

POTLATCH CORP  
Form 10-Q  
October 21, 2014

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 September 30, 2014

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

The number of shares of common stock of the registrant outstanding as of October 20, 2014 was 40,596,268.



POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES

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## Part I

## ITEM 1. FINANCIAL STATEMENTS

## Potlatch Corporation and Consolidated Subsidiaries

## Consolidated Statements of Income

Unaudited (Dollars in thousands, except per-share amounts)

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Revenues	\$177,215	\$157,869	\$460,713	\$430,334
Costs and expenses:				
Cost of goods sold	121,574	112,499	322,016	302,702
Selling, general and administrative expenses	10,772	13,444	32,794	37,157
Environmental remediation charge	—	1,022	—	3,522
	132,346	126,965	354,810	343,381
Operating income	44,869	30,904	105,903	86,953
Interest expense, net	(5,506)	(5,556)	(16,475)	(17,559)
Income before income taxes	39,363	25,348	89,428	69,394
Income taxes	(6,209)	(3,157)	(19,654)	(12,534)
Net income	\$33,154	\$22,191	\$69,774	\$56,860
Net income per share:				
Basic	\$0.81	\$0.55	\$1.71	\$1.40
Diluted	0.81	0.54	1.71	1.40
Distributions per share	\$0.35	\$0.31	\$1.05	\$0.93
Weighted average shares outstanding (in thousands):				
Basic	40,745	40,530	40,733	40,493
Diluted	40,889	40,720	40,861	40,686

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)

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net income	\$33,154	\$22,191	\$69,774	\$56,860
Other comprehensive income, net of tax:				
Pension and other postretirement employee benefits:				
Amortization of prior service credit included in net periodic cost, net of tax of \$(867) and \$(870), \$(2,601) and \$(2,611)	(1,357	) (1,362	) (4,069	) (4,085
Amortization of actuarial loss included in net periodic cost, net of tax of \$1,621 and \$2,255, \$4,866 and \$6,768	2,538	3,529	7,612	10,586
Other comprehensive income, net of tax	1,181	2,167	3,543	6,501
Comprehensive income	\$34,335	\$24,358	\$73,317	\$63,361

Amortization of prior service credit and amortization of actuarial loss are included in the computation of net periodic cost. See [Note 7: Pension Plans and Other Postretirement Employee Benefits](#) for additional information.

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)

September 30, December 31,  
2014 2013

ASSETS  
Current assets:  
Cash