

SCHWEITZER MAUDUIT INTERNATIONAL INC
Form DEF 14A
March 01, 2013

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

SCHEDULE 14A

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

Filed by the Registrant ☒ T

Filed by a Party other than the Registrant ☐ o

Check the appropriate box:

- ☐ o Preliminary Proxy Statement
- ☐ o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ T Definitive Proxy Statement
- ☐ o Definitive Additional Materials
- ☐ o Soliciting Material Pursuant to §240.14a-12

SCHWEITZER-MAUDUIT INTERNATIONAL, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ T No fee required.
- ☐ o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

1

March 14, 2013

Frédéric Villoutreix
Chairman of the Board and
Chief Executive Officer

TO OUR STOCKHOLDERS:

On behalf of the Board of Directors and management of Schweitzer-Mauduit International, Inc., I cordially invite you to the Annual Meeting of Stockholders to be held on Thursday, April 25, 2013 at 11:00 a.m. at the Company's corporate headquarters located at 100 North Point Center East, Suite 600, Alpharetta, Georgia.

Details about the Annual Meeting, nominees for election to the Board of Directors and other matters to be acted on at the Annual Meeting are presented in the Notice of Annual Meeting and Proxy Statement that follow.

It is important that your stock be represented at the meeting regardless of the number of shares you hold. You are encouraged to specify your voting preferences by so marking and dating the enclosed proxy card. But, if you wish to vote in accordance with the directors' recommendation, all you need do is sign and date the card.

Please complete and return the proxy card in the enclosed envelope whether or not you plan to attend the meeting. If you do attend and wish to vote in person, you may revoke your proxy at that time.

If you plan to attend the meeting, please check the card in the space provided. This will assist us with meeting preparations and will enable us to expedite your admittance. If your shares are not registered in your own name and you would like to attend the meeting, please ask the broker, trust, bank or other nominee which holds the shares to provide you with evidence of your share ownership, which will enable you to gain admission to the meeting.

Sincerely,

Frédéric Villoutreix

SCHWEITZER-MAUDUIT INTERNATIONAL, INC.
100 North Point Center East, Suite 600
Alpharetta, Georgia 30022-8246

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 25, 2013

The Annual Meeting of Stockholders of Schweitzer-Mauduit International, Inc. will be held at the Company's corporate headquarters located at 100 North Point Center East, Suite 600, Alpharetta, Georgia, on Thursday, April 25, 2013 at 11:00 a.m. for the following purposes:

1. To elect as directors the 2 nominees named in the attached proxy statement, each to serve for a term of 3 years ending at the 2016 Annual Meeting of Stockholders;
2. To ratify the selection of Deloitte & Touche as our independent registered public accounting firm for our fiscal year ending December 31, 2013;
3. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

We currently are not aware of any other business to be brought before the Annual Meeting.

You may vote all shares that you owned as of February 28, 2013, which is the record date for the Annual Meeting. Since a majority of the outstanding shares of our Common Stock must be represented either in person or by proxy to constitute a quorum for the conduct of business, I urge you to sign, date and promptly return the enclosed proxy card in the enclosed business reply envelope. No postage is required if mailed in the United States.

John W. Rumely, Jr.
Secretary and General Counsel

March 14, 2013

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SCHWEITZER-MAUDUIT INTERNATIONAL, INC.

100 North Point Center East, Suite 600

Alpharetta, Georgia 30022-8246

PROXY STATEMENT

INTRODUCTION

This Proxy Statement and the accompanying proxy card are furnished to the stockholders of Schweitzer-Mauduit International, Inc., a Delaware corporation, referred to as either the Company or SWM, in connection with the solicitation of proxies by the Board of Directors of the Company for use at the 2013 Annual Meeting of Stockholders (Annual Meeting). The Company intends to mail this Proxy Statement and proxy card, together with the 2012 Annual Report to Stockholders, on or about March 14, 2013.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Date, Time, and Place of Meeting

The Annual Meeting will be held on April 25, 2013, at 11:00 a.m. Eastern Daylight Time, at our corporate headquarters located at 100 North Point Center East, Suite 600, Alpharetta, Georgia 30022 and at any adjournment thereof.

How Can I Vote?

You can vote by completing, signing, dating, and mailing the enclosed proxy card in the envelope provided. Cards received in time for the meeting will be voted as instructed.

If your shares are held in “street name” (through a broker, bank or other nominee), you may receive a separate voting instruction form with this proxy statement, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically by using the internet or by telephone.

