BUCKEYE TECHNOLOGIES INC
Form SC 13G/A
February 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

(Amendment No. Five)*

Buckeye Technologies, Corp.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

118255108
(Cusip Number)

December 31, 2001
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[x] Rule 13d-1(b)
[ ] Rule 13d-1(c)
[ ] Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. INDENTIFICATION NO. OF ABOVE PERSON:

NewSouth Capital Management, Inc.
Tax ID #: 62-1237220

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*(a)[ ]
(b)[ ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Tennessee

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER
5,631,547

6. SHARED VOTING POWER

7. SOLE DISPOSITIVE POWER
6,291,447

8. SHARED DISPOSITIVE POWER
39,600

9. AGGREGATE AMOUNT BENEFICALLY OWNED BY EACH REPORTING PERSON
6,331,047

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
N/A

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
18.3%

12. TYPE OF REPORTING PERSON*
I/A

Item 1. (a) Name of Issuer:

Buckeye Technologies, Corp.

Item 1. (b) Address of Issuer's Principal Executive Offices:

1001 Tilman Street
Memphis, TN 38112

Item 2. (a) Name of Person Filing:

NewSouth Capital Management, Inc.

Item 2. (b) Address of Principal Business Office:

1000 Ridgeway Loop Rd. Suite 233
Memphis, TN 38120

Item 2. (c) Citizenship:

USA

Item 2. (d) Title of Class of Securities:

Common Stock

Item 2. (e) CUSIP Number:

118255108

Item 3. (e) /x/ Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940

Item 4. Ownership:

(a) Amount Beneficially Owned:
6,331,047

(b) Percent of Class:
18.3%

(c) Number of Shares as to which such person has:
(i) Sole Power to vote or to direct the vote: 5,631,547
(ii) Shared Power to vote or to direct the vote:
(iii) Sole Power to dispose or to direct the disposition of: 6,291,447
(iv) Shared Power to dispose or to direct the disposition of: N/A

With regard to the shares set forth under Item 4, of the 6,331,047 Shares being reported, 169,854 or .49% of the outstanding shares of Common Stock of Buckeye Technologies, Corp. are managed by NewSouth Capital Management, Inc. through a Smith Barney Fiduciary Services Program whereby accounts are placed with NewSouth for management. Although discretionary responsibility for the accounts is with NewSouth, Smith Barney retains responsibility for SEC filings should their cumulative holdings trigger the need for 13G reporting.
Of the 6,331,047 shares being reported, 40,100 or .12% of the outstanding shares of Common Stock of Buckeye Technologies, Corp. are managed by NewSouth Capital Management, Inc. through a Morgan Keegan Preferred Program ("MKPfd") whereby accounts are placed with NewSouth for management. Although discretionary responsibility for the accounts is with NewSouth, MKPfd retains responsibility for SEC filings should their cumulative holdings trigger the need for 13G reporting.
Of the 6,331,047 shares being reported, 30,300 or .09% of the outstanding shares of Common Stock of Buckeye Technologies, Corp. are managed by NewSouth Capital Management, Inc. through a Thomas Weisel Partners LLC Asset Management Consulting Program whereby accounts are placed

with NewSouth for management. Although discretionary responsibility for the accounts is with NewSouth, Thomas Weisel Partners LLC retains responsibility for SEC filings should their cumulative holdings trigger the need for 13G reporting.

Item 5. Ownership of Five Percent or Less of a Class: N/A

Item 6. Ownership of More than Five Percent on Behalf of Another Person:

NewSouth Capital Management is an Investment Advisor and in such capacity acquired the securities on behalf of it's Advisor clients. No single client's interest relates to more than 5% of the class.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company: N/A

Item 8. Identification and Classification of Members of the Group: N/A

Item 9. Notice of Dissolution of Group: N/A

Item 10. Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purposes or effect.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: 2/13/2002 as of 12/31/2001

Signature:____________________________

Name: David M. Newman
Title: Vice President

31.81

678

$

17.88

Exercised

(359

)
$
12.63
(553
)
$
11.64
(527
)
$
11.42

Forfeited/expired/cancelled

(308
)
$
25.03
(251
)
$
14.89
(237
)
$
8.90

Outstanding at the end of year

2,487

$
22.26
2,790

$
20.19
2,498

$
12.62

Options exercisable at end of year

1,214

$	19.00
	1,043
$	12.53
	885
$	12.29

The total aggregate intrinsic value of options exercised during the years ended December 31, 2006, 2005 and 2004 was $6.3 million, $12.3 million and $4.4 million, respectively.

