

CHARTER
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS OF APPLETON PAPERS INC..

I. PURPOSE.

The purpose of the Compensation Committee ("Committee") of the board of directors ("Board of Directors") of Appleton Papers Inc. ("Company") is to oversee management compensation and other human resource issues for the Company and its subsidiaries. The Company's goal is to provide compensation to the members of the Board of Directors, executive officers and other senior management of the Company and its subsidiaries which will: (i) enable the Company and its subsidiaries to attract and retain qualified people, (ii) provide compensation opportunities generally within the middle of the range of management compensation for similar companies, (iii) support the Company's strategic goals, and (iv) be in the best interests of the Company's beneficial owners, the participants in the Appleton Papers Retirement Savings and Employee Stock Ownership Plan.

II. COMMITTEE MEMBERSHIP

The Committee shall have at least three members. Each member of the Committee shall be an "independent, outside" director of the Company. The members of the Committee shall be elected by the Board of Directors to hold such office until their successors have been duly elected and qualified. Unless a Chairperson is elected by the Board of Directors of the Company, the members of the Committee may designate a Chairperson by majority vote of the full Committee membership.

A director is an "independent, outside" director if (i) the person, is not, and has not been in the past three years, an employee of the Company or any of its subsidiaries and (ii) no member of such person's "immediate family" is, or has been in the past three years, an employee/officer of the Company or any of its subsidiaries. "Immediate family" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and any individual who shares such person's home other than an employee.

III. MEETINGS AND REPORTS.

The Committee shall meet as frequently as the Committee deems necessary, but the Committee shall meet at least annually. Meetings of the Committee may be called by the Chairperson of the Committee or otherwise as provided in the by-laws of the Company. The Committee shall report periodically to the Board of Directors regarding the Committee's activities, findings and recommendations.

IV. RESPONSIBILITIES AND AUTHORITY.

The Committee's responsibilities shall include, but not be limited to, the following:

- A. Approve the Company's management compensation goals, policy and philosophy and monitor the execution and consistency of the Company's management compensation policies.
- B. Authorize the compensation of the Chief Executive Officer of Appleton Papers Inc., ("the company"), subject to ratification by the Company's Board of Directors.
- C. Based on the recommendations of the Chief Executive Officer of the company, approve the compensation of the Chief Financial Officer and the three most highly compensated executive officers of the company other than the Chief Executive Officer and Chief Financial Officer.
- D. Develop and review, at least annually, an emergency and long-term succession plan for the Chief Executive Officer and leadership team, which plan will include required qualifications, development needs and plans for potential internal candidates and support for the Company's diversity initiatives.
- E. Approve all equity incentive plans, similar plans and other non-qualified plans, including without limitation designating plan participants and establishing objectives and applicable performance measurement criteria and making awards.
- F. Review, on a periodic basis, surveys and other data to determine the competitiveness and appropriateness of levels and elements of compensation and benefits provided to the executive officers of the Company and its subsidiaries.
- G. Review periodically, and provide to the Board of Directors for approval, the level and composition of compensation, benefits and perquisites for non-employee members of the Board of Directors.
- H. Evaluate the performance of the Chief Executive Officer of the company and review the performance of the four most highly compensated executive officers of the Company other than the Chief Executive Officer pursuant to agreed-upon job descriptions, performance guidelines and other pertinent criteria, and discuss with such persons as appropriate management development and performance matters.
- I. Review and evaluate annually the Company's affirmative action and diversity principles, policies and practices
- J. Review and recommend to the Board of Directors the extent to which indemnification should be provided to officers and non-employee members of the Board of Directors for the costs and expenses, including attorney's fees, of claims and litigation arising out of their activities on behalf of the Company and its subsidiaries.