If your vote is received before the Annual Meeting the named proxies will vote your shares as you direct.

For Proposal One – Election of Directors, you may:

Vote FOR all nominees;

WITHHOLD your vote from all nominees; or

Vote FOR all nominees except one of the nominees you designate.

For Proposal Two – Ratification of the Selection of Independent Registered Public Accounting Firm, you may:

Vote FOR the proposal;

Vote AGAINST the proposal; or

ABSTAIN from voting on the proposal.

How Does the Board Recommend that I Vote?

The Board of Directors unanimously recommends that you vote:

FOR all nominees for election to the Board of Directors in Proposal One – Election of Directors; and
FOR Proposal Two – Ratification of the Selection of Independent Registered Public Accounting Firm.

Quorum Requirement

Pursuant to Section 216 of the Delaware General Corporation Law and the Company's By-Laws, a quorum for the Annual Meeting will be a majority of the issued and outstanding shares of the Company's Common Stock, present in person or represented by proxy.

What If I Don't Vote?

Voting is an important stockholder right and we encourage you to do so. It is also important that you vote to establish a quorum for the conduct of business.

Under the New York Stock Exchange, or NYSE, rules, if your shares are held in "street name" and you do not indicate how you wish to vote, your broker is permitted to exercise its discretion to vote your shares only on certain "routine" matters. Proposal One, Election of Directors is not a "routine" matter. Accordingly, if you do not direct your broker how to vote, your broker may not exercise discretionary voting authority and may not vote your shares. This is called a "broker non-vote" and although your shares will be considered to be represented by proxy at the Annual Meeting, as previously discussed above under "Quorum Requirements," they are not considered to be shares "entitled to vote" at the Annual Meeting and will not be counted as having been voted on the applicable proposal. Proposal Two, Ratification of the Selection of Independent Registered Public Accounting Firm, is a "routine" matter and, as such, your broker is permitted to exercise discretionary voting authority to vote your shares "For" or "Against" the proposal in the absence of your instruction. Proxies marked "Withheld" on Proposal One – Election of Directors or "Abstain" on Proposal Two – Ratification of Selection of Independent Registered Public Accounting Firm will be counted in determining the total number of shares "entitled to vote" on such proposal and will have the effect of a vote "Against" a director or a proposal.

Vote Required

Proposal One: Election of Directors will be decided by a plurality of shares of SWM's Common Stock as of the record date present in person or represented by proxy and entitled to vote on the election of directors. A "plurality" for Proposal One means the individuals who receive the greatest number of votes cast "For", up to the maximum number of directors to be chosen at the meeting, are elected as directors. Votes may be cast in favor of or withheld from each nominee; votes that are withheld will be excluded entirely from the vote and will have no effect.

Proposal Two: Ratification of the Selection of Independent Registered Public Accounting Firm will be decided by the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the subject matter.

Who Can Vote?

Each stockholder of record at the close of business on February 28, 2013 will be entitled to 1 vote for each share registered in such stockholder's name. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement.

On August 21, 2012, the Company paid a two-for-one stock split of its common stock effected as a stock dividend to shareholders of record on August 13, 2012. All shares and per-share amounts in this Proxy have been adjusted for the stock split for all periods presented.

As of February 28, 2013, there were 31,385,404 shares outstanding of the Company's Common Stock, par value \$0.10 per share (the "Common Stock").

Participants in the Company's Retirement Savings Plan ("Plan") may vote the number of shares they hold in that plan. The number of shares shown on your proxy card includes the stock units you hold in the Retirement Savings Plan and serves as a voting instruction to the trustee of the Plan for the account in the participant's name.

Information as to the voting instructions given by individuals who are participants in the Plan will not be disclosed to the Company.

How Can I Change My Vote?

Any proxy may be revoked by the stockholder granting it at any time before it is voted by delivering to the Secretary of the Company another signed proxy card, or a signed document revoking the earlier proxy, or by attending the meeting and voting in person.

Who Pays For the Proxy Solicitation?

The Company will pay the entire cost of the proxy solicitation. The Company has retained American Stock Transfer & Trust Company, the Company's transfer agent, to aid in the solicitation of proxies. Proxy solicitation services on routine proxy matters are included in the fees paid to American Stock Transfer & Trust Company to act as the Company's stock transfer agent and registrar. Only reasonable out-of-pocket expenses on proxy solicitation services are charged separately. The Company will reimburse brokers, fiduciaries and other nominees for their reasonable expenses in forwarding proxy materials to beneficial owners. In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies in person, by telephone or by other means of communication.

