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WAUSAU PAPER CORP.
Form DEF 14A
March 17, 2006

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.____)

Filed by the Registrant X

Filed by a Party other than the Registrant ____

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))

X Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to section 240.14a-11(c) or section 240.14a-12

WAUSAU PAPER CORP.

(Name of Registrant as Specified In Its Charter)

NOT APPLICABLE

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

X No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

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- (1) Amount Previously Paid: _____
- (2) Form, Schedule or Registration Statement No:

- (3) Filing Party: _____
- (4) Date Filed: _____

WAUSAU PAPER

March 17, 2006

Dear Shareholder:

You are cordially invited to attend our annual meeting of shareholders to be held on April 20, 2006, at the Jefferson Street Inn, 201 Jefferson Street, Wausau, Wisconsin.

At the annual meeting you will be asked to reelect San W. Orr, Jr. and David B. Smith, Jr. as Class I directors. Walter Alexander has reached the mandatory retirement age for directors and will retire at the annual meeting. Mr. Alexander has served as director since 1997 and also served as a director of Mosinee Paper from 1987 to 1997. We thank Mr. Alexander for his many years of service to the Company.

Details on the time and place of the meeting are set forth in the attached notice and proxy statement as are information on matters to be voted on by shareholders and other customary and important disclosures.

I look forward to seeing you at the annual meeting. Whether or not you plan to attend the annual meeting, please sign and return the enclosed proxy so that your vote will be counted.

Sincerely,

THOMAS J. HOWATT

Thomas J. Howatt
President and CEO

100 Paper Place
Mosinee, WI 54455-9099
www.wausaupaper.com

WAUSAU PAPER CORP.
100 PAPER PLACE

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MOSINEE, WISCONSIN 54455-9099

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Wausau Paper Corp. will be held at the Jefferson Street Inn, 201 Jefferson Street, Wausau, Wisconsin, on Thursday, April 20, 2006, at 2:00 p.m., local time. The following proposals will be considered by shareholders at the annual meeting:

1. The election of two Class I directors; and
2. Any other business that properly comes before the meeting.

The record date for determining the holders of common stock entitled to notice of and to vote at the annual meeting or any adjournment thereof is the close of business on February 16, 2006.

March 17, 2006

By order of
the Board of Directors

SCOTT P. DOESCHER

Scott P. Doescher
Secretary

PLEASE PROMPTLY VOTE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE.

PROXY STATEMENT FOR
WAUSAU PAPER CORP.
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 20, 2006
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WAUSAU PAPER CORP.
100 PAPER PLACE
MOSINEE, WISCONSIN 54455-9099
WWW.WAUSAUPAPER.COM

MARCH 17, 2006

SOLICITATION OF PROXIES

We are providing these proxy materials in connection with the solicitation of proxies by the Board of Directors of Wausau Paper Corp. for use at the 2006 annual meeting of shareholders, including any adjournment thereof. The annual meeting will be held at 2:00 p.m. on April 20, 2006, at the Jefferson Street Inn, 201 Jefferson Street, Wausau, Wisconsin.

VOTING PROCEDURES

YOUR VOTE

Your vote is important. Whether or not you plan to attend the annual meeting, please sign, date, and return the enclosed proxy promptly in order to be sure that your shares are voted. You may revoke your proxy at any time before it is voted by giving written notice to the Secretary of the Company at our principal office in Mosinee, Wisconsin, by filing another duly executed proxy bearing a later date with the Secretary, or by giving oral notice at the annual meeting.

All shares represented by your properly completed proxy which has been submitted to the Company prior to the meeting (and which has not been revoked) will be voted in accordance with your instructions. IF YOU DO NOT INDICATE HOW YOUR SHARES SHOULD BE VOTED ON A PROPOSAL, THE SHARES REPRESENTED BY YOUR PROPERLY COMPLETED PROXY WILL BE VOTED AS THE BOARD RECOMMENDS.

If any matters other than those described in this proxy statement are properly presented at the annual meeting for consideration, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the persons named as proxies in the proxy form furnished to you by the Board will have discretion to vote on those matters according to their best judgment to the same extent as you would be entitled to vote. As of the date of this proxy statement, we do not anticipate that any other matters will be presented to the annual meeting.

SHAREHOLDERS ENTITLED TO VOTE

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General. Shareholders at the close of business on the record date, February 16, 2006, are entitled to notice of and to vote at the annual meeting. Each share is entitled to one vote on each proposal properly brought before the annual meeting. Votes cast by proxy or in person at the annual meeting will be tabulated by an inspector of elections appointed by the Board. On the record date, there were 51,021,276 shares of common stock outstanding.