The following table summarizes our options outstanding and options exercisable as of December 31, 2006 (shares in thousands):

	Outstanding			Exercisable		
Range of Exercise Prices	**Shares Outstanding**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price**	**Shares Exercisable**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price**
$ 4.57 - $10.00	235	5.4	$ 7.28	169	5.1	$ 7.79
$10.01 - $20.00	926	5.4	$ 13.38	719	4.9	$ 16.32
$20.01 - $30.00	786	8.7	$ 28.26	188	8.4	$ 28.08
$30.01 - $40.33	540	8.8	$ 35.28	138	8.8	$ 34.43
	2,487	7.2	$ 22.26	1,214	5.9	$ 19.00

The aggregate intrinsic value of options outstanding and options exercisable as of December 31, 2006, was $20.0 million and $15.3 million, respectively.

At December 31, 2006, the total compensation cost related to unvested share-based awards granted to employees under stock option plans but not yet recognized was approximately $19.5 million, after estimating forfeitures and before income taxes. Of this amount, approximately $3.7 million relates to shares of unvested restricted stock that we issued in 2006 (discussed below). The cost of all unvested share-based awards is expected to be recognized over an estimated weighted average period of 2.9 years.

During 2006, we recorded a charge of $608,000 to "Gain on disposal of discontinued operations" for unamortized share-based compensation expense related to the accelerated vesting of options granted to the Facet and Dia Real employees. We completed the sales of Facet on September 1, 2006, and Dia Real on October 17, 2006.

Restricted Stock
During 2006, we issued shares of unvested restricted stock. The following table summarizes our restricted stock award activity for the year ended December 31, 2006 (shares in thousands):

	Shares		Weighted Average Grant Date Fair Value Per Share
Nonvested at January 1, 2006	-	$	-
Granted	233		28.10
Vested	-		-
Forfeited	(12)		28.16
Nonvested at December 31, 2006	221	$	28.10

During 2006, we recognized compensation expense totaling $1.1 million related to our restricted stock awards. As of December 31, 2006, we had approximately $3.7 million of unrecognized compensation expense related to restricted stock awards, which we expect to recognize over a weighted average period of 1.9 years.

Pro forma Information for Periods Prior to the Adoption of SFAS 123(R)
Share-based compensation for the years ended December 31, 2005 and 2004 was determined using the intrinsic value method under APB Opinion No. 25. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to share-based compensation for the years ended December 31, 2005 and 2004 (in thousands, except per share data):

	Years Ended December 31,			
		2005		2004
Earnings (loss) from continuing operations, as reported	$	4,014	$	(20,077)
Deduct: Share-based compensation, net of tax effects		(2,616)		(1,408)
Pro forma earnings (loss) from continuing operations	$	1,398	$	(21,485)
Earnings (loss) per share from continuing operations:				
Basic - as reported	$	0.21	$	(1.29)
Basic - pro forma	$	0.07	$	(1.38)
Diluted - as reported	$	0.20	$	(1.29)
Diluted - pro forma	$	0.07	$	(1.38)

(10) Employee Benefit Plans

We maintain a 401(k) defined contribution plan for the benefit of our employees. Our obligation for

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contributions under the 401(k) plan is limited to each participant's contribution but not more than 3% of the participant's compensation. Discretionary Company contributions are allowed under the plan. Contributions to the plan in the years ended December 31, 2006, 2005 and 2004 were approximately $1.4 million, $1.3 million and $1.2 million, respectively.

