

Link Matthew
Form 4
November 26, 2018

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Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *

Link Matthew

(Last) (First) (Middle)

7475 LUSK BLVD.

(Street)

SAN DIEGO, CA 92121

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

NUVASIVE INC [NUVA]

3. Date of Earliest Transaction (Month/Day/Year)

11/21/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

President, Strat/Tech/Corp Dev

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	11/21/2018		S		4,889 (1)	D	\$ 62.22 (2)
					79,116	(3)	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Link Matthew 7475 LUSK BLVD. SAN DIEGO, CA 92121			President, Strat/Tech/Corp Dev	

Signatures

/s/ Nathaniel B. Sisitsky, Attorney-in-Fact for Matthew W. Link
 11/26/2018
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Sales effected pursuant to a 10b5-1 Trading Plan adopted by the Reporting Person, which is intended to comply with Rule 10b5-1. Weighted average sales price from sales transactions ranging from \$62.00 to \$62.54. Upon request by the Commission staff, the Issuer or a security holder of the Issuer, the Reporting Person will undertake to provide full information regarding the number of shares sold at each separate price.
- (3) Shares directly held by the Reporting Person. The Reporting Person also holds conditional rights to receive shares pursuant to previously disclosed Company equity awards.

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Diluted earnings per share

\$ 1.59
 \$ 1.00

Stock options that could potentially dilute basic earnings per share in the future, which were not included in the fully diluted computation because the grant prices were greater than the average market price of common shares for the period, were 286,381 for the three months ended September 30, 2010 and 1,471,559 for the three months ended September 30, 2009.

NOTE 11: SHARE-BASED PAYMENTS

We recognize compensation expense for share-based payments based on the fair value of the awards at the grant date. Share-based payments include stock option awards, restricted stock awards and performance based restricted stock awards. Total share-based compensation expense (a component of selling, research and administrative expenses) was \$935 and \$562 for the three month periods ended September 30, 2010 and 2009, respectively.

During the three month period ended September 30, 2010, we granted restricted stock of 165,184 shares, performance based restricted stock of 124,405 shares and 255,439 of stock options. The fair value of the restricted stock was \$10.39, the closing price of our common stock on the date of grant. The fair value of the performance based restricted stock was \$8.28, based on a Monte-Carlo simulation. The weighted average fair value of the stock option awards, using the Black-Scholes option pricing model, was \$6.68 using the following key assumptions:

Expected lives	6.0 years
Expected volatility	72.8%
Risk-free interest rate	2.05%
Dividend yield	0.154%

Our 2010 Annual Report contains a complete discussion of the methodologies employed in developing our assumptions used in determining the fair value of the option awards.

NOTE 12: INCOME TAXES

We file income tax returns with federal, state, local and foreign jurisdictions. As of September 30, 2010, we remain subject to examinations of our U.S. federal and state income tax returns for the years ended June 30, 2002 through June 30, 2010, Canadian income tax returns for the years ended June 30, 2004 through June 30, 2010 and German tax filings for the years ended June 30, 2004 through June 30, 2010.

During the three months ended September 30, 2010, we recorded tax benefits related to cellulosic biofuel credits of \$20,462 for cellulosic biofuel credits claimed on black liquor without diesel for the period January 1, 2009 through February 11, 2009, and \$31,162 for exchange of cellulosic biofuel credits from alternative fuel mixture tax credits. See Note 4.

During the three months ended September 30, 2009, we claimed the alternative fuel mixture credits as cash refunds through the filing of periodic excise tax refund claims and as income tax credits on the federal income tax return to be filed for 2010. For purposes of calculating federal and state income taxes, we treat the credits claimed as cash refunds of excise tax as taxable income and the credits claimed on the federal income tax return as non-taxable income. During the three months ended September 30, 2009, we recorded a tax benefit of \$11,811 due to the non-taxable nature of the alternative fuel mixture credits claimed on the federal income tax return.

We increased our valuation allowance related to net operating loss carryforwards to eliminate the tax benefit of current losses during the three months ended September 30, 2010 in Brazil and Canada by \$574 and \$238, respectively.

During the three months ended September 30, 2010, we recorded a tax benefit of \$887 for IRS Section 48 energy investment tax credits related to the Foley Energy Project.

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Our effective tax rates for the three month period ended September 30, 2010 was (232.0)%. Our effective tax rate for the same period in 2009 was 8.2%. Our income tax expense (benefit) differs from the amount computed by applying the statutory federal income tax rate of 35% to income before income taxes due to the following:

	Three Months Ended September 30	
	2010	2009
Expected tax expense at 35%	\$ 6,792	\$ 14,958
Cellulosic biofuel credits – black liquor without diesel	(20,462)	-
Cellulosic biofuel credits – exchanged from alternative fuel mixture credits	(31,162)	-
Alternative fuel mixture credits	-	(11,811)
Energy investment tax credits	(887)	-
Effect of foreign operations	113	496
Change in valuation allowance	812	(170)
Other	(224)	34
Income tax (benefit) expense	\$ (45,018)	\$ 3,507

