

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

WAUSAU MOSINEE PAPER CORP
Form DEF 14A
March 18, 2005

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

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-MOSINEE PAPER CORPORATION
(Name of Registrant as Specified In Its Charter)

(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.

___ Fee paid previously with preliminary materials.

___ Check box if any part of the fee is offset as provided by Exchange
Act Rule 0-11(a) (2) and identify the filing for which the
offsetting fee was paid previously. Identify the previous filing
by registration statement number, or the Form or Schedule and the
date of its filing.

- (1) Amount Previously Paid: _____
(2) Form, Schedule or Registration Statement No: _____
(3) Filing Party: _____
(4) Date Filed: _____

[WAUSAU PAPER LOGO AND LETTERHEAD]

March 18, 2005

Dear Shareholder:

You are cordially invited to attend our annual meeting of shareholders to
be held on April 21, 2005, at the Great Hall on ArtsBlock, Wausau, Wisconsin.

The Board has nominated Gary W. Freels and Thomas J. Howatt for
reelection as Class III directors and Michael M. Knetter, Dean of the
University of Wisconsin School of Business, for election to a newly created
Class III directorship. At the annual meeting you will also be asked to
approve a change in our corporate name to "Wausau Paper Corp." The change in

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

our corporate name is intended to complete the process begun last September when we began to operate under the name "Wausau Paper" as part of a broader initiative to create a unified brand recognition across our three business segments. Our branding initiative has been well received in our markets and the amendment will provide consistency between our legal and commercial names.

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

WAUSAU-MOSINEE PAPER CORPORATION
100 PAPER PLACE
MOSINEE, WISCONSIN 54455-9099

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Wausau-Mosinee Paper Corporation will be held at the Great Hall on ArtsBlock, 401 North Fourth Street, Wausau, Wisconsin, on Thursday, April 21, 2005, at 2:00 p.m., local time. The following proposals will be considered by shareholders at the annual meeting:

1. The election of three Class III directors;
2. An amendment to the Company's amended and restated articles of incorporation to change the name of the Company to "Wausau Paper Corp."; and
3. 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 18, 2005.

March 18, 2005

By order of
the Board of Directors

SCOTT P. DOESCHER

Scott P. Doescher
Secretary

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

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

PROXY STATEMENT FOR
WAUSAU-MOSINEE PAPER CORPORATION
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 21, 2005
TABLE OF CONTENTS

Page No.

| | |
|--|----|
| Solicitation of Proxies..... | 1 |
| Voting Procedures..... | 1 |
| Your Vote..... | 1 |
| Shareholders Entitled to Vote..... | 1 |
| Quorum, Required Vote, and Related Matters..... | 2 |
| Proposal No. 1 - Election of Directors..... | 2 |
| General Information..... | 2 |
| Election of Directors..... | 3 |
| Board of Directors..... | 4 |
| Corporate Governance Guidelines and Committees of the Board of Directors..... | 5 |
| Compensation of Directors..... | 6 |
| Determination of Independence of Directors..... | 6 |
| Stock Ownership..... | 7 |
| Stock Ownership of Directors, Executive Officers, and 5% Shareholders..... | 7 |
| Section 16(a) Beneficial Ownership Reporting Compliance..... | 8 |
| Report of the Audit Committee and Related Matters..... | 8 |
| Audit Committee Report..... | 8 |
| Audit Committee Pre-Approval Policies..... | 9 |
| Independent Auditor and Fees..... | 10 |
| Executive Compensation..... | 10 |
| Summary Compensation Table..... | 10 |
| Stock Options and Stock Appreciation Rights..... | 11 |
| Retirement Benefits..... | 13 |
| Report of the Compensation Committee..... | 14 |
| Stock Price Performance Graph..... | 16 |
| Proposal No. 2 - Approval of Name Change to "Wausau Paper Corp."..... | 17 |
| Proposed Amendment to Change the Company's Name to "Wausau Paper Corp."..... | 17 |
| Vote Required for Approval of the Amendment..... | 17 |
| Other Matters..... | 18 |
| Costs of Solicitation..... | 18 |
| Proxy Statement Proposals..... | 18 |
| Householding of Annual Meeting Materials..... | 18 |

Appendices

Appendix A - Audit Committee Charter

-i-

WAUSAU-MOSINEE PAPER CORPORATION
100 PAPER PLACE
MOSINEE, WISCONSIN 54455-9099
WWW.WAUSAUPAPER.COM

MARCH 18, 2005

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

SOLICITATION OF PROXIES

We are providing these proxy materials in connection with the solicitation of proxies by the Board of Directors of Wausau-Mosinee Paper Corporation for use at the 2005 annual meeting of shareholders, including any adjournment thereof. The annual meeting will be held at 2:00 p.m. on April 21, 2005, at the Great Hall on ArtsBlock, 401 North Fourth 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 have been submitted to the Company prior to the meeting (and which have 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

General. Shareholders at the close of business on the record date, February 18, 2005, 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 51,695,251 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

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

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 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.