Who Will Count the Vote?

American Stock Transfer & Trust Company has been engaged to tabulate stockholder votes and act as our independent inspector of elections for the Annual Meeting.

Discretionary Voting and Adjournments

We currently are not aware of any business to be acted upon at the Annual Meeting other than that described in the Proxy Statement. If, however, other matters are properly brought before the Annual Meeting, or any adjournment or postponement of the Annual Meeting, your proxy includes discretionary authority on the part of the individuals appointed to vote your shares to act on those matters according to their best judgment.

Adjournment of the Annual Meeting may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time by the chairman of the meeting of stockholders.

STOCK OWNERSHIP

Significant Beneficial Owners

The following table sets forth certain information as of December 31, 2012 regarding the number of shares of Common Stock of the Company beneficially owned by each person who is known to the Company to own, directly or indirectly, more than 5% of the outstanding shares of the Company's Common Stock, as reflected in the Schedule 13G (and amendments, if any, thereto) as filed with the Securities and Exchange Commission in February 2013 and provided to the Company by such persons.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class	Sole Voting Power	Shared Voting Power	Sole Investment Power	Shared Investment Power
Common Stock	Capital World Investors 333 South Hope Street Los Angeles, CA 90071	3,415,784	11.00	3,415,784	0	3,415,784	0
Common Stock	BlackRock Inc. 40 East 52nd Street New York, NY 10022	2,639,068	8.50	2,639,068	0	2,639,068	0
Common Stock	The Vanguard Group ⁽¹⁾ 100 Vanguard Blvd. Malvern, PA 19355	2,001,800	6.45	46,198	0	1,957,002	44,798

Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 44,798 shares or 0.14% of the Common Stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd. ("VIA"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 1,400 shares or 0.00% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

Directors and Executive Officers

To assure that the interests of directors and executives are aligned with stockholders, the Company requires both directors and key executives (including all Named Executive Officers) to own minimum amounts of common stock. Either directly or through deferred compensation accounts, each director must hold equity equal to five times the value of the directors' annual Board cash retainer. Each Named Executive Officer must hold equity equal to a multiple (from two to five), depending on the position held, of his or her annual base salary. The requirements are effective in 2017 or within five years after the individual becomes subject to the policy.

The Company prohibits directors and key executives (including all Named Executive Officers) from hedging any of the Company's equity securities or from pledging a significant number of the Company's equity securities.

The following table sets forth information as of February 14, 2013, unless otherwise noted, regarding the number of shares of common stock beneficially owned by all directors and nominees, each Named Executive Officer, and by all directors and executive officers as a group. In addition to stock they own beneficially, all directors have deferred part of their compensation from the Company to a deferred compensation plan for non-employee directors, explained in more detail in "Compensation of Directors," below. Each director holds the equivalent of stock units in a deferral account. Unless otherwise indicated in a footnote, each person listed below possesses sole voting and investment power with respect to the shares indicated as beneficially owned by that person. No shares are pledged as security.

Title of Class	Name of Individual or Identity of Group	Amount and Nature of Beneficial Ownership	Percent of Class ⁽¹⁾	
Common Stock	Claire L. Arnold	8,420	(2)	*
Common Stock	K.C. Caldabaugh	4,000	(3)	*
Common Stock	Jeffrey A. Cook	10,000	(4)	*
Common Stock	Michel Fievez	126,782	(5)	*
Common Stock	William A. Finn	12,202	(6)	*
Common Stock	Otto R. Herbst	80,424	(7)	*
Common Stock	Wilfred A. Martinez	42,114	(8)	*
Common Stock	Robert F. McCullough	2,000	(9)	*
Common Stock	John D. Rogers	2,004	(10)	*
Common Stock	Mark A. Spears	4,930	(11)	*
Common Stock	Frédéric P. Villoutreix	265,137	(12)	*
Common Stock	Anderson D. Warlick	5,218	(13)	*
Common Stock		563,231	1.8	%

All Directors, Named Executive Officers and executive
officers as a group

Percentages are calculated on the basis of the amount of outstanding securities on February 14, 2013, 31,210,212

- (1) shares, excluding securities held by or for the account of SWM or its subsidiaries, plus securities deemed outstanding pursuant to Rule 13d-3(d)(1). An asterisk shows ownership of less than 1% of the shares outstanding.
- (2) Ms. Arnold has the equivalent of 38,898 stock units, including accumulated dividends, in deferral accounts.