NOTE 13: EMPLOYEE BENEFIT PLANS

We provide medical, dental and life insurance postretirement plans covering certain U.S. employees who meet specified age and service requirements. Effective January 1, 2006, Medicare eligible retirees age 65 or older are no longer covered under the self-funded plan. Instead, they are provided a subsidy towards the purchase of supplemental insurance. The components of net periodic benefit costs are as follows:

	Three Months Ended	
	September 30	
	2010	2009
Service cost for benefits earned	\$ 117	\$ 101
Interest cost on benefit obligation	316	350
Amortization of unrecognized prior service cost	(131)	(247)
Actuarial loss	96	31
Total cost	\$ 398	\$ 235

NOTE 14: STATE OF FLORIDA GRANT

On August 11, 2009, we announced that we had qualified to receive up to \$7,381 from the State of Florida Quick Action Closing Fund. This performance-based incentive provides up-front cash for approved economic development projects. On September 30, 2009, we received the \$7,381 as an incentive to complete our \$45,000 Foley Energy Project which had been suspended in March 2009. We have committed to invest \$32,300 on this and other related energy projects after the date of the grant, and to maintain at least 555 jobs, at a specified average wage, at our Foley Plant. We are required to make the investment by December 31, 2012 and to maintain the jobs and specified wage level through December 31, 2015. If we fail to make at least 80% of the investment or if we fall below the 555 jobs or specified wage level in any of the next six years, we would be required to repay a prorated portion of the award. In March 2010, Taylor County Development Authority ("TCDA") awarded us a matching grant for \$207, payable in four equal installments. We recorded the first \$52 installment on March 15, 2010. We have recorded these cash incentives in the long-term liability section of our condensed consolidated balance sheets. As we invest in the Foley Energy Project, we are reclassifying this liability as a reduction in the cost of equipment. During the three months ended September 30, 2010 we reclassified \$1,443 and as of September 30, 2010, \$4,967 has been reclassified. When the project is complete, we will amortize the \$7,588 over the life of the equipment.

NOTE 15: CONTINGENCIES

Our operations are subject to extensive general and industry-specific federal, state, local and foreign environmental laws and regulations, particularly those relating to air and water quality, waste disposal and the cleanup of contaminated soil and groundwater. We devote significant resources to maintaining compliance with these laws and regulations. Such environmental laws and regulations at the federal level include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Clean Air Act of 1990, as amended, the Clean Water Act of 1972, as amended, the Resource Conservation and Recovery Act of 1976, as amended, the Toxic Substances Control Act of 1976, as amended, and the Safe Drinking Water Act of 1974, as amended. These environmental regulatory programs are primarily administered by the U.S. Environmental Protection Agency ("EPA"). In addition, the individual states and foreign countries in which we operate have adopted and may adopt in the future equivalent or more stringent environmental laws and regulations or have enacted their own parallel environmental programs. We closely monitor our compliance with current environmental requirements and believe that we are in substantial compliance.

We expect that, due to the nature of our operations, we will be subject to increasingly stringent environmental requirements, including standards applicable to wastewater discharges and air emissions, such as emissions of

greenhouse gases, and general permitting requirements for our manufacturing facilities. We also expect that we will continue to incur substantial costs to comply with such requirements. Any failure on our part to comply with environmental laws or regulations could subject us to penalties or other sanctions that could materially affect our business, results of operations or financial condition. We cannot currently assess, however, the impact that more stringent environmental requirements may have on our operations or capital expenditure requirements. We do not anticipate that capital expenditures in connection with matters relating to environmental compliance will have a material effect on our earnings during fiscal year 2011.

Our Foley Plant discharges treated wastewater into the Fenholloway River. Under the terms of an agreement with the Florida Department of Environmental Protection (“FDEP”), approved by the EPA in 1995, we agreed to a comprehensive plan to attain Class III (“fishable/swimmable”) status for the Fenholloway River under applicable Florida law (the “Fenholloway Agreement”). The Fenholloway Agreement established a schedule for the filing of necessary permit applications and approvals to implement the following activities, among others: (i) make process changes within the Foley Plant to reduce the coloration of its wastewater discharge, (ii) restore certain wetlands areas, (iii) install a pipeline to relocate the wastewater discharge point into the Fenholloway River to a point closer to the mouth of the river, and (iv) provide oxygen enrichment to the treated wastewater prior to discharge at the new location. We have completed the process changes within the Foley Plant as required by the Fenholloway Agreement. In making these in-plant process changes, we incurred significant capital expenditures. Based on the anticipated permit conditions, we expect to incur significant additional capital expenditures once final permits are issued.

In August 2005 FDEP drafted a proposed renewal of the Buckeye National Pollutant Discharge Elimination System (“NPDES”) permit. The FDEP completed the required public notice, review and comment process and issued the formal Notice of Intent to Issue Permit in November 2005. The proposed permit was challenged by some members of the public. In January 2008, the pending administrative hearing was dismissed due to anticipated revisions to the permit based on additional studies and development of a total maximum daily load (“TMDL”) for the Fenholloway River. The development of the TMDL is necessary because the EPA and FDEP have listed the Fenholloway River as an impaired water (not meeting all water quality standards) under the Clean Water Act for certain pollutants. The additional studies necessary to support revisions to the permit have been completed. As a result, we filed petitions with the FDEP for the establishment of Site-Specific Alternative Water Quality Criteria (“SSAC”) for the Fenholloway River. The Florida Environmental Regulation Commission adopted a rule establishing a SSAC for the Fenholloway River and the FDEP approved the other SSACs. SSACs require the approval of the EPA. The FDEP forwarded the SSACs to EPA in September 2010 for their approval. The revised draft NPDES permit to be issued by FDEP will be based upon modeling performed in conjunction with the EPA and the FDEP, will address the TMDL established for the Fenholloway River by the EPA and will also contain Water Quality Based Effluent Limits based on the new SSACs. When the FDEP issues the revised draft permit it will be subject to public comment and opportunity for requesting a hearing.