We maintain a Supplemental Executive Retirement Plan ("SERP") for certain executive employees. Benefits vest under the SERP based on age and years of service with 100% vesting obtained at age 55 and 15 years of service. Earlier vesting may occur upon a change in control or other events as defined in the agreement. During 2006, 2005 and 2004, $175,000, $172,000 and $162,000, respectively, were expensed related to the SERP and an additional $338,000 is expected to be expensed over the next four years of expected service by the respective current employees. The liability under the SERP plan as of December 31, 2006 and 2005 was $4.7 million and $4.2 million, respectively, and is recorded in "Other long-term liabilities" on the consolidated balance sheets. The fair value of the assets in the SERP of $3.9 million and $3.6 million at December 31, 2006 and 2005, respectively, is recorded in "Other assets" in the consolidated balance sheets.

(11) Commitments

We are committed under noncancelable lease agreements for facilities and equipment. Future minimum operating lease payments and the present value of the future minimum capital lease payments as of December 31, 2006 are as follows (in thousands):

Years ending December 31,	**Operating Leases**	**Capital Leases**
2007	$ 8,539	$ 132
2008	8,099	17
2009	6,328	-
2010	3,138	-
2011	1,873	-
Thereafter	3,473	-
	$ 31,450	149
Less interest		(5)
Present value of future minimum capital lease payments		$ 144

Amortization of capital leased assets is included in depreciation expense. Rental expense for cancelable and noncancelable leases was approximately $9.0 million, $5.0 million, and $4.5 million for the years ended December 31, 2006, 2005 and 2004, respectively.

(12) Contingencies and Concentrations

Pursuant to the CorSolutions Merger Agreement, we are pursuing a claim before a contractually-designated settlement accountant for certain post-closing adjustments including a $4 million claim relating to a liability resulting from CorSolutions' pre-closing performance under a customer contract. We are also pursuing a related claim for fraudulent misrepresentation and concealment before the American Arbitration Association in Chicago, Illinois, seeking damages in an unspecified amount exceeding $4 million. There is no assurance that we will prevail in either of these proceedings.

The Company and its subsidiaries are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, based in part on the advice of counsel, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated balance sheet, results of operations or liquidity.

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(13) Divestitures

During the fourth quarter of 2005, we made the strategic decision to divest the operations of Facet and Dia Real. As a result, the accompanying consolidated financial statements reflect the operations of these divisions as discontinued operations for all periods presented. Also, the assets and liabilities of these businesses have been reclassified as “Assets held for sale” and “Liabilities related to assets held for sale and other discontinued operations” in the consolidated balance sheets at December 31, 2005.

On September 1, 2006, the Company completed the sale of Facet for net cash proceeds of $121.9 million. The sale resulted in a gain of $26.6 million, or $23.9 million net of income taxes. The assets sold consisted primarily of accounts receivable, inventories, property and equipment and other assets, and the buyer assumed certain accrued liabilities. Goodwill of $76.2 million was charged against the gain. In connection with the sale, the Company recorded transaction-related costs of $4.1 million, of which $2.4 million related to cash transactions paid during 2006, $541,000 related to unamortized share-based compensation expense for the accelerated vesting of options granted to Facet employees, and $1.2 million was accrued for other liabilities related to the sale.

On October 17, 2006, we completed the sale of Dia Real for net cash proceeds of $33.3 million, resulting in a gain of $9.1 million, or $5.0 million net of income taxes. Accounts receivable, inventories, property and equipment and other assets, as well as certain accrued liabilities, were acquired by the purchaser. Goodwill and intangibles totaling $3.6 million were charged against the gain. Also, we recorded transaction-related costs of $3.0 million, of which $2.9 million related to cash transactions paid during 2006, $67,000 related to unamortized share-based compensation expense for the accelerated vesting of options granted to Dia Real employees, and $71,000 was accrued for other liabilities related to the sale.

