

WAUSAU PAPER CORP.
Form DEF 14A
March 14, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [**P**]

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Preliminary Proxy Statement

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Definitive Additional Materials

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Soliciting Material Pursuant to §240.14a-12

WAUSAU PAPER CORP.

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March 14, 2011

Dear Shareholder:

You are cordially invited to attend our annual meeting of shareholders to be held on April 21, 2011, at the Jefferson Street Inn, 201 Jefferson Street, Wausau, Wisconsin. At the annual meeting, you will be asked to reelect Gary W. Freels and me as Class III directors. In addition, because Michael M. Knetter will not be standing for reelection, you will be asked to elect Londa J. Dewey as a Class III director. You will find more information about Ms. Dewey in the enclosed proxy statement. I would ask that you please join me in thanking Mr. Knetter for his years of service as a Wausau Paper director.

We also mourn the passing of Andrew N. Baur, who served as a director from 2004 until his death on February 20, 2011. Drew will be greatly missed, and we extend our condolences to the Baur family.

At the annual meeting, you will, in addition to being asked to elect our Class III directors, also be asked to consider proposals to adopt a non-binding say-on-pay resolution that approves executive compensation, to adopt a non-binding resolution regarding the frequency of an advisory vote on executive compensation, and to ratify the selection of our independent auditing firm.

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

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

Sincerely,

Thomas J. Howatt

President and CEO

100 Paper Place

Mosinee, WI 54455-9099

wausaupaper.com

WAUSAU PAPER CORP.

100 Paper Place

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 21, 2011, at 1:30 p.m., local time. The purpose of the meeting is as follows:

1.

To elect three Class III directors;

2.

To vote on an advisory, non-binding say-on-pay resolution that approves the compensation of our executive officers;

3.

To vote on an advisory, non-binding resolution regarding the frequency of our advisory votes on executive compensation;

4.

To ratify the audit committee's selection of Deloitte & Touche LLP as our independent auditor for the 2011 fiscal year;
and

5.

To conduct 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 15, 2011.

March 14, 2011

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 21, 2011

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March 14, 2011

Wausau Paper Corp.

100 Paper Place

Mosinee, Wisconsin 54455-9099

wausaupaper.com

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 2011 annual meeting of shareholders, including any adjournment thereof. The annual meeting will be held at 1:30 p.m. on April 21, 2011, 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 will be voted in accordance with your instructions if your proxy has been submitted to us prior to the meeting and has not been revoked. **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

General. Shareholders at the close of business on the record date, February 15, 2011, 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 49,143,871 shares of common stock outstanding.

Street Name Accounts. If you hold shares in street name with a broker, bank, or other custodian, you will receive voting instructions from the holder of record of your shares. In some cases, a broker may be able to vote your shares even if you provide no instructions, but on other matters, such as the election of directors, 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. **If you hold your shares in street name, it is critical that you cast your vote if you want it to count in the election of our directors and approval of the non-binding resolutions relating to executive compensation. Regulations prevent your bank or broker from voting your uninstructed shares in the election of directors and on the proposals relating to executive compensation on a discretionary basis.**

Accordingly, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors and on the proposals relating to executive compensation, no votes will be cast on your behalf.

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 voting

directions are received will not be voted. The accompanying form of proxy will permit you to vote the shares held in the plans.

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. The accompanying 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.

Proposal No. 1 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 three 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.

Proposal No. 2 Approval of Non-Binding Say-on-Pay Resolution Regarding Executive Compensation. Proposal No. 2, relating to the non-binding resolution that approves our executive compensation, will be approved if more shares are voted for the proposal than are voted against the proposal. Shares not voted (because of abstention, broker non-vote, or otherwise) will have no effect on the approval of the resolution.

Proposal No. 3 Approval of Non-Binding Resolution Relating to Frequency of Say on Pay Vote. Proposal No. 3, relating to a non-binding resolution regarding the frequency of our say-on-pay votes, allows shareholders to choose between the options of holding this advisory vote once every three years, once every other year, once every year, or to abstain from voting. The option receiving the highest number of votes will be considered as the shareholders preferred frequency for the non-binding say-on-pay votes. Shares not voted (because of abstention, broker non-vote, or otherwise) will have no effect on the determination of the vote.

