted on that website. You should visit that website if you would like more information about the Settlement and any possible Amendments to the Settlement Agreement or other changes, including changes to the Plan of Allocation.
- Your rights and options — and the deadlines to exercise them — are explained in this Notice.

- The Court still has to decide whether to approve the Settlement. Payments under the Settlement will be made only if the Court approves the Settlement and that approval is upheld in the event of any appeal.
- A hearing on the final approval of the Settlement and for approval of the Class Representatives’ petition for Attorneys’ Fees and Costs and compensation to the Class Representatives will take place on \_\_\_\_\_, 2014, at \_\_\_ a.m., before U.S. District Court Judge David R. Herndon in Courtroom 7, United States Courthouse, 750 Old Missouri Ave., East St. Louis, IL 62201.
- Any objections to the Settlement, or to the petition for Attorneys’ Fees and Costs, or to any award to the Class Representatives, must be served in writing on Class Counsel and Defendants’ Counsel, as identified on page 5 of this Settlement Notice.
- Further information regarding the litigation, the Settlement, and this Settlement Notice, including any changes to the terms of the Settlement and all orders of the Court regarding the Settlement, can be obtained at [www.IP401ksettlement.com](http://www.IP401ksettlement.com).

**According to the Plans’ records, you are a Current Participant. If you believe that you meet the definition of a Former Participant, contact the Settlement Administrator. Current Participants include both participants currently employed at International Paper and participants who have left employment at International Paper but continue to have an account balance in the Salaried Plan or the Hourly Plan.**

<b>YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT:</b>	
<b>Our Records Indicate That You Are A Current Participant. You do not need to do anything to participate in the Settlement</b>	Our records indicate you are a current participant. If, however, you are a “Former Participant,” who participated in the Plans during the Class Period and on September 30, 2013 did not have an Active Account in either of the Plans, or are the beneficiary, alternate payee or attorney-in-fact of such a person, you must return a Former Participant Claim Form by _____, 2014 in order to receive a check for your share of the Net Settlement Amount. If you are a Former Participant and you do not return the Former Participant Claim Form by _____, 2014, you will forfeit your share of the Net Settlement Amount. A claim form can be obtained by accessing <a href="http://www.IP401ksettlement.com">www.IP401ksettlement.com</a> .
<b>YOU CAN OBJECT (NO LATER THAN _____, 2014)</b>	If you wish to object to any part of the Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Settlement. The parties may request discovery from any person who files an objection pursuant to the Court’s Order Granting Preliminary Approval.
<b>YOU CAN ATTEND A HEARING ON _____, 2014</b>	If you submit a written objection to the Settlement to the Court and counsel before the deadline, you may attend the hearing about the Settlement and present your objections to the Court. You may attend the hearing even if you do not file a written objection, but you will not be permitted to address the Court at the hearing if you do not notify the Court and counsel of your intention to appear at the hearing by _____, 2013.

**The Class Action**

The case is called *Pat Beesley, et. al. v. International Paper Co., et al.* Case No. 06-703 (the “Class Action”). It has been pending for since September 2006. The Court supervising the cases is the U.S. District Court for the Southern District of Illinois. The individuals who brought this suit are called the Class Representatives, and the entities they sued are called Defendants. The Class Representatives are current and former participants in the Plans. The Defendants are International Paper Company, The International Paper 401(k) Committee, The International Paper Fiduciary Review Committee, and certain individuals alleged to be fiduciaries to the Plans. The Class Representatives’ claims are described below and additional information about them is available at [www.IP401ksettlement.com](http://www.IP401ksettlement.com).

**The Settlement**

A Qualified Settlement Fund of \$30,000,000 is being established in the Class Action. The Net Settlement Amount is \$30,000,000 minus any Administrative Expenses, taxes, tax expenses, Court-approved Attorneys’ Fees and Costs, Class Representatives’ Compensation, and other approved expenses. The Net Settlement



Amount will be allocated to Settlement Class Members according to a Plan of Allocation to be approved by the Court.

**Additional Benefits to the Plans**

The Agreement provides significant benefits to the Plans in addition to the \$30 million. As part of the settlement, Defendants have agreed to a variety of initiatives to improve retirement benefits to Plan participants. Defendants have agreed, during the four-year settlement period, not to: (1) prohibit employees from transferring their investments out of the Company Stock Fund; (2) offer retail mutual funds; (3) allow the Plans' recordkeeper to be paid on a percentage of assets basis; or (4) profit from the Plans. Defendants contend these requirements are consistent with their existing practices. Further, Defendants will be required to: (1) competitively bid the Plans' recordkeeping services; (2) rebate to the Plans relationship discounts offered as a result of Plan investments; (3) provide the Plans with revenue earned from securities lending; and (4) introduce a passively managed (index) large cap stock option in the Plans' core lineup. Defendants contend that requirements 1, 2, and 3 are consistent with their existing practices.

**Statement Of Attorneys' Fees And Costs Sought In The Class Action**

Class Counsel have devoted many hours to bringing this case and pursuing it for over seven years. They have also advanced substantial costs for expert witnesses, document review, and other costs necessary to pursue the case. In total, Class Counsel have reviewed over 1.5 million pages of documents produced in this litigation. Class Counsel took the risk of litigation and have not been paid for any of their time or for any of these costs throughout the time this case has been pending both before the District Court and the Seventh Circuit Court of Appeals. Plaintiffs' Counsel have also agreed not to seek fees or costs if arbitration under the Settlement Agreement is necessary (beyond those the Arbitrator may award at her discretion). Plaintiffs' Counsel is also undertaking the risk of half of the costs of pursuing the settlement if the settlement is not approved.

Class Counsel will apply to the Court for payment of Attorneys' Fees and for reimbursement of their costs for their work in the case. The amount of fees (not including costs) that Class Counsel will request will not exceed \$10,000,000 and no more than \$1,700,000 in litigation costs. Class Counsel will not seek to receive any fees on interest earned on the settlement amount, which will be added to the amount received by the Class. The amount of this fee request (not including costs) therefore will not exceed one-third of the total Settlement amount of \$30,000,000. Any Attorneys' Fees and Costs awarded by the Court to any Class Counsel will be paid from the Qualified Settlement Fund.

As is customary in class action cases, in which the Class Representatives have spent time and effort to support the case, Class Counsel will also ask the Court to approve special payments, not to exceed \$25,000 for each of the seven Class Representatives who worked with Class Counsel, took on the risk of litigation, sat for depositions, responded to discovery, devoted considerable time and committed to spend the time necessary to bring the case to conclusion. Their activities also included assisting in the factual investigation of the case by Class Counsel, reviewing settlement negotiations, preparing for depositions, and giving overall support to the case. Any compensation awarded to any Class Representatives by the Court will be paid from the Qualified Settlement Fund.

