WAUSAU PAPER CORP.
Form 10-K
March 02, 2015

Use these links to rapidly review the document
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-13923

WAUSAU PAPER CORP.

(Exact name of registrant as specified in charter)

100 Paper Place	**Wisconsin**
Mosinee, Wisconsin 54455	(State of incorporation)
(Address of principal executive office)	**39-0690900**
	(I.R.S. Employer Identification Number)

Registrant's telephone number, including area code: **715-693-4470**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, no par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes o No ý

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes o No ý

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer ý
Non-accelerated filer o	Smaller reporting company o
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ý

As of June 30, 2014, the aggregate market value of the common stock shares held by non-affiliates was approximately $520,876,845. For purposes of this calculation, the registrant has assumed its directors and executive officers are affiliates. As of February 28, 2015, 50,055,547 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for use in connection with 2015 annual meeting of shareholders (to the extent noted herein): Part III

Table of Contents

Table of Contents

Table of Contents

Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements. A cautionary statement regarding forward-looking statements is set forth under the caption "Information Concerning Forward-Looking Statements" in Item 7. This report should be considered in light of such cautionary statement and the risk factors disclosed in Item 1A.

PART I

Item 1. BUSINESS

GENERAL

Wausau Paper Corp. manufactures, converts, and sells a complete line of towel and tissue products that are marketed along with soap and dispensing systems for the commercial and industrial away-from-home market. At December 31, 2014, we employed approximately 870 employees primarily at two operating facilities located in two states. Our products are primarily sold within the United States and Canada.

Wausau Paper Corp. manufactured, converted, and sold specialty paper products for industrial and commercial end markets and premium printing and writing papers within the former Paper segment. The premium Print & Color brands were sold in January of 2012 and we ceased papermaking operations at the Brokaw, Wisconsin, mill in February 2012. In January 2013, we announced our intent to focus our management efforts and future investments on our tissue business. In March 2013, we permanently closed our Brainerd, Minnesota, mill and on June 26, 2013, completed the sale of our specialty paper business, ending our participation in the markets in which our former Paper segment competed. Refer to Note 2 of the Notes to Consolidated Financial Statements for further information regarding discontinued operations. Descriptions of the business below exclude discontinued operations unless explicitly stated.

For additional information regarding our financial results, see Item 6, Selected Consolidated Financial Data; Item 7, Management's Discussion & Analysis of Financial Condition and Results of Operations; and Item 8, Financial Statements and Supplementary Data.

NARRATIVE DESCRIPTION OF BUSINESS

We produce a broad line of paper towel and tissue products, which are marketed along with soap and dispensing system products for the commercial and industrial away-from-home market.

Under the Wausau Paper® trademark, towel and tissue products, made primarily from recycled material, are marketed under a number of brands including Alliance , Artisan®, DublSoft®, DublNature®, EcoSoft®, OptiCore®, and Revolution®. These products include washroom roll and folded towels, tissue products, a variety of towel, tissue, and soap dispensers, industrial wipers, dairy towels, household roll towels, and other premium towel and tissue products. Products are sold to paper and sanitary supply distributors in North America that serve factories and other commercial and industrial locations, health service facilities, office buildings, restaurants, theme parks, airports, and hotels. We operate a paper mill located in Middletown, Ohio, and a paper mill and converting facility with a distribution warehouse in Harrodsburg, Kentucky. In addition, we currently maintain distribution warehouses in Danville, Kentucky.

Competition comes from major integrated paper companies and smaller converters who primarily service consumer and food service markets as well as industrial and institutional markets. Our major competitors include Georgia-Pacific LLC, Kimberly Clark Corporation, and SCA Hygiene Products.

INTERNATIONAL SALES

Currently, foreign sales represent approximately 10% of our net sales, with sales to Canada representing approximately 9% of this amount. Refer to Note 13 of the Notes to Consolidated Financial Statements for our geographic data.

RAW MATERIALS

Recycled wood fiber is the basic raw material used in the manufacture of our finished products and includes the following categories: market and internally produced deinked pulp from wastepaper and purchased towel and tissue parent rolls. Fiber represents approximately 73% of our total raw materials or 28% of our total cost of sales in 2014. Market pulp (an aggregate of approximately 70,000 air-dried metric tonnes in 2014) was purchased on the open market and under contract, principally from producers in the United States and Canada.

During 2014 we purchased approximately 144,000 standard tons of wastepaper from domestic suppliers, some of which is under contract, at prevailing market prices. This wastepaper represented approximately 59% of the fiber required to manufacture 90% of our 2014 parent roll requirement. The balance of our parent roll requirements, or approximately 21,000 tons, was purchased from other towel and tissue manufacturers, some of which is under contract, at market prices.

Table of Contents

Various chemicals are used in the papermaking processes. These industrial chemicals are purchased from a number of suppliers, some of which are under contract, at current market prices.

ENERGY

Our paper mills consume significant amounts of energy in the form of electrical, steam, and natural gas, which are adequately supplied by public utilities, energy marketers, or generated at facilities operated by us.

We contract for the supply and delivery of natural gas at both of our manufacturing facilities. Under some of these contracts, we are committed to the transportation of a fixed volume of natural gas from our natural gas transporters to our facilities. We are not required to buy or sell minimum gas volumes under the agreements but are required to pay a minimum transportation fee for the contracted period. Contracts expire at various times between 2015 and 2019. At December 31, 2014, we also have volume commitments for the supply of natural gas. These obligations expire between 2015 and 2016. We may also purchase, from time to time, natural gas contracts with fixed prices for a certain portion of our facility requirements.

PATENTS AND TRADEMARKS

Wausau Paper develops and maintains trademarks and patents in the conduct of our business. Trademarks include Wausau Paper®, Artisan®, DublSoft®, DublNature®, EcoSoft®, Bay West®, Alliance , OptiCore®, OptiServ®, Revolution®, Dubl-Serv®, and Wave 'N Dry®, among others. Our patents cover various paper towel and tissue dispensers, metering or other mechanisms for towel and tissue dispensers and cabinets. We consider our trademarks and patents, in the aggregate, to be material to our business, although we believe the loss of any one such mark or patent right would not have a material adverse effect on our business. We do not own or hold material licenses, franchises, or concessions.

SEASONAL NATURE OF BUSINESS

We generally experience moderately lower sales volume in the first quarter, in comparison to the rest of the year, primarily due to reduced business activity for many customers during this period.

WORKING CAPITAL

As is customary in the paper industry, we carry adequate amounts of raw materials and finished goods inventory to facilitate the manufacture and rapid delivery of paper products to our customers.

MAJOR CUSTOMERS

One customer accounted for approximately 14% of our net sales.

BACKLOG

Order backlogs, at December 31, 2014, decreased to approximately 2,800 tons, representing $6.8 million in sales, compared to 3,900 tons, or $9.1 million in sales, at December 31, 2013. Order backlogs at December 31, 2012, were approximately 4,200 tons, or $9.9 million in sales. A change in customer backlog does not necessarily indicate a change in business conditions, as a large portion of orders are shipped directly from inventory upon receipt and do not impact backlog numbers. The entire backlog at December 31, 2014, is expected to be shipped during the first quarter of 2015.

RESEARCH AND DEVELOPMENT

Research and development projects for the last three fiscal years primarily involved our new product offerings utilizing substrates from our new paper machine, as well as, new towel, tissue, and soap dispensers. Expenditures for product development were $0.7 million, $1.4 million, and $0.8 million in 2014, 2013, and 2012, respectively.

ENVIRONMENT

We are subject to extensive regulation by various federal, state, and local agencies concerning compliance with environmental control statutes and regulations. These regulations impose limitations, including effluent and emission limitations, on the discharge of materials into the environment, as well as require us to obtain and operate in compliance with conditions of permits and other governmental authorizations. Future regulations could materially increase our capital requirements and certain operating expenses in future years.

We have a strong commitment to protecting the environment. Like our competitors in the paper industry, we face ongoing capital investments and operating expenses to comply with expanding and more stringent environmental regulations. We believe that capital expenditures related to compliance with environmental regulations will not have a material adverse effect on our competitive position, consolidated financial condition, liquidity, or results of operations.

Table of Contents

Note 10 of the Notes to Consolidated Financial Statements discusses our policies with respect to the accrual of remediation costs. Estimates of costs for future remediation are necessarily imprecise due to, among other things, the identification of presently unknown remediation sites and the allocation of costs among potentially responsible parties. As is the case with most manufacturing and many other entities, there can be no assurance that we will not be named as a potentially responsible party at sites in the future or that the costs associated with such sites would not be material.

EMPLOYEES

We employed approximately 870 employees at the end of 2014. Less than one-third of our hourly mill employees are covered under a collective bargaining agreement. We negotiated a five-year umbrella agreement with the United Steelworkers that was ratified on February 4, 2011. The agreement covers all of our collectively bargained employees and includes competitive increases in wages and retirement income benefits. We maintain good labor relations at our only remaining location with a collective bargaining agreement, our Middletown, Ohio, facility, and expect that any future contracts will be negotiated at competitive rates.

On December 20, 2011, the Company and the United Steelworkers Local 1381 signed a closure agreement for the Brokaw, Wisconsin, paper mill. Similarly, on March 18, 2013, we signed a closure agreement for the Brainerd, Minnesota, paper mill with the United Steelworkers Local 11-0022. In addition, on May 9, 2013, we signed an effects agreement with the United Steelworkers Locals 2-15, 2-1778, 2-316, and 2-221 related to the sale of our specialty paper business, including the Mosinee and Rhinelander, Wisconsin, paper mills.

EXECUTIVE OFFICERS OF THE COMPANY

The following information relates to executive officers of Wausau Paper as of March 2, 2015.

