

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 Plan

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

Plan Number 002

Internal Revenue Service - Employer Identification No. 62-1518973

June 30, 2001 and 2000

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BUCKEYE RETIREMENT PLAN

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

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Independent Auditor's Report

To the Buckeye Investment Committee
Buckeye Retirement Plan
Memphis, Tennessee

We have audited the accompanying statements of net assets available for benefits of Buckeye Retirement 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 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

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all material respects, the net assets available for benefits of Buckeye Retirement 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 audits were 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 PLAN

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

	2001 -----	2000 -----
Assets		
Investments		
Buckeye Master Trust		
Mutual funds	\$ 27,664,376	\$ 26,522,991
Common stock of Buckeye Technologies Inc.	7,500,305	12,341,367
	-----	-----
	35,164,681	38,864,358
Receivables		
Employer contributions	6,184,181	5,740,592
Other	12,080	44,975
	-----	-----
	6,196,261	5,785,567
	-----	-----
Net assets available for benefits	\$ 41,360,942 =====	\$ 44,649,925 =====

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

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BUCKEYE RETIREMENT 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	\$ (9,339,118)	\$ 2,859,246
Interest and dividends	2,037,759	1,612,657
	-----	-----
	(7,301,359)	4,471,903
Employer contributions	6,195,790	5,740,592
	-----	-----
Total additions (deductions)	(1,105,569)	10,212,495
Deductions from net assets attributed to:		
Benefits paid to participants	2,149,925	2,276,676
Administrative expenses	33,489	30,743
	-----	-----
Total deductions	2,183,414	2,307,419
	-----	-----
Net increase (decrease) in net assets	(3,288,983)	7,905,076
Net assets available for benefits		
Beginning of year	44,649,925	36,744,849
	-----	-----
End of year	\$ 41,360,942	\$ 44,649,925
	=====	=====

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

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BUCKEYE RETIREMENT PLAN

Notes to Financial Statements

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June 30, 2001 and 2000

Note 1 - Description of Plan

The following description of Buckeye Retirement 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 Plan (the "Plan") is a noncontributory defined contribution pension plan covering all eligible salaried and hourly employees, as defined in the plan document, 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 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).

Contributions

Contributions made annually by the Company are computed based upon the following formula:

Contribution = (A+B)C A=1% B=.5% X number of years service not to exceed twenty (20) years. C=Plan year compensation. The minimum is 1 1/2% of eligible compensation and the maximum is 11% of compensation.

Contributions are generally funded in the quarter following the Plan's year end.

Participant accounts

Each participant's account is credited with the allocation of the employer's contribution. The value of a participant's account is the contributions made on their behalf plus a 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 100% vested in their accounts after completion of five years of credited service. In the event of death, disability, normal retirement (age 65) or if the Plan is discontinued, participants become 100% vested in their account balances.

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 PLAN

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

Note 1 - Description of Plan (continued)

Forfeitures

If an employee terminates before his or her account has become fully vested, such portion of the account is forfeited. Forfeitures are used to reduce future contributions by the Company.

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.

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 Plus Savings Plan. The Master Trust was composed of the common stock of Buckeye Technologies Inc. and interests in ten mutual funds at June 30, 2001 and 2000.

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

Note 3 - Investments (continued)

The Plan allows participants to invest varying portions of their account balances in 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 the Fidelity Retirement Money Market Portfolio, Strong Government Securities Fund, Fidelity Puritan Fund, Spartan U.S. Equity Index Fund, Davis NY Venture A Fund, Fidelity Growth & Income Fund, NB Genesis Trust Fund, PIMCO Capital Appreciation Fund, Alger Capital Appreciation Fund, and Fidelity Diversified International Fund.

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 41.6% and 40.7% at June 30, 2001 and 2000, respectively.

Note 4 - Related party transactions

The Plan purchased \$2,317,837 and sold \$2,530,150 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 \$7,500,305 and \$12,341,367, 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 \$33,489 and \$30,743 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.

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BUCKEYE RETIREMENT PLAN

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

Note 5 - 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 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 6 - 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 18% 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 PLAN
Schedule of Assets Held for Investment Purposes at End of Year
EIN: 62-1518973 / Plan Number: 002
June 30, 2001

(a)	(b) (c) Identity of Issue/Description	Current (e) Value
-----		-----
	Buckeye Master Trust	

	Mutual funds	
*	Fidelity Growth & Income Fund	\$ 11,213,216
*	Spartan U.S. Equity Index Fund	6,025,511
*	Fidelity Puritan Fund	2,607,633
*	Fidelity Retirement Money Market Portfolio	2,260,874
	Davis NY Venture A Fund	1,907,615
	Alger Capital Appreciation Fund	1,053,530
	PIMCO Capital Appreciation Fund	868,176
	Strong Government Securities Fund	725,621

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	NB Genesis Trust Fund	589,190
*	Fidelity Diversified International Fund	413,010
		27,664,376
*	Buckeye Technologies Inc. common stock	7,500,305

	Total assets held for investment purposes at end of year	\$ 35,164,681
		=====

* Represents a party-in-interest.

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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 PLAN

By: /S/ GAYLE L. POWELSON

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

Date: December 21, 2001

BUCKEYE RETIREMENT PLAN

Exhibit Index

Exhibit No. -----	Description -----
23	Consent of Independent Auditors

Exhibit 23

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8, Number 33-80867) pertaining to the Buckeye Retirement Plan of our report dated December 14, 2001 with respect to the financial statements and schedules of the Buckeye Retirement Plan included in this Annual Report (Form 11-K) for the year ended June 30, 2001.

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Thompson Dunavant PLC

Memphis, Tennessee
December 14, 2001