

FULLER H B CO
Form 11-K
June 29, 2007
Table of Contents

FORM 11-K

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934**

For the fiscal year ended December 31, 2006

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

For the transition period from _____ to _____

Commission file number: 001-09225

EFTEC Savings Plan

H.B. FULLER COMPANY

1200 Willow Lake Boulevard, P.O. Box 64683

St. Paul, Minnesota 55164-0683

Table of Contents

EFTEC SAVINGS PLAN

Financial Statements and Supplemental Schedules

December 31, 2006 and 2005

(With Reports of Independent Registered Public Accounting Firms Thereon)

Table of Contents

EFTEC SAVINGS PLAN

Table of Contents

| | Page |
|---|-------------|
| <u>Reports of Independent Registered Public Accounting Firms</u> | F 1 |
| <u>Statements of Net Assets Available for Benefits</u> | F 3 |
| <u>Statement of Changes in Net Assets Available for Benefits</u> | F 4 |
| <u>Notes to Financial Statements</u> | F 5 |
| Supplemental Schedules | |
| I <u>Schedule H, line 4i Schedule of Assets (Held at End of Year)</u> | F 11 |
| II <u>Schedule H, line 4j Schedule of Reportable Transactions</u> | F 12 |

Note: Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Plan Administrator

EFTEC Savings Plan:

We have audited the accompanying statement of net assets available for benefits of the EFTEC Savings Plan (the Plan) as of December 31, 2006 and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. 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 audit.

We conducted our audit 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 benefits of the Plan as of December 31, 2006 and the changes in its net assets available for benefits for the year ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) and reportable transactions as of and for the year ended December 31, 2006 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

By: /s/ Virchow, Krause & Company, LLP

Minneapolis, Minnesota

June 29, 2007

Table of Contents

Report of Independent Registered Public Accounting Firm

The Plan Administrator

EFTEC Savings Plan:

We have audited the accompanying statement of net assets available for benefits of the EFTEC Savings Plan (the Plan) as of December 31, 2005. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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, 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 statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005, in conformity with U.S. generally accepted accounting principles.

By: /s/ KPMG LLP

Minneapolis, Minnesota
June 13, 2006

Table of Contents

EFTEC SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 31, 2006 and 2005

| | 2006 | 2005 |
|--|----------------------|----------------------|
| Assets: | | |
| Cash | \$ 111,686 | \$ 256,544 |
| Investments, at fair value | 11,318,749 | 9,819,686 |
| Receivables: | | |
| Participant contributions receivable | | 16,243 |
| Employer contributions receivable | | 5,789 |
| Accrued income | 7,479 | 2,626 |
| Total Assets | 11,437,914 | 10,100,888 |
| Liabilities: | | |
| Trade settlements payable | 15,251 | |
| Net assets available for benefits | \$ 11,422,663 | \$ 10,100,888 |

See accompanying notes to financial statements.

Table of Contents**EFTEC SAVINGS PLAN**

Statement of Changes in Net Assets Available for Benefits

Year-Ended December 31, 2006

| | |
|--|--------------------|
| Additions: | |
| Contributions: | |
| Participant contributions | \$ 368,825 |
| Employer contributions | 146,542 |
| Total contributions | 515,367 |
| Investment income: | |
| Interest | 22,127 |
| Dividends | 80,194 |
| Net appreciation in fair value of investments | 2,174,482 |
| Other income | 37,976 |
| Total investment income | 2,314,779 |
| Total additions | 2,830,146 |
| Deductions: | |
| Participant distributions and withdrawals | (1,502,044) |
| Administrative expense | (6,327) |
| Total deductions | (1,508,371) |
| Net increase in net assets available for benefits | 1,321,775 |
| Net assets available for benefits: | |
| Beginning of year | 10,100,888 |
| End of year | \$ 11,422,663 |

See accompanying notes to financial statements.

Table of Contents

EFTEC SAVINGS PLAN

Notes to Financial Statements

December 31, 2006

(1) Description of the Plan

The following brief description of the EFTEC Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information regarding the Plan's definitions, benefits, eligibility, and other matters.