Michael C. Burandt, 70
Chairman of the Board and Chief Executive Officer since April 2014. Mr. Burandt has been a member of the Company's Board of Directors since February 2012. From 1988 to 2007, Mr. Burandt held various senior positions at Georgia Pacific Corporation and has been President and CEO of Cantina Holdings, LLC since September 2007.

Matthew L. Urmanski, 42
President and Chief Operating Officer since April 2014. Previously, Senior Vice President and General Manager (2013-2014), Senior Vice President, Tissue (2011-2013), Vice President, Administration, Tissue (2009-2011), Vice President, Financial Analysis and Business Support, Corporate (2006-2009), and Vice President Finance, Specialty Products (2002-2006).

Sherri L. Lemmer, 47
Senior Vice President and Chief Financial Officer since May 2012. Previously, Vice President, Finance and Information Technology (2012), and Vice President, Corporate Controller (2006-2011).

AVAILABLE INFORMATION

Information regarding our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports, are available, free of charge, on our website by going to "Investors SEC Filings" at wausaupaper.com. These reports are available as soon as reasonably practicable after we electronically file such reports with or furnish them to the Securities and Exchange Commission ("SEC").

3

Table of Contents

Item 1A. Risk Factors

An investment in Wausau Paper stock involves risk. You should carefully consider the following risk factors and the other information contained in this Annual Report on Form 10-K and in other reports that we file from time to time with the SEC. Our business, financial condition and results of operations could be harmed if any of the following risks occur. In that case, the trading price of our common stock may decline. In addition to the following risk factors, you should carefully review the cautionary statement made under "Information Concerning Forward-Looking Statements" in Item 7.

THE INDUSTRIAL AND COMMERCIAL AWAY-FROM-HOME MARKET IN WHICH WE OPERATE IS HIGHLY COMPETITIVE, AND INCREASED COMPETITION COULD REDUCE OUR SALES AND PROFITABILITY.

We compete on the basis of the quality and performance of our products, customer service, product development activities, price, and distribution. All of our markets are highly competitive. Our competitors vary in size, and many have greater financial and marketing resources than we do. See Item 1 of this report for information regarding the number and identities of our competitors.

OUR BUSINESS AND FINANCIAL PERFORMANCE MAY BE ADVERSELY AFFECTED BY DOWNTURNS IN THE TARGET MARKETS THAT WE SERVE OR REDUCED DEMAND FOR THE TYPES OF PRODUCTS WE SELL.

Demand for our products is often affected by general economic conditions as well as product-use trends in our target markets. These changes may result in decreased demand for our products. There may be periods during which demand for our products is insufficient to enable us to operate our production facilities in an economical manner. The occurrence of these conditions is beyond our ability to control and, if they occur, may have a significant impact on our sales and results of operations.

CHANGES WITHIN THE PAPER INDUSTRY MAY ADVERSELY AFFECT OUR FINANCIAL PERFORMANCE.

Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may harm our financial performance. New competitors may include foreign-based companies and commodity-based domestic producers who could enter our markets if they are unable to compete in their traditional markets.

THE COST OF RAW MATERIALS AND ENERGY USED TO MANUFACTURE OUR PRODUCTS COULD INCREASE.

Raw materials and packaging comprise approximately 39% of our cost of sales, with wastepaper, purchased parent rolls, and market pulp accounting for over 73% of this total. Raw material prices will change based on worldwide supply and demand. Market pulp price changes can occur due to worldwide consumption levels of wastepaper, market pulp production capacity, expansions or curtailments, inventory building or depletion, and market pulp changes related to wastepaper availability, environmental issues, or other variables.

We purchase the majority of our energy needs. Energy costs may fluctuate significantly due to increased worldwide consumption levels, disruptions in supply due to natural catastrophes or political turmoil, or decreased production capacity.

We may not be able to pass increased cost for raw materials or energy on to our customers if the market or existing agreements with our customers do not allow us to raise the prices of our finished products. Even if we are able to pass through increased cost of raw materials or energy, the resulting increase in the selling prices for our products could reduce the volume of products we sell and decrease our revenues. While we may try, from time to time, to hedge against price increases, we may not be successful in doing so.

THE FAILURE TO DEVELOP NEW PRODUCTS COULD REDUCE THE OVERALL DEMAND FOR OUR PRODUCTS AND OUR NET INCOME.

Our sales volume and net earnings may decrease if we do not satisfy new customer product preferences or fail to meet new technology demands of our customers.

IF WE FAIL TO MAINTAIN SATISFACTORY RELATIONSHIPS WITH OUR LARGER CUSTOMERS, OUR BUSINESS MAY BE HARMED.

We do not have long-term, fixed quantity supply agreements with our customers. Due to competition or other factors we may lose business from our customers, either partially or completely. The loss of one or more of our significant customers, or a substantial reduction of orders by any of our significant customers, could harm our business and results of operations. Moreover, our customers may vary their order levels significantly from period to period, and customers may not continue to place orders with us in the future at the same levels as in prior periods. In the event we lose any of our larger customers, we may not be able to replace that revenue source, which could harm our financial results.

Table of Contents

WE MAY BE UNABLE TO MAINTAIN OUR RELATIONSHIPS WITH ORGANIZED LABOR UNIONS.

Some of our hourly production workforce is represented by labor unions. While we believe we have satisfactory relationships with the labor organizations that represent our employees, we cannot guarantee that labor-related disputes will not arise. Labor disputes could result in disruptions in production and could also cause increases in production costs, which could damage our relationships with our customers and adversely affect our business and financial results.

IF WE ARE UNABLE TO RECRUIT AND RETAIN KEY PERSONNEL, WE MAY NOT BE ABLE TO EXECUTE OUR BUSINESS PLAN.

Our business is dependent on our ability to recruit, hire, motivate, and retain talented, highly skilled personnel. Accomplishing this may be affected by fluctuations in global economic and industry conditions, changes in our management or leadership, and the effectiveness of our compensation programs. If we do not succeed in recruiting, retaining, and motivating our key employees and in attracting new key personnel, we may be unable to meet our business plan and, as a result, our revenue and profitability may decline. In addition, effective succession planning for our key personnel is important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution.

THE COSTS OF COMPLYING WITH ENVIRONMENTAL REGULATIONS MAY INCREASE SUBSTANTIALLY AND ADVERSELY AFFECT OUR CONSOLIDATED FINANCIAL CONDITION, LIQUIDITY, OR RESULTS OF OPERATIONS.

We are subject to various environmental laws and regulations that govern discharges into the environment and the handling and disposal of hazardous substances and wastes. Environmental laws impose liability and clean-up responsibility for releases of hazardous substances into the environment. We will continue to incur substantial capital and operating expenses in order to comply with current laws. Any changes in these laws or their interpretation by government agencies or the courts may significantly increase our capital expenditures and operating expenses and decrease the amount of funds available for investment in other areas of operation. In addition, we may be required to eliminate or mitigate any adverse effects on the environment caused by the release of hazardous materials, whether or not we had knowledge of, or were responsible for, such release. We may also incur liability for personal injury and property damages as a result of discharges into the environment. If costs or liabilities related to environmental compliance increase significantly, our consolidated financial condition, liquidity, or results of operations may be adversely affected.

WE MAY BE UNABLE TO GENERATE SUFFICIENT CASH FLOW OR SECURE SUFFICIENT CREDIT TO SIMULTANEOUSLY FUND OUR OPERATIONS, FINANCE CAPITAL EXPENDITURES, AND SATISFY OTHER OBLIGATIONS.

Our business is capital-intensive and requires significant expenditures for dispensers, manufacturing equipment, maintenance and new or enhanced equipment for environmental compliance matters, and to otherwise support our business strategies. We expect to meet all of our near- and longer-term cash needs from a combination of operating cash flows, cash and cash equivalents, our existing credit facility or other bank lines of credit, and other long-term debt. If we are unable to generate sufficient cash flow from these sources or if we are unable to secure needed credit due to our performance or tighter credit markets, we could be unable to meet our near- and longer-term cash needs.

THE FLUCTUATIONS IN CANADIAN EXCHANGE RATE MAY ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

Approximately 9% of our sales volume ships to Canada, a portion of which is invoiced in Canadian dollars, while our costs of sales are U.S. dollar denominated. Consequently, we are exposed to fluctuations in exchange rate on the translation of Canadian dollar-based revenues to U.S. dollars. We use market price adjustments on our Canadian-based business to partially offset these exchange rate fluctuations.

IF WE HAVE A CATASTROPHIC LOSS OR UNFORESEEN OR RECURRING OPERATIONAL PROBLEMS AT ANY OF OUR FACILITIES, WE COULD SUFFER SIGNIFICANT LOST PRODUCTION AND/OR COST INCREASES.

Our papermaking and converting facilities and distribution warehouses may suffer catastrophic loss due to fire, flood, terrorism, mechanical failure, or other natural or man-made events. If any of these facilities were to experience a catastrophic loss, it could disrupt our operations, delay production, delay or reduce shipments, reduce revenue, and result in significant expenses to repair or replace the facility. These expenses and losses may not be adequately covered by property or business interruption insurance. Even if covered by insurance, our inability to deliver our products to customers, even on a short-term basis, may cause us to lose market share on a more permanent basis.

Table of Contents

ANY ACQUISITIONS, MAJOR CAPITAL INVESTMENTS, FACILITY CLOSINGS, OR OTHER STRUCTURAL CHANGES MAY RESULT IN FINANCIAL RESULTS THAT ARE DIFFERENT THAN EXPECTED.

In the normal course of business, we engage in discussions with third parties relating to the possible acquisition of additional facilities and may consider, from time to time, the acquisition or disposition of businesses. We may have difficulty integrating the acquisition of a newly acquired company in a way that enhances the performance of our combined businesses or product lines to realize the value from expected synergies. We may also have difficulty integrating a new manufacturing facility into current operations. These difficulties can arise for a variety of reasons, including, the size and complexity of the acquisition, the retention of key employees, the retention of key customers, and the ability to integrate manufacturing systems and transfer our corporate culture to new employees and facilities.