- (3) Mr. Caldabaugh has the equivalent of 22,547 stock units, including accumulated dividends, in deferral accounts.
- (4) Includes 10,000 shares of restricted stock which vest in February 2016.
- (5) In February 2011 and February 2013, 102,076 and 13,838 shares vested, respectively, but continue to have a two-year restriction on transfer. All vested shares include the power to vote such shares.
- (6) Mr. Finn has the equivalent of 3,944 stock units, including accumulated dividends, in deferral accounts.
- (7) Includes 17,572 shares of restricted stock which vest on February 20, 2012.
- (8) Includes 8,706 shares of restricted stock which vest on February 20, 2012.
- (9) Mr. McCullough has the equivalent of 19,620 stock units, including accumulated dividends, in deferral accounts.
- (10) Mr. Rogers owns 2,004 shares jointly with his wife, Kyle E. Koehler. He has the equivalent of 7,827 stock units, including accumulated dividends, in deferral accounts.
- (11) Includes 2,686 shares of restricted stock which vest on February 20, 2012.
- (12) Includes 55,550 shares of restricted stock which vest on February 20, 2012.
- (13) Mr. Warlick has the equivalent of 4,538 stock units, including accumulated dividends, in deferral accounts.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities to file reports with the Securities and Exchange Commission regarding beneficial ownership of Common Stock and other equity securities of the Company. Executive Officers, directors and greater than 10% stockholders are required by Securities and Exchange Commission regulations to furnish the Company with copies of all forms they file pursuant to Section 16(a).

To the Company's knowledge, based solely on a review of copies of such reports filed during the fiscal year ended December 31, 2012, all executive officers, directors and greater than 10% beneficial owners timely complied with Rule 16(a).

PROPOSAL ONE
ELECTION OF DIRECTORS

Number of Directors; Board Structure

SWM's By-Laws provide that the number of directors on its Board of Directors shall be fixed by resolution of the Board from time to time. The Board of Directors presently has seven members, six of whom are independent. As indicated in the table below, the Board of Directors is divided into three staggered classes of directors of the same or nearly the same number.

Class I - Current Term Ending at 2014 Annual Meeting	Class II - Current Term Ending at 2015 Annual Meeting	Class III - Current Term Ending at 2013 Annual Meeting
Claire L. Arnold Robert F. McCullough	K.C. Caldabaugh William A. Finn John D. Rogers	Frédéric P. Villoutreix Anderson D. Warlick

Nominees for Director

The Board has nominated Messrs. Frédéric P. Villoutreix and Anderson D. Warlick for election to the Board to serve a three-year term ending at the 2016 Annual Meeting of Stockholders and until their successors are elected and have qualified. Each of these nominees is a current member of the Board and has consented to serve if elected. The Board of Directors has determined that Mr. Warlick is independent. Should the nominees become unable to serve, proxies may be voted for another person designated by the Board of Directors. Proxies can only be voted for the number of persons named as nominee in this Proxy Statement, which is two.

Board Recommendation

The Board of Directors unanimously recommends a vote FOR the election to the Board of the two nominees for director.

Background Information on Nominees and Continuing Directors

The names of the nominees and the directors continuing in office, their ages as of the date of the Annual Meeting, their principal occupations and directorships during the past five years, and certain other biographical information are set forth on the following pages.

Nominees For Election to the Board of Directors

Name	Age	Period Served as a Director	Principal Occupations and Businesses and Directorships During Last 5 Years
Frédéric P. Villoutreix	48	2007 – Present	<p>Chief Executive Officer and Chairman of the Board of SWM, presently and since January 1, 2009</p> <p>Chief Operating Officer of SWM, February 2006 –December 2008</p> <p>Vice President, Abrasives Europe and Coated Abrasives World, Compagnie de Saint-Gobain 2004 – 2005</p>
Anderson D. Warlick	55	2009 – Present	<p>Vice Chairman and Chief Executive Officer of Parkdale and its subsidiaries, a privately held textile and consumer products company presently and since 2000</p>

