

BUCKEYE TECHNOLOGIES INC

Form 11-K

December 26, 2001

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended June 30, 2001

Commission file number: 33-60032

Buckeye Retirement Plus Savings Plan

Buckeye Technologies Inc.
1001 Tillman Street, Memphis, TN 38112
901-320-8100

Plan Number 001

Internal Revenue Service-- Employer Identification No. 62-1518973

June 30, 2001 and 2000

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BUCKEYE RETIREMENT PLUS SAVINGS PLAN

Financial Statements
and Supplemental Schedules
For the Year Ended June 30, 2001

BUCKEYE RETIREMENT PLUS SAVINGS PLAN

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Independent Auditor's Report

To the Buckeye Investment Committee
Buckeye Retirement Plus Savings Plan
Memphis, Tennessee

We have audited the accompanying statements of net assets available for benefits of Buckeye Retirement Plus Savings Plan as of June 30, 2001 and 2000, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates

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made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Buckeye Retirement Plus Savings Plan at June 30, 2001 and 2000, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets held for investment purposes at end of year as of June 30, 2001 is presented for the purpose of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and is not a required part of the basic financial statements. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Thompson Dunavant PLC
Certified Public Accountants

December 14, 2001
Memphis, Tennessee

BUCKEYE RETIREMENT PLUS SAVINGS PLAN

Statements of Net Assets Available for Benefits June 30, 2001 and 2000

| | 2001 | 2000 |
|---|---------------|---------------|
| | ----- | ----- |
| Assets | | |
| Investments | | |
| Buckeye Master Trust | | |
| Mutual funds | \$ 32,827,996 | \$ 32,412,280 |
| Common stock of Buckeye Technologies Inc. | 16,172,872 | 23,898,562 |
| Loans to participants | 354,192 | 327,835 |
| | ----- | ----- |
| | 49,355,060 | 56,638,677 |
| Receivables | | |
| Participant contributions | 39,058 | 39,247 |
| Employer contributions | - | 2,111,894 |
| Other | 17,650 | - |
| | ----- | ----- |
| | 56,708 | 2,151,141 |
| | ----- | ----- |

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| | | |
|-----------------------------------|------------------------|------------------------|
| Net assets available for benefits | \$ 49,411,768 ===== | \$ 58,789,818 ===== |
|-----------------------------------|------------------------|------------------------|

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

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BUCKEYE RETIREMENT PLUS SAVINGS PLAN

Statements of Changes in Net Assets Available for Benefits
For the Years Ended June 30, 2001 and 2000

| | 2001 ----- | 2000 ----- |
|---|------------------------|------------------------|
| Additions to net assets attributed to: | | |
| Investment income | | |
| Net appreciation (depreciation) in fair value of investments | \$ (14,722,572) | \$ 6,043,875 |
| Interest and dividends | 2,571,975 | 2,080,615 |
| | ----- | ----- |
| | (12,150,597) | 8,124,490 |
| Contributions | | |
| Participants | 4,056,095 | 3,524,654 |
| Employer | - | 2,871,894 |
| Transfer from other plan | 1,041,012 | - |
| | ----- | ----- |
| | 5,097,107 | 6,396,548 |
| Total additions (deductions) | (7,053,490) | 14,521,038 |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | 2,288,901 | 2,215,055 |
| Administrative expenses | 35,659 | 32,620 |
| | ----- | ----- |
| Total deductions | 2,324,560 | 2,247,675 |
| Net increase (decrease) in net assets | (9,378,050) | 12,273,363 |
| Net assets available for benefits | | |
| Beginning of year | 58,789,818 ----- | 46,516,455 ----- |
| End of year | \$ 49,411,768 ===== | \$ 58,789,818 ===== |

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

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BUCKEYE RETIREMENT PLUS SAVINGS PLAN

Notes to Financial Statements
June 30, 2001 and 2000

Note 1 - Description of Plan

The following description of Buckeye Retirement Plus Savings Plan provides only general information. Readers should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General

Buckeye Retirement Plus Savings Plan (the "Plan") is a defined contribution plan covering all full-time salaried and hourly employees of Buckeye Technologies Inc. and its wholly owned subsidiaries Buckeye Florida, Limited Partnership, Buckeye Florida Corporation, Buckeye Lumberton Inc., Buckeye Mt. Holly LLC, and BKI International Inc. (collectively the "Company"). Employees, as defined in the Plan Agreement, are eligible upon completion of 1,000 hours of service during their first year of employment or during any plan year (July 1 to June 30). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective July 1, 2000, all full-time salaried and hourly employees of Buckeye Mt. Holly LLC became eligible for the Plan. The net assets of the Buckeye Mt. Holly LLC Retirement Savings Plan, approximately \$1 million, were transferred to the Plan on July 1, 2000.