A full and formal application for attorneys' fees and costs and for named plaintiff awards will be filed with the Court and made available on the settlement website, [www.ip401ksettlement.com](http://www.ip401ksettlement.com)

**1. Why Did I Receive This Settlement Notice?**

The Court caused this Settlement Notice to be sent to you because International Paper's records indicate that you may be a member of the Settlement Class or one of the two Sub-Classes. If you fall within the definition of the Settlement Class or one of the sub-classes, you have a right to know about the Settlement and about all of the options available to you before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Net Settlement Amount will be paid and then allocated among Settlement Class Members according to a Court-approved Plan of Allocation.

## **2. What Is The Class Action About?**

In the Class Action, Class Representatives claim that during the Class Period, defendants violated ERISA by including the IP Company Stock Fund and Large Cap Stock Fund as investment vehicles in the International Paper Hourly Savings Plan (“Hourly Plan”) and the International Paper Salaried Savings Plan (“Salary Plan”) (collectively the “Plans”), operating a securities lending program that included assets of the Plans while failing to provide the Plans their rightful share of the securities lending revenue, paying excessive fees to the Plans’ recordkeeper, paying excessive fees for investment management, fraudulently reporting performance histories for Plan funds, and improperly delaying contributions to the Plans and retaining interest thereon for corporate accounts.

Defendants have denied and continue to deny the claims and contentions of the Class Representatives, that they are liable at all to the Class, and that the Settlement Class or the Plans have suffered any harm or damage for which defendants could or should be held responsible.

## **3. Why Is There A Settlement?**

The Court has not reached a final decision as to all of Class Representatives’ claims against defendants. Instead, after more than seven years of litigation, the Class Representatives and defendants have agreed to the Settlement. The Settlement is the product of extensive negotiations between Class Counsel and defendants’ counsel and multiple sessions with both a private mediator and a court mediator. All of the parties to the Settlement have taken into account the uncertainty and risks of litigation and have concluded that it is desirable to settle on the terms and conditions set forth in the Settlement Agreement. The Class Representatives and Class Counsel believe that the Settlement is best for all Settlement Class Members.

## **4. What Does The Settlement Provide?**

The Net Settlement Amount will be allocated to Settlement Class Members according to a Plan of Allocation to be approved by the Court. Allocations to Current Participants will be made into the existing Plan accounts of Settlement Class Members who are entitled to a distribution under the Plan of Allocation. Settlement Class Members who are entitled to a distribution but who, as of September 30, 2013 or the date of the Settlement distribution, no longer have any Plan account or have reduced their Plan account balance(s) to \$0 will receive their distribution as a check mailed to their last known address or as a rollover to a qualified retirement account.

As discussed above, the Agreement also provides for non-monetary benefits to the Plans, including Defendants agreement not to: (1) prohibit employees from transferring their investments out of the Company Stock Fund; (2) offer retail mutual funds; (3) allow the Plans’ recordkeeper to be paid on a percentage of assets basis; or (4) profit from the Plans. Defendants contend these requirements are consistent with their existing practices. Further, Defendants will be required to: (1) competitively bid the Plans’ recordkeeping services; (2) rebate to the Plans relationship discounts offered as a result of Plan investments; (3) provide the Plans with revenue earned from securities lending; and (4) introduce a passively managed (index) large cap stock option in the Plans’ core lineup. Defendants contend that requirements 1, 2, and 3 are consistent with their existing practices.

All Settlement Class Members and anyone claiming through them will fully release the Plans as well as defendants and their “Related Parties” from “Released Claims.” The released parties include defendants and any related entities, and all of their officers, directors, employees, attorneys, and agents. The Released Claims include all claims which were asserted in the Class Action, including all claims made in the Class Action or that relate to the allegations raised in the Class Action; all claims related to the selection of the Plans’ investment options, plan disclosures, Plan fiduciaries’ conduct, Plan expenses; and all claims relating to the implementation of the Settlement. This is merely a summary of the release and the actual governing release is found within the Settlement Agreement at [www.IP401ksettlement.com](http://www.IP401ksettlement.com). Generally, the Release means that Settlement Class Members will not have the right to sue the defendants, the Plans, or the Related Parties for alleged misconduct during the Class Period (or applicable Sub-Class periods) arising out of or relating to the allegations in the Class Action.

This is only a summary of the Settlement. The entire Settlement Agreement is at [www.IP401ksettlement.com](http://www.IP401ksettlement.com).

## 5. How Much Will My Distribution Be?

The amount, if any, that will be allocated to you will be based upon records maintained by the Plans or the administrator of the Plans and, if on September 30, 2013, you no longer had a Plan account or had a Plan account with no money in it, based upon your Former Participant Claim Form. These calculations will be performed by the Settlement Administrator, whose determinations will be final and binding.

In order to be eligible for a distribution from the Net Settlement Amount, you must either be a (1) "Current Participant" as defined on page 1 or (2) an "Authorized Former Participant" (a "Former Participant" as defined on page 1 who submitted a completed, satisfactory Former Participant Claim Form by the deadline), or (3) a beneficiary, alternate payee or attorney-in-fact of persons identified in (1) or (2).

The Net Settlement Amount will be divided among four groups of eligible Settlement Class Members, as follows. There are approximately \_\_\_\_\_ Settlement Class Members.

To facilitate administration, the Net Settlement Amount shall be apportioned among four groups of Class Members, or "Bands." The Net Settlement Amount will be distributed between these Bands, and Participants will be assigned to a Band, based upon the number of points accumulated by each Participant. The Settlement Administrator will credit accounts with "points" as follows:

- Each Settlement Class Member who had an Active Account in either or both Plans at any time between January 1, 1997 and September 10, 2000 will be awarded 3 points if the participant did not have an Active Account after September 10, 2000.
- Each Settlement Class Member who had an Active Account in either or both Plans at any time between September 11, 2000 and December 31, 2001 will be awarded 10 points if the participant did not have an Active Account after December 31, 2001.
- Each Settlement Class Member who had an Active Account in either or both Plans at any time after December 31, 2001 will be awarded 4 points for each quarter he or she had an Active Account in either or both of the Plans between the first quarter of 2002 and the second quarter of 2008, inclusive until the end of the Class Period. Settlement Class Members who had an Active Account on January 1, 2002 will receive an additional 6 points.
- Members of the Large Cap Stock Fund Sub-Class will be awarded 2 points for each quarter of the Large Cap Stock Fund Sub-Class Period in which they had a positive balance in the Large Cap Stock Fund.
- Members of the Company Stock Fund Sub-Class will be awarded 2 points for each quarter between the second quarter of 2002 and the second quarter of 2011 (inclusive until the end of the Class Period) in which they had a balance in the Company Stock Fund. Additionally, Settlement Class Members who had a balance in the Company Stock Fund at any point between April 14, 1998 and September 11, 2000 will receive two points and Settlement Class Members who had a balance in the Company Stock Fund at any point between September 12, 2000 and March 31, 2002 will receive an additional three points.
- The Settlement Administrator will add the total points for each Participant.

