

POTLATCH CORP
Form 10-K/A
March 11, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K/A

(Amendment No. 1)

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

For the fiscal year ended December 31, 2010

OR

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

For the transition period from to _____ to _____.
Commission File Number 1-32729

POTLATCH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

82-0156045
(IRS Employer Identification No.)

601 West 1st Ave., Suite 1600
Spokane, Washington
(Address of principal executive offices)

99201
(Zip Code)

Registrant's telephone number, including area code: (509) 835-1500

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

TITLE OF EACH CLASS
Common Stock
(\$1 par value)

NAME OF EACH EXCHANGE ON WHICH REGISTERED
The Nasdaq Global Select Market
Chicago 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 No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes No

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 reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 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.

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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the common stock held by non-affiliates of the registrant at June 30, 2010, was approximately \$1,428.7 million, based on the closing price of \$35.73.

The number of shares of common stock outstanding as of January 31, 2011: 40,033,182 shares of Common Stock, par value \$1 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement expected to be filed on or about April 1, 2011, with the Commission in connection with the 2011 annual meeting of stockholders are incorporated by reference in Part III hereof.

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EXPLANATORY NOTE

On February 23, 2011, Potlatch Corporation filed its Form 10-K for the fiscal year ended December 31, 2010 (the 2010 Annual Report). At the time the Company filed its 2010 Form 10-K, the Company was in possession of a signed Report of Independent Registered Public Accounting Firm relating to our internal controls over financial reporting as of December 31, 2010 from KPMG LLP (KPMG) and a signed Report of Independent Registered Public Accounting Firm relating to the company s 2010 consolidated financial statements (collectively, the Auditors Reports). The 2010 Annual Report, however, inadvertently omitted KPMG s conformed electronic signatures to the Auditors Reports. This Amendment No. 1 is being filed solely for the purpose of inserting the conformed signatures of KPMG for the Auditors Reports.

As required by Rule 12b-15 promulgated under the Securities and Exchange Act of 1934, the Company is filing new Rule 13a-14(a) certifications as Exhibit 31 to this Form 10-K/A and is furnishing, but not filing, new statements pursuant to section 906 of the Sarbanes-Oxley Act of 2002 as Exhibit 32 to this Form 10-K/A.

The only changes to the original Form 10-K being made by this Form 10-K/A are those described above. This Form 10-K/A does not reflect events occurring after the filing of the original Form 10-K or modify or update any related disclosures. Information not affected by the amendment is unchanged and reflects the disclosure made at the time of the filing of the original Form 10-K. Accordingly, this Form 10-K/A should be read in conjunction with the original Form 10-K and our other filings with the Securities and Exchange Commission subsequent to filing of the Form 10-K.

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Part II

ITEM 8.

The information called for by Item 8 of Part II of this form is contained on pages 4-39 of this report.

Part IV

ITEM 15.

Exhibits and Financial Statement Schedules

CONSOLIDATED FINANCIAL STATEMENTS

Our consolidated financial statements are listed in the Index to Consolidated Financial Statements and Schedules on page 3 of this report.

FINANCIAL STATEMENT SCHEDULES

Our financial statement schedules are listed in the Index to Consolidated Financial Statements and Schedules on page 3 of this report.

EXHIBITS

Exhibits are listed in the Exhibit Index on pages 43-45 of this report.

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POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES

Index to Consolidated Financial Statements and Schedules

The following documents are filed as part of this report:

	PAGE NUMBER
Consolidated Financial Statements:	
<u>Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008</u>	4
<u>Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2010, 2009 and 2008</u>	5
<u>Consolidated Balance Sheets at December 31, 2010 and 2009</u>	6
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008</u>	7
<u>Consolidated Statements of Stockholders' Equity for the years ended December 31, 2010, 2009 and 2008</u>	9
<u>Summary of Principal Accounting Policies</u>	10-13
<u>Notes to Consolidated Financial Statements</u>	14-39
<u>Reports of Independent Registered Public Accounting Firm</u>	40-41
Schedules:	
<u>II. Valuation and Qualifying Accounts</u>	42

All other schedules are omitted because they are not required, not applicable or the required information is given in the consolidated financial statements.