"Street Name" Accounts. If you hold shares in "street name," you will receive voting instructions from the broker that is the holder of record of your shares. In some cases, your broker may be able to vote your shares even if you provide no instructions (such as the election of directors), but on other matters your broker may vote the shares held for you only if you provide voting instructions. Shares for which a broker does not have the authority to vote are recorded as a "broker non-vote" and may count as a vote against certain proposals. See "Quorum, Required Vote, and Related Matters."

Dividend Reinvestment Plan and Common Stock Purchase Plan Participants. If you are a participant in the Dividend Reinvestment and Stock Purchase Plan or Common Stock Purchase Plan, your proxy will also serve to direct the plan administrator to vote any shares of common stock held for you under either plan at the close of business on the record date. Shares beneficially owned by participants in the plans for which no proxy or other

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voting directions are received will not be voted. Your form of proxy will permit you to vote the shares held in the plan.

401(k) Plan Participants. If you are a participant in our 401(k) plan you may vote an amount of shares equivalent to the interest in our common stock credited to your account as of the record date. Your proxy will serve as voting instructions for the trustee of the 401(k) plan. If you own shares through the 401(k) plan and do not vote, the plan trustees will vote the plan shares in the same proportion as shares for which instructions were received under the plan. Your form of proxy will permit you to vote the shares held in the plan.

QUORUM, REQUIRED VOTE, AND RELATED MATTERS

Quorum. A quorum is present if a majority of the votes entitled to be cast on a proposal are represented at the annual meeting in person or by proxy. For purposes of determining a quorum, shareholders who are present in person or are represented by proxy, but who abstain from voting, are considered present and count toward the determination of the quorum. Shares reported as broker non-votes are also considered to be shares present for purposes of determining whether a quorum is present.

Election of Directors. Directors are elected by a plurality of the votes cast. For this purpose, a "plurality" means that the individuals receiving the largest number of votes are elected as directors, up to the maximum of the two directors to be chosen at the annual meeting. You may vote in favor of the nominees specified on the accompanying proxy form or may withhold your vote as to one or more of such nominees. Shares withheld or not otherwise voted in the election of directors (because of abstention, broker non-vote, or otherwise) will have no effect on the election of directors.

All Other Proposals. As of the date of this proxy statement, we do not anticipate that any other proposals will be brought before the annual meeting. Generally, proposals other than the election of directors which are brought before the meeting will be approved if the votes cast for the proposal exceed the votes cast against the proposal.

ELECTION OF DIRECTORS

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GENERAL INFORMATION

The Nomination Process. Nominations for director are recommended to the Board by the Corporate Governance Committee. The Committee operates under a charter which is available under "About Wausau Paper - Corporate Governance" on the Company's website at www.wausaupaper.com. The Board has determined that all members of the Committee are independent directors under New York Stock Exchange, Inc. ("NYSE") listing standards. See "- Corporate Governance Guidelines and Committees of the Board of Directors - Corporate Governance Committee," page 5, for more information on the Committee.

Candidates for election to the Board may be identified for initial consideration by the Committee from a wide variety of potential sources. For example, the Committee will consider candidates for nomination from among incumbents whose term will expire at the next annual meeting, persons identified by other members of the Board, executive officers, shareholders, and persons identified by a professional search firm should the Committee believe it appropriate to engage such a firm to assist it. To recommend an individual for consideration, a shareholder should mail or otherwise deliver a written recommendation to the Committee not later than the December 1 immediately

preceding the annual meeting for which the individual is to be considered for inclusion as a nominee of the Board. At a minimum, a shareholder recommendation should include the individual's current and past business or professional affiliations and experience, age, stock ownership, particular qualifications, and such other information as the shareholder deems relevant to assist the Committee in considering the individual's potential service as a member of the Board.

Qualifications. In reviewing potential nominees, the Committee will consider the age, skills, and experience of current Board members and the requirement under our Corporate Governance Guidelines that a

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majority of the Board members must be independent, as determined in accordance with NYSE listing standards. At a minimum, nominees must satisfy the qualification requirements included in our Corporate Governance Guidelines (which are also posted on our website), including the provision that no person may be elected a director if that person has attained age 70 as of the date of the election. All potential nominees submitted to or identified by the Committee will be evaluated on a similar basis for their level of qualifications and experience.

The Committee believes that persons recommended by it to the Board should possess strong intellectual skills, have had a successful career in business, higher education, or a profession which demonstrates an ability to manage a complex organization, have a reputation for personal and professional integrity, exercise a sound and independent business judgment, and be able to understand the economic, financial, and operational issues to be addressed by the Company. Directors whose terms of office will expire at the next annual meeting are considered by the Committee on the basis of these qualities and also on the basis of their service to the Company during their term in office.