Participants will then be grouped into 4 Bands. Band 4 consisting of approximately the quartile of participants with the greatest number of points, Band 3 consisting of approximately the quartile of participants with the second greatest number of points, Band 2 consisting of approximately the quartile of participants with the third greatest number of points, and Band 1 consisting of approximately the quartile of participants with the least number of points. The Net Settlement Amount will be allocated to the settlement Bands as follows: 10% to Band 1; 15% to Band 2; 25% to Band 3 and 50% to Band 4. The amount allocated to each Band will then be divided by the total number of Current Participants and Authorized Former Participants in that Band. The

resulting amount will be paid to each Current Participant and Authorized Former Participant assigned to such Band.

Note that if you are an alternate payee pursuant to a Qualified Domestic Relations Order, your portion of the settlement will be distributed pursuant to the terms of that order.

**6. How Can I Receive My Distribution?**

Whether you need to submit a claim form to receive your distribution depends on whether you are considered a “Current Participant” or a “Former Participant.” According to IP’s records, you are a Current Participant. **Therefore, you do not need to do anything to receive your share of the Settlement.**

**7. When Will I Receive My Distribution?**

Distribution of the Net Settlement Amount is conditioned on several matters, including the Court’s approval of the Settlement and that approval becoming final and no longer subject to any appeals in any court. An appeal of the final approval may take several years. If the Settlement is approved by the Court, and there are no appeals, the Settlement distribution will likely occur in the second half of 2014.

**There Will Be No Payments Under The Settlement If The Settlement Agreement Is Terminated.**

**8. Can I Get Out Of The Settlement?**

No. The Class Action was certified under Federal Rule of Civil Procedure 23(b)(1). Therefore, as a Settlement Class Member, you will be bound by any judgments or orders that are entered in the Class Action for all claims that were or could have been asserted in the Class Action, or are otherwise included in the release under the Settlement.

**9. Do I Have A Lawyer In The Case?**

The Court has appointed the law firm Schlichter, Bogard & Denton, in St. Louis, Missouri, as Class Counsel in the Class Action. If you want to be represented by your own lawyer, you may hire one at your own expense.

**10. How Will The Lawyers Be Paid?**

Class Counsel will file a petition for the award of Attorneys’ Fees and Costs. This petition will be considered at the Fairness Hearing. Defendants do not oppose the amount of Attorneys’ Fees and Costs, or any award to the Class Representatives consistent with the terms of the Settlement Agreement. Class Counsel has agreed to limit application for an award of Attorneys’ Fees to not more than \$10,000,000 and costs of up to \$ 1,700,000. The Court will determine what fees and costs will be approved.

**11. How Do I Tell The Court If I Don’t Like The Settlement?**

If you are a Settlement Class Member, you can tell the Court that you do not agree with the Settlement or some part of it, including the Attorneys’ Fees and Costs, and compensation to the Class Representatives. To object, you must send the Court a written statement that you object to the Settlement in *Pat Beesley, et al. v. International Paper Co., et al.*, Case No. 06-703. Be sure to include your name, address, telephone number, signature, and a full explanation of why you object to the Settlement. Your written objection must be received by the Court no later than \_\_\_\_, 2014. The Court’s address is Clerk of the Court, U.S. District Court, Southern District of Illinois, 750 Missouri Ave., East St. Louis, IL 62201. Your written objection must also be mailed to the lawyers listed below, **no later than \_\_\_\_, 2014**. Please note that the Court’s Order Granting Preliminary Approval of this Settlement provides that any party wishing to objection discovery from any objector may, but is not required to, serve discovery requests, including requests for documents and notice of deposition not to exceed two hours in length, on any objector. Any responses to discovery, or any depositions, must be completed within ten days of the request being served on the objector.

CLASS COUNSEL	DEFENDANTS' COUNSEL
SCHLICHTER, BOGARD & DENTON Attn: IP 401(k) Settlement 100 S. Fourth St., Suite 900 St. Louis, MO 63102 IP401ksettlement@uselaws.com Tel: (314) 621-6115 Fax: (314) 621-7151	Azeez Hayne Morgan Lewis & Bockius, LLP 1701 Market Street Philadelphia, PA 19103 ahayne@morganlewis.com

**12. When And Where Will The Court Decide Whether To Approve The Settlement?**

The Court will hold a Fairness Hearing at \_\_\_ a.m. on \_\_\_, 2014, at the United States District Court for the Southern District of Illinois, Courtroom 7, 750 Missouri Ave., East St. Louis, IL 62201.

At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to approve the Settlement. The Court will also rule on the petition for Class Counsel's Attorneys' Fees and Costs, and any award to the Class Representatives.

**13. Do I Have To Attend The Fairness Hearing?**

No, but you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You also may pay your own lawyer to attend the Fairness Hearing, but such attendance is not necessary.

**14. May I Speak At The Fairness Hearing?**

If you are a Settlement Class Member, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *Pat Beesley, et al. v. International Paper, Co., et al.*, Case No. 06-703." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be mailed to the attorneys and filed with the Clerk of the Court, at the addresses listed in the Answer to Question No. 11, **no later than** \_\_\_\_, 2014.

**15. What Happens If I Do Nothing At All?**

If you are a "Current Participant" as defined on page 1, and do nothing, you will participate in the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is approved.

If you are a "Former Participant" as defined on page 1, and you do nothing, **you will be bound by the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is approved, BUT YOU WILL NOT RECEIVE ANY MONEY.**

**16. How Do I Get More Information?**

If you have general questions regarding the Settlement, you can visit this website: [www.IP401ksettlement.com](http://www.IP401ksettlement.com), call 1-888-XXXX, or write to the Settlement Administrator at IP 401(k) Settlement Administrator, \_\_\_\_\_.