We also continually review and may implement structural changes or invest in major capital projects designed to improve our operations or to reflect anticipated changes in long-term market conditions. In 2013, we completed an expansion project at our Harrodsburg, Kentucky manufacturing facility. As a result of this or similar future investments, our financial results may differ from the investment community's expectations in a given quarter, or over the long term.

IF WE INCUR A MATERIAL WEAKNESS IN OUR INTERNAL CONTROL OVER FINANCIAL REPORTING, IT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, OPERATING RESULTS, AND STOCK PRICE.

Section 404 of the Sarbanes-Oxley Act of 2002 and related rules and regulations promulgated by the SEC (collectively, "Section 404") require us to assess and report on our internal control over financial reporting as of the end of each fiscal year. In our most recent report under Section 404, which is included in Item 8 of this report, we have concluded that our internal control over financial reporting is effective. Our independent registered public accounting firm has concurred with that assessment.

If we should develop a material weakness in our internal control over financial reporting, it could have a material adverse effect on the Company. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. If a material weakness occurs, it could adversely affect our financial reporting process and our financial statements. If we fail to maintain effective internal control over financial reporting it could have a material adverse effect on our business, operating results, and our stock price.

FUTURE CHANGES IN FINANCIAL ACCOUNTING STANDARDS MAY ADVERSELY AFFECT OUR REPORTED RESULTS OF OPERATIONS.

A change in financial accounting standards can have a significant effect on our reported results. New accounting pronouncements may adversely affect our reported financial results in the future or require us to restate results we have already reported. New financial accounting standards or interpretations may require us to recognize additional expenses in the future or change the manner in which revenue or expense amounts currently recognized are determined. Such changes in recognition may result in lower reported net earnings and decreased equity or increased balance sheet liabilities, any of which may reduce the market price of our common stock or affect our compliance with various covenants relating to our indebtedness.

FUTURE CHANGES IN TAX LAW OR OUR ABILITY TO REALIZE TAX CREDITS AND LOSS CARRYOVERS MAY ADVERSELY AFFECT OUR REPORTED RESULTS.

A change in tax law or our ability to realize tax credits and loss carryovers may have a significant effect on our reported results. Deferred tax assets are regularly reviewed for recoverability, and a valuation allowance is established if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The determination of whether a valuation allowance is required is based on an analysis of all positive and negative evidence, including future earnings, changes in operations, the expected timing of the reversals of existing temporary differences, and tax strategies that could potentially change the likelihood of recoverability of a deferred tax asset.

WE MAY INCUR SIGNIFICANT, UNEXPECTED LIABILITIES FROM CURRENT OR FUTURE CLAIMS, INCLUDING MATTERS NOW THREATENED OR IN LITIGATION.

We deal with claims that are threatened or made by third parties in the normal course of our business. Some claims result in formal administrative or legal proceedings in which the amounts claimed are significant. We assess each claim and make a judgment whether the claim will have a material adverse effect on our consolidated financial condition, liquidity, or results of operations. Claims that we believe could have material adverse effect if not resolved in our favor, or other claims that we believe to be significant, are discussed in Item 3 of this report and in Note 10 of the Notes to Consolidated Financial Statements for the most recent fiscal year. Our reports do not disclose or discuss all claims of which we are aware. Our assessment of the materiality of any claim is based upon the amount involved, the underlying facts, and our assessment of the likelihood of a material adverse outcome. If our assessment of a claim as immaterial is not correct, we may not have

Table of Contents

made adequate provision for such loss and our consolidated financial condition, liquidity, or results of operations could be impacted.

THE INCREASING COSTS OF CERTAIN EMPLOYEE AND RETIREE BENEFITS COULD ADVERSELY AFFECT OUR RESULTS.

Our net earnings and cash flow may be impacted by the amount of income or expense we expend for employee benefit plans. This is especially true for pension and other post-retirement benefit plans, which are dependent on such elements as actual plan asset returns and factors used to determine the value and current costs of plan benefit obligations. In addition, if medical costs were to rise at significantly faster rates than inflation, we may not be able to mitigate the rising costs of medical benefits. Increases to the costs of pensions, other post-retirement and medical benefits could have an adverse effect on our financial results.

WE MAY BECOME INVOLVED IN CLAIMS CONCERNING INTELLECTUAL PROPERTY RIGHTS, AND WE COULD SUFFER SIGNIFICANT LITIGATION OR RELATED EXPENSES IN DEFENDING OUR OWN INTELLECTUAL PROPERTY RIGHTS OR DEFENDING CLAIMS THAT WE INFRINGED THE RIGHTS OF OTHERS.

None of our product trademarks or patents are independently considered to be material to our business. However, taken together, we consider our intellectual property to be a material asset. We may lose market share and suffer a decline in our revenue and net earnings if we cannot successfully defend one or more trademarks or patents.

We do not believe that any of our products infringe the valid intellectual property rights of third parties. However, we may be unaware of intellectual property rights of others that may cover some of our products or services. In that event, we may be subject to significant claims for damages.

Any litigation regarding patents or other intellectual property could be costly and time-consuming and could divert our management and key personnel from our business operations. Claims of intellectual property infringement might also require us to enter into license agreements, which would reduce our operating margins, or in some cases, we may not be able to obtain license agreements on terms acceptable to us.

WE RELY EXTENSIVELY ON COMPUTER SYSTEMS TO PROCESS TRANSACTIONS, MAINTAIN INFORMATION AND MANAGE OUR BUSINESSES. DISRUPTIONS IN THE AVAILABILITY OF OUR COMPUTER SYSTEMS COULD IMPACT OUR ABILITY TO SERVICE OUR CUSTOMERS AND ADVERSELY AFFECT OUR SALES AND RESULTS OF OPERATIONS.

We have information technology controls in place to protect our proprietary information, employee, and customer data. Our business model does not include direct sales, so we do not have consumer credit card information. In the event the controls and protections we have in place fail to protect our information technology systems, disclosure or misuse of confidential or proprietary information, including sensitive customer, vendor, employee or investor information maintained in the ordinary course of our business, may occur. Any such event could cause damage to our reputation, loss of valuable information or loss of revenue and could result in large expenditures to investigate or remediate, to recover data, to repair or replace networks or information systems, or to protect against similar future events.

SIGNIFICANT SHAREHOLDERS OR POTENTIAL SHAREHOLDERS MAY ATTEMPT TO EFFECT CHANGES AT THE COMPANY OR ACQUIRE CONTROL OVER THE COMPANY, WHICH COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Shareholders of the Company may engage in proxy solicitations, advance shareholder proposals, or otherwise attempt to effect changes or acquire control over the Company. Campaigns by shareholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term shareholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases, or sales of assets or the entire Company. Responding to proxy contests and other actions by activist shareholders can be costly and time-consuming, potentially disrupting operations and diverting the attention of our Board of Directors and senior management from the pursuit of business strategies. In addition, certain events, such as significant changes in our Board of Directors, may trigger change of control provisions under the terms of our credit facilities and certain agreements that we have in place with our executive officers. These change of control provisions, if triggered, could require us to immediately repay debt under our credit agreements and make significant payments to executive officers whose employment by the Company is terminated. As a result, shareholder campaigns could adversely affect our results of operations and financial condition.

Table of Contents

SOME ANTI-TAKEOVER PROVISIONS IN OUR ARTICLES OF INCORPORATION AND BYLAWS, AS WELL AS PROVISIONS OF WISCONSIN LAW, COULD IMPAIR A TAKEOVER ATTEMPT.

Our articles of incorporation and bylaws, could have the effect of rendering more difficult or discouraging an acquisition of Wausau Paper that is deemed undesirable by our Board of Directors. These include provisions that:

- permit our Board of Directors to issue one or more series of preferred stock with rights and preferences designated by our board, including stock with voting, liquidation, dividend, and other rights superior to our common stock;

- impose advance notice requirements for shareholder proposals and nominations of directors to be considered at shareholder meetings;

- divide our Board of Directors into three classes of directors serving staggered terms;

- allow the Board of Directors to fill any vacancies on our board;

- under our articles of incorporation, prohibit us from entering into a "business combination" transaction with any person who acquires 10% of our voting stock at any time (an "interested 10% shareholder") unless certain "fair price" requirements are met or, in the alternative, either (a) two-thirds of the shares entitled to vote that are not held by the interested shareholder are voted for the transaction, or (b) the Board of Directors has approved the transaction;

- under Wisconsin law, require that two-thirds of our voting stock must vote to approve any merger with another corporation, a share exchange, or the sale of substantially all of our assets;

- under Wisconsin law, prohibit us from entering into a "business combination" transaction with an interested 10% shareholder for a period of three years from the date such person makes such an acquisition unless our Board of Directors had approved the business combination or the acquisition of shares before the date of the acquisition;

- under Wisconsin law, prohibit us from entering into a "business combination" transaction with an interested 10% shareholder at any time after a period of three years from the date of becoming an interested 10% shareholder unless our Board of Directors had approved the acquisition of shares before the date of the acquisition, the business combination meets certain "fair price" requirements, or the business combination is approved by a majority of the shares entitled to vote which are not beneficially owned by the interested 10% shareholder;

- under Wisconsin law, reduce the voting power of any shares held by a shareholder who holds in excess of 20% of the shares outstanding to 10% of the full voting power of the excess shares; and require a vote by the holders of four-fifths of our outstanding shares to amend the provisions of our articles or bylaws described above.

These provisions and similar provisions that could apply to us in the future may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price, or otherwise adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for shareholders to elect directors other than the candidates nominated by our Board of Directors.