ELECTION OF DIRECTORS

The Board has determined that it is appropriate to reduce the number of directors to seven from eight effective with the annual meeting, divided into three classes consisting of two Class I and Class II directors and three Class III directors. One class of directors is to be elected at each annual meeting of shareholders to serve a three-year term. Any director appointed by the Board to fill a newly created directorship is required to stand for reelection by the shareholders at the first annual meeting following his or her

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appointment by the Board.

At the annual meeting, shareholders will be asked to elect two Class I directors for terms of office which will expire at the annual meeting of shareholders to be held in 2009. Walter Alexander has reached mandatory retirement age under our Corporate Governance Guidelines and, accordingly, will not be a candidate for reelection to the Board.

Upon recommendation of the Corporate Governance Committee, the Board has nominated San W. Orr, Jr. and David B. Smith, Jr. for reelection as Class I directors. In the event one or both of the nominees should become unable or unwilling to be a nominee for election at the annual meeting, it is the intention of the proxies to vote for such substitute or substitutes as may be designated by the Board.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES FOR CLASS I DIRECTOR. The following table sets forth information concerning the business background and experience of the Board nominees and all continuing directors. Unless specified, all current positions listed for a nominee or director have been held for at least five years. Directors whom the Board has determined are independent under the criteria of the NYSE listing standards (or nominees who will meet such criteria) are denoted by an asterisk (*).

| NAME AND AGE NOMINEES | PRINCIPAL OCCUPATION AND OTHER DIRECTORSHIPS | CLASS AND YEAR IN WHICH TERM WILL EXPIRE |
|--------------------------|---|--|
| San W. Orr, Jr., 64 | Chairman of the Board of the Company and Advisor, Estates of A.P. Woodson and Family; Chief Executive Officer of the Company (2000; 1994-1995; 1989-1990); also a director of Marshall & Ilsley Corporation | Class I 2009 |
| David B. Smith, Jr.,* 67 | Consultant; formerly Vice President, Labor Relations, Weyerhaeuser Company | Class I 2009 |
| 3 | | |
| CONTINUING DIRECTORS | | |
| Andrew N. Baur,* 61 | Chairman of the Board of Southwest Bank of St. Louis, a wholly-owned subsidiary of Marshall & Ilsley Corporation, since October, 2002; former Chairman of the Board and CEO of Mississippi Valley Bancshares, Inc., and its subsidiary, Southwest Bank of St. Louis; also a director of Marshall & Ilsley Corporation and Bakers Footwear Group, Inc. | Class II 2007 |
| Dennis J. Kuester,* 64 | Chairman and CEO, and a director of Marshall & Ilsley Corporation; also a director of Modine Manufacturing Company | Class II 2007 |
| Gary W. Freels,* 57 | President, Alexander Properties, Inc. (investment management) | Class III 2008 |
| Thomas J. Howatt, 56 | President and Chief Executive Officer of the Company | Class III 2008 |
| Michael M. Knetter,* 45 | Dean, School of Business, University of Wisconsin - Madison since July, 2002; formerly, Professor and Associate Dean, Tuck School of Business, Dartmouth College; also a trustee of Lehman | Class III 2008 |

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Brothers First Trust Income Opportunity Fund and a director of Great Wolf Resorts, Inc.

BOARD OF DIRECTORS

Meetings of the Board. The Board met six times in 2005. Each of the directors other than Mr. Knetter attended at least 75% of the total number of the meetings of the Board and the committees on which they served during the last fiscal year. Mr. Knetter attended 71% of such meetings.

Meetings of Non-management Directors. The Board's non-management directors meet in executive session following each February Board meeting and establish a schedule of additional meetings. The non-management directors must meet at least twice each year under the Company's Corporate Governance Guidelines. At their February, 2006, meeting, the non-management directors selected Dennis J. Kuester to preside over their meetings. Shareholders and others may communicate directly with Mr. Kuester or any other non-management directors by following the procedures set forth in the following paragraph.

Communicating with the Board. Shareholders and others may communicate with the Board by writing to the Chairman at the Company's corporate office, 100 Paper Place, Mosinee, Wisconsin 54455-9099. Individual directors may also be contacted in writing at the same address. Mail may be opened and sorted before forwarding to the director to whom the mail was addressed. If a communication does not involve an ordinary business matter and if a particular director is named, the communication will be forwarded to that director. If no particular director is named, such communication will be forwarded to the Chairman of the appropriate Board committee. If a complaint or concern involves accounting, internal accounting controls, or auditing matters, the correspondence may be addressed to, and will be forwarded to the Chairman of the Audit Committee. Our website also describes the Audit Committee's procedures to submit a concern or complaint on a confidential basis. In order to expedite a response, the non-management directors have instructed management to receive, research, and respond, if appropriate, on behalf of the Company's non-management directors or a particular director, to any communication regarding an ordinary business matter.