Proposal No. 4 Ratification of Selection of Auditors. Proposal No. 4, relating to the ratification of our selection of Deloitte & Touche, LLP as our independent registered public accounting firm, will be approved if a majority of the shares of stock represented and voted at the annual meeting vote for approval, provided that a majority of the outstanding shares of stock are voted on the proposal. Shareholders may vote in favor of the proposal, against the proposal, or abstain from voting; however, shares that are not voted on Proposal No. 4 because of abstention will not have any effect on whether or not the proposal is adopted.

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 that are brought before the meeting will be approved if the votes cast for the proposal exceed the votes cast against the proposal.

Majority Vote Policy. Our Corporate Governance Guidelines set forth our procedures if a nominee for director is elected by a plurality of the votes cast in an uncontested election, but a greater number of votes are withheld for the nominee's election than are voted for the nominee's election. See Election of Directors Election Procedures, Nominees, and Board Recommendation.

Corporate Governance

Available Corporate Governance Documents

Our Corporate Governance Guidelines set forth basic principles and guidelines concerning the qualifications and responsibilities of directors, Board committees, majority voting policy, and other matters. In addition, we have adopted a code of business conduct and ethics for all employees, as well as a separate code of ethics that 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 [Investors Corporate Governance](#) at [wausaupaper.com](#). A copy of these documents may also be obtained from the Secretary of the Company by writing to our corporate office.

Director Independence

Our Corporate Governance Guidelines provide that a majority of the Board and all members of our Audit, Compensation, and Corporate Governance Committees must be independent directors, as determined in accordance with New York Stock Exchange (NYSE) listing standards. The Board reviews the independence of its members on an annual basis. During this review, the Board considers whether any transactions have occurred or if relationships exist between any director and the Company and its subsidiaries and affiliates. Included in this consideration are any such transactions that occurred or relationships that exist between any member of the director's immediate family or any entity in which the director or an immediate family member is an executive officer, general partner, or significant equity holder.

In connection with its review the Board considered that in the ordinary course of business, the Company may, at certain times, be engaged in business transactions with companies for which some of our directors serve as directors or officers. The Board has adopted categorical standards to assist it in determining whether any of such transactions create a material relationship that 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 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 do not exceed 2% of the lender's total income. The Board's categorical standards are attached to this proxy statement as Appendix A and are also posted on our website. See [Investors Corporate Governance](#) at [wausaupaper.com](#).

In making its independence determination, the Board reviewed its relationship and transactions with Marshall & Ilsley Corporation (M&I) and its subsidiaries. Dennis J. Kuester served as Chairman of the Board of M&I until his retirement in October 2010; he remains a director of M&I. San W. Orr, Jr. also serves as a director of M&I. M&I, through its subsidiaries, provides trust, commercial paper, and general banking services to the Company. M&I, through its subsidiary M&I Marshall & Ilsley Bank, is also a participating lender in the Company's senior credit facility under terms that are identical to the four other non-related financial institutions. The Board also determined that all other services that were provided by M&I were provided in the ordinary course of business and at prices and on terms prevailing at the time for comparable transactions with unrelated persons. The aggregate interest and fees paid to M&I by the Company in 2010 represent less than 1% of M&I's reported gross income for its 2010 fiscal year. The Board therefore also determined that the transactions engaged in with M&I were within the thresholds for materiality established under the categorical standards adopted by the Board. The Company has no relationship with

Gary W. Freels; G. Watts Humphrey, Jr.; Londa J. Dewey; or Michael M. Knetter other than as directors and shareholders.

As a result of its review, the Board affirmatively determined that Ms. Dewey, Mr. Freels, Mr. Humphrey, Mr. Knetter, and Mr. Kuester are independent of the Company and its management under the listing standards of the NYSE.

During 2010, the Board had also affirmatively determined that Andrew N. Baur was independent of the Company and its management under the NYSE listing standards.

Review, Approval, or Ratification of Related Party Transactions

There was no transaction with related parties in 2010 that is required to be disclosed under the rules of the Securities and Exchange Commission (SEC). A related party transaction would be disclosed if it exceeded \$120,000 and one of our directors or executive officers (or their affiliates or members of their immediate family) had a direct or indirect material interest in such transaction. Two of our directors also serve as directors of M&I, and the relationship between M&I and the Company is described in the preceding section under Director Independence. As described in that section, the Board has determined that none of these directors has a material direct or indirect interest in any transaction resulting from the Company's relationship with M&I.