Item 1B. Unresolved Staff Comments

Not applicable

Table of Contents

Item 2. Properties

Executive officers and staff who perform accounting, finance, information technology, and human resource services are located in Mosinee, Wisconsin, an owned property. Our operating facilities, all of which are owned properties, consist of the following:

Facility	Product	Number of Paper Machines	Practical Capacity(1) (tons)	2014 Actual (tons)
Middletown, OH	Tissue	2	120,000	114,500
	Deink Pulp	n/a	114,000	111,000
Harrodsburg, KY	Tissue	1	70,000	60,800
	Converted Tissue	n/a	214,000	182,700

(1) "Practical capacity" is the amount of finished product a mill can produce with existing papermaking equipment, grade mix and workforce and usually approximates maximum, or theoretical, capacity.

We currently maintain warehouse distribution facilities in order to provide prompt delivery of our products. The facilities are:

Location	Square Feet	Owned or Leased (Expiration Date)
Harrodsburg, KY	561,000	Owned
Danville, KY	630,000	Leased (December 2017)
	134,000	Leased (May 2016)
	110,000	Leased (February 2016)

We also lease limited space in various warehouses to facilitate deliveries to customers.

Item 3. Legal Proceedings

We strive to maintain compliance with applicable environmental discharge regulations at all times. However, from time to time, our operating facilities may exceed permitted levels of materials into the environment or inadvertently discharge other materials. Such discharges may be caused by equipment malfunction, prevailing environmental conditions, or other factors. It is our policy to report any violation of environmental regulations to the appropriate environmental authority as soon as we become aware of such an occurrence and to work with such authorities to take appropriate remediatory or corrective actions.

We may be involved from time to time in various other legal and administrative proceedings or subject to various claims in the normal course of business. Although the ultimate disposition of legal proceedings cannot be predicted with certainty, in the opinion of management, the ultimate disposition of any threatened or pending matters, either individually or on a combined basis, will not have a material adverse effect on our consolidated financial condition, liquidity, or results of operations. See Item 1A concerning the possible effect of unexpected liabilities from current or future claims.

Item 4. Mine Safety Disclosures

Not applicable.

Table of Contents

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

MARKET AND DIVIDEND INFORMATION

Wausau Paper common stock is listed on the New York Stock Exchange under the symbol "WPP."

As of February 28, 2015, there were approximately 1,600 holders of record of Wausau Paper common stock. As of February 28, 2015, there were 50,055,547 shares of common stock outstanding.

The following table sets forth the range of high and low sales price information of Wausau Paper common stock and the dividends declared on the common stock, for the calendar quarters indicated.

Calendar Quarter	Market Price High	Market Price Low	Cash Dividend Declared
2014(1)			
First Quarter	**$ 14.04**	**$ 12.08**	
Second Quarter	**$ 12.99**	**$ 10.00**	**$ .06**
Third Quarter	**$ 11.06**	**$ 7.91**	
Fourth Quarter	**$ 11.49**	**$ 7.76**	**$ .06**
2013(1)			
First Quarter	$ 11.09	$ 8.69	
Second Quarter	$ 12.00	$ 9.57	$ .06
Third Quarter	$ 13.01	$ 10.80	
Fourth Quarter	$ 13.78	$ 11.11	$ .06
2012(1)			
First Quarter	$ 9.86	$ 8.16	
Second Quarter	$ 9.81	$ 8.45	$ .06
Third Quarter	$ 9.92	$ 7.48	
Fourth Quarter	$ 9.32	$ 7.46	$ .06

(1) Two cash dividends of $.03 per share were declared in the second and fourth quarters in 2014, 2013 and 2012.

Table of Contents

Item 6. Selected Consolidated Financial Data
Wausau Paper Corp. and Subsidiaries Selected Financial Data

	For the Year Ended December 31,				
(all amounts in thousands, except per share data)	**2014(1)**	2013(2)	2012(3)	2011(4)	2010(5)
FINANCIAL RESULTS					
Net sales	**$ 352,024**	$ 348,584	$ 344,182	$ 335,230	$ 343,011
Operating (loss) profit	**(2,762)**	(2,584)	1,137	50,004	27,724
Interest expense	**10,679**	8,802	3,330	6,850	6,587
(Loss) earnings from continuing operations before income taxes	**(27,818)**	(11,390)	(2,244)	42,440	21,117
Net (loss) earnings from continuing operations	**(17,534)**	(28,183)	(1,562)	25,228	12,220
Net (loss) earnings from discontinued operations	**(978)**	(69,082)	2,238	(46,926)	24,636
Net (loss) earnings	**(18,512)**	(97,265)	676	(21,698)	36,856
Cash dividends paid	**5,982**	5,929	5,918	5,905	1,475
Cash flows (used in) provided by operating activities	**(6,068)**	(1,655)	35,928	64,484	22,753
PER SHARE					
Net (loss) earnings from continuing operations-basic	**$ (0.35)**	$ (0.57)	$ (0.03)	$ 0.51	$ 0.25
Net (loss) earnings from discontinued operations-basic	**(0.02)**	(1.40)	0.05	(0.95)	0.50
Cash dividends declared	**0.12**	0.12	0.12	0.12	0.06
Stockholders' equity	**2.54**	3.40	4.17	3.99	5.30
Basic average number of shares outstanding	**50,173**	49,411	49,312	49,160	48,965
Price range (low and high closing)	**$ 7.80-14.01**	$ 8.73-13.70	$ 7.61-9.86	$ 5.86-8.96	$ 6.12-11.66
FINANCIAL CONDITION					
Working capital	**$ 608**	$ 33,905	$ 67,837	$ 71,039	$ 109,139
Total assets	**463,862**	481,563	700,715	678,830	677,609
Long-term debt	**170,868**	150,000	196,200	127,650	127,382
Stockholders' equity	**127,512**	168,142	205,501	196,244	259,666
Capital expenditures	**16,449**	37,466	149,424	78,063	42,990
RATIOS					
Percent net (loss) earnings from continuing operations to sales	**(5.0%)**	(8.1%)	(0.0%)	7.5%	3.6%
Percent net (loss) earnings from continuing operations to average stockholders' equity	**(11.9%)**	(15.1%)	(0.8%)	11.1%	5.0%
Ratio of current assets to current liabilities	**1 to 1**	1.5 to 1	1.7 to 1	1.5 to 1	1.8 to 1

Percent of long-term debt to total capitalization	57.3%	47.2%	48.8%	39.4%	32.9%
Within Continuing Operations:					

(1)

In 2014, includes after-tax loss of $9.0 million ($14.4 million pre-tax) or $0.18 per share related to early extinguishment of debt, after-tax expense of $1.0 million ($1.5 million pre-tax) or $0.02 per share related to defined benefit retirement plan settlement charges, after-tax expense of $0.9 million ($1.4 million pre-tax) or $0.02 per share related to change in control provisions, after-tax expense of $1.0 million ($1.6 million pre-tax) or $0.02 per share related to the severance benefit of the former CEO, and after-tax expense of $0.7 million ($1.2 million pre-tax) or $0.01 per share related to proxy settlement charges.

(2)

In 2013, includes after-tax expense of $1.9 million ($3.0 million pre-tax) or $0.04 per share related to defined benefit retirement plan settlement charges, and after-tax credit of $2.1 million ($3.3 million pre-tax) or $0.04 per share related to a charge associated with a contract for a closed manufacturing facility. In addition, 2013 includes a tax valuation allowance loss of $21.0 million or $0.42 per share.

(3)

In 2012, includes after-tax expense of $4.5 million ($7.1 million pre-tax) or $0.09 per share related to defined benefit retirement plan settlement charges, after-tax expense of $5.3 million ($8.4 million pre-tax) or $0.11 per share related to an expansion project, and after-tax expense of $2.1 million ($3.3 million pre-tax) or $0.04 per share related to a charge associated with a contract for a closed manufacturing facility.

(4)

In 2011, includes after-tax gains of $23.3 million ($36.0 million pre-tax) or $0.47 per share related to timberland sales, and after-tax expenses of $1.4 million ($2.2 million pre-tax) or $0.03 per share related to the tissue expansion project.

(5)

In 2010, includes after-tax gains of $5.0 million ($7.9 million pre-tax) or $0.10 per share related to timberland sales, after-tax expense of $2.4 million ($3.8 million pre-tax) or $0.05 per share related to a rate adjustment associated with a contract for a closed manufacturing facility, and after-tax expense of $1.9 million ($3.1 million pre-tax) or $0.04 per share related to the freezing of benefits associated with a cash balance pension plan.

Table of Contents

Within Discontinued Operations:

(1) In 2014, includes after-tax expense of $1.3 million ($2.1 million pre-tax) or $0.02 per share related to the closure of the Brainerd mill and the sale of the specialty paper business.

(2) In 2013, includes after-tax expense of $74.4 million ($118.1 million pre-tax) or $1.51 per share related to the closure of the Brainerd mill and the sale of the specialty paper business.

(3) In 2012, includes after-tax expense of $4.9 million ($7.7 million pre-tax) or $0.10 per share related to defined benefit retirement plan settlement charges, includes after-tax expense of $4.2 million ($6.7 million pre-tax) or $0.09 per share of closure costs associated with the closure of the Brokaw, Wisconsin mill, and includes after-tax gain of $7.9 million ($12.5 million pre-tax) or $0.16 per share related to the sale of the premium Print & Color brands, select paper inventory, and long-lived assets.

(4) In 2011, includes after-tax expense of $52.9 million ($81.8 million pre-tax) or $1.08 per share of closure costs associated with the 2012 closure of the Brokaw, Wisconsin mill, and after-tax expenses of $2.6 million ($4.0 million pre-tax) or $0.05 per share related to the paper machine rebuild at Paper's Brainerd, Minnesota mill.