(a) General

EFTEC (the Employer, Plan Administrator and Plan Sponsor) is a joint venture owned 70 percent by H.B. Fuller Company and 30 percent by EMS Chemie. The Plan is a contributory defined contribution plan established February 13, 1997, and became effective April 1, 1997. The Plan merged assets from separate plans formerly sponsored by H.B. Fuller Company and EMS-TOGO Corporation. Former plans included the H.B. Fuller Company Thrift Plan, the H.B. Fuller Profit Sharing Plus Plan, and the EMS-TOGO Corporation, a subsidiary of EMS Chemie, 401(k) Investment Plan. The Plan receives pre-tax contributions from participant payroll deductions with discretionary Employer matching and discretionary Employer profit sharing contributions.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

(b) Trustee

The trustee for the Plan is Wells Fargo Minnesota, N.A. (the Trustee).

(c) Eligibility and Contributions

All regular full-time and part-time United States EFTEC employees (excluding members of collective bargaining units) may begin contributing to the Plan as soon as administratively practicable after their date of hire. To be eligible for the Company matching contribution, a full-time employee must have six months of employment and a part-time employee must have twelve months of service. To participate, an employee must agree to make contributions equal to 1 percent of pre-tax compensation up to a maximum of 12 percent of pre-tax compensation for highly compensated participants and 25 percent for nonhighly compensated participants, each subject to a statutory annual maximum of \$15,000 for 2006.

The Employer matches 100 percent of an employee's pre-tax contribution, up to 4 percent of the employee's compensation in the form that matches the employee investment option allocation.

A participant's contribution, and the allowable Employer match, may be invested in any combination of the following participant-directed return funds: H.B. Fuller Company Common Stock, Wells Fargo Stable Return Fund, PIMCO Total Return Bond Fund, Wells Fargo Advantage Index Fund, Wells Fargo Advantage Small Company Growth Fund, Wells Fargo Advantage Growth Balanced Fund, Janus Twenty Fund, Wells Fargo S&P Midcap Index Fund, Van Kampen Common Stock Fund, Dodge & Cox International Stock Fund, Goldman Sachs Small Cap Value Fund and MFS International Growth Fund. A participant's investment option for past and future contributions can be changed daily.

A participant's voluntary contribution percentage amount can be changed or suspended at anytime. Employer contributions to the Plan cease during the suspension period.

(d) Participant Accounts

Edgar Filing: FULLER H B CO - Form 11-K

Each participant's account is credited with (a) the participant's contribution, (b) the Employer's contribution, (c) an allocation of the Plan's investment income, (d) discretionary Employer contributions and (e) rollover contributions. Allocations of the Plan's investment income are based on account balances, as defined in the Plan document.

F-5

Table of Contents

EFTEC SAVINGS PLAN

Notes to Financial Statements

December 31, 2006

(e) Payment of Benefits

On termination of service due to death or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account as defined in the Plan agreement. If the participant terminates employment at the age of 55 or older, with at least 10 years of eligible service, he or she may elect to receive their distribution in installment payments as defined by the Plan agreement. For termination of service due to disability, a participant is eligible for distribution after 12 months of permanent disability. For termination of service due to other reasons, a participant will receive a lump-sum amount equal to the value of the participant's vested interest in his or her account. The investment in H.B. Fuller Company Common Stock may be withdrawn in the form of shares of stock at the option of the Plan participant.

(f) Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching contribution portion of their accounts plus actual earnings thereon is based on years of eligible service. A participant is 100 percent vested after three years of credited service to the Employer, or upon age 65, disability, or death.

(g) Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50 percent of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates equal to the current Wells Fargo Minnesota, N.A. prime rate at the time of the loan (8.25 percent at December 31, 2006). The rate will remain fixed over the term of the loan, usually 5-15 years. Participant loans are collateralized by a borrower's vested account balance and are repaid through payroll deductions. Participant loans at December 31, 2006 had interest rates ranging from 4.0 percent to 9.5 percent and mature at various dates through 2021. Principal and interest are repaid ratably through payroll deductions.