The Company has not adopted any formal policies or procedures for the review, approval, or ratification of transactions that may be required to be reported under the SEC disclosure rules. These types of transactions, if and when they are proposed or have occurred, have been or will be reviewed by the entire Board (other than the director involved) on a case-by-case basis. The Board's review has in the past considered, and will in future cases consider, the importance of the transaction to the Company; the availability of alternative sources or service providers to meet the Company's requirements; the amount involved in the proposed transaction; the specific interest of the director or executive officer (or immediate family member) in the transaction; whether information concerning the fees, costs, or other terms of substantially similar arms-length transactions between unrelated parties is available; whether the terms of the proposed transaction present any unusual or unfavorable features to the Company; and any other factors that the Board may consider important and appropriate to its determination.

Committees of the Board

Our Corporate Governance Guidelines provide that the Company will 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 SEC, NYSE listing standards, and other applicable regulations.

Audit Committee. The Audit Committee, established in accordance with 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 related to the Company's financial reporting and disclosure obligations. 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. Baur, Mr. Knetter, and Mr. Kuester served on the Audit Committee, although Mr. Baur's service on the Audit Committee ended with his passing on February 20, 2011, and Mr. Knetter's term on the Audit Committee will end on the date of the annual meeting. The full Committee met eight times in 2010, and there were three meetings between management and the Chairman of the Committee in 2010. 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) satisfy the requirements

concerning the disclosure of executive compensation under SEC regulations. The Committee may delegate its authority to a subcommittee of its members, but it has not chosen to do so. The Committee did not directly retain any compensation consultant to assist it in the review or determination of executive compensation in 2010; however, the Company retained Grant Thornton LLP to analyze the Company's executive compensation practices and policies and to provide recommendations to our Compensation Committee as well as information relating to peer group executive compensation data.

The Committee's activities and policies concerning compensation for directors and executive officers are included in this proxy statement under the subcaptions Election of Directors Director Compensation for 2010, Executive Compensation Compensation Discussion and Analysis, and Executive Compensation Compensation Committee Report. Mr. Baur (Chairman), Mr. Humphrey, and Mr. Freels served as members of the Compensation Committee; however, Mr. Baur's service ended with his passing on February 20, 2011. The Committee met five times in 2010. On March 9, 2011, the Board appointed Mr. Humphrey to chair the Compensation Committee.

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, (4) recommend to the Board director nominees for each committee, and (5) provide oversight for the corporate compliance program and its code of conduct and ethics. Mr. Kuester (Chairman), Mr. Humphrey, and Mr. Knetter serve on the Corporate Governance Committee, although Mr. Knetter's term on the Corporate Governance Committee will end on the date of the annual meeting. The Committee met two times in 2010.

Board Meetings, Leadership Structure, and Director Communication

Meetings of the Board. The Board met six times in 2010. Each of the directors 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.

Board Leadership Structure. Mr. Orr serves as Chairman of our Board and brings to this role his experience as a longtime director of the Company. Mr. Howatt, who serves as the Company's Chief Executive Officer, is also a director; however, Mr. Orr leads the Board meetings in his role as Chairman, thereby allowing Mr. Howatt to provide greater focus on the Company's day-to-day operations. Mr. Howatt and Mr. Orr work together in developing agendas for board meetings and otherwise establishing Board priorities and procedures. We believe that this structure best allows the Board to fulfill its oversight role at this time (including the Board's oversight of risk as described further below); however, the Board does not have a specific policy regarding the separation of the roles of Chief Executive Officer and Chairman, as it believes that it is in the best interest of the Company to make that determination on a case-by-case basis based on the position and direction of the Company, as well as the membership of the Board, at the time.

Meetings of Independent Directors. The Board's independent directors meet in executive session following each February Board meeting and establish a schedule of additional meetings. The independent directors must meet at least twice each year under the Company's Corporate Governance Guidelines, and they have selected Mr. 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, including Mr. Kuester in his role as lead independent director, 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, the 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, 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.

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 2010, except Mr. Orr, who

was unable to attend that meeting because of illness.