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF ILLINOIS



Pat Beesley, et. al.,  
*Plaintiffs,*

Case No. 06-cv-703

International Paper, Co., et al.,  
*Defendants.*

U.S. District Court Judge Herndon

**NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING**

**Your legal rights might be affected if you are a member of the following class or sub-classes:**

Settlement Class:

All participants in the International Paper Company Salaried Savings Plan or the International Paper Company Hourly Savings Plan, excluding the Defendants, whose Plan accounts had balances greater than \$0 at any time between January 1, 1997 and May 31, 2008. The Class includes the Beneficiary of a deceased person who participated in the Plan at any time during the Class Period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during the Class Period.

Large Cap Stock Fund Sub-Class:

All participants in the Plans, excluding the Defendants, whose accounts held units of the Large Cap Stock Fund (LCSF) from April 1, 2002, through May 24, 2011 (the "LCSF Sub-Class Period"), and whose LCSF units underperformed relative to the Russell 1000 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plan at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

Company Stock Fund Sub-Class:

All participants in the Plans, excluding the Defendants, whose accounts held units of the Company Stock Fund from April 14, 1998, through May 24, 2011 (the "CSF Sub-Class Period") and whose units underperformed relative to the S&P 500 Index. This sub-class also includes the Beneficiary of a deceased person who participated in the Plans at any time during that period, and/or, Alternate Payees, in the case of a person subject to a Qualified Domestic Relations Order who participated in the Plans at any time during that period.

**PLEASE READ THIS SETTLEMENT NOTICE CAREFULLY.**

- The Court has preliminarily approved a proposed settlement (the "Settlement") of a class action lawsuit brought under the Employee Retirement Income Security Act ("ERISA") against International Paper Company, The International Paper 401(k) Committee, The International Paper Fiduciary Review Committee, and certain individuals alleged to be fiduciaries to the Plans. The Settlement will provide, among other things, for the allocation of monies to the individual accounts of members of the Class or either Sub-Class who had accounts with a positive balance (an "Active Account") in the Plans as of September 30, 2013 ("Current Participants"). Members of the Class who are entitled to a distribution but who no longer had Active Accounts as of September 30, 2013 ("Former Participants") will receive their allocation in the form of a check mailed to their last known address or a rollover, if elected.
- The terms and conditions of the Settlement are set forth in the Settlement Agreement dated September 30, 2013. Capitalized terms used in this Settlement Notice but not defined in this Settlement Notice have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement is available at [www.IP401ksettlement.com](http://www.IP401ksettlement.com). Any Amendments to the Settlement Agreement or any other settlement documents will be posted on that website. You should visit that website if you would like more information about the Settlement and any possible Amendments to the Settlement Agreement or other changes, including changes to the Plan of Allocation.
- Your rights and options — and the deadlines to exercise them — are explained in this Notice.

- The Court still has to decide whether to approve the Settlement. Payments under the Settlement will be made only if the Court approves the Settlement and that approval is upheld in the event of any appeal.
- A hearing on the final approval of the Settlement and for approval of the Class Representatives’ petition for Attorneys’ Fees and Costs and compensation to the Class Representatives will take place on \_\_\_\_\_, 2014, at \_\_\_ a.m., before U.S. District Court Judge David R. Herndon in Courtroom 7, United States Courthouse, 750 Old Missouri Ave., East St. Louis, IL 62201.
- Any objections to the Settlement, or to the petition for Attorneys’ Fees and Costs, or to any award to the Class Representatives, must be served in writing on Class Counsel and Defendants’ Counsel, as identified on page 5 of this Settlement Notice.
- Further information regarding the litigation, the Settlement, and this Settlement Notice, including any changes to the terms of the Settlement and all orders of the Court regarding the Settlement, can be obtained at [www.IP401ksettlement.com](http://www.IP401ksettlement.com).

**According to the Plans’ records, you are a Former Participant. You must fill out the enclosed Claim Form in order to receive any portion of the Settlement Fund. If you believe this is incorrect, please contact the Settlement Administrator.**

<b>YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT:</b>	
<b>If You Are a Former Participant, You Must Return The Enclosed Former Participant Claim Form By _____, 2014 To Receive A Distribution</b>	The Plans’ records indicate you are a Former Participant. You must return a Former Participant Claim Form by _____, 2014 in order to receive a check for your share of the Net Settlement Amount. If you are a Former Participant and you do not return the Former Participant Claim Form by _____, 2014, you will forfeit your share of the Net Settlement Amount. A claim form can also be obtained by accessing <a href="http://www.IP401ksettlement.com">www.IP401ksettlement.com</a> .
<b>YOU CAN OBJECT (NO LATER THAN _____, 2014)</b>	If you wish to object to any part of the Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Settlement. The parties may request discovery from any person who files an objection pursuant to the Court’s Order Granting Preliminary Approval.
<b>YOU CAN ATTEND A HEARING ON _____, 2014</b>	If you submit a written objection to the Settlement to the Court and counsel before the deadline, you may attend the hearing about the Settlement and present your objections to the Court. You may attend the hearing even if you do not file a written objection, but you will not be permitted to address the Court at the hearing if you do not notify the Court and counsel of your intention to appear at the hearing by _____, 2013.

**The Class Action**

The case is called *Pat Beesley, et. al. v. International Paper Co., et al.* Case No. 06-703 (the “Class Action”). It has been pending for since September, 2006. The Court supervising the cases is the U.S. District Court for the Southern District of Illinois. The individuals who brought this suit are called the Class Representatives, and the entities they sued are called Defendants. The Class Representatives are current and former participants in the Plans. The defendants are International Paper Company, The International Paper 401(k) Committee, The International Paper Fiduciary Review Committee, and certain individuals alleged to be fiduciaries to the Plans. The Class Representatives’ claims are described below and additional information about them is available at [www.IP401ksettlement.com](http://www.IP401ksettlement.com).

**The Settlement**

A Qualified Settlement Fund of \$30,000,000 is being established in the Class Action. The Net Settlement Amount is \$30,000,000 minus any Administrative Expenses, taxes, tax expenses, Court-approved Attorneys’ Fees and Costs, Class Representatives’ Compensation, and other approved expenses. The Net Settlement Amount will be allocated to Settlement Class Members according to a Plan of Allocation to be approved by the Court.