We expect to incur additional capital expenditures related to our wastewater treatment and discharge of between \$40 million and \$60 million over at least five years, possibly beginning as early as fiscal year 2012. The amount and timing of these capital expenditures may vary depending on a number of factors including when the final NPDES permit is issued and its final terms and conditions.

The Foley Plant is also subject to FDEP and EPA air emission standards. In 2007, new EPA boiler air emission regulations (boiler Maximum Achievable Control Technology (“MACT”) standards) applicable to the Foley Plant were vacated following a public legal challenge. EPA re-proposed those regulations in April 2010. The public comment period for that proposed rule ended on August 23, 2010, but EPA has not issued its final regulation for the boiler MACT. These regulations may impact both bark boilers at the Foley Plant. However, since EPA has not promulgated a final rule, it is difficult to predict the potential capital expenditures associated with these pending regulations.

On November 4, 2009, we received an Infraction Document from the São Paulo State Tax Authority with respect to our Americana Plant related to Brazilian state value-added taxes (“ICMS Taxes”) for the period of January 1, 2005 through December 31, 2008. On December 4, 2009, we filed our objection to 2,624 real (\$1,549 at September 30, 2010 exchange rates) of the taxes and penalties that were assessed. On August 9, 2010 Americana received an Infraction Document from the São Paulo State Tax Authority related to ICMS taxes for the period of January 1, 2009 through December 31, 2009. On September 3, 2010 we filed our objection to 796 real (\$470 at September 30, 2010 exchange rates) of the taxes and penalties that were assessed. The process for defending our objection will involve a lengthy appeals process and it could be several years before we reach resolution. We believe we have meritorious defenses to this assessment and intend to defend our position vigorously.

On June 17, 2010, our Foley Plant experienced a failure on our utility provider’s incoming line that sent a voltage surge to most of our electrical components, resulting in losses of variable frequency drives and other electrical control components. This power failure caused an unplanned complete shutdown of the facility. Both production lines were returned to full production by June 23, 2010. In July, we experienced 27 hours of downtime on one of our production lines and 12 hours of downtime on our other production line when additional electrical control components damaged by the voltage surge failed. The total value of the loss, including business interruption, cannot be determined at this time, but we believe that losses in excess of our \$2,000 deductible will be covered by property and business interruption insurance. In June 2010, we wrote-off certain fixed assets that were damaged. We have received \$2,500 in advances from the insurance company. Amounts received as of September 30, 2010 have been recorded in other current liabilities. We have not recognized potential gains arising from property damage or business interruption insurance in our Consolidated Statements of Operations and will not do so until final settlement of the insurance

claim.

We are involved in certain legal actions and claims arising in the ordinary course of business. In the opinion of management, however, based upon information currently available, the ultimate liability with respect to these actions will not materially affect our consolidated results of operations or financial position. We review outstanding claims and proceedings internally and with external counsel as necessary to assess probability of loss and for the ability to estimate loss. These assessments are re-evaluated each quarter or as new information becomes available to determine whether a reserve should be established or if any existing reserve should be adjusted. The actual cost of resolving a claim or proceeding ultimately may be substantially different than the amount of the recorded reserve. In addition, because it is not permissible under GAAP to establish a litigation reserve until the loss is both probable and estimable, in some cases there may be insufficient time to establish a reserve prior to the actual incurrence of the loss (upon verdict and judgment at trial, for example, or in the case of a quickly negotiated settlement).

15

NOTE 16: SUBSEQUENT EVENTS

On October 1, 2010, we redeemed the remaining \$140,000 of the 2013 Notes using borrowings on our revolving credit facility. We recorded a \$1,984 loss related to the extinguishment of this debt which included the redemption price premium of \$1,420 and the write-off of the related deferred financing costs of \$564. See Note 6.

On October 22, 2010, we entered into a Second Amended and Restated Credit Agreement (“new credit facility”) which increases the maximum committed borrowing capacity to \$300,000 and extends the maturity date of the facility to October 22, 2015. This facility amends and restates our existing credit facility. We used the proceeds from this new credit facility to pay the outstanding balance on the former credit facility plus fees and expenses.

On October 26, 2010, our Board of Directors declared a quarterly dividend of \$0.04 per share of common stock. The dividend is payable on December 15, 2010 to stockholders of record as of the close of business on November 15, 2010.

