WAUSAU MOSINEE PAPER MILLS CORP
Form 10-Q
August 14, 2002

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 2002
OR

[ ] 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-MOSINEE PAPER CORPORATION
(Exact name of registrant as specified in charter)

WISCONSIN	39-0690900
(State of incorporation)	(I.R.S Employer Identification Number)

1244 KRONENWETTER DRIVE
MOSINEE, WISCONSIN 54455-9099
(Address of principal executive office)

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

Indicate by check mark 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 X No

The number of common shares outstanding at July 31, 2002 was 51,536,891.

WAUSAU-MOSINEE PAPER CORPORATION

AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Wausau-Mosinee Paper Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(AS RESTATED, SEE NOTE 2)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands, except per share data)	2002	2001	2002	2001
NET SALES	$ 237,820	$ 240,637	$ 463,748	$ 474,782
Cost of products sold	209,349	216,781	409,949	434,984
GROSS PROFIT	28,471	23,856	53,799	39,798
Selling and administrative expenses	16,703	19,178	33,775	36,850
OPERATING PROFIT	11,768	4,678	20,024	2,948
Interest expense	(2,773)	(3,629)	(5,536)	(7,965)
Other income (expense), net	41	27	(14)	125
Earnings (loss) before income taxes	9,036	1,076	14,474	(4,892)
Provision (credit) for income taxes	3,340	394	5,350	(1,806)
Net earnings (loss)	$ 5,696	$ 682	$ 9,124	$ (3,086)
NET EARNINGS (LOSS) PER SHARE-BASIC	$ 0.11	$ 0.01	$ 0.18	$ (0.06)
NET EARNINGS (LOSS) PER SHARE-DILUTED	$ 0.11	$ 0.01	$ 0.18	$ (0.06)
Weighted average shares outstanding-basic	51,536,891	51,484,218	51,526,038	51,428,760
Weighted average shares outstanding-diluted	51,727,711	51,521,815	51,684,330	51,428,760

See Notes to Condensed Consolidated Financial Statements.

Wausau-Mosinee Paper Corporation
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	JUNE 30, 2002 (UNAUDITED)	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	$ 14,085	$ 12,010
Receivables, net	78,320	69,425
Refundable income taxes	0	1,241
Inventories	130,226	124,338
Deferred income taxes	14,111	14,111
Other current assets	2,391	1,910
Total current assets	239,133	223,035
Property, plant and equipment, net	617,619	634,928
Other assets	34,533	34,045
TOTAL ASSETS	$891,285	$892,008
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 67,795	$ 64,060
Accrued and other liabilities	61,809	57,251
Total current liabilities	129,604	121,311
Long-term debt	185,791	192,264
Deferred income taxes	105,638	105,638
Postretirement benefits	55,011	54,253
Pension	32,625	37,223
Other liabilities	17,006	16,464
Total liabilities	525,675	527,153
Stockholders' equity	365,610	364,855
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$891,285	$892,008

See Notes to Condensed Consolidated Financial Statements.

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Wausau-Mosinee Paper Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in thousands)	Six Months Ended June 30, 2002	2001
Net cash provided by operating activities	$26,883	$32,996
Cash used in investing activities:		
Capital expenditures	(10,429)	(14,251)
Proceeds or sale of property, plant and equipment	165	209
	(10,264)	(14,042)
Cash used in financing activities:		
Net payments under credit agreements	(6,110)	(11,879)
Proceeds on termination of swap agreement	0	2,250
Dividends paid	(8,759)	(8,743)
Stock options exercised	325	2,296
Other financing activities	0	(119)
	(14,544)	(16,195)
Net increase in cash and cash equivalents	$2,075	$2,759

Cash and cash equivalents, beginning of period	12,010	10,579
Cash and cash equivalents, end of period	$14,085	$13,338

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. The condensed consolidated financial statements include the results of Wausau-Mosinee Paper Corporation and our consolidated subsidiaries. All significant intercompany transactions have been eliminated. The accompanying condensed financial statements, in the opinion of management, reflect all adjustments which are normal and recurring in nature and which are necessary for a fair statement of the results for the periods presented. Results for the interim period are not necessarily indicative of future results. In all regards, the financial statements have been presented in accordance with accounting principles generally accepted in the United States of America. Refer to notes to the financial statements which appear in the Annual Report on Form 10-K/A for the year ended December 31, 2001, for the Company's accounting policies which are pertinent to these statements.