(h) Forfeitures

Participants who terminate employment with the Employer forfeit the nonvested portion of the Employer's contribution to the participants' accounts. Amounts forfeited are used to reduce future Employer contributions. Unused forfeitures at December 31, 2006 and 2005 were \$1 and \$3,072 respectively. Forfeitures of \$14,618 were used to reduce Employer contributions for the year ended December 31, 2006.

(i) Plan Termination

Although it has no intention to do so, the Employer may, at any time, by action of its board of directors, terminate the Plan or discontinue contributions. Upon termination or discontinuance of contributions, all participants' accounts will become fully vested.

(j) Plan Amendments and Other Plan Changes

Effective January 1, 2007, the Plan was amended to vest all unvested Employer matching contributions for employees in an active and eligible status as of January 1, 2007 and all future matching contributions are immediately vested.

Effective January 1, 2007, all qualified employees are immediately eligible to receive matching and non-elective retirement contributions.

Table of Contents

EFTEC SAVINGS PLAN

Notes to Financial Statements

December 31, 2006

All employees hired after January 1, 2007 who are not eligible to participate in any defined benefit pension plan are eligible to receive non-elective retirement contributions up to 3 percent of the employee's salary. A participant becomes 100 percent vested in the non-elective retirement contributions after three years of credited service to the Employer, or upon age 65, disability, death or termination of the plan.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

(b) Investment Valuation and Income Recognition

The fair values of the Plan's investments in H.B. Fuller Company Common Stock are based on published quotations. The fair value of investments in collective trust funds is based on the reported unit value of each fund at year-end. The fair values of investments in securities of unaffiliated issuers are based on quoted market prices. Securities transactions are recorded on the trade date. The participant loans are valued at their outstanding balances, which approximate fair value.

(c) Interest and Dividends

Interest income is recorded as earned on an accrual basis and dividend income is recorded on the ex-dividend date.

(d) Net Appreciation in the Fair Value of Investments

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

(e) Contributions

Participant contributions are recorded in the period the Employer makes the payroll deductions. Employer matching contributions are recorded based on participant contributions.

(f) Concentration of Market Risk

At December 31, 2006 and 2005, approximately 30 percent and 23 percent, respectively, of the Plan's net assets available for benefits were invested in the common stock of H.B. Fuller Company. The underlying value of the H.B. Fuller Company Common Stock is entirely dependent upon the performance of H.B. Fuller Company and the market's evaluation of such performance. It is at least reasonably possible that changes in the fair value of H.B. Fuller Company Common Stock in the near term could materially affect participants' account balances and the amounts

Edgar Filing: FULLER H B CO - Form 11-K

reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

(g) Distributions to Participants

Distributions to participants are recorded when the distribution is made.

F-7

Table of Contents

EFTEC SAVINGS PLAN

Notes to Financial Statements

December 31, 2006

(h) Plan Expenses

The administrative expenses of the Plan are paid by the Plan participants. Certain asset management and administrative fees of the Plan are charged against the Plan's investment income.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of investment earnings and expenses during the reporting period. Actual results could differ from those estimates.

(j) Risks and Uncertainties

The Plan provides for various investment options in any combination of stocks, bonds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Table of Contents**EFTEC SAVINGS PLAN**

Notes to Financial Statements

December 31, 2006

(3) Investments

The following represents the Plan's investments at fair value at December 31, 2006 and 2005:

| | 2006 | 2005 |
|---|----------------------|---------------------|
| H.B. Fuller Company Common Stock, 133,396 and 145,508 shares**, respectively | \$ 3,444,285* | \$ 2,333,221* |
| Wells Fargo Stable Return Fund, 44,259 and 35,386 shares, respectively | 1,806,916* | 1,378,628* |
| Wells Fargo Advantage Index Fund, 41,298 and 45,985 shares, respectively | 2,301,928* | 2,302,471* |
| Wells Fargo Advantage Growth Balanced Fund, 25,471 and 27,064 shares, respectively | 773,798* | 788,361* |
| Wells Fargo Advantage Small Company Growth Fund, 15,143 and 16,450 shares, respectively | 418,555 | 489,052* |
| PIMCO Total Return Bond Fund, 30,007 and 58,499 shares, respectively | 311,476 | 614,241* |
| Janus Twenty Fund, 7,296 and 7,281 shares, respectively | 398,527 | 356,163 |
| Van Kampen Common Stock Fund, 12,880 and 11,586 shares, respectively | 247,934 | 206,355 |
| Wells Fargo S&P Midcap Index Fund, 6,911 and 7,804 shares, respectively | 428,050 | 439,186 |
| Dodge & Cox International Stock Fund, 9,812 shares 4,872 shares, respectively | 428,413 | 170,667 |
| Goldman Sachs Small Cap Value Fund, 4,987 shares 2,364 shares, respectively | 227,808 | 99,496 |
| MFS International Growth Fund, 9,088 shares 15,287 shares, respectively | 248,910 | 359,250 |
| Participant loans receivable | 282,149 | 282,595 |
| | \$ 11,318,749 | \$ 9,819,686 |

* Represents 5% or more of the Plan's net assets available for benefits at the end of the Plan year.

** Shares adjusted for effect of 2-for-1 stock split effective July 28, 2006 retroactive to December 31, 2005.

Table of Contents**EFTEC SAVINGS PLAN**

Notes to Financial Statements

December 31, 2006

During 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$2,174,482 as follows:

| | |
|--------------------------------------|---------------------|
| Wells Fargo Mutual Funds | \$ 428,683 |
| Janus Mutual Funds | 41,935 |
| H.B. Fuller Company Common Stock | 1,410,559 |
| Wells Fargo Stable Return Fund | 71,188 |
| Wells Fargo S&P Midcap Index Fund | 38,903 |
| PIMCO Total Return Bond Fund | (2,458) |
| Van Kampen Common Stock Fund | 28,314 |
| Dodge & Cox International Stock Fund | 77,003 |
| Goldman Sachs Small Cap Value Fund | 20,397 |
| MFS International Growth Fund | 59,958 |
| | \$ 2,174,482 |

(4) Tax Status

The Internal Revenue Service has determined and informed the Employer by a letter dated September 17, 2002 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

(5) Related-party and Party-in-interest Transactions

Plan investments include H.B. Fuller Company Common Stock which represents invested amounts in shares of common stock of the parent company of EFTEC. H.B. Fuller Company is the holding company of the plan sponsor and, therefore, these transactions qualify as party-in-interest. Purchases and sales of H.B. Fuller Company Common Stock for the year ended December 31, 2006 amounted to \$362,740 and \$660,104, respectively. The fair value of H.B Fuller Company Common Stock was \$3,444,285 and \$2,333,221 at December 31, 2006 and 2005, respectively.

The Plan also invests in various funds managed by Wells Fargo Bank Minnesota, N.A. Wells Fargo Bank Minnesota, N.A. is the trustee as defined by the Plan and, therefore, the related transactions qualify as party-in-interest. The Trustee is authorized to invest in securities under its management and control on behalf of the Plan. For the year ended December 31, 2006, the Trustee made purchases and sales of such securities amounting to \$1,306,878 and \$1,514,104, respectively.

The Plan allows participants to borrow from their fund accounts and, therefore, those transactions qualify as party-in-interest. Participant loan balances were \$282,149 and \$282,595 at December 31, 2006 and 2005, respectively.