On November 7, 2010, union employees at our Canadian facility ratified a new labor agreement. The agreement is in effect through June 30, 2012.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") summarizes the significant factors affecting our results of operations, liquidity, capital resources and contractual obligations, as well as discussing our critical accounting policies. This discussion should be read in conjunction with the accompanying unaudited financial statements and our Annual Report on Form 10-K for the year ended June 30, 2010 ("Annual Report"), which include additional information about our significant accounting policies, practices and transactions that underlie our financial results. Our MD&A is composed of four major sections: Executive Summary, Results of Operations, Financial Condition, and Critical Accounting Policies.

Except as otherwise specified, references to years (e.g., "2011") indicate our fiscal year ending June 30 of the year referenced and comparisons are to the corresponding period of the prior year. The following discussion includes a comparison of the results of operations for the three month period ended September 30, 2010 to the three months ended September 30, 2009.

Except for specific historical information, many of the matters discussed in this report may express or imply projections of revenues or expenditures, plans and objectives for future operations, growth or initiatives, expected future economic performance, or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results which we expect will or may occur in the future are forward-looking statements that involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by those statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "trends," "assumptions," "target," "guidance," "outlook," "opportunity," "future," "plans," "goals," "objectives," "expectations," "near-term," "long-term," "projection," "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "potential," "regular," "should," "projects," "forecasts" or "continue" (or other derivatives of each of these terms) or similar terminology.

We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. The following important factors, among others, could affect future results, causing these results to differ materially from those expressed in our forward-looking statements: pricing fluctuations and worldwide economic conditions; dependence on large customers; fluctuation in the costs of raw materials and energy resources; competition; changes in the net benefit realized from the alternative fuel mixture credit; changes in fair values of long-lived assets; inability to predict the scope of future environmental compliance costs or liabilities; inability to predict the scope of future restructuring costs or liabilities; and the ability to obtain additional capital, maintain adequate cash flow to service debt as well as meet operating needs. Other factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those contained in Part I, Item 1A of the Annual Report, which is incorporated herein by this reference, or from time to time, in our filings with the Securities and Exchange Commission (the "SEC"), press releases and other communications.

Readers are cautioned not to place undue reliance on forward-looking statements made in this report, since the statements speak only as of the report's date. Except as may be required by law, we have no obligation, and do not intend, to publicly update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any future public disclosures that we may make on related subjects in reports that we file with or furnish to the SEC or in our other public disclosures.

Executive Summary

Buckeye manufactures and distributes value-added cellulose-based specialty products used in numerous applications, including disposable diapers, personal hygiene products, engine, air and oil filters, food casings, cigarette filters, rayon filaments, acetate plastics, thickeners and papers. Our products are produced in the United States, Canada, Germany and Brazil, and we sell these products in approximately 60 countries worldwide. We generate revenues, operating income and cash flows from two reporting segments: specialty fibers and nonwoven materials. Specialty fibers are derived from wood and cotton cellulose materials using wetlaid technologies. Our nonwoven materials are derived from wood pulps, synthetic fibers and other materials using an airlaid process.

Our strategy is to continue to strengthen our position as a leading supplier of cellulose-based specialty products. The key focus areas for Buckeye over the next twelve months include maximizing cash flow, optimizing capacity utilization, investing in the Foley Energy Project, identifying new bio-energy initiatives that support profitable, sustainable growth, and accelerating the rate of change to a Lean Enterprise culture. We plan to take a balanced approach in allocating capital between debt reduction, investment in high rate of return projects, and returning value to shareholders.

Net sales for the three months ended September 30, 2010 were \$202 million, up by \$25 million or 14% versus net sales of \$177 million during the same period in 2009 due to higher selling prices and improved mix. Selling prices were higher across all parts of our business, with the largest impact coming from a \$218 per ton increase in fluff pulp prices, which accounted for \$10 million of the sales increase. Shipment volume was down 5% year over year as we rebuilt inventories after the fourth quarter power outage at our Florida specialty wood pulp facility and limited raw material availability constrained shipments from our specialty cotton fibers plants, although nonwovens shipment volume was up 9%.

Operating income for the three months ended September 30, 2010 was \$23.6 million, which was down \$24.4 million compared to the same period in 2009. The reduction in operating income can be explained by the \$35.8 million reduction in income from alternative fuel mixture credits versus the same period a year ago which was partially offset by an increase in gross margin, which improved by \$11.4 million, or from 14.0% to 18.0% as a percentage of sales. This margin improvement was largely driven by higher selling prices and improved mix in our specialty fibers segment.

Net earnings for the three months ended September 30, 2010 of \$64.4 million or \$1.59 per diluted share, were up \$24.0 million or \$0.59 per diluted share compared to the same period a year ago. The net benefit of this year's recognition of \$51.3 million in net income from the cellulosic biofuel credit ("CBC") less last year's \$35.1 million in net income from the alternative fuel mixture credit ("AFMC") accounted for \$16.2 million or \$0.41 per diluted share of the year over year improvement in net income and earnings per share, respectively.

The CBC was originally enacted in the 2008 reauthorization of the Farm Bill. The credit is \$1.01 per gallon of liquid fuel produced from any lignocellulosic or hemicellulosic matter (which is renewable). On July 9, 2010, the IRS Office of Chief Counsel released legal advice concluding that black liquor sold or used before January 1, 2010, qualifies for CBC credits. The IRS approved Buckeye's application to register as a cellulosic biofuel producer in August and we filed amended tax returns that same month to claim cellulosic biofuel credits on black liquor burned during the January 1, 2009 to February 11, 2009 period before we started mixing with diesel fuel and qualifying for the alternative fuel mixtures credit. The net after-tax benefit recorded in our first quarter financial statements related to this period is \$20.5 million.