Board Oversight of Risk

Although the Board is not involved in the day-to-day management of risks facing our Company, the Board plays an important role in risk oversight. The Company's risk management systems, including our internal and external auditing procedures, internal controls over financial reporting, corporate compliance and ethics program (which includes the obligation for Company management to conduct periodic risk assessments), and contract approvals policies, among others, are designed in part to bring to the Board's attention the Company's most material risks so that the Board can understand and evaluate how those risks might affect the Company and how management is responding to those risks. The Board also works with and supports management in promoting a corporate culture that understands the importance of enterprise-wide risk management and incorporates it into day-to-day decisions that are made regarding our business. A high priority is placed on risk-aware and risk-adjusted decision making throughout the Company.

The Audit Committee, in particular, is charged with, among other duties, regularly discussing with management the Company's major financial risk exposures and the steps management has taken to monitor and control those risk exposures, including the Company's risk assessment and risk management policies. The Audit Committee also receives, on an annual basis, a report from the Company's general legal counsel regarding material legal and compliance matters that are being addressed by Company management. Finally, the Audit Committee has established procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Compensation Committee also evaluates risks associated with our incentive compensation programs. At its meeting in January 2011, for example, the Compensation Committee evaluated the following issues:

Whether any of the Company's compensation programs incentivize employees to take excessive or inappropriate risk.

Whether any particular business segment of the Company carries a significant portion of the Company's risk profile (for example, by being structured in a way that results in compensation expense representing a significantly higher percentage of the business segment's revenues when compared with other business segments).

Whether the Company appropriately manages any risks that may be created by its compensation programs and policies.

After a review and discussion of these issues at its January 2011 meeting, the Compensation Committee concluded that the Company's incentive compensation programs and policies did not create incentives for excessive or inappropriate risk-taking by Company employees.

Proposal No. 1 Election of Directors

General Information

The Nomination Process. Nominations for director are recommended to the Board by the Corporate Governance 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 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 posted on our website at wausaupaper.com), 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 that demonstrates an ability to manage a complex organization; have a reputation for personal and professional integrity; exercise 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. The Committee does not have a specific policy regarding Board diversity, but seeks to fill seats on the Board with persons who have a range of professional experiences and backgrounds.

Election Procedures, Nominees, and Board Recommendation

At its March 2011 meeting, and as a result of Mr. Baur's death, the Board decreased the number of directors from seven to six. Accordingly, the Board has six members who are divided into three classes, consisting of two Class I directors, one Class II director, 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 appointment by the Board. At the annual meeting, shareholders will be asked to elect three Class III directors for terms of office that will expire at the annual meeting of shareholders to be held in 2014.

Upon recommendation of the Corporate Governance Committee, the Board has nominated Gary W. Freels and Thomas J. Howatt for reelection as Class III directors, and Londa J. Dewey for election as a Class III director. Ms. Dewey was initially recommended to the Corporate Governance Committee by Mr. Knetter, who will not be standing for reelection as a Class III director at the annual meeting. In the event a nominee 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 as may be designated by the Board.

Directors are elected by a plurality of the votes cast for the election of directors. However, under our Corporate Governance Guidelines, in any uncontested election, a director who has a greater number of votes withheld for the director's election than are voted for the director's election is required to tender a resignation within two days of the election. The Corporate Governance Committee must act promptly (but in any event within 30 days of the election) to make a recommendation to the Board to accept or reject the director's resignation. In making its recommendation, the Committee may consider all factors and other information it considers relevant. The Board's decision on the Committee's recommendation must be made promptly (but in any event within 90 days of the election), taking into consideration the Committee's report, if any, on its recommendation and any other factors and other information it considers relevant. The Board must also consider, and if it deems it appropriate take action to address, the shareholder concerns underlying the withheld votes or other relevant issues. Within four business days of the Board's decision, the Company will disclose the Board's decision whether to accept or reject the tendered resignation on a Form 8-K filing with the SEC and include in the disclosure an explanation of the process by which it reached its decision and, if applicable, the reasons for rejecting the resignation. No director who has tendered a resignation pursuant to this governance principle may participate in the process by which the Committee recommends or the Board determines whether the resignation will be accepted.

The Board of Directors unanimously recommends a vote FOR the election of the nominees for Class III directors. 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 (*).

Nominees

Gary W. Freels*	Class III (2014) Director
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Mr. Freels, 62, is President and Chief Executive Officer of Alexander Properties, Inc. since 1996 (investment management). Mr. Freels has extensive experience in the areas of investment management, audit, and finance.