Table of Contents

Item 7. Management's Discussion & Analysis of Financial Condition and Results of Operations

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

The following discussion and analysis of our financial condition and results of operations contain forward-looking statements that involve risks, uncertainties, and assumptions. Forward-looking statements are not guarantees of performance. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Wausau Paper and our consolidated subsidiaries may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Forward-looking statements may be identified by, among other things, beliefs or expectations that certain events may occur or are anticipated and projections or statements of expectations with respect to various aspects of our business, our plans or intentions, our stock performance, the industry within which we operate, the markets in which we compete, the economy, and any other expressions of similar import or covering other matters relating to our business and operations. Risks, uncertainties, and assumptions relating to our forward-looking statements include the level of competition for our products, downturns in our target markets, changes in the North American away-from-home towel and tissue industry, changes in the price or availability of raw materials and energy, the failure to develop new products that meet customer needs, adverse changes in our relationships with large customers and labor unions, the failure to recruit and retain key personnel, costs of compliance with environmental regulations, our ability to fund our operations, unforeseen operating problems, changes in strategic plans or our ability to execute such plans, maintenance of adequate internal controls, changes in financial accounting standards, changes in tax laws, increasing costs of certain employee and retiree benefits, unforeseen liabilities arising from current or prospective claims, unforeseen claims concerning intellectual property rights, unexpected disruptions in the availability of our computer systems, attempts by shareholders to effect changes at or acquire control over the Company, and the effect of certain organizational anti-takeover provisions. These and other risks, uncertainties, and assumptions are described under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, and from time to time in our other filings with the Securities and Exchange Commission after the date of such annual report. We assume no obligation, and do not intend, to update these forward-looking statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. We believe the following are the accounting policies which could have the most significant effect on our reported results and require subjective or complex judgments by management.

SALES REBATES

In certain circumstances, we will grant sales rebates to help stimulate sales of certain products. The expense for such rebates is accrued for and recorded as a deduction in arriving at our net sales at the time of the sale of the product to the customer. The amount of rebates to be paid is estimated based upon historical experience, announced rebate programs, and competitive pricing, among other things.

IMPAIRMENT OF LONG-LIVED AND OTHER ASSETS

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 360-10, "Property, Plant, and Equipment", we evaluate the recoverability of the carrying amount of long-lived and other assets, including dispenser systems, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable and exceeds its fair value. The carrying amount of an asset may not be fully recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. We use judgment when applying the impairment rules to determine when an impairment test is necessary. Factors we consider that could trigger an impairment review include significant underperformance relative to historical or forecasted operating results, a significant decrease in the market value of an asset, a significant change in the extent or manner in which an asset is used, and significant negative or industry trends.

Impairment losses are measured as the amount by which the carrying value of an asset exceeds its estimated fair value. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows, which requires us to make estimates of our future cash flows related to the asset subject to review. These estimates require assumptions about demand for our products, future market conditions, and technological developments. Other assumptions in determining fair value include determining the discount rate and future growth rates. Within discontinued operations in the years ended December 31, 2014, December 31, 2013 and 2012, we recorded pre-tax impairment losses of $0.2 million, $64.5 million, and $2.1 million, respectively. Additional information regarding impairment losses is available in "Note 2 Discontinued Operations and Other" in the Notes to Consolidated Financial Statements.

PENSION BENEFITS

Defined benefit pension costs and obligations are actuarially determined and are affected by assumptions including discount rate, the expected rate of return on plan assets, participant mortality, among other factors. Changes in discount rate and differences from actual and assumed asset returns as well as changes in other assumptions will affect the amount of pension expense recognized in future periods. For example, fluctuation in the discount rate assumption of 25 basis points would have impacted 2014 defined benefit pension obligations by approximately $7.2 million. Additional information regarding pension benefits is available in "Note 7 Pension and Other Post-retirement Benefit Plans" in the Notes to Consolidated Financial Statements.

OTHER POST-RETIREMENT BENEFITS

The costs and obligations for post-retirement benefits other than pension are also actuarially determined and are affected by assumptions including the discount rate, participant mortality, and expected future increase in per capita costs of covered post-retirement health care benefits. Changes in the discount rate and differences between actual and assumed per capita health care costs may affect the recorded amount of the expense in future periods. For example, fluctuation in the discount rate assumption of 25 basis points would have impacted the 2014 obligations for other post-retirement benefits by approximately $0.5 million. In addition, a one percentage point increase in the assumed health care cost trend rate would impact obligations for other post-retirement benefits by approximately $0.9 million, while a decrease of one percentage point would impact the same obligations by approximately $0.8 million. Additional information regarding other post-retirement benefits is available in "Note 7 Pension and Other Post-retirement Benefit Plans" in the Notes to Consolidated Financial Statements.

ENVIRONMENTAL MATTERS

We record environmental liabilities based on estimates for known environmental remediation exposure utilizing information received from third-party experts and our past experience with these matters. At third-party sites where more than one potentially responsible party has been identified, we record a liability for an estimated allocable share of costs related to our involvement with the site as well as an estimated allocable share of costs related to the involvement of insolvent or unidentified parties. Environmental liability estimates may be affected by changing determinations of what constitutes an environmental exposure or acceptable level of cleanup. To the extent that remediation procedures change or the financial condition of other potentially responsible parties is adversely affected, the estimate of our environmental liabilities may change. Additional information regarding environmental matters is available in "Note 10 Commitments and Contingencies" in the Notes to Consolidated Financial Statements.

TAX MATTERS

Under the provisions of FASB ASC Subtopic 740-10, "Income Taxes", the benefits of tax losses and credits are recognized as deferred tax assets, subject to appropriate valuation allowances. At the end of 2014, we had federal and state net operating loss carryovers of $126.0 million and $231.3 million, respectively. At the end of 2014, we also had federal and state tax credit carryovers of $12.9 million and $10.8 million, respectively. These loss and credit carryovers may be used to reduce future federal and state income tax liabilities. If not utilized, the carryover amounts will expire from 2015 through 2037.

Tax valuation allowances totaled $20.5 million at the end of 2014. Of this amount, $8.1 million relates to the federal cellulosic biofuel credit carryover, and $12.4 million relates to state loss and credit carryovers, primarily in the state of Wisconsin. Deferred tax assets are regularly reviewed for recoverability, and a valuation allowance is established if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The determination of whether a valuation allowance is required is based on an analysis of all positive and negative evidence, including future earnings, changes in operations, the expected timing of the reversals of existing temporary differences, and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset.

Other significant accounting policies, not involving the same level of uncertainties as those previously discussed, are important to an understanding of the consolidated financial statements. Additional information regarding significant accounting policies is available in "Note 1 Description of the Business and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements.

OPERATIONS REVIEW

OVERVIEW

Following a year of significant change and transformation in 2013, the year ended December 31, 2014 was the first full year of operating as a company 100% focused on away-from-home towel and tissue markets. This focus allowed us to dedicate more resources to executing our strategy which is driven by innovative, differentiated products and a unique dealer-

Table of Contents

centric distribution model. We continue to build momentum as we shift our product mix towards premium, 100% recycled fiber towel and tissue products. We made significant progress during the year supporting our strategic direction:

- We achieved 1.6% case volume growth for the full year, more than twice the away-from-home tissue market growth rate of 0.7%.
- We were awarded PPI's "Most Innovative Product" for our new DublNature® line of premium 100% recycled fiber products.
- We launched our new line of 100% recycled premium Artisan® towel products.
- We launched our new Alliance high-capacity electronic roll towel dispensing system featuring twice the capacity of typical roll towel dispensers.
- We refinanced our company debt structure.
- We demonstrated continued operational improvement in papermaking and converting, which supported improving bottom-line results.

CONSOLIDATED

(all dollar amounts in thousands, except per share data)	**2014**	2013	2012
Loss from continuing operations	$ (17,534)	$ (28,183)	$ (1,562)
Net loss from continuing operations per share basic and diluted	$ (0.35)	$ (0.57)	$ (0.03)
(Loss) earnings from discontinued operations, net of taxes	$ (978)	$ (69,082)	$ 2,238
Net (loss) earnings from discontinued operations per share basic and diluted	$ (0.02)	$ (1.40)	$ 0.05

In 2014, we reported a net loss from continuing operations of $17.5 million, or $0.35 per share, compared to a prior-year net loss from continuing operations of $28.2 million, or $0.57 per share. The net loss from continuing operations in 2014 included an after-tax loss of $9.0 million or $0.18 per share related to early extinguishment of debt, after-tax charges of $1.0 million, or $0.02 per share, related to settlement expenses associated with our defined benefit retirement plans, after-tax expense of $0.9 million or $0.02 per share related to certain change in control provisions, after-tax expense of $1.0 million or $0.02 per share related to the severance benefit of the former Chief Executive Officer, and after-tax expense of $0.7 million or $0.01 per share related to proxy settlement charges.

In 2013, we reported a net loss from continuing operations of $28.2 million, or $0.57 per share, compared to a prior-year net loss from continuing operations of $1.6 million, or $0.03 per share. The net loss from continuing operations in 2013 included after-tax charges of $1.9 million, or $0.04 per share, related to settlement expenses associated with our defined benefit retirement plans, and an after-tax credit of $2.1 million, or $0.04 per share, related to a contract at a former manufacturing facility. Also included in 2013, was a provision for income taxes of $21.0 million, or $0.42 per share, related to an income tax valuation allowance for a portion of an existing cellulosic biofuels credit and certain state income tax carryforwards that will likely not be utilized to offset taxable income in the future.

In 2012, we reported a net loss from continuing operations of $1.6 million, or $0.03 per share, compared to prior-year net earnings from continuing operations of $25.2 million, or $0.51 per share. The net loss from continuing operations in 2012 included after-tax charges of $5.3 million, or $0.11 per share, related to the tissue expansion project, after-tax charges of $4.5 million, or $0.09 per share, related to settlement expenses associated with our defined benefit retirement plans, and after-tax charges of $2.1 million, or $0.04 per share, related to a charge for a contract at a former manufacturing facility.