The second piece of the credit available to us is the part that can be realized by trading the 50 cent per gallon AFMC credits we received in 2009 for the period from February 12, 2009 to December 31, 2009 for \$1.01 per gallon in CBC credits less applicable taxes. The total available incremental net benefit of trading 100% of our AFMC credits for CBC credits would be \$56 million less interest related to paying back the AFMC credits. We recorded a \$30.8 million partial after-tax benefit (net of interest costs) in the first quarter related to trading of the credits due to the uncertainty associated with forecasting future taxable earnings before the credit carry forward expires in December 2015 and due to the complex tax rules governing the utilization of these credits. We plan to revisit our projections annually and could recognize more or less of the total potential benefit from this credit in future years.

Net cash provided by operating activities for the three months ended September 30, 2010 of \$82.0 million was up \$47.9 million compared to the same period a year ago. In July 2010, we received our fiscal 2010 tax refund of \$67.1 million, of which most was attributable to AFMC credits. In the year ago quarter, we received \$8.4 million in AFMC excise tax refunds. This increase in tax refunds between the two periods accounted for a \$58.7 year over year increase in cash provided by operating activities. Excluding the impact of these tax refunds, cash flow from operations was \$10.7 million lower in spite of an increase in sales and gross margin between the two periods primarily because of the inventory build during the most recent quarter. In addition, net cash used in investing activities increased by \$10.6 million compared to the same period last year as capital expenditures were up \$3.2 million and we received a \$7.4 million grant from the State of Florida in the year ago quarter. Strong cash flow during the quarter enabled us to reduce debt by \$72.5 million and pay our first quarterly cash dividend of \$1.6 million during the quarter.

Results of Operations

Consolidated results

The following table compares components of operating income for the three months ended September 30, 2010 and 2009.

(millions)

Three Months Ended September 30

Explanation of Responses:

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	2010	2009	Change	% Change
Net sales	\$ 202.1	\$ 177.3	\$ 24.8	14.0%
Cost of goods sold	165.8	152.4	13.4	8.8%
Gross margin	36.3	24.9	11.4	45.8%
Selling, research and administrative expenses	11.7	11.5	0.2	1.7%
Amortization of intangibles and other	0.5	0.5	-	-%
Restructuring costs	0.5	0.7	(0.2)	(28.6)%
Alternative fuel mixture credits	-	(35.8)	35.8	(100.0)%
Operating income	\$ 23.6	\$ 48.0	\$ (24.4)	(50.8)%

Net sales for the three months ended September 30, 2010 were 14% higher than in the comparable prior year period. Higher prices and improved product mix in both segments and higher shipment volume in our nonwovens segment were partially offset by lower volume in the specialty fibers segment.

Gross margin was higher for the three months ended September 30, 2010 versus the same period in 2009. The improvement was largely due to the higher prices and favorable product mix. Raw material costs were up significantly for our cotton specialty fibers and nonwovens products compared to the year ago quarter, but chemicals and energy costs were relatively flat year over year.

We recorded \$35.8 million in alternative fuel mixture credits, which were net of expenses, in our consolidated statements of operations for the three months ended September 30, 2009 related to credits earned for the three months ended September 30, 2009. We treated the credits received in cash as taxable income and the income tax credits as non-taxable income. The alternative fuel mixture credits are subject to audit by the IRS. The credit expired on December 31, 2009.

Selling, research and administrative expenses were virtually the same for the three months ended September 30, 2010 versus the same period in the prior year.

Segment results

Although nonwoven materials, processes, customers, distribution methods and regulatory environment are similar to specialty fibers, we believe it is appropriate for nonwoven materials to be disclosed as a separate reporting segment from specialty fibers. The specialty fibers segment consists of our chemical cellulose, customized fibers and fluff pulp product lines which are cellulosic fibers based on both wood and cotton. The nonwovens materials segment consists of our airlaid plants and our converting plant. We make separate financial decisions and allocate resources based on the sales and operating income of each segment. We allocate selling, research, and administrative expense to each segment, and we use the resulting operating income to measure the performance of the two segments. We exclude items that are not included in measuring business performance, such as restructuring costs, alternative fuel mixture credits, amortization of intangibles, and unallocated at-risk and stock-based compensation.

Specialty fibers

The following table compares specialty fibers net sales and operating income for the three months ended September 30, 2010 and 2009.

(millions)	Three Months Ended September 30			
	2010	2009	Change	% Change
Net sales	\$ 142.8	\$ 122.2	\$ 20.6	16.9%
Operating income	22.1	9.3	12.8	137.6%

Net sales were up for the three months ended September 30, 2010 versus the comparable prior year period. Higher pricing for the specialty fibers segment compared to the same quarter a year ago, and favorable mix in both specialty cotton and specialty wood fibers, were partially offset by lower shipment volume. Shipment volume for the specialty fibers segment was down 7% year over year as we rebuilt inventories to sustainable levels after the fourth quarter power outage at our Florida specialty wood pulp facility and limited raw material availability constrained shipments from our cotton specialty fibers plants. Fluff pulp pricing increased by \$218 per ton or 35%. Prices for high-end specialty wood grades were up 7%. Prices for specialty cotton grades were up 28% reflecting higher costs for cotton linters. As of September 30, 2010, over 70% of our Memphis Plant's specialty cotton fibers business is committed to agreements that allow us to commit to longer procurement agreements for cotton linters. This is providing better control of cost and flow of products to our customers.