Thomas J. Howatt

Class III
(2014)

Director

Mr. Howatt, 61, is President and Chief Executive Officer of the Company. Mr. Howatt since 2000 has extensive knowledge of the paper industry and experience with our Company.

Londa J. Dewey*

Class III
(2014)

Nominee

Ms. Dewey, 50, is President of QTI Management Services, Inc., d/b/a The QTI Group, a human resources and staffing company. She was formerly President of the Private Client Group and a Market President of U.S. Bank. Ms. Dewey is a director MGE Energy, Inc., a publicly-traded utility holding company; a director of American Family Insurance, a mutual insurance company; and a director and Chair of the Board for Meriter Health Services, Inc., an integrated health services organization and the parent company of Meriter Hospital. Ms. Dewey will bring to the Board her skills relating to financial analysis, business strategy, and risk assessment and management.

Continuing Directors

G. Watts Humphrey, Jr.*

Class I
(2012)
Director

Mr. Humphrey, 66, is President of GWH Holdings, Inc. since 2007 (private investment company), Chairman and CEO of International Plastics Equipment Group, Inc., Chairman and CEO of Centria (metal building systems), and owner of Shawnee Farm (thoroughbred breeding/racing). Mr. Humphrey is also a director of Churchill Downs Incorporated. Mr. Humphrey's experience in multiple industries provides a broad business perspective and specific expertise in the areas of administration, operations, and planning.

San W. Orr, Jr.

Class I
(2012)
Director

Mr. Orr, 69, is Chairman of the Board of the Company and Advisor for the Estates of A.P. Woodson and Family. He served as Chief Executive Officer of the Company in 2000, 1994-1995 and 1989-1990. Mr. Orr is also a director of Marshall & Ilsley Corporation and its subsidiary M&I Marshall & Ilsley Bank. Mr. Orr has extensive paper industry knowledge and experience in the areas of administration, operations, and planning.

Dennis J. Kuester*

Class II
(2013)
Director
since 2001

Mr. Kuester, 69, is a director and former Chairman of the Board and CEO of Marshall & Ilsley Corporation. He is also a director of Modine Manufacturing Company, and was formerly director of Metavante Technologies, Inc. In addition to a broad banking background, a Mr. Kuester has extensive experience in the areas of strategic planning, economics, business leadership, and risk management.

Director Compensation for 2010

The following table presents the compensation of our directors for 2010. A description of our director compensation policy and plans follows the table.

Name ⁽¹⁾	Fees Earned	Stock Awards	Option Awards	Non-Equity	Change in Pension	All Other	Total
	or			Incentive Plan	Value		
	Paid in Cash			Compensation	and Nonqualified	Compensation	
	(\$)	(\$) ⁽²⁾⁽³⁾	(\$) ⁽²⁾⁽³⁾	(\$)	Deferred	(\$)	(\$)
					Earnings		
San W. Orr, Jr.	\$144,000	\$30,000	\$10,020		\$35,776 ⁽⁴⁾	\$20,259 ⁽⁵⁾	\$240,055
Andrew N. Baur	\$ 54,000	\$30,000	\$10,020				\$ 94,020
G. Watts Humphrey, Jr.	\$ 45,500	\$30,000	\$10,020				\$ 85,520
Gary W. Freels	\$ 62,000	\$30,000	\$10,020		\$22,247 ⁽⁴⁾		\$124,267
Michael M. Knetter	\$ 47,500	\$30,000	\$10,020				\$ 87,520
Dennis J. Kuester	\$ 52,000	\$30,000	\$10,020		\$36,112 ⁽⁴⁾		\$128,132

⁽¹⁾ Directors who are employees do not receive directors fees. As a result, Mr. Howatt is not shown in this table. Ms. Dewey is also not shown in this table because she is a first-time nominee.

⁽²⁾ Stock awards are restricted stock units, which must be held until the director's termination of service from the Board. Stock award amounts therefore represent potential future income, the amount of which may be materially different when paid. Dividend equivalents in the form of additional restricted stock units are also earned on each award and are paid at distribution of award. Amounts indicated represent the grant date fair value for the 2010 award, which was determined by the closing price of the underlying stock on the grant date (i.e., \$11.66 per share). The per-share grant date fair value of the option awards granted to directors in 2010 was \$3.34. The grant date fair values were computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Subtopic 718-10. Additional information concerning the recognition of compensation expense and the assumptions used in the calculation of compensation expense attributable to these awards is set forth in Note 9 to the Notes to Consolidated Financial Statements included in Item 8 of the Company's Form 10-K for the year ended December 31, 2010.