Contributions

Participants may defer up to 10% of their annual compensation and may also contribute a portion or all of incentive compensation subject to Internal Revenue Service limitations.

The Company may contribute a percentage, determined annually by the Board of Directors, of each participants' compensation as defined in the Plan Agreement provided the participant is employed on the last day of the plan year. As required by the Plan Agreement, subsequent to June 30, 1996, all Company contributions are invested in the common stock of Buckeye Technologies Inc. The Company did not contribute to the Plan for the year ended June 30, 2001. The Company contribution was \$2,871,894 for the year ended June 30, 2000.

Participant accounts

Each participant's account is credited with the participant's contribution, and an allocation of the Company's contribution made on their behalf plus a

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proportionate interest in the investment earnings of the funds in which the contributions are invested. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in all contributions plus earnings thereon.

Payment of benefits

Participants may choose to receive account distributions either in the form of a lump sum payment or installments over a period of time as defined in the Plan Agreement. However, if the participant's vested balance does not exceed \$5,000, the Plan may distribute funds in the form of a lump sum payment without the consent of the participant.

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BUCKEYE RETIREMENT PLUS SAVINGS PLAN

Notes to Financial Statements (Continued)
June 30, 2001 and 2000

Note 1 - Description of Plan (continued)

Plan termination

Although it has not expressed any intent to do so, the Company has the right to modify or terminate the Plan at any time subject to the provisions of ERISA and the Plan Agreement.

Note 2 - Summary of significant accounting policies

Investments

Investments are stated at fair value and represent the Plan's share of the market value of fund holdings or are based upon quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Benefit payments

Benefit payments to participants are recorded upon distribution.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions which affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

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Note 3 - Investments

At June 30, 2001 and 2000, the Plan's investment assets were held in a trust account by Fidelity Management Trust Company and consist of an interest in the Buckeye Master Trust. The Master Trust also includes the investment assets of Buckeye Retirement Plan. The Master Trust was composed of the common stock of Buckeye Technologies Inc., interests in ten mutual funds, and participant loans at June 30, 2001 and 2000.

The Plan allows participants to direct varying portions of their voluntary contributions into eleven different investment options which include the common stock of Buckeye Technologies Inc. and ten different investment programs offered by Fidelity Investments. The ten programs offered by Fidelity Investments include Fidelity Retirement Money Market Portfolio, Strong Government Securities Fund, Fidelity Puritan Fund, Alger Capital Appreciation Fund, Spartan U.S. Equity Index Fund, Davis NY Venture A Fund, Fidelity Growth & Income Fund, NB Genesis Trust Fund, PIMCO Capital Appreciation Fund, and Fidelity Diversified International Fund.

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BUCKEYE RETIREMENT PLUS SAVINGS PLAN

Notes to Financial Statements (Continued)
June 30, 2001 and 2000

Note 3 - Investments (continued)

The net investment income of the Master Trust for the years ended June 30, 2001 and 2000 is summarized as follows:

| | 2001 ----- | 2000 ----- |
|---|-----------------|---------------|
| Interest and dividends | \$ 4,609,733 | \$ 3,693,272 |
| Net appreciation (depreciation) in fair value of investments | (24,092,560) | 8,903,121 |
| | ----- | ----- |
| | \$ (19,482,827) | \$ 12,596,393 |
| | ===== | ===== |

The Plan's interest in the Master Trust as a percentage of net assets of the Master Trust was 58.4% and 59.3% at June 30, 2001 and 2000, respectively.