Operating income increased by \$12.8 million for the three months ended September 30, 2010 versus the prior year comparable period, with the improvement driven by higher fluff pulp pricing and improved sales mix at our specialty wood fibers plant. Operating income from our cotton specialty fibers plants was down \$0.6 million year over year as

higher raw material costs, reduced operating rates and higher costs caused by raw material supply constraints in the most recent quarter offset the benefits from higher selling prices.

Cotton linter supply limitations will continue to impact capacity utilization at our two cotton fibers plants. At our Memphis cotton fibers facility, we expect to operate at approximately 50% of our total capacity (up from 35% in the three months ended September 30, 2010) and increase capacity utilization as cotton linter market dynamics allow. We have positioned the plant to operate efficiently at this configuration. Our Americana Plant will operate to match lint availability with customer orders and we anticipate its utilization to be at approximately 30% over the next three months.

Nonwoven materials

The following table compares nonwoven materials net sales and operating income for the three months ended September 30, 2010 and 2009.

(millions)	Three Months Ended September 30			
	2010	2009	Change	% Change
Net sales	\$ 68.1	\$ 62.7	\$ 5.4	8.6%
Operating income	4.6	5.1	(0.5)	(9.8)%

Nonwoven materials sales increased during the three months ended September 30, 2010 versus the prior year comparable periods. Sales volume increased by 8.6% and selling prices were up by about 4%, but were partially offset by the impact of unfavorable currency exchange rates in Europe. Sales volume was up 12.5% in North America and 1.6% in Europe.

Operating income decreased slightly for the three months ended September 30, 2010 versus the comparable prior year period, primarily due to higher costs for fluff pulp and other raw materials more than offsetting the favorable impacts of higher sales prices, increased volumes and reduced operating costs due to lower waste.

In September 2010, we made the decision to consolidate all production at our Delta, British Columbia, Canada airlaid facility on the newer of the two machines at that site. Our newer machine has more capability, is more versatile and is less expensive to operate. With these benefits and the corresponding headcount reduction, we expect to improve operating income at this site by \$2.5 million to \$3.0 million annually.

Corporate

The following table compares corporate net sales and operating loss for the three months ended September 30, 2010 and 2009.

(millions)	Three Months Ended September 30			
	2010	2009	Change	% Change
Net sales	\$ (8.8)	\$ (7.6)	\$ (1.2)	(15.8)%
Operating (loss) income	(3.1)	33.5	(36.6)	(109.3)%

The operating (loss) income for the three months ended September 30 consists of:

(millions)	Three Months Ended September 30	
	2010	2009
Unallocated at-risk compensation	\$ (0.8)	\$ (0.6)
Unallocated stock-based compensation	(0.9)	(0.6)
Intellectual property amortization	(0.5)	(0.5)
Gross margin on intercompany sales	(0.4)	0.1
Restructuring costs	(0.5)	(0.7)
Alternative fuel mixture credits	-	35.8
Operating (loss) income	\$ (3.1)	\$ 33.5

Restructuring costs

In September 2010, we made the decision to consolidate all production at our Delta, British Columbia, Canada airlaid facility on the newer of the two machines at that site. As a result of this action, approximately 36 positions will be eliminated. The total cost of this program will be approximately \$1.0 million and will be completed during the third quarter of fiscal 2011.

During 2010, we entered into a restructuring program to sharpen our focus on key priorities which included restructuring our Ultra Fiber sales force, aligning capacity utilization with current market conditions at our Memphis Plant, and reducing selling, research and administrative expenses. The total cost of this program was \$3.3 million and was completed during the fourth quarter of 2010. The remaining accrual of \$0.2 million will be paid over the next three months. As a result of this restructuring, 31 positions were eliminated and 8 employees were transferred from selling, research and administrative positions to management positions at our Foley Plant.

Net interest expense and amortization of debt costs

Net interest expense and amortization of debt costs decreased \$1.7 million for the three months ending September 30, 2010 versus the prior year comparable period. Net interest expense decreased primarily due to the debt reduction of \$130.0 million at September 30, 2010 versus 2009. The weighted average effective interest rate on our variable debt, which totaled \$25.0 million at September 30, 2010, increased from an average of 2.0% during the three months ended September 30, 2009 to 2.5% during the three months ended September 30, 2010. During the three months ending September 30, 2010, we recorded \$0.6 million of interest expected to be paid to the U.S. government related to exchanging AFMC credits for CBC credits.

Income tax

Our effective tax rate for the three month period ended September 30, 2010 was (232.0)%. Our effective tax rate for the same period in 2009 was 8.2%.