Note 2. As a result of a comprehensive review performed in the second quarter of 2002, the Company determined that certain reclassifications and adjustments were required to previously filed financial statements. As discussed in Note 1 of the Form 10-K/A for the year ended December 31, 2001 and in Note 2 of the Form 10-Q/A for the three months ended March 31, 2002, the Company has reclassified gains and losses on asset dispositions from other income and expense to either cost of sales or selling and administrative expenses and has restated amounts previously recognized as compensation expense for stock options prior to plan approval by shareholders to the period corresponding with shareholder approval of the plan. Unaudited quarterly financial data for the years 2001 and 2002 has also been restated from amounts previously reported as follows:

(i) For the three months ended June 30, 2001, net losses from asset dispositions in the amount of $276,000 was reclassified from other income and expense to cost of sales. For the six months ended June 30, 2001, net losses of $523,000 were reclassified from other income and expense to cost of sales. These reclassifications do not change the Company's previously reported net earnings (loss).

(ii) For the three months ended June 30, 2001, previously recognized compensation expense in the amount of $408,000 was restated to recognize amounts previously recognized in the three months ended December 31, 2000 and March 31, 2001 of $1,183,000 and $1,581,000, respectively, to correspond with the quarter in which shareholder approval was obtained.

Except as otherwise stated herein, all information presented in the Condensed Consolidated Financial Statements and related Notes to Condensed Consolidated Financial Statements includes all such reclassifications and restatements.

Note 3. Net earnings include provisions, or credits, for stock incentive plans calculated by using the average price of the Company's stock at the close of each calendar quarter as if all such plans had been exercised on that day. For the three months ended June 30, 2002, the credit for stock incentive plans was $317,000 compared to a provision of $3,172,000 for the three months ended June 30, 2001. For the six months ended June 30, 2002 and 2001, provisions of $216,000 and $4,368,000, respectively, were recognized as stock incentive plan expense.

Note 4. Basic and diluted earnings per share are reconciled as follows:
(Dollars in thousands, except per share data)

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Net earnings (loss)	$ 5,696	$ 682	$ 9,124	$ (3,086)
Basic weighted average common shares outstanding	51,536,891	51,484,218	51,526,038	51,428,760
Dilutive securities:				
Stock options	190,820	153,178	158,292	0
Dilutive weighted average common shares outstanding	51,727,711	51,637,396	51,684,330	51,428,760
Net earnings (loss) per share-basic	$ 0.11	$ 0.01	$ 0.18	$ (0.06)
Net earnings (loss) per share-diluted	$ 0.11	$ 0.01	$ 0.18	$ (0.06)

For the three months ended June 30, 2002, 491,251 options for shares were excluded from the diluted EPS calculation because the options were antidilutive. For the three months ended June 30, 2001, 640,627 options were antidilutive.

Note 5. Accounts receivable consisted of the following:

(Dollars in thousands)	JUNE 30, 2002	December 31, 2001
Trade	$ 82,179	$ 73,349
Other	976	727
	83,155	74,076
Less: Allowances	4,835	4,651
	$ 78,320	$ 69,425

Note 6. The various components of inventories were as follows:

(Dollars in thousands)	JUNE 30, 2002	December 31, 2001
Raw Materials	$ 35,876	$ 34,349
Work in Process and Finished Goods	85,720	80,343
Supplies	28,790	29,181
Subtotal	150,386	143,873
Less: LIFO Reserve	20,160	19,535
Net inventories	$130,226	$124,338

Note 7. The accumulated depreciation on fixed assets was $587,745,000 as of June 30, 2002 and $564,108,000 as of December 31, 2001. The provision for depreciation, amortization and depletion for the six months ended June 30, 2002 and June 30, 2001 was $30,345,000 and $30,379,000, respectively.