**Additional Benefits to the Plans**

The Agreement provides significant benefits to the Plans in addition to the \$30 million. As part of the settlement, Defendants have agreed to a variety of initiatives to improve retirement benefits to Plan participants. Defendants have agreed, during the four-year settlement period, not to: (1) prohibit employees from transferring their investments out of the Company Stock Fund; (2) offer retail mutual funds; (3) allow the Plans' recordkeeper to be paid on a percentage of assets basis; or (4) profit from the Plans. Defendants contend these requirements are consistent with their existing practices. Further, Defendants will be required to: (1) competitively bid the Plans' recordkeeping services; (2) rebate to the Plans relationship discounts offered as a result of Plan investments; (3) provide the Plans with revenue earned from securities lending; and (4) introduce a passively managed (index) large cap stock option in the Plans' core lineup. Defendants contend that requirements 1, 2, and 3 are consistent with their existing practices..

**Statement Of Attorneys' Fees And Costs Sought In The Class Action**

Class Counsel have devoted many hours to bringing this case and pursuing it for over seven years. They have also advanced substantial costs for expert witnesses, document review, and other costs necessary to pursue the case. In total, Class Counsel have reviewed over 1.5 million pages of documents produced in this litigation. Class Counsel took the risk of litigation and have not been paid for any of their time or for any of these costs throughout the time this case has been pending both before the District Court and the Seventh Circuit Court of Appeals. Plaintiffs' Counsel have also agreed not to seek fees or costs if arbitration under the Settlement Agreement is necessary (beyond those the Arbitrator may award at her discretion). Plaintiffs' Counsel is also undertaking the risk of half of the costs of pursuing the settlement if the settlement is not approved.

Class Counsel will apply to the Court for payment of Attorneys' Fees and for reimbursement of their costs for their work in the case. The amount of fees (not including costs) that Class Counsel will request will not exceed \$10,000,000 and no more than \$1,700,000 in litigation costs. Class Counsel will not seek to receive any fees on interest earned on the settlement amount, which will be added to the amount received by the Class. The amount of this fee request (not including costs) therefore will not exceed one-third of the total Settlement amount of \$30,000,000. Any Attorneys' Fees and Costs awarded by the Court to any Class Counsel will be paid from the Qualified Settlement Fund.

As is customary in class action cases, in which the Class Representatives have spent time and effort to support the case, Class Counsel will also ask the Court to approve special payments, not to exceed \$25,000 for each of the six Class Representatives who worked with Class Counsel, took on the risk of litigation, sat for depositions, responded to discovery, devoted considerable time and committed to spend the time necessary to bring the case to conclusion. Their activities also included assisting in the factual investigation of the case by Class Counsel, reviewing settlement negotiations, preparing for depositions, and giving overall support to the case. Any compensation awarded to any Class Representatives by the Court will be paid from the Qualified Settlement Fund.

A full and formal application for attorneys' fees and costs and for named plaintiff awards will be filed with the Court and made available on the settlement website, [www.ip401ksettlement.com](http://www.ip401ksettlement.com)

**1. Why Did I Receive This Settlement Notice?**

The Court caused this Settlement Notice to be sent to you because International Paper's records indicate that you may be a member of the Settlement Class or one of the two Sub-Classes. If you fall within the definition of the Settlement Class or one of the sub-classes, you have a right to know about the Settlement and about all of the options available to you before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Net Settlement Amount will be paid and then allocated among Settlement Class Members according to a Court-approved Plan of Allocation.

**2. What Is The Class Action About?**

In the Class Action, Class Representatives claim that during the Class Period, defendants violated ERISA by including the IP Company Stock Fund and Large Cap Stock Fund as investment vehicles in the International

Paper Hourly Savings Plan (“Hourly Plan”) and the International Paper Salaried Savings Plan (“Salary Plan”) (collectively the “Plans”), operating a securities lending program that included assets of the Plans while failing to provide the Plans their rightful share of the securities lending revenue, paying excessive fees to the Plans’ recordkeeper, paying excessive fees for investment management, fraudulently reporting performance histories for Plan funds, and improperly delaying contributions to the Plans and retaining interest thereon for corporate accounts.

Defendants have denied and continue to deny the claims and contentions of the Class Representatives, that they are liable at all to the Class, and that the Settlement Class or the Plans have suffered any harm or damage for which defendants could or should be held responsible.

### **3. Why Is There A Settlement?**

The Court has not reached a final decision as to all of Class Representatives’ claims against defendants. Instead, after more than seven years of litigation, the Class Representatives and defendants have agreed to the Settlement. The Settlement is the product of extensive negotiations between Class Counsel and defendants’ counsel and multiple sessions with both a private mediator and a court mediator. All of the parties to the Settlement have taken into account the uncertainty and risks of litigation and have concluded that it is desirable to settle on the terms and conditions set forth in the Settlement Agreement. The Class Representatives and Class Counsel believe that the Settlement is best for all Settlement Class Members.

### **4. What Does The Settlement Provide?**

The Net Settlement Amount will be allocated to Settlement Class Members according to a Plan of Allocation to be approved by the Court. Allocations to Current Participants will be made into the existing Plan accounts of Settlement Class Members who are entitled to a distribution under the Plan of Allocation. Settlement Class Members who are entitled to a distribution but who, as of September 30, 2013 or the date of the Settlement distribution, no longer have any Plan account or have reduced their Plan account balance(s) to \$0 will receive their distribution as a check mailed to their last known address or as a rollover to a qualified retirement account.

As discussed above, the Agreement also provides for non-monetary benefits to the Plans, including Defendants agreement not to: (1) prohibit employees from transferring their investments out of the Company Stock Fund; (2) offer retail mutual funds; (3) allow the Plans’ recordkeeper to be paid on a percentage of assets basis; or (4) profit from the Plans. Defendants contend these requirements are consistent with their existing practices. Further, Defendants will be required to: (1) competitively bid the Plans’ recordkeeping services; (2) rebate to the Plans relationship discounts offered as a result of Plan investments; (3) provide the Plans with revenue earned from securities lending; and (4) introduce a passively managed (index) large cap stock option in the Plans’ core lineup. Defendants contend that requirements 1, 2, and 3 are consistent with their existing practices..

All Settlement Class Members and anyone claiming through them will fully release the Plans as well as defendants and their “Related Parties” from “Released Claims.” The released parties include defendants and any related entities, and all of their officers, directors, employees, attorneys, and agents. The Released Claims include all claims which were asserted in the Class Action, including all claims made in the Class Action or that relate to the allegations raised in the Class Action; all claims related to the selection of the Plans’ investment options, plan disclosures, Plan fiduciaries’ conduct, Plan expenses; and all claims relating to the implementation of the Settlement. This is merely a summary of the release and the actual governing release is found within the Settlement Agreement at [www.IP401ksettlement.com](http://www.IP401ksettlement.com). Generally, the Release means that Settlement Class Members will not have the right to sue the defendants, the Plans, or the Related Parties for alleged misconduct during the Class Period (or applicable Sub-Class periods) arising out of or relating to the allegations in the Class Action.