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POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Operations

(Dollars in thousands, except per-share amounts)

	FOR THE YEARS ENDED DECEMBER 31		
	2010	2009	2008
Revenues	\$ 539,447	\$ 476,169	\$ 439,957
Costs and expenses:			
Cost of goods sold	423,353	338,350	330,332
Selling, general and administrative expenses	39,347	47,382	41,729
Environmental remediation charge	4,096	739	
Asset impairment charge		2,994	
	466,796	389,465	372,061
Earnings from continuing operations before interest and taxes	72,651	86,704	67,896
Interest expense, net	(27,780)	(21,921)	(20,154)
Earnings from continuing operations before taxes	44,871	64,783	47,742
Income tax benefit (provision)	(4,596)	16,648	25,195
Earnings from continuing operations	40,275	81,431	72,937
Discontinued operations:			
Gain (loss) from discontinued operations (including gain (loss) on disposal of \$922, \$ and \$(20,362))	182	(6,788)	(31,270)
Income tax benefit (provision)	(63)	2,685	10,970
	119	(4,103)	(20,300)
Net earnings	\$ 40,394	\$ 77,328	\$ 52,637
Earnings per common share from continuing operations:			
Basic	\$ 1.01	\$ 2.05	\$ 1.85
Diluted	1.00	2.04	1.83
Loss per common share from discontinued operations:			
Basic		(0.11)	(0.52)
Diluted		(0.11)	(0.51)
Net earnings per common share:			
Basic	1.01	1.94	1.33
Diluted	1.00	1.93	1.32

The accompanying notes and summary of principal accounting policies are an integral part of these consolidated financial statements.

Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

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POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(Dollars in thousands)

	FOR THE YEARS ENDED DECEMBER 31		
	2010	2009	2008
Net earnings	\$ 40,394	\$ 77,328	\$ 52,637
Other comprehensive income (loss), net of tax:			
Defined benefit pension and other postretirement employee benefits:			
Net gain (loss) arising during the period, net of tax of \$5,132, \$(7,664) and \$(66,059)	8,027	(11,987)	(103,323)
Prior service (cost) credit arising during the period, net of tax of \$(279), \$29,712 and \$(559)	(436)	46,474	(874)
Amortization of actuarial loss included in net periodic cost, net of tax of \$4,994, \$3,251 and \$3,094	7,811	5,084	4,840
Amortization of prior service cost (credit) included in net periodic cost, net of tax of \$(3,001), \$3 and \$(146)	(4,695)	6	(229)
Recognition of deferred taxes related to actuarial gain on OPEB obligations	3,015		
Other comprehensive income (loss), net of tax	13,722	39,577	(99,586)
Comprehensive income (loss)	\$ 54,116	\$ 116,905	\$ (46,949)

The accompanying notes and summary of principal accounting policies are an integral part of these consolidated financial statements.

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POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

(Dollars in thousands, except per-share amounts)

	AT DECEMBER 31	
	2010	2009
ASSETS		
Current assets:		
Cash	\$ 5,593	\$ 1,532
Short-term investments	85,249	53,506
Receivables, net of allowance for doubtful accounts of \$460 and \$1,670	21,278	18,161
Inventories	24,375	24,493
Deferred tax assets	13,346	8,872
Other assets	11,953	15,134
Total current assets	161,794	121,698
Property, plant and equipment, at cost less accumulated depreciation of \$150,507 and \$158,123	67,174	75,839
Timber and timberlands, net	475,578	533,173
Deferred tax assets	49,054	64,873
Other assets	28,111	27,982
	\$ 781,711	\$ 823,565
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments on long-term debt	\$ 5,011	\$ 11
Current liability for pensions and other postretirement employee benefits	9,517	13,961
Accounts payable and accrued liabilities	51,504	44,501
Total current liabilities	66,032	58,473
Long-term debt	363,485	368,420
Liability for pensions and other postretirement employee benefits	129,124	149,398
Other long-term obligations	18,631	17,484
Stockholders' equity:		
Preferred stock, Authorized 4,000,000 shares, no shares issued		
Common stock, \$1 par value, Authorized 100,000,000 shares, Issued 40,032,587 shares and 39,826,784 shares	40,033	39,827
Additional paid-in capital	330,894	328,989
Retained earnings (accumulated deficit)	(52,733)	(11,549)
Accumulated other comprehensive loss, net of tax of \$(74,547) and \$(81,479)	(113,755)	(127,477)
Total stockholders' equity	204,439	229,790
	\$ 781,711	\$ 823,565

The accompanying notes and summary of principal accounting policies are an integral part of these consolidated financial statements.

Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

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POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

(Dollars in thousands)

	FOR THE YEARS ENDED DECEMBER 31		
	2010	2009	2008
<i>CASH FLOWS FROM CONTINUING OPERATIONS</i>			
Net earnings	\$ 40,394	\$ 77,328	\$ 52,637
Adjustments to reconcile net earnings to net operating cash flows from continuing operations:			
Depreciation, depletion and amortization	31,204	34,715	30,153
Basis of real estate sold	48,670	10,696	9,109
Change in deferred taxes	5,427	(21,037)	(17,894)
Loss (gain) on disposition of property, plant and equipment	1,078	(1,628)	592
Loss (gain) from discontinued operations	(119)	4,103	20,300
Proceeds from land sales deposited with a like-kind exchange intermediary			