Note 8. Interim Segment Information

FACTORS USED TO IDENTIFY REPORTABLE SEGMENTS
The Company's operations are classified into three principal reportable segments, the Printing & Writing Group, the Specialty Paper Group, and the Towel & Tissue Group, each providing different products. Separate management of each segment is required because

each business unit is subject to different marketing, production and technology strategies.

PRODUCTS FROM WHICH REVENUE IS DERIVED

The Printing & Writing Group produces a broad line of premium printing and writing grades at manufacturing facilities in Brokaw, Wisconsin and Groveton, New Hampshire. The Printing & Writing Group also includes converting facilities which produce wax-laminated roll wrap and related specialty finishing and packaging products, and a converting facility which converts printing and writing grades. The Specialty Paper Group produces specialty papers at its manufacturing facilities in Rhinelander, Wisconsin; Mosinee, Wisconsin; and Jay, Maine. The Towel & Tissue Group markets a complete line of towel, tissue, soap and dispensing systems for the "away-from-home" market. The Towel & Tissue Group operates a paper mill in Middletown, Ohio and a converting facility in Harrodsburg, Kentucky.

MEASUREMENT OF SEGMENT PROFIT AND ASSETS

The Company evaluates performance and allocates resources based on operating profit or loss. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

RECONCILIATIONS

The following are reconciliations to corresponding totals in the accompanying consolidated financial statements:

(Dollars in Thousands)	Three Months Ended June 30, 2002	2001	Six Months Ended June 30, 2002	2001
Net sales external customers				
Printing & Writing	$ 95,790	$ 102,062	$192,097	$199,890
Specialty Paper	88,756	87,773	171,676	178,965
Towel & Tissue	53,374	50,802	99,975	95,927
	$ 237,820	$ 240,637	$463,748	$474,782
Net sales intersegment				
Printing & Writing	$ 1,761	$ 2,256	$ 3,605	$ 4,958
Specialty Paper	67	130	150	234
Towel & Tissue	0	0	0	0
	$ 1,828	$ 2,386	$ 3,755	$ 5,192
Operating profit (loss)				
Printing & Writing	$ 10,524	$ 6,104	$ 17,328	$ 7,429
Specialty Paper	(2,854)	(2,782)	(3,784)	(6,800)
Towel & Tissue	6,260	7,072	11,818	11,401
Total reportable segment operating profit	13,930	10,394	25,362	12,030
Corporate & eliminations	(2,162)	(5,716)	(5,338)	(9,082)
Interest expense	(2,773)	(3,629)	(5,536)	(7,965)
Other income/expense	41	27	(14)	125
Earnings (loss) before income taxes	$ 9,036	$ 1,076	$ 14,474	$ (4,892)

(Dollars in Thousands)	JUNE 30, 2002	December 31, 2001
Segment Assets		
Printing & Writing	$295,660	$294,241
Specialty Paper	365,021	368,595
Towel & Tissue	178,441	177,708
Corporate & Unallocated*	52,163	51,464

	$891,285	$892,008

* Segment assets do not include intersegment accounts receivable, cash, deferred tax assets and certain other assets which are not identifiable with segments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

NET SALES

For the three months ended June 30, 2002, consolidated net sales for the Company were $237.8 million, a decrease of 1.2% from the prior year's

second quarter net sales of $240.6 million. The decrease is attributable to a 5.1% reduction in average selling price for comparable quarters with an offsetting 4.5% improvement in total company-wide shipments. Shipments in the second quarter of 2002 were 210,000 tons compared to 201,000 tons for the same period in 2001. Year-to-date, net sales were $463.7 million in 2002 compared to $474.8 million in 2001, a decrease of 2.3%. Similar to the quarterly comparison, year-to-date average selling price decreased 5.8% year-over-year while shipments increased 3.9% to 409,000 tons in the first six months of 2002 from the 393,500 tons shipped during the first six months of 2001. Net sales to xpedx, International Paper's distribution division and the Company's major customer that accounted for 10.6% of consolidated net sales for the year ending December 31, 2001, were 8.5% and 10.2% for the second quarters of 2002 and 2001, respectively, and 9.0% and 10.0% for the first six months of 2002 and 2001, respectively.