This is only a summary of the Settlement. The entire Settlement Agreement is at [www.IP401ksettlement.com](http://www.IP401ksettlement.com).

## 5. How Much Will My Distribution Be?

The amount, if any, that will be allocated to you will be based upon records maintained by the Plans or the administrator of the Plans and, if on September 30, 2013, you no longer had a Plan account or had a Plan account with no money in it, based upon your Former Participant Claim Form. These calculations will be performed by the Settlement Administrator, whose determinations will be final and binding.

In order to be eligible for a distribution from the Net Settlement Amount, you must either be a (1) "Current Participant" as defined on page 1 or (2) an "Authorized Former Participant" (a "Former Participant" as defined on page 1 who submitted a completed, satisfactory Former Participant Claim Form by the deadline), or (3) a beneficiary, alternate payee or attorney-in-fact of persons identified in (1) or (2).

The Net Settlement Amount will be divided among four groups of eligible Settlement Class Members, as follows. There are approximately \_\_\_\_\_ Settlement Class Members.

To facilitate administration, the Net Settlement Amount shall be apportioned among four groups of Class Members, or "Bands." The Net Settlement Amount will be distributed between these Bands, and Participants will be assigned to a Band, based upon the number of points accumulated by each Participant. The Settlement Administrator will credit accounts with "points" as follows:

- Each Settlement Class Member who had an Active Account in either or both Plans at any time between January 1, 1997 and September 10, 2000 will be awarded 3 points if the participant did not have an Active Account after September 10, 2000.
- Each Settlement Class Member who had an Active Account in either or both Plans at any time between September 11, 2000 and December 31, 2001 will be awarded 10 points if the participant did not have an Active Account after December 31, 2001.
- Each Settlement Class Member who had an Active Account in either or both Plans at any time after December 31, 2001 will be awarded 4 points for each quarter he or she had an Active Account in either or both of the Plans between the first quarter of 2002 and the second quarter of 2008, inclusive until the end of the Class Period. Settlement Class Members who had an Active Account on January 1, 2002 will receive an additional 6 points.
- Members of the Large Cap Stock Fund Sub-Class will be awarded 2 points for each quarter of the Large Cap Stock Fund Sub-Class Period in which they had a positive balance in the Large Cap Stock Fund.
- Members of the Company Stock Fund Sub-Class will be awarded 2 points for each quarter between the second quarter of 2002 and the second quarter of 2011 (inclusive until the end of the Class Period) in which they had a balance in the Company Stock Fund. Additionally, Settlement Class Members who had a balance in the Company Stock Fund at any point between April 14, 1998 and September 11, 2000 will receive two points and Settlement Class Members who had a balance in the Company Stock Fund at any point between September 12, 2000 and March 31, 2002 will receive an additional three points.
- The Settlement Administrator will add the total points for each Participant.

Participants will then be grouped into 4 Bands. Band 4 consisting of approximately the quartile of participants with the greatest number of points, Band 3 consisting of approximately the quartile of participants with the second greatest number of points, Band 2 consisting of approximately the quartile of participants with the third greatest number of points, and Band 1 consisting of approximately the quartile of participants with the least number of points. The Net Settlement Amount will be allocated to the settlement Bands as follows: 10% to Band 1; 15% to Band 2; 25% to Band 3 and 50% to Band 4. The amount allocated to each Band will then be divided by the total number of Current Participants and Authorized Former Participants in that Band. The

resulting amount will be paid to each Current Participant and Authorized Former Participant assigned to such Band.

Note that if you are an alternate payee pursuant to a Qualified Domestic Relations Order, your portion of the settlement will be distributed pursuant to the terms of that order.

**6. How Can I Receive My Distribution?**

Whether you need to submit a claim form to receive your distribution depends on whether you are considered a “Current Participant” or a “Former Participant.” According to IP’s records, you are a Former Participant. **Therefore, you need to return your Claim form to receive your share of the Settlement.**

**7. When Will I Receive My Distribution?**

Distribution of the Net Settlement Amount is conditioned on several matters, including the Court’s approval of the Settlement and that approval becoming final and no longer subject to any appeals in any court. An appeal of the final approval may take several years. If the Settlement is approved by the Court, and there are no appeals, the Settlement distribution will likely occur in the second half of 2014.

**There Will Be No Payments Under The Settlement If The Settlement Agreement Is Terminated.**

**8. Can I Get Out Of The Settlement?**

No. The Class Action was certified under Federal Rule of Civil Procedure 23(b)(1). Therefore, as a Settlement Class Member, you will be bound by any judgments or orders that are entered in the Class Action for all claims that were or could have been asserted in the Class Action, or are otherwise included in the release under the Settlement.

**9. Do I Have A Lawyer In The Case?**

The Court has appointed the law firm Schlichter, Bogard & Denton, in St. Louis, Missouri, as Class Counsel in the Class Action. If you want to be represented by your own lawyer, you may hire one at your own expense.

**10. How Will The Lawyers Be Paid?**

Class Counsel will file a petition for the award of Attorneys’ Fees and Costs. This petition will be considered at the Fairness Hearing. Defendants do not oppose the amount of Attorneys’ Fees and Costs, or any award to the Class Representatives consistent with the terms of the Settlement Agreement. Class Counsel has agreed to limit application for an award of Attorneys’ Fees to not more than \$10,000,000 and costs of up to \$ 1,700,000. The Court will determine what fees and costs will be approved.

**11. How Do I Tell The Court If I Don’t Like The Settlement?**

If you are a Settlement Class Member, you can tell the Court that you do not agree with the Settlement or some part of it, including the Attorneys’ Fees and Costs, and compensation to the Class Representatives. To object, you must send the Court a written statement that you object to the Settlement in *Pat Beesley, et al. v. International Paper Co., et al.*, Case No. 06-703. Be sure to include your name, address, telephone number, signature, and a full explanation of why you object to the Settlement. Your written objection must be received by the Court no later than \_\_\_\_, 2014. The Court’s address is Clerk of the Court, U.S. District Court, Southern District of Illinois, 750 Missouri Ave., East St. Louis, IL 62201. Your written objection must also be mailed to the lawyers listed below, **no later than \_\_\_\_, 2014**. Please note that the Court’s Order Granting Preliminary Approval of this Settlement provides that any party wishing to objection discovery from any objector may, but is not required to, serve discovery requests, including requests for documents and notice of deposition not to exceed two hours in length, on any objector. Any responses to discovery, or any depositions, must be completed within ten days of the request being served on the objector.

