BUCKEYE TECHNOLOGIES INC
Form 11-K
December 20, 2011

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, 2011

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, 2011 and 2010

BUCKEYE RETIREMENT PLAN

FINANCIAL STATEMENTS

June 30, 2011 and June 30, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Buckeye Investment Committee
Buckeye Retirement Plan
Memphis, Tennessee

We have audited the accompanying statements of net assets available for plan benefits of the Buckeye Retirement Plan (the Plan) as of June 30, 2011 and 2010, and the related statement of changes in net assets available for plan benefits for the year ended June 30, 2011. 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 the standards of the Public Company Accounting Oversight Board (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 all material respects, the net assets available for plan benefits of the Plan as of June 30, 2011 and 2010, and the changes in net assets available for plan benefits for the year ended June 30, 2011 in conformity with U.S. GAAP.

Watkins Uiberall, PLLC

Memphis, Tennessee
December 20, 2011

BUCKEYE RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

June 30, 2011 and 2010

Assets

	2011	2010
Investments, at Fair Value		
Participant-directed investments	$205,384,539	$137,448,881
Contribution Receivables		
Participant	236,120	-
Employer	6,959,007	6,496,665
Due from broker for unsettled trades	932,191	333,728
Total receivables	8,127,318	6,830,393
Notes receivable from participants	1,260,153	892,129
Net assets available for plan benefits	$214,772,010	$145,171,403

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

BUCKEYE RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

For the Year Ended June 30, 2011

Additions to Net Assets Attributed to:	
Investment Income	
Net appreciation in fair value of investments	$63,626,892
Interest and dividends	3,262,904
Interest on notes receivable from participants	45,848
Contributions	
Participant	5,230,485
Employer	8,080,545
Rollover	37,260
Total additions	80,283,934
Deductions from Net Assets Attributed to:	
Benefits paid to participants	10,631,105
Deemed distributions	15,093
Administrative expenses	37,129
Total deductions	10,683,327
Net increase	69,600,607
Net Assets Available for Plan Benefits:	
Beginning of the year	145,171,403
End of the year	$214,772,010

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

BUCKEYE RETIREMENT PLAN

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Buckeye Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all employees of Buckeye Technologies Inc. and its wholly owned subsidiaries (the Company), with certain eligibility requirements defined by the Plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

The Plan provides for participant and employer contributions. An employee is eligible to make employee deferral contributions to the Plan upon employment. Participants may contribute 1% to 100% of pretax annual compensation, as defined in the Plan, subject to Internal Revenue Code limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Company's contributions to the Plan are discretionary and are determined by the Company's management. A participant is eligible to share in the allocation of Company matching contributions upon employment. Currently, the Company's matching contribution to the Plan is 50% of each eligible participant's applicable contributions, with a maximum matching contribution not to exceed either $2,000 or 2% of the participant's annual compensation, as defined by the Plan. A participant is eligible to receive Company foundation contributions if he or she has completed 12 months of service. Company foundation contributions are calculated based on a participant's annual compensation and total number of service years, as defined by the Plan. Currently, the minimum annual Company foundation contribution for each participant is 1.5% of eligible compensation, with a maximum foundation contribution not to exceed 11% of eligible compensation.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings. Allocations are based on a participant's earnings or account balances, as defined. Participant accounts are also assessed certain plan expenses.

The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. Participants direct the allocation of their investments among the options provided by the Plan through Fidelity Management Trust Company.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company matching portion of their accounts is based on years of service using the elapsed time method as follows:

Years of Service	Percentage
1	20%
2	40%
3	60%
4	80%
5	100%

Vesting in the Company foundation portion of participant accounts is based on years of service as follows:

Years of Service	Percentage
0-2	0%
3	100%

Forfeitures

If an employee terminates before his or her matching and non-elective contribution accounts have become fully vested, such portions are forfeited. Participant forfeitures are first used to pay Plan expenses for the Plan year in which the forfeitures are to be allocated. The remaining forfeitures are used to reduce any employer contribution. For the year ending June 30, 2011, forfeitures totaled $23,254.

Payment of Benefits

On termination of service or retirement, the participant may elect to receive one lump-sum cash payment equal to the vested interest in his or her account, equal installment payments over a period of less than ten years, or some combination thereof. However, if the total vested benefit for all accounts is less than $1,000, the participant will receive one lump-sum cash payment equal to the vested interest in his or her account. Normal retirement age is 65.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 or their deferral account balance, if less, up to a maximum equal to the lesser of statutory loan limits or their deferral account balance. Loans are available to participants for hardship reasons only. The loans are secured by the balance in the participant's account and bear interest rates which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

If a participant fails to make payments when they are due under the terms of the loan, that participant will be "in default." Loans are in default if any scheduled loan repayment is not made by the end of the calendar quarter following the quarter in which the missed payment was due. The Plan then can take all reasonable actions to collect the balance owed on the loan. Under certain circumstances, the loan in default could be considered a distribution from the Plan and could be considered taxable income to the participant. In any event, failure to repay a loan will reduce the benefit a participant would otherwise be entitled to from the Plan.

Death and Disability Benefits

Upon death or total and permanent disability prior to termination or retirement, the participant account becomes 100 percent vested, regardless of service years. Depending on the recipient of the distribution and the source of the funds being distributed, as defined by the Plan, the participant (or beneficiary) receives a single lump-sum distribution or annuity payments of 100% of the account balance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the plan are prepared using the accrual basis of accounting.

The Plan presents in the statement of changes in net assets available for plan benefits the net appreciation (depreciation) in the fair value of its investments, which consists of investment income, realized gains and (losses), and the unrealized appreciation (depreciation) on those investments.

The Plan's investments are stated at fair market value, as defined by the Fair Value Measurement Topic of the Financial Accounting Standards Board Accounting Standards Codification. See Note 4 for disclosure regarding fair value measurement.

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

Benefits are recorded when paid.

The Plan sponsor pays certain administrative expenses.

NOTE 3 – INVESTMENTS

The following table presents the fair values of investments. Investments that represent 5 percent or more of the Plan's net assets are separately identified.

Fair Value of Investments at June 30:

	2011	2010
Buckeye Technologies Inc. Common Stock	$59,937,713	$22,543,494
Fidelity Retirement Money Market Portfolio	18,544,137	14,995,671
Mutual Funds:		
Fidelity Spartan U.S. Equity Index Fund	21,062,028	16,729,421
Neuberger Berman Genesis Fund	24,903,363	19,722,359
Davis New York Venture Fund, Inc.	17,244,067	14,286,592
Others (below 5% threshold)	63,693,231	49,171,344
	$205,384,539	$137,448,881

During the 2011 Plan year, the Plan's investments (including investments bought, sold, and held during the year) appreciated in value as follows:

Mutual funds	$23,642,030
Buckeye Technologies Inc. common stock	39,984,862
	$63,626,892

NOTE 4 – FAIR VALUE MEASUREMENTS

The Fair Value Measurement Topic of the Financial Accounting Standards Board Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement Topic are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011.

Mutual funds: Valued at the net asset value of shares held by the Plan at year end.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Money market funds: Valued at amortized cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2011 and 2010:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Money market funds	$-	$18,544,137	$-	