Second quarter net sales for the Printing & Writing Group were $95.8 million and $102.1 million in 2002 and 2001, respectively, representing a decline of 6.2%. Mix enhancement on products sold partially offset product price declines of approximately 3% resulting in an overall average selling price decrease of 1.4% quarter-over-quarter. In addition, shipments decreased 3.7% to 86,400 tons in the second quarter of 2002 compared to 89,700 tons in the second quarter of 2001. Reduced commodity-offset volumes account for the decline in overall shipments. Printing & Writing Group net sales for the first half of 2002 decreased 3.9% over the first half of 2001 at $192.1 million and $199.9 million, respectively. Shipments of 173,500 tons were less than 1% below prior year levels. As in the quarter-over-quarter comparison, product mix changes partially offset volume declines and reduced product selling prices resulting in the decline in net sales for the first six months of 2002 as compared to the similar period in 2001. Underlying market conditions remained weak as demand for uncoated free sheet papers declined approximately 4% in the first six months of 2002 as compared to the same period last year.

Net sales for the Specialty Paper Group were $88.8 million compared to $87.8 million for the second quarters of 2002 and 2001, respectively. Total tons shipped were 85,700, an increase of 12.8% from the second quarter of 2001 shipments of 76,000 tons; however, average selling prices fell 10.3% in comparing the same periods. For the first six months of 2002, Specialty Paper Group sales were $171.7 million compared to $179.0 million for the same six month period in 2001, a decrease of 4.1%. Shipment volume was 164,400 tons in the first six months of 2002, an increase of 8.5% from the comparable period in 2001. For both the quarter-over-quarter and year-to-date comparisons, the Specialty Paper Group has been impacted by weak market conditions and competitive pressures, resulting in mix deterioration and pricing declines. The shipment gains realized have been driven by higher volumes of fill-type grades as demand for the Specialty Paper Group's core products remained weak.

The Towel & Tissue Group's second quarter 2002 sales were $53.3 million or 4.9% higher than second quarter sales in 2001 of $50.8 million. Although the average selling price for the second quarter of 2002 was down 2.4% compared to the second quarter of 2001, volume increased to 37,800 tons or 7.1% higher than the same period last year. Year-to-date sales for the

Towel & Tissue Group increased 4.3% to $100.0 million in 2002 compared to $95.9 million in 2001. Year-to-date shipments improved 6.4% to 71,100 tons in 2002 from 66,800 tons in 2001. The increase in volume was offset by a year-to-date average selling price decline of 2.3%. The "away-from-home" segment of the towel and tissue market expanded by nearly 3% in the first half of 2002 as compared to 2001. This expansion, coupled with additional volumes shipped from the Towel and Tissue Group's west coast distribution center, account for a large portion of the shipment increase for both the quarter and year-to-date. A selling price increase of 8% to 10% was announced during the second quarter on select products. Competitive pressures have limited realized price gains to approximately half of the announced levels with most of the increases implemented late second quarter to early third quarter.

Consolidated order backlogs increased to 37,262 tons at June 30, 2002 compared to 26,545 tons at June 30, 2001. Backlog tons at June 30, 2002 represent $39.8 million in sales compared to $29.9 million at June 30, 2001. Year-over-year improvement was realized at all locations of the Company. The change in customer order backlogs does not necessarily indicate the strengthening of business conditions since a substantial portion of orders are shipped directly from inventory upon receipt and, therefore, do not impact backlog tons or dollars.

GROSS PROFIT

Gross profit for the three months ended June 30, 2002 was $28.5 million or 12.0% of net sales, compared to gross profit for the same period of 2001 of $23.9 million or 9.9% of net sales. The improvement in the gross profit margin from 2001 is due primarily to lower market pulp and natural gas costs, improved productivity and cost reduction efforts. Partially offsetting these cost improvements was the decline in average selling price mentioned previously. In total, market pulp pricing was approximately $45 per air-dried metric ton less in the second quarter of 2002 than in the same period of 2001 and contributed approximately $5.5 million quarter-over-quarter. Natural gas prices per decatherm were approximately 34% lower in the second quarter of 2002 than the second quarter of 2001 and improved gross margin by $3.0 million. Year-to-date margins for 2002 improved to $53.8 million, or 11.6% of net sales compared to $39.8 million, or 8.4% of net sales in 2001. As in the quarterly comparison, favorable market pulp and natural gas costs as well as improved operations contributed to the improved margins. Although lower in the year-over-year comparison, market pulp prices trended higher over the quarter with prices at the beginning of the third quarter approximately $45 per air-dried metric ton higher than those experienced at the beginning of the second quarter.