On June 30, 2004, we discontinued the operations of our direct-to-consumer laboratory business and completed the sale of substantially all of the assets of our direct-to-consumer pharmacy and supplies business. The accounts receivable of the business and certain other assets and liabilities were excluded from the sale and retained by us. In December 2005, we recorded a liability of $10.0 million for the settlement of the *qui tam* claim filed against us and this business, which was paid in April 2006. The purchaser did not assume liability for the *qui tam* claim. Liabilities related to the sale are reflected in “Liabilities related to assets held for sale and other discontinued operations” on the consolidated balance sheet at December 31, 2005. There were no remaining liabilities related to this sale as of December 31, 2006.

A reconciliation of the accrued liability balance for all discontinued operations is as follows (in thousands):

Type of Charge	Employee Termination Benefits	Contractual Obligations	*Qui tam* Settlement Costs	Other Accruals	Total
Balance January 1, 2005	$ 330	$ 330	$ -	$ 258	$ 918
Charges	-	304	10,000	-	10,304
Payments	(309)	(113)	-	(16)	(438)
Adjustments	(21)	(21)	-	(192)	(234)
Balance at December 31, 2005	-	500	10,000	50	10,550
Charges	290	872	-	124	1,286
Payments	-	(487)	(10,000)	(8)	(10,495)
Adjustments	-	(13)	-	(42)	(55)
Balance at December 31, 2006	$ 290	$ 872	$ -	$ 124	$ 1,286

The $1.3 million of charges to the accrued liability balance in 2006 relates to the Facet and Dia Real divestitures. Of this amount, $629,000 is included in "Accrued liabilities," and the remaining $657,000 is included in "Other long-term liabilities" on the consolidated balance sheet at December 31, 2006.

The operating results of discontinued operations are as follows (in thousands):

	Year Ended December 31,		
	2006	**2005**	**2004**
Revenues	$ 102,610	$ 152,395	$190,476
Earnings from discontinued operations, net of income tax expense of $3,347, $7,221 and $10,091 in 2006, 2005 and 2004, respectively	$ 5,293	$ 9,949	$ 16,205
Gain on disposal of discontinued operations, net of income tax expense of $6,797 and $20,874 in 2006 and 2004, respectively	28,922	-	30,938
Earnings from discontinued operations, net of tax	$ 34,215	$ 9,949	$ 47,143

"Earnings from discontinued operations" for the year ended December 31, 2006, include a charge of $8.7 million for interest expense and deferred financing fees related to the New Credit Facilities. "Gain on disposal of discontinued operations" for the year ended December 31, 2006, includes $1.1 million for the pro rata share of deferred financing fees written off as a result of the prepayment of debt using the net proceeds from the Facet and Dia Real divestitures. These amounts were allocated in accordance with Emerging Issues Task Force ("EITF") Issue 87-24, Allocation of Interest to Discontinued Operations. Under EITF Issue 87-24, interest on debt that must be repaid upon disposal of discontinued operations must be allocated to discontinued operations. The terms of the New Credit Facilities required that we use the net proceeds from the sale of Facet and Dia Real to repay a portion of the outstanding indebtedness.

The components of "Assets held for sale" and "Liabilities related to assets held for sale and other discontinued operations" at December 31, 2005, are as follows (in thousands):

	December 31, 2005
Cash and cash equivalents	$ 2,716
Accounts receivable, net	22,575
Inventories	22,395
Property and equipment, net	3,259
Goodwill and intangible assets, net	80,248
Other	1,262
Assets held for sale	$ 132,455
Accounts payable	$ 17,013
Qui tam settlement cost and other contractual obligations	10,550
Accrued and other liabilities	3,479
Liabilities related to assets held for sale and other discontinued operations	$ 31,042

(14) Earnings (Loss) Per Share

The computations for basic and diluted net earnings (loss) per common share are as follows (in thousands, except per share amounts):

	Year Ended December 31,					
		2006		2005		2004
Net earnings (loss) - basic and diluted:						
Continuing operations	$	18,475	$	4,014	$	(20,077)
Discontinued operations		34,215		9,949		47,143
Net earnings available to common shareholders	$	52,690	$	13,963	$	27,066
Shares:						
Weighted average common shares outstanding - basic		21,025		18,795		15,520
Dilutive effect of:						
Stock options and employee stock purchase plan		488		1,079		-
Unvested restricted stock awards		152		-		-
Weighted average common shares outstanding - diluted		21,665		19,874		15,520
Basic:						
Continuing operations	$	0.88	$	0.21	$	(1.29)
Discontinued operations		1.63		0.53		3.03
	$	2.51	$	0.74	$	1.74
Diluted:						
Continuing operations	$	0.85	$	0.20	$	(1.29)
Discontinued operations		1.58		0.50		3.03
	$	2.43	$	0.70	$	1.74