During the three months ended September 30, 2010, we recorded tax benefits related to cellulosic biofuel credits of \$20.5 million for cellulosic biofuel credits claimed on black liquor without diesel for the period January 1, 2009 through February 11, 2009, and \$31.2 million for exchange of cellulosic biofuel credits from alternative fuel mixture tax credits. See additional discussion at Note 4 to the condensed consolidated financial statements.

During the three months ended September 30, 2009, we claimed the alternative fuel mixture credits as cash refunds through the filing of periodic excise tax refund claims and as income tax credits on the federal income tax return to be filed for 2010. For purposes of calculating federal and state income taxes, we treat the credits claimed as cash refunds of excise tax as taxable income and the credits claimed on the federal income tax return as non-taxable income. During the three months ended September 30, 2009, we recorded a tax benefit of \$11.8 million due to the non-taxable nature of the alternative fuel mixture credits claimed on the federal income tax return.

Financial Condition

Liquidity and capital resources

With the redemption of the remaining 2013 Notes on October 1, 2010, our major source of financing is our new senior secured credit facility.

On October 1, 2010, we redeemed the remaining \$140.0 million of the 2013 Notes using borrowings on our then-existing revolving credit facility (the "prior credit facility").

On October 22, 2010, we entered into a Second Amended and Restated Credit Agreement ("new credit facility") which amended and restated the prior credit facility in its entirety. The new credit facility increased our maximum committed borrowing capacity to \$300.0 million and extended our maturity date on such borrowings to October 22, 2015. We used the proceeds from the new credit facility to pay the outstanding balance on the prior credit facility plus fees and expenses. The interest rate applicable to borrowings under the new credit facility is the agent's prime rate plus 0.75% to 1.75%, or a LIBOR-based rate ranging from LIBOR plus 1.75% to LIBOR plus 2.75%, based on a grid related to our leverage ratio. The new credit facility is secured by substantially all of our assets located in the United States.

The new credit facility contains covenants customary for financing of this type. The financial covenants include: maximum total leverage ratio of consolidated total debt to consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), and a minimum consolidated fixed charge coverage ratio.

The new credit facility increased available borrowing capacity (taking into account the \$140 million borrowed to repay the 2013 Notes on October 1, 2010) to \$147.9 million. The commitment fee on the unused portion of the new credit facility is 0.375%. Total costs for the issuance of the new facility were approximately \$2.6 million and will be amortized to interest expense using the effective interest method over the life of the facility.

We believe that our cash flow from operations, together with current cash and cash equivalents and availability of borrowings under the new credit facility, will be sufficient to fund necessary capital expenditures, meet operating expenses and service our debt obligations for the next twenty-four months.

Treasury shares

Explanation of Responses:

At September 30, 2010, a total of 5.4 million shares have been repurchased under authorizations by our Board of Directors to repurchase up to 11.0 million shares of our common stock. Repurchased shares, if any, are held as treasury stock and are available for general corporate purposes, including the funding of employee benefit and stock-related plans. We did not repurchase any shares during the three months ended September 30, 2010.

Cash Flow

The following table provides a summary of cash flows for the three month periods ended September 30, 2010 and 2009.

(millions)	Three Months Ended	
	2010	September 30 2009
Operating activities:		
Net income	\$ 64.4	\$ 39.2
Noncash charges and credits, net	(10.8)	11.5
Changes in operating assets and liabilities, net	28.4	(16.6)
Net cash provided by operating activities	82.0	34.1
Investing activities:		
Purchases of property, plant and equipment	(11.9)	(8.8)
Other investing activities	(0.1)	7.4
Net cash used in investing activities	(12.0)	(1.4)
Financing activities:		
Net (payments) borrowings under lines of credit	(72.5)	77.5
Net payments on long-term debt	-	(110.0)
Net proceeds from sale of equity interests and other	-	0.2
Payment of dividend	(1.6)	-
Net cash used in financing activities	(74.1)	(32.3)
Effect of foreign currency rate fluctuations on cash	4.3	0.8
Net increase in cash and cash equivalents	\$ 0.3	\$ 1.2

Cash provided by operating activities

Cash provided by operating activities for the three months ended September 30, 2010 was \$47.9 million more than for the same period in 2009. The majority of the increase was due to the tax refund of \$67.1 million of which most was attributable to the alternative fuel mixture credits. During the three months ended September 30, 2010 we also built our inventory by approximately \$10 million and paid bonuses for fiscal year 2010, partially offsetting the favorable impact of the tax refund.

Net cash used in investing activities

Purchases of property, plant and equipment increased \$3.2 million during the three months ended September 30, 2010 versus the same period in 2009. Spending on the Foley Energy Project accounted for \$5.0 million of our capital spending for the three months ended September 30, 2010 versus \$2.1 million in the comparable prior year period. A portion of the spending for this project was funded by a \$7.4 million State of Florida grant received in September 2009 and reported under "other investing activities." Through September 30, 2010, we have spent \$34.7 million of this three-year project which we now expect to cost approximately \$49 million. The Foley Energy Project involves the installation of a steam turbine generator and upgrade of two recovery boilers, and is expected to save the equivalent of 200,000 barrels of oil per year and improve the energy self-sufficiency of our Foley mill from about 85% to about

95%. On October 26, 2010 our Board of Directors approved the purchase of 8,100 acres bordering our Foley facility for \$6.0 million. Including this purchase, we now expect our capital spending will be approximately \$63 million in fiscal year 2011.