The Printing & Writing Group's gross profit margin for the second quarter of 2002 was 17.0% compared to 10.9% for the prior year. For the first six months of 2002 gross profit margin was 14.9% compared to 9.0% for 2001. As indicated in the consolidated gross margin comparisons, the Printing & Writing Group benefited from lower market pulp and natural gas costs, as well as improved operating efficiencies on a quarter-over-quarter and year-to-date basis.

The Specialty Paper Group's gross profit margin increased from 1.8% of net sales in the second quarter of 2001 to 2.0% this year. For the first six months of 2002 gross profit margins were

3.1% for the Specialty Paper Group, compared to 1.4% in the prior year's first six months. As indicated in the consolidated gross margin comparisons,

the Specialty Paper Group benefited from lower market pulp and natural gas costs as well as improved operational efficiencies on a quarter-over-quarter and year-to-date basis. However, these favorable impacts were partially offset by reduced product selling prices and mix deterioration for both the quarterly and year-to-date periods. In addition, the Specialty Paper Group recognized $1.3 million in consulting expense in the second quarter of 2002 for cost reduction and improvement work performed to assist the Group in reducing operating costs.

The gross profit margin for the Towel & Tissue Group was 19.4% for the second quarter of 2002, a decline of 2.3 percentage points from the prior year's gross margin of 21.7%. For the first six months of 2002 the group's gross profit margin declined to 19.8% compared to 20.2% in 2001. Increased wastepaper costs and reduced average selling prices in the quarter-over-quarter and year-to-date comparisons contributed to the reduction in gross margin.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses for the three months ended June 30, 2002 were $16.7 million compared to $19.2 million in the same period in 2001. Incentive compensation programs based on the market price of the Company's stock resulted in a credit to selling and administrative expenses of $0.3 million for the current quarter compared to expense recognition of $3.2 million in the second quarter of 2001. In addition, salary and benefit costs increased $0.8 million in the second quarter of 2002 compared to 2001.

For the six months ended June 30, 2002, selling and administrative expenses were $33.8 million compared to $36.9 million in the first half of 2001. Expense for stock incentive programs was $.2 million in 2002 compared to expense of $4.4 million in 2001. As in the quarter-over-quarter comparison, salary and benefit increases accounted for most of the remaining difference for the first six months of 2002 as compared to the first six months of 2001.

INCOME TAXES

The effective tax rate for the quarter ended June 30, 2002 and 2001 was 37% and 36.6%, respectively. For the six months ended June 30, 2002 and 2001, the effective tax rate was 37% and 36.9%, respectively. The effective tax rate is expected to be 37% for 2002.

CAPITAL RESOURCES AND LIQUIDITY

CASH PROVIDED BY OPERATIONS

For the six months ended June 30, 2002, cash provided by operations was $26.9 million, compared to $33.0 million for the same period of 2001. The decrease in operating cash flows was due principally to one-time inventory reductions during 2001 which occurred as a result of a concentrated effort to reduce working capital. Inventories increased at seasonably normal levels over the first half of 2002.

CAPITAL EXPENDITURES

Capital expenditures totaled $10.4 million for the six months ended June 30, 2002, compared to $14.3 million for the same period last year. For the six months ended June 30, 2002, capital expenditures for projects with total spending expected to exceed $1.0 million were $0.8 million for a pulp mill digester replacement and $0.7 million on process control equipment at the Brokaw and Groveton mills, respectively. At the Towel & Tissue Group, $2.5 million was spent on various converting equipment. Consolidated capital spending on maintenance related projects was $1.3 million for 2002. The balance of capital spending in 2002 was for projects individually under $1.0 million.

During the first six months of 2001, the Specialty Paper Group incurred $3.2 million in carry-over spending for the High Performance Liner (HPL) project at the Rhinelander mill. The Printing & Writing Group spent $0.9 million on Cluster Rule Compliance at the Brokaw mill. Year-to-date, the Towel & Tissue Group has spent $2.7 million on various converting lines at the Harrodsburg, Kentucky facility.