Members of the Board of Directors Continuing in Office

Name	Age	Period Served as a Director	Principal Occupations and Businesses and Directorships During Last 5 Years
Claire L. Arnold	66	1995 – Present	Chief Executive Officer of Leapfrog Services, Inc., a computer support company and network integrator, presently and since 1998 Director – Ruby Tuesday, Inc. resigned in 2012
K.C. Caldabaugh	66	1995 – Present	Principal, Heritage Capital Group, an investment banking firm, presently and since July 2001
William A. Finn	67	2008 – Present	Chairman, AstenJohnson Holding Ltd., a holding company that has interests in paper machine clothing manufacturers, presently and since 2006 Chairman and Chief Executive Officer, AstenJohnson, Inc., a paper machine clothing manufacturer, 1999 – 2006
Robert F. McCullough	70	2006 – Present	Private investor, presently and since January 2007 Senior Partner, Invesco Ltd. (formerly AMVESCAP PLC), an investment fund manager, June 2004 – December 2006 Chief Financial Officer, AMVESCAP PLC, April 1996 – May 2004 Director – Primerica Director – Acuity Brands, Inc. Director – Comverge, Inc., resigned June 2009 Director – Mirant Corporation from February 2003 through January 3, 2006 when it emerged from bankruptcy
John D. Rogers	51	2009 – Present	President and Chief Executive Officer of CFA Institute, presently and since January 2009 Founding Partner of Jade River Capital Management, LLC., presently and since May 2007 President and Chief Executive Officer, Invesco Institutional N.A., Senior Managing Director and Head of Worldwide Institutional Business, AMVESCAP Plc., a mutual fund company, January 2003 – January 2006 Director - CFA Institute

Director Qualifications for Service on the Company's Board

The particular experience, qualifications, attributes and skills that led the Board to conclude that the nominees should sit on the Board of Directors is summarized below:

Frédéric P. Villoutreix

As current Chairman and Chief Executive Officer and former Chief Operating Officer, Mr. Villoutreix brings a unified vision and depth of understanding of the operational, financial, and strategic elements of the Company to the Board. He also serves as the primary liaison between management and the Board as well as filling the core leadership role for both groups. His experience, both within the Company and in the various management positions and international assignments he held with his previous manufacturing-based employer, enhanced his ability to perform these functions.

Anderson D. Warlick

As the vice chairman and chief executive officer of a company that utilizes domestic and foreign manufacturing sites to produce and compete world-wide in primarily commodity product lines, Mr. Warlick brings experience to the Board in operational excellence, operating in less developed countries, and effective management and deployment of fixed assets situated in different positions along the cost curve of competitive facilities. These skills and experience are directly related to developing and guiding the implementation of solutions to the Company's current and strategic challenges.

Mr. Warlick also currently serves on the boards of three private corporations, one of which he serves as lead director, and is a member of their compensation and nominating & governance committees. He previously served as a director of an additional private company, including as the lead director and member of the audit committee. The experience he acquired in these roles contributes to his service on the Company's compensation and nominating & governance committees.

The background relevant to their service on the Company's Board of Directors for each of the Directors continuing in office is summarized below:

Claire L. Arnold

Ms. Arnold has served as a director with five New York Stock Exchange-listed small capitalization companies, including service as the chair of nominating & governance, compensation and audit committees. As a member of the Company's Board she has also served in the capacity of lead director, and currently serves as chair of its compensation committee. Ms. Arnold's broad experience on other boards and board committees allows her to provide substantial value and insight into best governance practices on such critical topics as executive compensation and governance. From a business perspective, Ms. Arnold was the chief executive officer of a large, private distribution company for 15 years, building it from \$30mm in sales when acquired in a leveraged buy-out to sales of \$1.6 billion, accomplishing that equally through organic growth and through a series of acquisitions. The company distributed tobacco products, among other things, giving Ms. Arnold direct insight into dealing with SWM's major customers. Ms. Arnold is currently the chief executive officer of Leapfrog Services Inc., a managed services company and network integrator. Her experience with information technology management systems has been directly relevant to an area in which the Company has and continues to make substantial capital investment. Ms. Arnold's direct experience running a large enterprise, as well as her role in identifying, negotiating, and managing the integration of acquisitions, makes Ms. Arnold a valuable asset to the Board in exercising its oversight and input on strategic planning.

K.C. Caldabaugh

Mr. Caldabaugh has served as the chief financial officer of publicly traded companies outside the paper industry and as the chief executive officer of a private company in the paper industry, including turnaround and distressed company situations. Subsequently, he has served as a principal in a consulting firm that provides strategic planning advice and as an advisor in mergers and acquisitions. Mr. Caldabaugh's background provides the Board with experience related to the Company's restructuring programs, evaluation and implementation of growth opportunities and strategic planning in addition to his experience with financial controls and reporting.

Mr. Caldabaugh is one of the Company's three financial experts and his experience as a chief financial officer provides experience directly relevant to his participation on the Company's audit committee.

William A. Finn