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Attendance at Annual Meetings. The Board has an informal policy under which all directors are expected to attend the annual meeting of shareholders. Each of our directors attended the annual meeting held in 2005.

CORPORATE GOVERNANCE GUIDELINES AND COMMITTEES OF THE BOARD OF DIRECTORS

Available Corporate Governance Documents. Our Corporate Governance Guidelines set forth basic principles and guidelines concerning the qualifications and responsibilities of directors, Board committees, and other matters. In addition, we have adopted a code of business conduct and ethics for all employees and a separate code of ethics which also covers our CEO and senior financial officers. The Corporate Governance Guidelines, Audit, Compensation, and Corporate Governance Committee charters, and codes of ethics are posted on our website. See "About Wausau Paper - Corporate Governance" at www.wausaupaper.com. A copy of these documents may also be obtained from the Secretary of the Company by writing to our corporate office.

Our Corporate Governance Guidelines provide that the Company shall have Audit, Compensation, and Corporate Governance Committees in addition to any other committees the Board considers appropriate. Each of the members of the following committees satisfies the criteria for independence under applicable rules of the Securities and Exchange Commission ("SEC"), NYSE listing standards, and other applicable regulations.

Audit Committee. The Audit Committee, established in accordance with

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Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), assists the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal

audit function and independent auditors, and (4) compliance by the Company with legal and regulatory requirements. The Committee has the sole authority to appoint or replace the Company's independent auditor. Members of the Committee may not serve on the audit committees of more than two other public companies. The members of our Audit Committee also satisfy the additional NYSE and SEC rules for independence applicable to audit committees of listed companies.

Mr. Freels (Chairman), Mr. Alexander, Mr. Baur, Mr. Knetter, and Mr. Kuester serve on the Audit Committee. The full Committee met nine times and there were three meetings between management and the Chairman of the Committee in 2005. See "Report of the Audit Committee and Related Matters," for the report of the Audit Committee and other information relating to the selection of, and fees paid to, the independent auditor.

Compensation Committee. The Compensation Committee is appointed by the Board to (1) discharge the Board's responsibilities relating to compensation of the Company's directors and officers, and (2) produce an annual report on executive compensation for inclusion in the Company's proxy statement. The Committee has overall responsibility for approving and evaluating director and officer compensation plans, policies, and programs, and approves the granting of equity-based incentives. The Committee's report on the Company's compensation policies for executive officers is included in this proxy statement under the subcaption "Executive Compensation - Report of the Compensation Committee." Mr. Alexander (Chairman), Mr. Baur, Mr. Freels, and Mr. Smith serve as members of the Compensation Committee. The Committee met twice in 2005.

Corporate Governance Committee. The Corporate Governance Committee is appointed by the Board to (1) identify individuals qualified to become Board members and to recommend to the Board the director nominees for the next annual meeting of shareholders, (2) recommend to the Board the Corporate Governance Guidelines applicable to the Company, (3) lead the Board in its annual review of the Board's performance, and (4) recommend to the Board director nominees for each committee. Mr. Kuester (Chairman), Mr. Knetter, and Mr. Smith serve on the Corporate Governance Committee. The Committee met three times in 2005.

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COMPENSATION OF DIRECTORS

The Board of Directors Compensation Policy adopted December 16, 2005, provides for the following fees:

| | |
|---------------------------------------|-------------------------------|
| Retainer | |
| Annual cash retainer..... | \$24,000 |
| Restricted Stock..... | \$15,000 (1) |
| Stock Options..... | 3,000 shares (2) |
| Board Meeting Fees..... | \$ 1,500 |
| | \$ 1,000 (telephonic meeting) |
| Committee Meeting Fees..... | \$ 1,000 |
| | \$ 500 (telephonic meeting) |
| Annual Committee Chair Retainer | |
| Audit and Executive..... | \$ 5,000 |
| Compensation and Corporate Governance | \$ 3,000 |

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- (1) On the first business day of each fiscal year, each director receives restricted stock units in an amount determined by dividing \$15,000 by current stock price. Dividend equivalents in the form of additional restricted stock accrue on each cash dividend date. Units are settled in the form of company stock upon director's termination of service from Board unless director elects to defer distribution for a maximum of two years.
- (2) Granted on date of annual meeting at then current market value. Grant is being phased in as replacement to previous policy and applies to Class I Directors in 2006, Class II in 2007, and Class III in 2008. Directors elected by the Board to fill a vacancy receive an initial grant on date of election.