CLASS COUNSEL	DEFENDANTS' COUNSEL
SCHLICHTER, BOGARD & DENTON Attn: IP 401(k) Settlement 100 S. Fourth St., Suite 900 St. Louis, MO 63102 IP401ksettlement@uselaws.com Tel: (314) 621-6115 Fax: (314) 621-7151	Azeez Hayne Morgan Lewis & Bockius, LLP 1701 Market Street Philadelphia, PA 19103 ahayne@morganlewis.com

**12. When And Where Will The Court Decide Whether To Approve The Settlement?**

The Court will hold a Fairness Hearing at \_\_\_ a.m. on \_\_\_, 2014, at the United States District Court for the Southern District of Illinois, Courtroom 7, 750 Missouri Ave., East St. Louis, IL 62201.

At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to approve the Settlement. The Court will also rule on the petition for Class Counsel's Attorneys' Fees and Costs, and any award to the Class Representatives.

**13. Do I Have To Attend The Fairness Hearing?**

No, but you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You also may pay your own lawyer to attend the Fairness Hearing, but such attendance is not necessary.

**14. May I Speak At The Fairness Hearing?**

If you are a Settlement Class Member, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *Pat Beesley, et al. v. International Paper, Co., et al.*, Case No. 06-703." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be mailed to the attorneys and filed with the Clerk of the Court, at the addresses listed in the Answer to Question No. 11, **no later than** \_\_\_\_, 2014.

**15. What Happens If I Do Nothing At All?**

If you are a "Current Participant" as defined on page 1, and do nothing, you will participate in the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is approved.

If you are a "Former Participant" as defined on page 1, and you do nothing, **you will be bound by the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is approved, BUT YOU WILL NOT RECEIVE ANY MONEY.**

**16. How Do I Get More Information?**

If you have general questions regarding the Settlement, you can visit this website: [www.IP401ksettlement.com](http://www.IP401ksettlement.com), call 1-888-XXXX, or write to the Settlement Administrator at IP 401(k) Settlement Administrator, \_\_\_\_\_.

IN THE UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF ILLINOIS



PAT BEESLEY, et al.,	)	
	)	
Plaintiffs,	)	Cause No: 06-703-DRH
	)	
v.	)	
	)	
INTERNATIONAL PAPER CO., et al.,	)	
	)	
Defendants.	)	

**[PROPOSED] FINAL ORDER AND JUDGMENT**

**HERNDON, District Judge:**

Wherefore, this \_\_\_ day of \_\_\_\_\_, 2014, upon consideration of the Settling Parties’ joint motion for final approval of the settlement of these actions (the “Class Actions”) pursuant to the terms of a Class Action Settlement Agreement dated September 27, 2013, (the “Settlement Agreement”), the Court hereby orders and adjudges as follows:

1. For purposes of this Final Order and Judgment, the following terms have the meanings listed:

1.1 “Plan” or “Plans” means the Hourly and Salaried Plan, both 401(k) Plans sponsored by Defendant International Paper Company.

1.2 “Related Parties” means (a) each Defendant, (b) each Defendant’s past, present and future parent corporation(s), and (c) each Defendant’s past, present and future affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, and assigns, and (c) with respect to (a) through (c) above, all of their affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, assigns, employee benefit plans (with the exception of the Plan), employee benefit plan fiduciaries (with the exception of the Independent Fiduciary), administrators, service providers, consultants, subcontractors, officers,



directors, partners, agents, managers, members, employees, independent contractors, representatives, attorneys, administrators, fiduciaries, insurers, co-insurers, reinsurers, controlling shareholders, accountants, auditors, advisors, consultants, trustees, personal representatives, spouses, heirs, executors, administrators, associates, members of their immediate families, and all persons acting under, by, through, or in concert with any of them.

1.3 “Released Claims” means, as defined in Section 2.42 of the Settlement Agreement, any and all actual or potential claims, actions, demands, rights, obligations, liabilities, damages, attorneys’ fees, expenses, costs, and causes of action, that were asserted in the Class Action, or that:

(a) Relate to: (1) the selection, oversight, or performance of the Plans’ investment options and service providers, (2) fees, costs, or expenses charged to, paid or reimbursed by the Plans, (3) disclosures or failures to disclose performance information regarding the Plans’ options, (4) the Plans’ participation in any securities lending program, or (5) the timeliness of contributions to the Plans.

(b) Would be barred by the doctrine of *res judicata* based on the entry of the Final Order;

(c) Relate to the direction to calculate, the calculation of, and/or the method or manner of allocation of the Qualified Settlement Fund to the Plan or any member of the Settlement Class pursuant to the Plan of Allocation; or

(d) Relate to the approval by the Independent Fiduciary of the Settlement Agreement, unless brought against the Independent Fiduciary alone.

“Released Claims” specifically excludes claims of denial of benefits or labor or employment claims, including but not limited to employment discrimination or wrongful termination. Release Claims also excludes claims against the Independent Monitor.

1.4 The Settlement Class and Settlement Class Members refers to the class established by the Court’s order dated \_\_\_\_\_, 2013, including the Large Cap Stock Fund Sub-Class and the Company Stock Fund Sub-Class and the members thereof.

1.5 “Settling Parties” means the Defendants and the Class Representatives, on behalf of themselves and each of the Settlement Class Members.



2. In accordance with the Court's Orders, and as determined by this Court previously, notice was timely distributed by first-class mail to all members of the Settlement Class who could be identified with reasonable effort, and notice was published on the website maintained by Class Counsel. Pursuant to the Court's Notice Plan, notice was also published in the \_\_\_\_\_ on \_\_\_\_\_. In addition, pursuant to the Class Action Fairness Act, 29 U.S.C. § 1711, *et seq.*, notice was provided to the Attorneys General for each of the states in which a Settlement Class Member resides, the Attorney General of the United States, and the United States Secretary of Labor.

3. The form and methods of notifying the Settlement Class of the terms and conditions of the proposed Settlement Agreement met the requirements of Fed. R. Civ. P. 23(c)(2), any other applicable law, and due process, and constituted the best notice practicable under the circumstances; and due and sufficient notices of the fairness hearing and the rights of all Settlement Class Members have been provided to all people, powers and entities entitled thereto.