(3) The aggregate number of stock and option awards held at December 31, 2010, by directors other than Mr. Howatt (see footnote (1) above) are:

	Aggregate Stock Awards*	Aggregate Option Awards
San W. Orr, Jr.	9,685	140,000
Andrew N. Baur	9,685	27,000
Gary W. Freels	9,685	37,000
G. Watts Humphrey, Jr.	8,498	12,000
Michael M. Knetter	9,685	27,000
Dennis J. Kuester	9,685	37,000

*Does not include 5,580 restricted stock units granted January 3, 2011, pursuant to Director Compensation Policy and reflected in table of beneficial ownership under Stock Ownership. Also does not include 441 hypothetical shares attributable to dividend equivalents for Messrs. Orr, Baur, Freels, Knetter, and Kuester, and 285 hypothetical shares attributable to dividend equivalents for Mr. Humphrey.

(4) Represents increase (or decrease) in actuarial present value under director retirement plan for directors who began service prior to January 1, 2003.

(5) Represents aggregate incremental cost of use of the Company plane.

Director Compensation Policy. Director compensation is established by the Compensation Committee and is intended to be competitive with compensation paid to directors of similarly sized publicly traded companies. Our Chairman of the Board receives an annual retainer of \$130,000. Overall director compensation is reviewed annually by the Committee. In December 2010, after its annual review of director compensation, the Committee elected to set director compensation at the following amounts:

Board Retainer

Annual cash retainer (other than Board Chairman)	\$40,000
Restricted Stock	\$50,000 ⁽¹⁾

Meeting Fees

Board Meeting Fees	\$ 1,500
	\$ 1,000 (telephonic meeting)

Committee Meeting Fees	\$ 1,000
	\$ 500 (telephonic meeting)

Annual Committee Chair Retainer

Audit	\$10,000
Executive, Compensation, and Corporate Governance	\$ 5,000

(1) On the first business day of each fiscal year, each director receives restricted stock units in an amount determined by dividing \$50,000 by the closing price of Company's stock on such day. 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 the Board unless director elects to defer distribution for a maximum of two years.

Only non-employee directors are eligible for compensation under our director compensation policy. No director received any compensation or benefits for services as a director other than the standard arrangements described above.

Director Stock Ownership Guidelines. Each director is required to own stock or stock equivalents having a value equal to three times the director's annual retainer and board fees on or before the completion of six calendar years of service. Stock consists of shares directly or indirectly held, vested common stock equivalents (restricted stock, etc.), vested stock options, and shares held in qualified retirement plan accounts. All of our directors have attained the minimum level.

Directors' Deferred Compensation Plan. 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 in 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 that could have been purchased with the cash dividends that 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 2010, Mr. Baur and Mr. Kuester participated in the plan and deferred all or a portion of the retainer or meeting fees otherwise payable to them.

Directors Retirement Policy. 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 in control of the Company, as defined in the policy. Directors who began service after December 31, 2002, are not eligible for retirement benefits under this policy.

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, in each case, as of the record date, 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
BlackRock Inc. 55 East 52 nd Street New York, NY,	4,423,766	9.00%
Wilmington Trust Company 1100 N. Market Street Wilmington, DE 19890-0001	3,161,808	6.43%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	2,689,900	5.47%

Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94163	2,676,229	5.46%
Dimensional Fund Advisors LP 1299 Ocean Avenue, 11 th Floor Santa Monica, CA 90401	2,592,110	5.27%

The following table sets forth the number of shares of common stock beneficially owned as of the record date by each of the directors, each person nominated to become a director, each of our executive officers named in the summary compensation table, and all such nominees, directors, and executive officers as a group.