Mr. Smith participates in our retiree health insurance plan and the other directors who are officers of the Company receive salaries and benefits related to their duties. No other director received any compensation or benefits other than the standard arrangements described above.

The Company maintains a deferred compensation program under which directors may elect each year to defer some or all of the fees otherwise payable in cash during the year. Amounts deferred become payable in cash in a lump sum or in quarterly installments after a director's termination of service. In the event a director's service terminates in connection with a change of control of the Company, as defined in the plan, payment of all deferred amounts will be made in a lump sum. During the period in which payment is deferred, a director may elect that the deferred fees be credited with interest at the prime rate in effect as of each calendar quarter, or that the deferred fees be converted into common stock equivalent units. If common stock equivalent units are elected, the director's account is also credited with stock equivalent units representing the shares of our common stock which could have been purchased with the cash dividends which would have been paid had the units been actual common stock. Stock equivalent units are converted to cash based upon the fair market value of our common stock at the time of distribution. During 2005, Mr. Alexander, Mr. Baur, Mr. Howatt, Mr. Freels, and Mr. Kuester participated in the plan and deferred all or a portion of the retainer or meeting fees otherwise payable to them.

Directors who began service prior to January 1, 2003, and have at least five years of service at termination are eligible to receive a monthly benefit equal to the monthly retainer and meeting fees in effect at termination of service. Benefits will be paid for a period of time equal to the retired director's period of service on the Board. Retirement benefits terminate at death and are accelerated in the event of a change of control of the Company, as defined in the policy. Directors who began service after December 31, 2002, are not eligible for retirement benefits.

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DETERMINATION OF INDEPENDENCE OF DIRECTORS

Our Corporate Governance Guidelines provide that a majority of the Board and all members of our Audit, Compensation, and Corporate Governance Committees will consist of independent directors, as determined in accordance with NYSE listing standards. During 2005 we engaged in various business transactions with companies for which some of our directors serve as directors or officers. Each of these transactions was done in the ordinary course of business and at prices and on terms prevailing at the time for comparable transactions with unrelated persons. The Board has adopted categorical standards to assist in determining whether any of such transactions create a material relationship which precludes independence under NYSE listing standards. In general terms, and absent other factors, the Board's categorical standards provide that a customer relationship is not material if the Company does not account for more than 2% of the revenue of the director's business and not more than 2% of the Company's revenue is derived from the director's business. Similarly, in the

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case of a lending relationship, absent other factors, the relationship is not material if the Company obtained the credit on the same terms as other borrowers, the credit would have been available from other lenders on comparable terms, and the interest and fees paid by the Company does not exceed 2% of the lender's total income. The Board's categorical standards are posted on our website. See "About Wausau Paper - Corporate Governance" at www.wausaupaper.com.

The Board has determined that Mr. Alexander, who will retire at the annual meeting, Mr. Baur, Mr. Freels, Mr. Knetter, Mr. Kuester, and Mr. Smith satisfy the requirements for independence under the NYSE listing standards. Mr. Alexander, Mr. Freels, Mr. Knetter, and Mr. Smith have no relationships with the Company (other than as a director and shareholder, and in Mr. Smith's case, a participant in our retiree health plan). Mr. Kuester, as chairman and CEO, and Mr. Baur, as a director, of Marshall & Ilsley Corporation, have relationships with the Company that are not material under the Board's categorical standards.

STOCK OWNERSHIP

STOCK OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS, AND 5% SHAREHOLDERS

The following table sets forth, based on statements filed with the SEC or information otherwise known to us, the name of each person believed by us to own more than 5% of our common stock and the number of shares of common stock held by each person.

| NAME AND ADDRESS | COMMON SHARES BENEFICIALLY OWNED | PERCENT OF CLASS |
|--|-------------------------------------|---------------------|
| Wilmington Trust Company..... Rodney Square North 1100 N. Market Street Wilmington, DE 19890-0001 | 6,450,067 | 12.6% |
| Trustees of David B. Smith Family Trust 1206 E. Sixth Street Merrill, WI 54452 | 3,173,291 (1) | 6.2% |
| Dimensional Fund Advisors Inc..... 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401 | 3,479,614 | 6.8% |
| Mac-Per-Wolf Company..... 311 S. Wacker Drive, Suite 6000 Chicago, IL 60606 | 3,080,150 (2) | 6.0% |
| Wells Fargo & Company..... 420 Montgomery Street San Francisco, CA 94104 | 2,700,223 | 5.3% |