Change of Company Name to "Wausau Paper Corp." Proposal No. 2 (see "Proposal No. 2 - Approval of Name Change to "Wausau Paper Corp.") will be approved if two-thirds of the shares of stock issued and outstanding on the record date are voted at the annual meeting vote for approval. Therefore, shares not represented at the annual meeting, broker non-votes, and abstentions will have the same effect as a vote cast against the proposal.

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.

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

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

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

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

2

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 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, be able to exercise a sound and independent business judgment, and 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 number of directors will increase to eight effective with the election of directors at the annual meeting. As increased, the Board will be divided into three classes consisting of three Class I and Class III directors, and two Class II directors, respectively. 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.

Upon recommendation of the Corporate Governance Committee, the Board has nominated Gary W. Freels and Thomas J. Howatt for reelection, and Michael M. Knetter for election, as Class III directors for terms of office which will expire at the annual meeting of shareholders to be held in 2008. Mr. Knetter was recommended to the Committee by an executive officer of the Company other than the CEO. No third party was engaged by the Committee to assist it in its search for nominee candidates. In the event any 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 or substitutes as may be designated by the Board.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE THREE NOMINEES FOR CLASS III 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

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

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 |
|--------------------------|---|--|
| Gary W. Freels*, 56 | President, Alexander Properties, Inc. (investment management); formerly President, M&I First American Bank | Class III 2008 |
| Thomas J. Howatt, 55 | President and Chief Executive Officer of the Company since August, 2000; formerly Senior Vice President, Printing & Writing Group | Class III 2008 |
| Michael M. Knetter*, 44 | 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 Brothers First Trust Income Opportunity Fund and a director of Great Wolf Resorts, Inc. | Class III 2008 |
| CONTINUING DIRECTORS | | |
| Walter Alexander*, 70 | President of Alexander Lumber Co.; also a director of Old Second Bancorp. Inc. | Class I 2006 |
| San W. Orr, Jr., 63 | 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 2006 |
| David B. Smith, Jr.*, 66 | Consultant; formerly Vice President, Labor Relations, Weyerhaeuser Company | Class I 2006 |
| Dennis J. Kuester*, 63 | Chairman and CEO, and a director of Marshall & Ilsley Corporation; also a director of Modine Manufacturing Company | Class II 2007 |
| Andrew N. Baur*, 60 | 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 |

BOARD OF DIRECTORS

Meetings of the Board. The Board met six times in 2004. 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.

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

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

meet at least twice each year under the Company's Corporate Governance Guidelines. At their February, 2005, 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

4

the Audit Committee's concern or complaint procedures. 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 2004.

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, 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 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. The Audit Committee charter was amended in 2004, primarily to reflect the Audit

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

Committee's role in overseeing the Company's responsibility to maintain an appropriate and effective system of internal controls. The amended charter is included with this proxy statement as Appendix A.

Mr. Freels (Chairman), Mr. Alexander, Mr. Baur, and Mr. Kuester serve on the Audit Committee. The full Committee met nine times and there were six meetings between management and the Chairman of the Committee in 2004. 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. Freels, and Mr. Smith serve as members of the Compensation Committee. The Committee met four times in 2004.

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

5

(4) recommend to the Board director nominees for each committee. Mr. Kuester (Chairman), Mr. Baur, and Mr. Smith serve on the Corporate Governance Committee. The Committee met three times in 2004.

COMPENSATION OF DIRECTORS

Each director is paid a retainer of \$2,000 per month and \$1,000 for each meeting of the Board attended. In addition, the chairmen of the Executive and Audit Committees each receive an annual retainer of \$5,000 and the chairmen of the Corporate Governance and Compensation Committees each receive an annual retainer of \$3,000. Directors receive a meeting fee of \$500 for each meeting of a Board committee attended. Upon initial election to the Board, a director receives an option to purchase 15,000 shares of our stock at the current market price. Upon reelection to a three-year term, a director receives an option to purchase 10,000 shares of our stock at the current market price. 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

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

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 2004, 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, including service on the board of directors of Mosinee Paper Corporation. 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.

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 2004 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 it 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 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.

6

Each of the Company's non-management directors meet the categorical standards adopted by the Board and none of our non-management directors receive any compensation from the Company other than in his capacity as a director.

The Board has determined that five of our Board members have no material relationship with the Company and satisfy the requirements for independence under the NYSE listing standards (Mr. Baur, Mr. Alexander, Mr. Freels, Mr. Kuester, and Mr. Smith). Upon the election of Mr. Knetter at the annual meeting, six of our eight directors, including Mr. Knetter, will satisfy these independence criteria.

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.

Edgar Filing: WAUSAU MOSINEE PAPER CORP - Form DEF 14A

| NAME AND ADDRESS | COMMON SHARES BENEFICIALLY OWNED | PERCENT OF CLASS |
|---|-------------------------------------|---------------------|
| Wilmington Trust Company Rodney Square North 1100 N. Market Street Wilmington, DE 19890-0001 | 7,194,185 | 13.92% |
| Trustees of David B. Smith Family Trust 1206 E. Sixth Street Merrill, WI 54452 | 3,167,789(1) | 6.13% |
| Dimensional Fund Advisors Inc 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401 | 2,779,614 | 5.38% |