Table of Contents**Schedule I****EFTEC SAVINGS PLAN**

Schedule H, line 4i Schedule of Assets (Held at End of Year)

December 31, 2006

EIN 38-3339877

Plan Number 002

| (a) | (b) Identity of issuer, borrower or similar party | (c) Description | Units/shares | (d) Cost | (e) Current Value |
|-----|--|--|--------------|-------------|----------------------|
| * | Wells Fargo Minnesota, N.A. | H.B. Fuller Company Common Stock | 133,396 | ** | \$ 3,444,285 |
| * | Wells Fargo Minnesota, N.A. | Stable Return Fund Pooled, Common, and Collective | 44,259 | ** | 1,806,916 |
| * | Wells Fargo Minnesota, N.A. | Advantage Index Fund Common Stock | 41,298 | ** | 2,301,928 |
| * | Wells Fargo Minnesota, N.A. | Advantage Growth Balanced Fund Mutual Fund Balanced | 25,471 | ** | 773,798 |
| * | Wells Fargo Minnesota, N.A. | Advantage Small Company Growth Fund, Common Stock | 15,143 | ** | 418,555 |
| | Wells Fargo Minnesota, N.A. | PIMCO Total Return Bond Fund Corporate Bonds | 30,007 | ** | 311,476 |
| | Wells Fargo Minnesota, N.A. | Janus Twenty Fund Common Stock | 7,296 | ** | 398,527 |
| * | Wells Fargo Minnesota, N.A. | S&P Midcap Index Fund Pooled, Common and Collective | 6,911 | ** | 428,050 |
| | Wells Fargo Minnesota, N.A. | Van Kampen Common Stock Fund, Common Stock | 12,880 | ** | 247,934 |
| | Wells Fargo Minnesota, N.A. | Dodge & Cox International Stock Fund, Common Stock | 9,812 | ** | 428,413 |
| | Wells Fargo Minnesota, N.A. | Goldman Sachs Small Cap Value Fund, Common Stock | 4,987 | ** | 227,808 |
| | Wells Fargo Minnesota, N.A. | MFS International Growth Fund Common Stock | 9,088 | ** | 248,910 |
| * | Participant Loans | Participant loans receivable, interest at 4.0% to 9.5%, due at various dates through 2021 | | \$ | 282,149 |
| | | Total investments | | | \$ 11,318,749 |

* Represents party-in-interest.

** Cost omitted for participant directed investments

See accompanying report of independent registered public accounting firm.

Table of Contents**Schedule II****EFTEC SAVINGS PLAN**

Schedule H, line 4j Schedule of Reportable Transactions*

Year ended December 31, 2006

EIN 38-3339877

Plan Number 002

Five percent of series of transaction by security issue:

| Security issue | Number of | | Total dollar amount | | Transaction cost | Expenses incurred | Net gain |
|--|-----------|-------|---------------------|-----------|------------------|-------------------|----------|
| | Purchases | Sales | Purchases | Sales | | | |
| H.B. Fuller Company Common Stock | 8 | 23 | \$ 362,740 | 660,104 | 362,740 | 306 | 263,783 |
| Wells Fargo Stable Return Fund | 42 | 16 | 644,257 | 287,158 | 644,257 | 250,065 | 37,093 |
| Wells Fargo Advantage Index Fund | 29 | 27 | 143,315 | 484,778 | 143,315 | 399,170 | 85,608 |
| Wells Fargo Short Term Investment Fund | 75 | 53 | 1,107,144 | 1,069,698 | 1,107,144 | 1,069,698 | |
| PIMCO Total Return Fund | 8 | 19 | 16,020 | 630,177 | 16,020 | 651,924 | (21,747) |

Five percent of series of transaction by broker:

| Broker | Description | Principal Cash | Expenses incurred | Transaction cost | Net gain |
|-----------------------------|-----------------------------------|----------------|-------------------|------------------|----------|
| Merrill Lynch Pierce Fenner | H.B. Fuller Company, Common Stock | \$ 643,801 | 626 | 482,734 | 161,067 |

* Transactions or series of transactions in excess of 5 percent of the Plan's assets at January 1, 2006, as defined in 29 CFR 2520.103-6 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

See accompanying report of independent registered public accounting firm.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

EFTEC SAVINGS PLAN

Date: June 29, 2007

By: /s/ Mary Lehnart
(Plan Administrator)

Table of Contents

EXHIBITS

The following documents are filed as exhibits to this Report:

| Exhibit No. | Document |
|--------------------|--|
| (23) | Consents of Independent Registered Public Accounting Firms |