

POTLATCH CORP
Form 10-Q
July 25, 2012

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

Form 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2012

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 1-32729

POTLATCH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	82-0156045 (I.R.S. Employer Identification No.)
601 West First Avenue, Suite 1600 Spokane, Washington (Address of principal executive offices)	99201 (Zip Code)
(509) 835-1500 (Registrant's telephone number, including area code)	

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

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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(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 No

The number of shares of common stock of the registrant outstanding as of July 20, 2012 was 40,339,493.

POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES
Index to Form 10-Q

	Page Number
PART I. <u>FINANCIAL INFORMATION</u>	
ITEM 1. <u>Financial Statements</u>	
<u>Consolidated Statements of Income for the three and six months ended June 30, 2012 and 2011</u>	<u>2</u>
<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2012 and 2011</u>	<u>3</u>
<u>Consolidated Condensed Balance Sheets at June 30, 2012 and December 31, 2011</u>	<u>4</u>
<u>Consolidated Condensed Statements of Cash Flows for the six months ended June 30, 2012 and 2011</u>	<u>5</u>
<u>Notes to Consolidated Financial Statements</u>	<u>6</u>
ITEM 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>14</u>
ITEM 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>22</u>
ITEM 4. <u>Controls and Procedures</u>	<u>22</u>
PART II. <u>OTHER INFORMATION</u>	
ITEM 1. <u>Legal Proceedings</u>	<u>23</u>
ITEM 1A. <u>Risk Factors</u>	<u>23</u>
ITEM 6. <u>Exhibits</u>	<u>23</u>
<u>SIGNATURES</u>	<u>24</u>
<u>EXHIBIT INDEX</u>	<u>25</u>

Part I

ITEM 1.
Financial StatementsPotlatch Corporation and Consolidated Subsidiaries
Consolidated Statements of Income
Unaudited (Dollars in thousands, except per-share amounts)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Revenues	\$117,540	\$112,370	\$229,924	\$234,603
Costs and expenses:				
Cost of goods sold	88,688	85,906	177,663	179,054
Selling, general and administrative expenses	11,762	8,704	22,652	20,631
	100,450	94,610	200,315	199,685
Operating income	17,090	17,760	29,609	34,918
Interest expense, net	(6,277)	(6,612)	(12,763)	(14,491)
Income before income taxes	10,813	11,148	16,846	20,427
Income tax provision	(5,733)	(2,699)	(6,715)	(4,282)
Net income	\$5,080	\$8,449	\$10,131	\$16,145
Net income per share:				
Basic	\$0.13	\$0.21	\$0.25	\$0.40
Diluted	0.13	0.21	0.25	0.40
Distributions per share	\$0.31	\$0.51	\$0.62	\$1.02
Weighted-average shares outstanding (in thousands):				
Basic	40,332	40,174	40,290	40,127
Diluted	40,459	40,378	40,414	40,339

The accompanying notes are an integral part of these consolidated financial statements.

Potlatch Corporation and Consolidated Subsidiaries
 Consolidated Statements of Comprehensive Income
 Unaudited (Dollars in thousands)

(Dollars in thousands)	Quarter Ended		Six Months Ended	
	June 30, 2012	2011	June 30, 2012	2011
Net income	\$5,080	\$8,449	\$10,131	\$16,145
Other comprehensive income, net of tax:				
Defined benefit pension plans and other postretirement employee benefits:				
Amortization of prior service credit included in net periodic cost, net of tax of \$(899), \$(766), \$(1,712) and \$(1,531)	(1,405) (1,197) (2,678) (2,395
Amortization of actuarial loss included in net periodic cost, net of tax of \$1,777, \$1,303, \$3,604 and \$2,706	2,780	2,040	5,638	4,235
Other comprehensive income, net of tax	1,375	843	2,960	1,840
Comprehensive income	\$6,455	\$9,292	\$13,091	\$17,985

The accompanying notes are an integral part of these consolidated financial statements.

Potlatch Corporation and Consolidated Subsidiaries
Consolidated Condensed Balance Sheets
Unaudited (Dollars in thousands, except per-share amounts)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash	\$8,548	\$7,819
Short-term investments	41,646	62,989
Receivables, net	18,207	