Net cash used in financing activities

On September 15, 2010, we paid our first ever regular quarterly cash dividend (\$0.04 per share) in the aggregate amount of \$1.6 million. Additionally, we reduced net borrowings under the prior credit facility by \$72.5 million during the quarter.

On July 31, 2009, we redeemed the remaining \$110 million of our then-outstanding 2010 Notes using borrowings under the prior credit facility.

Contractual obligations

The following table summarizes our significant contractual cash obligations as of September 30, 2010, after taking into consideration the redemption of the remaining 2013 Notes on October 1, 2010 using borrowings on our revolving credit facility. Certain of these contractual obligations are reflected in our balance sheet, while others are disclosed as future obligations under accounting principles generally accepted in the United States.

(millions)	Total	Payments Due by Period			
		2011(1)	2012 and 2013	2014 and 2015	Thereafter
Contractual Obligations					
Long-term obligations (2)	\$ 180.1	\$ 2.2	\$ 6.0	\$ 6.0	\$ 165.9
Operating lease obligations	3.1	1.3	1.2	0.2	0.4
Timber commitments	3.3	3.3	-	-	-
Other purchase commitments (3)	35.8	25.9	8.4	1.5	-
Total contractual cash obligations	\$ 222.3	\$ 32.7	\$ 15.6	\$ 7.7	\$ 166.3

(1) Cash obligations for the remainder of 2011.

(2) Amounts include related interest payments. Interest payments of \$15.1 million for variable debt are based on the effective annual rate as of September 30, 2010 of 1.81%.

(3) The majority of other purchase commitments are take-or-pay contracts made in the ordinary course of business related to utilities and raw material purchases. Also includes \$6.0 million for the purchase of 8,100 acres bordering our Foley facility.

Note: The cash amounts necessary to fund post-retirement benefit obligations have not changed materially since June 30, 2010. These obligations are not included in the table above as the total obligation is based on the present value of the payments and would not be consistent with the contractual cash obligations disclosures included in the table above. See Note 16, Employee Benefit Plans, to the Consolidated Financial Statements in our Annual Report for further information.

Critical Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to adopt accounting policies and make significant judgments and estimates to develop amounts reflected and disclosed in the financial statements. Management bases these estimates and assumptions considering historical data and trends, current fact patterns, expectations and other sources of information they believe are reasonable. In many cases, there are alternative policies or estimation techniques that could be used. We maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare the financial statements. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information.

See Part II, Item 7 — Critical Accounting Policies and Estimates and our consolidated financial statements and related notes in Part IV, Item 15 of our Annual Report for accounting policies and related estimates that we believe are the most critical to understanding our condensed consolidated financial statements, financial condition and results of operations and which require complex management judgment and assumptions, or involve uncertainties. These critical accounting policies include those relating to allowance for doubtful accounts, deferred income taxes,

depreciation and long-lived assets.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Part II, Item 7A of our Annual Report is incorporated herein by this reference. There have been no material changes in our quantitative and qualitative market risks since June 30, 2010.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation as of September 30, 2010 of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2010, our disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended September 30, 2010 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 5. Other Information

In lieu of reporting this information in Item 5.07 of a Current Report on Form 8-K, the Company is reporting in this Quarterly Report on Form 10-Q information regarding the results of voting at the annual meeting of stockholders of the Company, which was held on November 4, 2010. The matters voted upon at the annual meeting and the results of the voting on each matter are set forth below:

Proxies for the Annual Meeting were solicited in accordance with Regulation 14 of the Exchange Act; there was no solicitation in opposition to management's nominees and all of management's nominees were elected. Directors are elected to serve for a three-year term and until his or her successor is elected and qualified. At the Annual Meeting Lewis E. Holland, Kristopher J. Matula, and Virginia B. Wetherell were each re-elected as Class III directors. For Mr. Holland, 35,379,195 votes were cast in favor and 469,719 votes were withheld. For Mr. Matula, 34,669,325 votes were cast in favor and 1,179,589 were withheld. For Ms. Wetherell, 35,412,509 votes were cast in favor and 436,405 were withheld.

At the Annual Meeting, the stockholders also ratified the appointment of Ernst & Young LLP, as our independent registered public accounting firm. 36,501,758 votes were cast in favor of the ratification, 1,538,532 were cast against and 15,035 votes abstained.

Item 6. Exhibits

See Exhibit Index immediately following signature page.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BUCKEYE TECHNOLOGIES INC.

By: */s/ John B. Crowe*

John B. Crowe, Chairman of the Board and Chief Executive Officer

Date: November 8, 2010

By: */s/ Steven G. Dean*

Steven G. Dean, Senior Vice President and Chief Financial Officer

Date: November 8, 2010

EXHIBIT INDEX

- 10.1 Form of Performance Share Agreement for Officers (incorporated herein by reference to Exhibit 10.1 to the Current Report of Buckeye Technologies Inc. filed with the Commission on July 21, 2010)
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
- 32.1 Section 1350 Certification of Chief Executive Officer
- 32.2 Section 1350 Certification of Chief Financial Officer