DISCONTINUED OPERATIONS

In May 2013, we announced that our Board of Directors had approved the sale of our specialty paper business. The sale of the specialty paper business and substantially all related assets and selected liabilities, excluding the Brainerd, Minnesota paper mill, closed on June 26, 2013. In February 2013, we announced the planned closure of our Brainerd mill. The Brainerd mill permanently closed in March 2013. In 2014, we sold the group of assets held for sale associated with the Brainerd mill.

In December 2011, we announced that our Board of Directors had approved the sale of our premium Print & Color brands, and the closure of our Brokaw, Wisconsin paper mill. The sale of the premium Print & Color brands, select paper inventory, and certain manufacturing equipment closed on January 31, 2012. We permanently ceased papermaking operations at the Brokaw mill on February 10, 2012.

We determined that the sale of the specialty paper business, the closure of the Brainerd mill, and the closure of the Brokaw mill, met the criteria for discontinued operations presentation as established in ASC Subtopic 205-20, "Discontinued Operations". The results of operations of the specialty paper business, Brainerd, and Brokaw mills have been reported as discontinued operations in the Consolidated Statements of Comprehensive Income (Loss) for all periods presented. The corresponding assets and liabilities of the discontinued operations were reclassified in accordance with authoritative

Table of Contents

literature on discontinued operations when the respective component met the criteria for discontinued operations presentation. The Statements of Cash Flows for all periods presented have not been adjusted to separately disclose cash flows related to discontinued operations. Please refer to "Note 2 Discontinued Operations and Other" in the Notes to Consolidated Financial Statements for additional information.

OUTLOOK

In the near term, the pace of growth in the overall United States and global economies is expected to remain slow. With our 2012 exit from the Print & Color markets and 2013 exit from the technical specialty paper business, we narrowed our focus to the comparatively stable and growing away-from-home tissue market category. We believe our narrowed focus will allow us to capitalize on our participation within the growing tissue market where our growth is presently exceeding overall market rates. Although our economic outlook continues to be cautious, we are focused and determined to achieve sales growth in our target markets. Our ability to achieve sales growth will continue to be influenced by general economic conditions, competitive factors, and changes in market demand and product pricing.

NET SALES AND GROSS PROFIT ON SALES

(all dollar amounts in thousands)		**2014**		2013		2012
Net sales	$	352,024	$	348,584	$	344,182
Tons shipped		181,504		181,046		177,458
Cases shipped		16,988,436		16,728,540		16,021,000
Gross profit on sales	$	51,319	$	49,602	$	63,740
Gross profit margin		15%		14%		19%

Net sales for the year ended December 31, 2014 were $352.0 million, compared with net sales of $348.6 million for the year ended December 31, 2013. Total shipments in tons remained flat with 181,504 tons in 2014 and 181,046 in 2013 while 2014 cases shipped of 17.0 million increased 1.6% from the 16.7 million shipped in 2013. Net sales in 2012 were $344.2 million, consisting of shipments of 177,458 tons, or 16.0 million cases.

Comparing 2014 to 2013, average net selling price per case decreased approximately 1%, or over $4 million, with favorable product mix on the growth of ATMOS enabled Artisan® and DublNature® products partially offsetting actual net selling price decreases and Canadian exchange rate fluctuations. During mid-2014, all major away-from-home towel and tissue suppliers, including Wausau Paper, announced a market price increase. Consequently, the unfavorable price variance is concentrated in the first three quarters of 2014, and the fourth quarter shows significant pricing improvement. Compared to 2012, 2013 average net selling price decreased 4%, or over $15 million, with actual net selling price decreases contributing to over three-quarters of the decline, and the remaining decrease a result of the composition of overall product mix.

Gross profit margin increased to $51.3 million, or 15% of net sales, in 2014 compared with $49.6 million, or 14% of net sales, in 2013. Gross profit margin in 2012 was $63.7 million, or 19% of net sales.

During the year ended December 31, 2014, as compared to the same period in 2013, volume and improved product mix generated over $2 million of gross profit improvement. Additionally, manufacturing cost decreases were realized as we optimized production on our new paper machine in Harrodsburg, Kentucky, as well as improvements in our other operations. These improvements were roughly offset by decreases in net selling prices. Comparing the year ended December 31, 2013, to the same period in 2012, a decrease in fiber-related costs of more than $1 million was more than offset by a decrease in average net selling price and significant increases in manufacturing costs, including a $8 million increase in depreciation expense and a $10 million increase in utilities primarily due to the addition of the new paper machine in Harrodsburg, Kentucky, resulting in a decline in gross profit. Gross profit in 2013 and 2012 was impacted by capital expenses totaling $0.1 million and $6.6 million, respectively, due to the expansion project at our Harrodsburg facility.

During the year ended December 31, 2014, raw materials and packaging comprised approximately 39% of our total cost of sales, with market pulp, wastepaper, and purchased towel and tissue parent rolls accounting for over 73% of this total. Labor and fringe were approximately 18% of our total cost of sales, while utilities accounted for approximately 9%. Net other operating expenses, including outbound freight, depreciation, and maintenance, comprised the remaining 34% of our cost of sales.

Combined fiber prices, consisting of market pulp, wastepaper, and purchased towel and tissue parent rolls, increased during 2014. As compared to 2013, 2014 fiber costs increased approximately $1 million, after decreasing approximately $1 million in 2013 as compared with 2012. In 2014, wastepaper prices increased a modest amount in the first three quarters, then declined slightly in the fourth quarter. In 2012, pulp and wastepaper prices declined at moderate rates, leveling off near the end of the year.

Table of Contents

In 2014, we consumed approximately 144,000 standard tons of wastepaper, 70,000 air-dried metric tons of market pulp, and 21,000 standard tons of purchased parent rolls. Approximately 141,000 standard tons of wastepaper, 67,000 air-dried metric tons of market pulp, and 36,000 standard tons of purchased parent rolls were consumed in 2013. The average price of wastepaper, used in the production of towel and tissue products, increased less than $2 per standard ton, or approximately $0.2 million in 2014 as compared to 2013. As compared with 2012, the average price of wastepaper decreased $19 per standard ton, or nearly $3 million, in 2013. Purchased pulp increased $11 per metric ton, or $1 million in 2014 compared to 2013 while the price had decreased $37 per metric ton, or $3 million from 2013 compared to 2012. Purchased towel and tissue parent rolls, used in our converting operations, increased $21 per standard ton, or approximately even with 2014 as compared to 2013, after decreasing $100 per standard ton, or approximately $1 million, in 2013 as compared to 2012.

Energy-related prices, consisting primarily of natural gas, electricity, coal, fuel oil, and transportation, increased in 2014 as compared to 2013, primarily driven by increases in natural gas and transportation. In total, energy-related costs, including transportation, increased approximately $2 million in 2014 as compared with 2013, after increasing approximately $1 million in 2013 as compared with 2012.

During 2014, the average price of natural gas increased 20%, or approximately $1 million, as compared with 2013. During 2013, the average price of natural gas increased 38%, or approximately $2 million, as compared with 2012. As compared with 2013, 2014 transportation costs increased approximately $1 million. Comparing 2013 with 2012, electricity prices decreased approximately 5%, or approximately $1 million, while combined coal, transportation, and fuel oil price increases had less than a $1 million impact.

As previously discussed, in 2011 our Board of Directors approved plans to expand our production capabilities in response to growing demand for its environmentally friendly, strategic products. The expansion included the construction of a state-of-the-art paper machine, located at our Harrodsburg, Kentucky converting facility, and is capable of producing premium towel and tissue products from 100% recycled fiber. We successfully started production on the new paper machine in December 2012 and introduced new premium recycled towel and tissue products during 2013 and 2014. Within cost of sales, labor and fringe costs remained relatively flat while comparing 2014 to 2013, while they increased 5% in 2013 as compared to 2012, primarily due to increases in headcount due to the start-up of the new paper machine at the Harrodsburg facility. Depreciation expense increased 80% in 2013 as compared to 2012, also due to the new paper machine.

Estimated market demand for away-from-home towel and tissue products increased by approximately 0.7% in 2014 as compared to 2013 after a similar increase in 2013 as compared to 2012.

BACKLOGS

Customer order backlogs were approximately 2,800 tons, representing $6.8 million in sales at December 31, 2014. Customer backlogs, excluding discontinued operations, were approximately 3,900 tons, or $9.1 million in sales, as of December 31, 2013, and approximately 4,200 tons, or $9.9 million in sales, as of December 31, 2012. Changes in customer backlog do not necessarily indicate a change in business conditions, as a large portion of orders are shipped directly from inventory upon receipt and do not impact backlog numbers. The entire backlog at December 31, 2014 is expected to be shipped during the first quarter of 2015.

LABOR

We employed approximately 870 employees at the end of 2014. Less than one-third of our hourly mill employees are covered under collective bargaining agreements. We negotiated a five-year umbrella agreement with the United Steelworkers that was ratified on February 4, 2011. The agreement covers all collectively bargained employees and includes competitive increases in wages and retirement income benefits.

On December 20, 2011, the Company and the United Steelworkers Local 1381 signed a closure agreement for the Brokaw, Wisconsin, paper mill. Similarly, on March 18, 2013, we signed a closure agreement for the Brainerd, Minnesota, paper mill with the United Steelworkers Local 11-0022. In addition, on May 9, 2013, we signed an effects agreement with the United Steelworkers Locals 2-15, 2-1778, 2-316, and 2-221 related to the sale of our specialty paper business, including the Mosinee and Rhinelander, Wisconsin, paper mills.