Name	Common Stock Beneficially Owned	Percent of Class
Andrew N. Baur	152,765 ⁽¹⁾	*
Londa J. Dewey	0 ⁽²⁾	*
Gary W. Freels	1,027,830 ⁽³⁾	2.09%
Thomas J. Howatt	901,166 ⁽⁴⁾	1.81%
G. Watts Humphrey, Jr.	33,517 ⁽⁵⁾	*
Michael M. Knetter	42,765 ⁽⁶⁾	*
Dennis J. Kuester	52,765 ⁽⁷⁾	*
San W. Orr, Jr.	2,168,859 ⁽⁸⁾	4.40%
Scott P. Doescher	215,869 ⁽⁹⁾	*
Henry C. Newell	107,623 ⁽¹⁰⁾	*
Michael R. Wildenberg	116,109 ⁽¹¹⁾	*
Patrick J. Medvecz	45,959 ⁽¹²⁾	*
All directors and executive officers as a group (13 persons)	4,882,740 ⁽¹³⁾	9.66%

* Less than 1%

(1) Includes 27,000 option shares and 15,765 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011.

(2) Ms. Dewey is a first-time nominee to the Board.

(3) Includes 975,065 shares of common stock held by two charitable foundations of which Mr. Freels serves as president and/or a director and 37,000 option shares and 15,765 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011.

(4) Includes 608,817 option shares and 52,211 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011, and 28,932 shares held under 401(k) plan on December 31, 2010.

(5) Includes 12,000 option shares and 14,417 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011.

- (6) Includes 27,000 option shares and 15,765 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011.
- (7) Includes 37,000 option shares and 15,765 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011. The Marshall & Ilsley Trust Company is trustee of a Company retirement plan and holds our common stock as trustee and in its various other fiduciary capacities. Mr. Kuester was the Chairman and a director of Marshall & Ilsley Corporation, the parent corporation of the Trust Company, until September 2010. Mr. Kuester disclaims any beneficial interest in the shares held of record by the Trust Company.
- (8) Includes 1,709,953 shares as to which Mr. Orr exercises shared voting and investment power (and as to which beneficial ownership is disclaimed) and 140,000 option shares and 15,765 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011.
- (9) Includes 156,000 option shares that may be acquired through the exercise of options within 60 days of February 15, 2011, and 9,959 shares held under 401(k) plan on December 31, 2010.
- (10) Includes 75,000 option shares that may be acquired through the exercise of options within 60 days of February 15, 2011; 11,165 shares held under 401(k) plan on December 31, 2010; and 5,000 shares of restricted stock.
- (11) Includes 73,000 option shares and 13,843 shares attributable to restricted stock units (including dividend equivalents) that may be acquired within 60 days of February 15, 2011, and 7,271 shares held under 401(k) plan on December 31, 2010.
- (12) Includes 33,000 option shares that may be acquired through the exercise of options within 60 days of February 15, 2011.
- (13) The shares disclosed incorporate footnotes (1) (12).

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires directors and officers and persons who own more than 10% of the common stock outstanding (reporting persons) to file reports of ownership and changes in ownership with the SEC and the NYSE. Reporting persons are also required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by them with the SEC. We review copies of the Section 16(a) forms received by us or rely upon written representations from certain of these reporting persons to determine compliance with the Section 16(a)

regulations for purposes of this proxy statement. Based on our review of these reports and the representations of the reporting persons, we believe that all reports required to be filed by Section 16(a) were filed on a timely basis.

Report of the Audit Committee and Related Matters

Audit Committee Report

During the 2010 fiscal year, the Audit Committee met regularly with senior members of the Company's financial management team and the Company's independent auditor to review and discuss the Company's financial statements (including critical accounting policies, significant accounting issues, and assumptions made in connection with those policies and preparation of the financial statements), financial management issues, and the Company's system of internal controls. The Committee also met with the Company's general legal counsel to review and discuss legal claims and contingencies.

The Audit Committee met with the Company's senior financial management team and the independent auditor to review the Company's audited financial statements for the 2010 fiscal year prior to their issuance. At that meeting, the Committee received assurances from senior financial management that all financial statements had been prepared in accordance with accounting principles generally accepted in the United States. In addition, the Committee asked the independent auditor to address and respond to questions concerning the audited financial statements, the audit process, and other related matters. This discussion centered on the following questions posed by the Committee to the independent auditor:

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Are there any accounting judgments made by management in preparing the financial statements that would have been made differently had the auditor prepared and been responsible for the financial statements?

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Based on the auditor's experience and its knowledge of the Company, do the Company's fina