4. All requirements of the Class Action Fairness Act, 29 U.S.C. § 1711, *et seq.*, have been met.

5. Members of the Settlement Class had the opportunity to be heard on all issues regarding the resolution and release of their claims by submitting objections to the Settlement Agreement to the Court.

6. Each and every Objection to the settlement is overruled with prejudice.

7. The motion for final approval of the Settlement Agreement is hereby GRANTED, the settlement of the Class Action is APPROVED as fair, reasonable and adequate to the Plans and the Settlement Class, and the Settling Parties are hereby directed to take the necessary steps to effectuate the terms of the Settlement Agreement.

8. The operative complaint and all claims asserted therein whether asserted by Class Representatives on their own behalf or on behalf of the Settlement Class, or derivatively to secure relief for the Plans are hereby dismissed with prejudice and without costs to any of the Settling Parties other than as provided for in this Settlement Agreement;

9. The Plans and each of the Settlement Class (and their respective heirs, beneficiaries, executors, administrators, estates, past and present partners, officers, directors, agents, attorneys, predecessors, successors and assigns) on behalf of the Plans, hereby fully, finally and forever settles, releases, relinquishes, waives and discharges Defendants and Related Parties from Released Claims, whether or not such Settlement Class Members have executed and delivered a Former Participant Claim Form, whether or not such Settlement Class Members have filed an objection to the Settlement or to any application by Class Counsel for an award of Attorneys' Fees and Costs, and whether or not the objections or claims for distribution of such Settlement Class Members have been approved or allowed;

10. The Settlement Class Members and the Plans acting individually or together, or in combination with others, are hereby barred from suing or seeking to

institute, maintain, prosecute, argue, or assert in any action or proceeding (including an IRS determination letter proceeding, Department of Labor proceeding or proceeding before a state insurance department or commissioner), any cause of action, demand or claim on the basis of, connected with, arising out of, or substantially related to, any of the Released Claims. Nothing herein shall preclude any action to enforce the terms of the Settlement Agreement pursuant to the procedures set forth in the Settlement Agreement;

11. Class Counsel, the Settlement Class Members, or the Plans may hereafter discover facts in addition to or different from those which they know or believe to be true with respect to the Released Claims. Such facts, if known by them, might have affected the decision to settle with Defendants, the Plans and the Related Parties or the decision to release, relinquish, waive, and discharge the Released Claims, or might have affected the decision of a Settlement Class Member not to object to the Settlement. Notwithstanding the foregoing, each Settlement Class Member and the Plan hereby fully, finally and forever settled, released, relinquished, waived and discharged any and all Released Claims;

12. The Settlement Class Members and the Plans hereby settle, release, relinquish, waive and discharge any and all rights or benefits they may now have, or in the future may have, under any law relating to the releases of unknown claims, including without limitation, Section 1542 of the California Civil Code, which provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release,

which if known by him must have materially affected his settlement with the debtor.” The Settlement Class Members and the Plan with respect to the Released Claims also hereby waive any and all provisions, rights and benefits conferred by any law of any State or territory of the United States or any foreign country, or any principle of common law, which are similar, comparable or equivalent in substance to Section 1542 of the California Civil Code.

13. The Court finds that it has subject matter jurisdiction over the claims herein and personal jurisdiction over Settlement Class Members herein pursuant to the provisions of ERISA, and expressly retains that jurisdiction for purposes of enforcing this Final Order and/or Article 8 of the Settlement Agreement. Any motion to enforce paragraphs 8 through 12 of this Final Order or Article 8 of the Settlement Agreement, including by way of injunction, may be filed in this Court, and the provisions of the Settlement Agreement and/or this Final Order may also be asserted by way of an affirmative defense or counterclaim in response to any action that is asserted to violate Article 8.

14. Each member of the Settlement Class shall hold harmless Defendants, Defense Counsel, the Related Parties, and the Plan for any claims, liabilities, attorneys’ fees and expenses arising from the allocation of the Gross Settlement Amount or Net Settlement Amount and for all tax liability and associated penalties and interest as well as related attorneys’ fees and expenses;



## **Notice of Proposed Class Action Settlement**

### **This Legal Notice May Affect Your Rights Please Read It Carefully**

A settlement has been proposed in a class action lawsuit regarding two of the 401(k) plans sponsored by International Paper Company that is now pending in the United States District Court of the Southern District of Illinois.

#### **Who Is Included?**

Class members include anyone who participated in the International Paper Company Hourly Savings Plan or the International Paper Company Salaried Savings Plan (**collectively, the "Plans"**) from January 1, 1997, through May 31, 2008 as well as their beneficiaries and alternate payees. Class Members also include certain participants in the Plans who invested in the Company Stock Fund or the Large Cap Stock Fund during the Class Period and up until May 24, 2011.

#### **What Is The Case About?**

The lawsuit was filed against International Paper Company and other defendants alleging breaches of fiduciary duty and prohibited transactions which resulted in the Plans paying excessive fees and investing in certain allegedly imprudent investments. The case has been pending for over seven years. While the parties have decided to settle the case, the defendants deny any wrongdoing.

#### **What Does The Settlement Provide?**

The settlement, which must be approved by the court, creates a \$30 million settlement fund. After payment of court approved attorneys' fees and expenses, money will be distributed to the members of the class based upon the length of participation in the plans. For current participants in the Plan, your portion will be deposited in your 401(k) account. For former participants or beneficiaries who no longer participate in the Plan, a check will be mailed to

the address you give to the Settlement Administrator (see below).

#### **What Do You Need To Do?**

If you participated in one of the Plans at any point in time during the Class Period or invested your Plan account in the Plans' Large Cap Stock Fund or Company Stock Fund between January 1, 1997 and May 24, 2011 (or if you are the beneficiary of someone who had an account in one of the 401(k) Plans during this time) and you no longer have an account balance with one of the Plans as of \_\_\_\_\_, 2013, you must submit a claim form by \_\_\_\_\_ in order to receive any settlement payment. Call or visit the website below to get a claim form and obtain information about the proposed settlement. Current participants in the Plans (people with Plan accounts as of \_\_\_\_\_) do not need to submit a claim form; any amount to them will be deposited into their plan account unless they withdraw from the Plans before the settlement payments are distributed, in which case they will receive their settlement payments by check.

If you are included in the settlement, important information about your rights and options, and the deadlines to exercise them, are explained in the Notice available at the following website: \_\_\_\_\_ or by calling [settlement administrator's number] \_\_\_\_\_.