

POTLATCH CORP
Form 10-K
February 16, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K

(Mark One) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the fiscal year ended December 31, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the transition period from to

Commission File Number 1-32729

POTLATCH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	82-0156045
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
601 West 1st Ave., Suite 1600	
Spokane, Washington	99201
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (509) 835-1500

Securities registered pursuant to Section 12(b) of the Act:

NAME OF EACH EXCHANGE ON WHICH	
TITLE OF EACH CLASS	REGISTERED
Common Stock	The Nasdaq Global Select Market

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(\$1 par value)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the common stock held by non-affiliates of the registrant at June 30, 2017, was approximately \$1,855.9 million, based on the closing price of \$45.70.

As of January 31, 2018, 40,611,991 shares of the registrant's common stock, par value \$1 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the 2018 annual meeting of stockholders expected to be filed with the Commission on or about March 30, 2018 are incorporated by reference in Part III hereof.

POTLATCH CORPORATION AND CONSOLIDATED SUBSIDIARIES

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EXPLANATORY NOTE

For purposes of this report, any references to "the company," "us," "we" and "our" include Potlatch Corporation and its consolidated subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements regarding:

- timber inventory;
- timber demand and pricing in North America in 2018;
- increased North American housing starts and repair and remodel activity;
- expected improvements in U.S. economic growth due to the 2017 Tax Cuts and Jobs Act;
- decreased Asian demand for North American lumber;
- excess log supply in the South;
- the expected positive effect on timber prices of increased lumber demand and higher lumber prices;
- expected sawlog prices in 2018;
- expected 2018 timber harvest of approximately 4.1 million tons;
- expected sale of 35% of timber volume under log supply agreements in 2018;
- expected sales of 45,000 acres of higher and better use (HBU) property, 95,000 acres of rural real estate property and 50,000 acres of non-strategic timberland over the next decade or more;
- funding of our dividends in 2018;
- compliance with REIT tax rules;
- Forest Stewardship Council® (FSC®) and Sustainable Forest Initiative® (SFI®) certification of our timberlands;
- expectations regarding premium prices for FSC®-certified logs and FSC®-certified lumber;
- realization of deferred tax assets;
- expected closing of the merger of Potlatch and Deltic;
- expected issuance of Potlatch stock in connection with the closing of the merger with Deltic;
- expected merger costs;
- proposed impact of the merger on Potlatch's financial results;
- estimated distribution of Deltic's accumulated earnings and profits;
- integration of Deltic's operations;
- expected capital expenditures in the first quarter of 2018;
- expectations regarding funding of our pension plans in 2018 and over the next 7 years;
- estimated non-qualified pension plan payments in 2018;
- estimated future benefit payments;
- estimated future payments under operating leases;
- estimated long-term rate of return on pension assets and discount rate;
- estimated future debt payments;
- expectations regarding the effect of ASU No. 2014-9, ASU No. 2016-02, ASU No. 2016-09 and ASU No. 2016-13;
- and

expected liquidity in 2018 to fund our operations, regular stockholder dividends, capital expenditures and debt service obligations and related matters.

Words such as “anticipate,” “expect,” “will,” “intend,” “plan,” “target,” “project,” “believe,” “seek,” “schedule,” “estimate,” “and similar expressions are intended to identify such forward-looking statements. These forward-looking statements reflect our current views regarding future events based on estimates and assumptions and are therefore subject to known and unknown risks and uncertainties and are not guarantees of future performance.

Our actual results of operations could differ materially from our historical results or those expressed or implied by forward-looking statements contained in this report. Important factors that could cause or contribute to such differences include, but are not limited to, the following:

- changes in timber growth rates;
- changes in silviculture;
- timber cruising variables;
- changes in state forest acts or best management practices;
- changes in timber harvest levels on our lands;
- changes in timber prices;
- changes in timberland values;
- changes in policy regarding governmental timber sales;
- changes in the United States and international economies;
- changes in interest rates and discount rates;
- changes in exchange rates;
- changes in requirements for FSC[®] or SFI[®] certification;
- changes in the level of residential and commercial construction and remodeling activity;
- changes in tariffs, quotas and trade agreements involving wood products;
- changes in demand for our products;
- changes in production and production capacity in the forest products industry;
- competitive pricing pressures for our products;
- unanticipated manufacturing disruptions;
- changes in general and industry-specific environmental laws and regulations;
- unforeseen environmental liabilities or expenditures;
- weather conditions;
- changes in raw material and other costs;
- collectability of amounts owed by customers;
- changes in federal and state tax laws;
- the ability to satisfy complex rules in order to remain qualified as a REIT;
- changes in tax laws that could reduce the benefits associated with REIT status;
- the company’s ability to consummate the merger with Deltic or satisfy the conditions to the completion of the transaction, including the receipt of stockholder approvals;
- the company’s ability to meet expectations regarding the timing, completion and accounting and tax treatments of the merger transaction;

- the possibility that any of the anticipated benefits of the proposed merger will not be realized or will not be realized within the expected time period;
- the risk that integration of Deltic's operations with those of Potlatch will be materially delayed or will be more costly or difficult than expected;
- the failure of the proposed merger to close for any other reason;
- the effect of the announcement of the merger on customer relationships and operating results (including without limitation, difficulties in maintaining relationships with employees or customers);
- dilution caused by Potlatch's issuance of additional shares of its common stock in connection with the merger;
- the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;