Note 4 - Nonparticipant-directed investments

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

| 2001 ----- | 2000 ----- |
|---------------|---------------|
|---------------|---------------|

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Net assets:

| | | |
|---|--------------|---------------|
| Common stock of Buckeye Technologies Inc. | \$ 9,584,050 | \$ 15,356,885 |
|---|--------------|---------------|

Changes in net assets:

| | | |
|--|-------------|-----------|
| Net appreciation (depreciation) in fair value of investments | (5,367,326) | 3,859,498 |
| Contributions | - | 2,871,894 |
| Benefits paid to participants | (403,973) | (471,348) |
| Administrative expenses | (1,536) | (899) |

Note 5 - Loans to participants

The loans to participants were transferred to the Plan with the net assets of the Alpha Cellulose Corporation Cash Option Thrift Plan on July 1, 1998 and the net assets of Buckeye Mt. Holly LLC Retirement Savings Plan on July 1, 2000. New loans are not provided for in the Plan Agreement. The loans are secured by the balance in the participant's account and retained the existing repayment periods and interest rates. As of June 30, 2001, interest rates on loans to participants ranged from 8.75% to 10.0%. Principal and interest is repaid ratably through payroll deductions.

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BUCKEYE RETIREMENT PLUS SAVINGS PLAN

Notes to Financial Statements (Continued)
June 30, 2001 and 2000

Note 6 - Related party transactions

The Plan purchased \$4,267,930 and sold \$3,072,683 of the Plan Sponsor's common stock during the year ended June 30, 2001. The stock held by the Plan at June 30, 2001 and 2000 had a market value of \$16,172,872 and \$23,898,562, respectively.

Plan investments include interests in certain investment accounts managed by Fidelity Investments Institutional Operations Company, Inc. as of June 30, 2001 and 2000. An affiliate of Fidelity Investments Institutional Operations Company, Inc. is the trustee as defined by the Plan and therefore, these investments and related investment transactions qualify as party-in-interest. Fees paid to Fidelity totaled \$35,659 and \$32,620 for the years ended June 30, 2001 and 2000, respectively.

The Company provides the Plan with certain management and administrative services for which no fees are charged.

Note 7 - Tax status

The Plan has received a determination letter from the Internal Revenue Service stating that the Plan qualifies under the appropriate sections of the Internal Revenue Code (IRC), and is, therefore, not subject to tax under present income

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tax law. The Plan, which has been amended since receiving the determination letter, is required to operate in conformity with the IRC to maintain its qualification. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

Note 8 - Concentration of market risk

The Plan has invested a significant portion of its assets in Buckeye Technologies Inc. common stock. This investment in Buckeye Technologies Inc. common stock approximates 33% of the Plan's net assets available for benefits as of June 30, 2001. As a result of this concentration, any significant reduction in the market value of this stock could adversely affect individual participant accounts and the net assets of the Plan.

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SUPPLEMENTAL SCHEDULE

BUCKEYE RETIREMENT PLUS SAVINGS
 PLAN Schedule of Assets Held for Investment
 Purposes at End of Year
 EIN: 62-1518973 / Plan Number: 001
 June 30, 2001

| (a) | (b)(c) Identity of Issue/Description | (d) Cost |
|-----|--|----------|
| | Buckeye Master Trust | |
| | Mutual funds | |
| * | Fidelity Growth & Income Fund | ** |
| * | Spartan U.S. Equity Index Fund | ** |
| * | Fidelity Puritan Fund | ** |
| | Alger Capital Appreciation Fund | ** |
| | PIMCO Capital Appreciation Fund | ** |
| * | Fidelity Retirement Money Market Portfolio | ** |
| | Davis NY Venture A Fund | ** |
| | NB Genesis Trust Fund | ** |
| * | Fidelity Diversified International Fund | ** |
| | Strong Government Securities Fund | ** |

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| | |
|--|---------------|
| * Buckeye Technologies Inc. common stock | 18,788,229 |
| Loans to participants, interest rates ranging from 8.75% to 10% | - |
| | ----- |
| Total assets held for investment purposes at end of year | \$ 18,788,229 |
| | ===== |

* Represents a party-in-interest.

** Cost omitted for participant directed investments.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Retirement Plan Committee of the Employee Retirement Plans for Buckeye Technologies Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Buckeye Retirement Plus Savings Plan

By: /S/ GAYLE L. POWELSON

Gayle L. Powelson, Senior Vice President, Chief Financial Officer

Date: December 21, 2001