SELLING AND ADMINISTRATIVE EXPENSES

(all dollar amounts in thousands)	**2014**	2013	2012
Selling and administrative expense	**$ 54,081**	$ 52,186	$ 62,603
Percent increase (decrease)	**4%**	(17%)	52%
As a percent of net sales	**15%**	15%	18%

Table of Contents

Selling and administrative expenses for the year ended December 31, 2014 were $54.1 million, compared to $52.2 million in the same period of 2013. Selling and administrative expenses were $62.6 million for the year ended December 31, 2012. In 2014, stock-based incentive compensation programs resulted in expense of $2.4 million, compared to expense of $1.8 million in 2013 and $2.0 million in 2012. For additional information on our stock incentive programs, refer to "Note 9 Stock Compensation Plans" in the Notes to Consolidated Financial Statements.

In 2014, selling and administrative expenses were impacted by expense of $1.4 million related to change in control provisions, expense of $1.6 million related to the severance benefit of the former Chief Executive Officer, expense of $1.2 million related to proxy settlement charges, and expense of $1.5 million related to settlement charges associated with certain defined benefit retirement plans. These expenses were partially offset by a decrease in administrative headcount and a decrease in management and sales incentives and other restructuring activities.

In 2013, selling and administrative expenses were impacted by $3.0 million related to charges associated with certain defined benefit retirement plans, offset by $3.3 million related to a credit for a natural gas transportation contract associated with a closed facility. In 2012, selling and administration expenses were impacted by expenses of $7.1 million related to charges associated with certain defined benefit retirement plans, and $3.3 million related to a charge for a natural gas transportation contract associated with a closed facility.

OTHER INCOME AND EXPENSE

(all dollar amounts in thousands)	**2014**	2013	2012
Interest expense	$ 10,679	$ 8,802	$ 3,330
Loss on early extinguishment of debt	14,350		
Other, net	27	4	51

Interest expense increased for the year ended December 31, 2014, to $10.7 million compared to $8.8 million for the year ended December 31, 2013. The increase in interest expense is due to an increase in interest rates on our former debt and higher interest rates on our new debt, a higher average outstanding balance and the amortization of original interest discount on our new debt since the July 30, 2014 debt refinancing. Additional information regarding long term debt is available in "Note 5 Debt" in the Notes to Consolidated Financial Statements. In 2013 as compared with 2012, the increase in interest expense is due to reduced capitalized interest as a result of the start-up new paper machine at our Harrodsburg, Kentucky facility. Interest capitalized during the year ended December 31, 2014 was $0.3 million, compared with $0.4 million in the year ended December 31, 2013, and $4.8 million in the year ended December 31, 2012. Total debt was $170.9 million (net of unamortized discount of $3.2 million) at December 31, 2014 compared to $150.0 million and $196.2 million at December 31, 2013 and 2012, respectively.

INCOME TAXES

(all dollar amounts in thousands)	**2014**	2013	2012
Income tax (credit) provision from continuing operations	$ (10,284)	$ 16,793	$ (682)
Effective tax rate	37.0%	(147.4%)	30.4%

Our effective income tax rate related to earnings (loss) from continuing operations before income taxes of 37.0% was impacted in 2014 by an adjustment of $0.5 million to reflect the expiration of the statute of limitations on certain tax positions. During the year ended December 31, 2013, our effective income tax rate related to the loss from continuing operations before income taxes was impacted by adjustments made to our provision for taxes of approximately $21.0 million. The adjustments were related to income tax valuation allowances for a portion of an existing cellulosic biofuels credit and certain state income tax carryforwards that will likely not be utilized to offset taxable income in the future.

LIQUIDITY AND CAPITAL RESOURCES

The following discussions regarding liquidity and capital resources include discontinued operations in all periods presented.

Table of Contents

CASH FLOWS AND CAPITAL EXPENDITURES

(all dollar amounts in thousands)	**2014**	2013	2012
Cash (used in) provided by operating activities	**$ (6,068)**	$ (1,655)	$ 35,928
Working capital	**$ 608**	$ 33,905	$ 67,837
Percent decrease	**(98%)**	(50%)	(5%)
Current ratio	**1:1**	1.5:1	1.7:1
Capital expenditures	**$ 16,449**	$ 37,466	$ 149,424
Percent (decrease) increase	**(56%)**	(75%)	91%

Cash used in operating activities was $6.1 million during the year ended December 31, 2014, compared to $1.7 million for the year ended December 31, 2013. Cash used in operating activities increased in 2014 as compared to 2013, primarily due to increased contributions to defined benefit pension plans as described in "Note 7 Pension and Other Post-retirement Benefit Plans" to the Consolidated Financial Statements. Cash provided by operating activities decreased in 2013 as compared to 2012, primarily due to significant benefits achieved during 2012 as working capital, primarily related to the sale of the Print & Color brands, was liquidated.

Capital expenditures totaled $16.4 million, $37.5 million, and $149.4 million in 2014, 2013, and 2012, respectively. It is expected that capital spending will be approximately $13 million in 2015. The decrease in capital expenditures in 2014 as compared to 2013 is primarily due to the completion of spending on the expansion project that occurred at Harrodsburg, Kentucky, between 2011 and 2013. The major element of this expansion, the new ATMOS enabled paper machine began operating in December 2012. Similarly the decrease in capital expenditures from 2012 to 2013 was due to the completion of the major expenditure phase of this expansion. Capital spending related to this project was $15 million and $131 million in 2013 and 2012, respectively. We began production of certain conventional grades on the new paper machine in December 2012, and produced and commercialized premium products in 2013.

In May 2013, we announced that our Board of Directors had approved the sale of our specialty paper business. In 2014, we sold the assets held for sale associated with Brainerd and realized proceeds on the sale of $7.0 million. The sale of the specialty paper business and primarily all related assets and selected liabilities, excluding the Brainerd mill, closed on June 26, 2013, generating proceeds of approximately $105.1 million after settlement of transaction-related liabilities, transaction costs, and taxes.

In December 2011, we announced that our Board of Directors had approved the sale of our premium Print & Color brands, and the closure of our Brokaw, Wisconsin paper mill. The sale of the premium Print & Color brands, select paper inventory, and certain manufacturing equipment closed on January 31, 2012, generating proceeds of $20.5 million. During the third quarter of 2012, we completed the sale and disposal of the remaining long-lived assets of the Brokaw mill, generating proceeds of $4.8 million.

We believe that the available credit under our credit agreements and cash provided by operations will be sufficient to meet our cash flow needs for debt maturities, capital, working capital, and investing activities in 2015.

DEBT AND EQUITY

(all dollar amounts in thousands)	**2014**	2013	2012

Long-term debt	$ 170,868	$ 150,000	$ 196,200
Total capitalization	298,380	318,142	401,701
Long-term debt/capitalization ratio	57%	47%	49%

At December 31, 2014, total debt was $170.9 million (gross debt of $174.1 million less unamortized discount of $3.2 million), an increase of $20.9 million from the $150.0 million reported at December 31, 2013. The increase is due to the July 30, 2014 debt refinancing as discussed in "Note 5 Debt" to the Consolidated Financial Statements. At December 31, 2012, total debt was $196.2 million. During the first half of 2013, total debt increased to $217.0 million. We used $67.0 million of cash proceeds from the sale of our specialty paper business, which totaled $105.1 million, to pay down outstanding debt.

On July 30, 2014, the Company prepaid $150 million of outstanding obligations with various maturities under our former note purchase and private-shelf agreement utilizing proceeds received under a $175 million secured term loan facility. Also, on July 30, 2014, we terminated the $80 million revolving credit agreement expiring June 2015, and entered into a $50 million secured revolving credit facility which provides for borrowings up to $50 million based on certain borrowing base requirements. In addition to the prepayment of the outstanding obligations under the note purchase and private-shelf notes, net proceeds of $171.5 million under the term loan facility were used to pay $14.4 million in accrued interest and make-whole payments to the note holders and $3.4 million of transaction-related fees and expenses. The remainder of the net proceeds was used for general corporate purposes.

Table of Contents

The $50 million secured revolving credit facility matures in July 2019 and the $175 million term loan facility has a final maturity in July 2020. The secured debt agreements contain various restrictive covenants, including fixed charge coverage ratios in the case of the secured revolving credit facility and leverage ratios in the case of the term loan facility, and contain restrictions on dividends and other restricted payments. Both agreements are secured by substantially all of the assets of the Company. At December 31, 2014, we were in compliance with all required covenants.

The $175 million secured term loan amortizes in equal quarterly installments in an aggregate annual amount equal to 1% of the original principal amount, with the remainder due at maturity. In addition to the annual amortization, the secured term loan is subject to mandatory prepayments subject to excess cash flow requirements. The annual interest rate is based on LIBOR, subject to a 1% floor, plus 5.5%, or at the option of the Company, a base rate as defined in the agreement, plus 4.5%. The interest rate at December 31, 2014 was 6.5%.

Borrowings under the $50 million secured revolving credit facility bear interest at a rate equal to LIBOR or a base rate plus an applicable margin determined on the first day of the calendar month following each fiscal quarter end. At December 31, 2014, the applicable margin for LIBOR-based borrowings is 1.75% and, for base rate borrowings is 0.75%. The revolving credit facility is subject to an unused line fee that ranges from 25 to 37.5 basis points.

Availability under the $50 million secured revolving credit facility is subject to customary conditions and is limited by the Company's borrowing base determined by the amount of accounts receivable and inventory. At December 31, 2014, there were no amounts outstanding under the revolving credit agreement and the Company had a borrowing base of unused availability of $36.5 million.

Early in 2014 and during prior years, we had an unrated commercial paper placement agreement with a bank to issue up to $50 million of unsecured debt obligations. The agreement required unused credit availability under our revolving credit agreement equal to the amount of outstanding commercial paper. On February 24, 2014, we terminated this commercial paper placement agreement. There were no outstanding borrowings under this agreement as of the date of termination or at December 31, 2013.

At December 31, 2014, payments due within the next year on our secured term loan facility have been classified as long-term on our Consolidated Balance Sheets as we have the ability and intent to refinance these payments under our revolving-credit agreement.

We do not have material market risk associated with derivative instruments.