FINANCING

Total current and long-term debt decreased $6.5 million for the six months ended June 30, 2002 to $185.8 million. The decrease in total debt from December 2001 is due, in part, to reduced capital spending.

Interest expense was $2.8 million in the second quarter of 2002 compared to $3.6 million in the same period of 2001. The decrease in interest expense is primarily attributable to lower debt levels in 2002 compared to 2001.

Cash provided by operations and the Company's borrowing capacity are expected to meet capital needs and dividends. The Company had approximately $115.2 million in borrowings available from existing bank facilities as of June 30, 2002.

DIVIDENDS

A dividend declared in December, 2001, of $.085 per share was paid February 15, 2002. At the April 18, 2002 meeting, the Board of Directors declared a quarterly cash dividend of $.085 per share that was paid on May 15, 2002. On June 13, 2002, the Board of Directors declared a quarterly cash dividend of $.085 payable August 15, 2002 to shareholders of record on August 1, 2002.

OUTLOOK

While towel and tissue markets continue to expand, meaningful gains have yet to occur in those markets serviced by the Company's specialty paper and printing and writing businesses. With market pulp and wastepaper prices trending higher, the Company will continue to focus on cost reduction and efficiency improvement opportunities. These efforts are expected to result in third quarter earnings comparable to 2001.

INFORMATION CONCERNING FORWARD LOOKING STATEMENTS

This report contains certain of management's expectations and other forward-looking information regarding the Company pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. While the Company believes that these forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and all such statements involve risk and uncertainties that could cause actual results to differ materially from those contemplated in this report. The assumptions, risks and uncertainties relating to the forward-looking statements in this report include general economic and business conditions, changes in the prices of raw materials or energy, competitive pricing in the markets served by the Company as a result of economic conditions, overcapacity in the industry and the demand for paper products, manufacturing problems at Company facilities and various other risks and assumptions. These and other assumptions, risks and uncertainties are described under the caption "Cautionary Statement Regarding Forward-Looking Information" in Item 1 of the Company's Annual Report on Form 10-K/A for the year ended December 31, 2001, and, from time to time, in the Company's other filings with the Securities and Exchange Commission. The Company assumes no obligations to update or supplement forward-looking statements that become untrue because of subsequent events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the information provided in response to Item 7A of the Company's Form 10-K/A for the year ended December 31, 2001.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of shareholders of the Company was held on April 18, 2002.

The matters voted upon, including the number of votes cast for, against or withheld, as well as the number of abstentions and broker non-votes, as to each such matter were as follows:

MATTER	SHARES VOTED FOR	WITHHELD	Broker NON-VOTE
1. Election of Class III Directors			
(a) Gary W. Freels	47,267,071	416,545	0
(b) Thomas J. Howatt	47,097,107	586,509	0

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits required by Item 601 of Regulation S-K

99.1 Certification under Section 906 of Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K:

(1) FORM 8-K DATED APRIL 22, 2002. The Company filed a current report on Form 8-K on April 22, 2002, reporting earnings and net sales information for the quarter ended March 31, 2002 under Item 5 and additional related information under Item 9, Regulation FD Disclosure.

(2) FORM 8-K DATED JUNE 18, 2002. The Company filed a current report on Form 8-K on June 18, 2002, to report that effective on that date, Arthur Anderson, LLP had been dismissed, and Deloitte & Touche LLP had been engaged, as the Company's independent public accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WAUSAU-MOSINEE PAPER CORPORATION

August 14, 2002

SCOTT P. DOESCHER
Scott P. Doescher
Senior Vice President-Finance,
Secretary and Treasurer

(On behalf of the Registrant and as Principal Financial Officer)

EXHIBIT INDEX

TO
FORM 10-Q
OF
WAUSAU-MOSINEE PAPER CORPORATION
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2002
Pursuant to Section 102(d) of Regulation S-T
(17 C.F.R. Section 232.102(d))

The following exhibits are filed as part of this report:

99.1 Certification under Section 906 of Sarbanes-Oxley Act of 2002