The calculation of diluted earnings (loss) per share excludes 1.3 million, 482,500 and 2.5 million shares in the years ended December 31, 2006, 2005 and 2004, respectively, since the effect of assumed exercise of the related options would be antidilutive. In 2006, the computation excludes the antidilutive effect of 69,000 unvested restricted stock awards. In 2005 and 2004, the diluted earnings (loss) per share also excludes 1.8 million and 4.4 million shares, respectively, from the assumed conversion of the 4.875% convertible senior subordinated notes, since the effect would be antidilutive.

(15) Quarterly Financial Information - Unaudited

Presented below is a summary of the unaudited consolidated quarterly financial information for the years ended December 31, 2006 and 2005 (in thousands, except per share amounts).

2006:	**Quarter**			
	Fourth	**Third**	**Second**	**First**
		(as restated)		
Revenues	$ 88,420	$ 84,186	$ 82,627	$ 80,906
Net earnings				
Continuing operations	$ 5,693	$ 4,532	$ 4,834	$ 3,416
Discontinued operations	4,812	25,505	2,391	1,507
	$ 10,505	$ 30,037	$ 7,225	$ 4,923
Net earnings per diluted common share				
Continuing operations	$ 0.26	$ 0.21	$ 0.22	$ 0.16
Discontinued operations	0.22	1.18	0.11	0.07
Total	$ 0.48	$ 1.39	$ 0.33	$ 0.23

2005:	**Quarter**			
	Fourth	**Third**	**Second**	**First**
Revenues	$ 48,580	$ 46,266	$ 44,762	$ 39,623
Net earnings (loss)				
Continuing operations	$ 1,510	$ 1,602	$ 756	$ 146
Discontinued operations	(2,864)	4,835	4,318	3,660
	$ (1,354)	$ 6,437	$ 5,074	$ 3,806
Net earnings (loss) per diluted common share				
Continuing operations	$ 0.07	$ 0.07	$ 0.04	$ 0.01
Discontinued operations	(0.13)	0.23	0.23	0.21
Total	$ (0.06)	$ 0.30	$ 0.27	$ 0.22

Restatement.

In connection with the preparation of this Annual Report on Form 10-K, we determined that an error had been made in calculating income tax expense for the disposition of Facet. Effective January 1, 1999, we acquired substantially all of the assets of Gainor Medical Management, LLC ("Gainor Medical"), which included Facet, for approximately $147.8 million. In connection with the purchase of Gainor, we incorrectly calculated the purchase price allocation made for tax purposes. Because the original purchase price allocation made in 1999 was incorrect when we disposed of Facet in September 2006, the calculation of the after-tax gain on the disposition also was incorrect. As a result, our income tax expense on the gain on disposal of Facet was overstated by approximately $7.3 million. The corrected financial statements for the three and nine months ended September 30, 2006, reflect an increase of $5.5 million in the long-term portion of deferred tax assets, a decrease of $1.8 million in income taxes payable, and a corresponding decrease of $7.3 million in income tax expense. The net result is an increase in the gain on the disposal of Facet, net of income taxes, and an increase in diluted earnings per share from discontinued operations of $7.3 million and $0.34, respectively, for the three and nine months ended September 30, 2006. These adjustments did not affect our earnings from continuing operations for these periods as previously reported.

In addition, we recorded adjustments to eliminate the contingent consideration liability for the acquisition of WinningHabits, as the contingency was not resolved and additional consideration was not issuable as of September 30, 2006. The effects of these adjustments on the consolidated balance sheet as of September 30, 2006, were decreases of $23.3 million in Goodwill and Accrued liabilities.

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