In February 2008, our Board of Directors authorized the repurchase of 2,500,000 shares of Wausau Paper common stock. There were no repurchases of common stock during 2014, 2013, or 2012. Repurchases may be made from time to time in the open market or through privately negotiated transactions. At December 31, 2014, there were 2,009,774 shares available for purchase under the existing authorization.

In 2014, 2013 and 2012, the Board of Directors declared cash dividends of $0.12 per share of common stock.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following is a summary of our contractual obligations and payments due by period subsequent to December 31, 2014:

Payments Due by Period

(all dollar amounts in thousands)	Total	2015	2016	2017	2018	2019	Thereafter
Long-term debt	$ 174,125	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 165,375
Interest on debt	61,464	11,432	11,348	11,201	11,086	10,970	5,427
Operating leases	5,917	2,258	1,926	1,733			
Capital spending commitments	1,453	1,453					
Retirement plan contributions	10,848	10,848					
Post-retirement benefit plan	2,583	2,583					
Purchase obligations	238,189	86,181	74,877	67,275	3,478	2,923	3,455
	$ 494,579	$ 116,505	$ 89,901	$ 81,959	$ 16,314	$ 15,643	$ 174,257

As discussed in "Note 8 Income Taxes" in the Notes to Consolidated Financial Statements, under the provisions of FASB ASC Subtopic 740-10, at December 31, 2014, we had a liability for unrecognized tax benefits, including related interest and penalties, totaling $1.3 million. Due to the uncertainties related to these tax matters, we are unable to make a reasonably reliable estimate when cash settlement with a taxing authority will occur.

Interest on debt is variable; future interest payments have been calculated utilizing the December 31, 2014 interest rate of 6.5%. For additional information on debt and interest obligations, please refer to "Note 5 Debt" in the Notes to Consolidated Financial Statements. For additional information on operating leases, please refer to "Note 6 Lease Commitments" in the Notes to Consolidated Financial Statements. Commitments for capital spending and additional information with respect to the purchase obligations are described in "Note 10 Commitments and Contingencies" in the Notes to Consolidated Financial Statements. We also have various employee benefit plan obligations that are described in "Note 7 Pension and Other Post-retirement Benefit Plans."

Table of Contents

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We do not have a material market risk associated with derivative instruments. We generally conduct U.S. dollar-denominated international transactions, and our currency fluctuation risk for transactions denominated in foreign currency is not material. On July 30, 2014, we entered into a $175.0 million secured term loan facility. At December 31, 2014, the estimated fair value of this fixed-rate debt was $187 million.

The potential loss in fair value on such variable-rate debt obligations from a hypothetical 10% increase in market interest rates is estimated to be $1.2 million, and would not be material to the overall fair value of the debt. We currently have no plans to repurchase our outstanding variable-rate instruments and, therefore, fluctuations in market interest rates would not have an effect on our results of operations or stockholders' equity.

Table of Contents

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013).

Based on our assessment, we believe that, as of December 31, 2014, our internal control over financial reporting is effective based on those criteria.

Our independent registered public accounting firm has issued a report on internal control over financial reporting. This report appears on page 23.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Wausau Paper Corp.
Mosinee, Wisconsin

We have audited the internal control over financial reporting of Wausau Paper Corp. and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated March 2, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
March 2, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Wausau Paper Corp.
Mosinee, Wisconsin

We have audited the accompanying consolidated balance sheets of Wausau Paper Corp. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Wausau Paper Corp. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin
March 2, 2015

Table of Contents

Wausau Paper Corp. and Subsidiaries
Consolidated Balance Sheets

(all dollar amounts in thousands)	As of December 31, 2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,675	$ 19,594
Receivables, net	23,198	29,106
Refundable income taxes	1,487	1,927
Inventories	31,824	35,718
Spare parts	11,729	10,607
Other current assets	1,576	2,243
Assets of discontinued operations	1,050	8,587
Total current assets	73,539	107,782
Property, plant, and equipment net	289,840	298,964
Deferred income taxes	43,386	20,470
Other assets	57,097	54,347
Total Assets	$ 463,862	$ 481,563
LIABILITIES		
Current liabilities:		
Accounts payable	$ 22,740	$ 29,900
Deferred income taxes	11,844	10,118
Accrued and other liabilities	35,556	31,965
Liabilities of discontinued operations	2,791	1,894
Total current liabilities	72,931	73,877
Long-term debt	170,868	150,000
Post-retirement benefits	21,647	30,247
Pension	55,075	38,838
Other noncurrent liabilities	15,829	19,470
Noncurrent liabilities of discontinued operations		989
Total liabilities	336,350	313,421
Commitments and contingencies		
STOCKHOLDERS' EQUITY		

Preferred stock, no par value (500,000 shares authorized; no shares issued)				
Common stock, no par value (100,000,000 shares authorized; 60,122,812 shares issued in 2014 and 2013)		172,311		178,342
Retained earnings		126,767		151,485
Accumulated other comprehensive loss		(43,975)		(27,220)
Treasury stock, at cost (10,121,717 and 10,667,058 shares in 2014 and 2013, respectively)		(127,591)		(134,465)
Total stockholders' equity		127,512		168,142
Total Liabilities and Stockholders' Equity	$	463,862	$	481,563

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

Wausau Paper Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)

(all amounts in thousands, except per share data)	For the Year Ended December 31, 2014	2013	2012
Net sales	$ 352,024	$ 348,584	$ 344,182
Cost of sales	300,705	298,982	280,442
Gross profit	51,319	49,602	63,740
Selling and administrative	54,081	52,186	62,603
Operating (loss) profit	(2,762)	(2,584)	1,137
Other income (expense):			
Interest expense	(10,679)	(8,802)	(3,330)
Loss on early extinguishment of debt	(14,350)		
Other, net	(27)	(4)	(51)
Loss from continuing operations before income taxes	(27,818)	(11,390)	(2,244)
(Credit) provision for income taxes	(10,284)	16,793	(682)
Loss from continuing operations	(17,534)	(28,183)	(1,562)
(Loss) earnings from discontinued operations, net of taxes	(978)	(69,082)	2,238
Net (loss) earnings	$ (18,512)	$ (97,265)	$ 676
Net (loss) earnings per share basic and diluted:			
Continuing operations	$ (0.35)	$ (0.57)	$ (0.03)
Discontinued operations	(0.02)	(1.40)	0.05
Net (loss) earnings	$ (0.37)	$ (1.97)	$ 0.01
Weighted average shares outstanding basic	50,173	49,411	49,312
Weighted average shares outstanding diluted	50,173	49,411	49,312
Dividends declared per common share	$ 0.12	$ 0.12	$

						0.12
Other comprehensive (loss) income:						
Retirement and other post-retirement plans, net of tax	**$**	**(16,755)**	$	63,876	$	12,981
Other comprehensive (loss) income		**(16,755)**		63,876		12,981
Comprehensive (loss) income	**$**	**(35,267)**	$	(33,389)	$	13,657

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

Wausau Paper Corp. and Subsidiaries
Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
(all dollar amounts in thousands)	**2014**	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) earnings	**$ (18,512)**	$ (97,265)	$ 676
Provision for depreciation, depletion, and amortization	**41,252**	82,048	47,642
Credit for losses on accounts receivable	**(69)**	(100)	(165)
Loss on early extinguishment of debt	**14,350**		
Gain on sale of business			(12,515)
(Gain) loss on sale of assets	**(214)**	882	(960)
Impairment of long-lived assets	**211**	64,548	2,075
Non-cash inventory, spare parts and other writedowns		6,653	
Compensation expense for stock-based awards	**2,396**	1,773	2,021
Deferred income taxes	**(10,684)**	(25,373)	(2,077)
Changes in operating assets and liabilities:			
Receivables	**8,115**	(972)	21,726
Inventories	**4,043**	(2,393)	18,235
Other assets	**(21,536)**	(22,793)	(20,568)
Accounts payable and other	**(24,876)**	(9,469)	(11,153)
Accrued and refundable income taxes	**(544)**	806	(9,009)
Net cash (used in) provided by operating activities	**(6,068)**	(1,655)	35,928
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	**(16,449)**	(37,466)	(149,424)
Grants received for capital expenditures			236
Proceeds from sale of business		105,067	20,817
Proceeds from sale of assets	**7,111**	1,243	7,194
Net cash (used in) provided by investing activities	**(9,338)**	68,844	(121,177)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (payments) issuances of commercial paper		(40,700)	32,050
Borrowings under credit agreements	**171,500**	65,000	8,500
Payments under credit agreements	**(150,875)**	(70,500)	(3,000)
Issuances of notes payable			50,000
Payments of debt issuance costs	**(3,773)**		
Payments of industrial development bond agreement			(19,000)
Payment of premium on early extinguishment of debt	**(13,833)**		

Dividends paid		**(5,982)**		(5,929)		(5,918)
Proceeds from stock option exercises		**1,450**		490		
Net cash (used in) provided by financing activities		**(1,513)**		(51,639)		62,632
Net (decrease) increase in cash and cash equivalents		**(16,919)**		15,550		(22,617)
Cash and cash equivalents at beginning of year		**19,594**		4,044		26,661
Cash and cash equivalents at end of year	**$**	**2,675**	$	19,594	$	4,044
SUPPLEMENTAL CASH FLOW INFORMATION:						
Interest paid net of amount capitalized	**$**	**10,675**	$	7,606	$	2,012
Income taxes paid	**$**	**51**	$	224	$	3,145

Noncash investing activities: For the years ended December 31, 2014, 2013, and 2012, capital expenditures included in accounts payable were $3.7 million, $7.1 million, and $4.7 million, respectively. There were capital grants receivable of $1.0 million for the year ended December 31, 2013.

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

Wausau Paper Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity

(all dollar amounts in thousands)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balances December 31, 2011	$ 178,315	$ 260,016	$ (104,077)	$ (138,010)	$ 196,244
Net earnings					