

Neenah Paper Inc
Form 10-Q
May 10, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2011

OR

**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: 001-32240

NEENAH PAPER, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

20-1308307
(I.R.S. Employer
Identification No.)

3460 Preston Ridge Road
Alpharetta, Georgia
(Address of principal executive offices)

30005
(Zip Code)

(678) 566-6500

(Registrant's telephone number, including area code)

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 whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

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 Exchange Act). Yes No

As of April 29, 2011, there were approximately 14,920,000 shares of the Company's common stock outstanding.

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(In millions, except share and per share data)

(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Net sales	\$ 172.7	\$ 167.3
Cost of products sold	139.5	135.0
Gross profit	33.2	32.3
Selling, general and administrative expenses	17.0	16.3
Loss on retirement of bonds	2.4	
Other income - net	(1.0)	(0.4)
Operating income	14.8	16.4
Interest expense - net	4.5	5.7
Income from continuing operations before income taxes	10.3	10.7
Provision for income taxes	3.3	3.4
Income from continuing operations	7.0	7.3
Income (loss) from discontinued operations, net of income taxes (Note 4)	(0.1)	134.6
Net income	\$ 6.9	\$ 141.9
Earnings Per Common Share		
Basic		
Continuing operations	\$ 0.47	\$ 0.50
Discontinued operations	(0.01)	9.12
	\$ 0.46	\$ 9.62
Diluted		
Continuing operations	\$ 0.45	\$ 0.48
Discontinued operations	(0.01)	8.81
	\$ 0.44	\$ 9.29
Weighted Average Common Shares Outstanding (in thousands)		
Basic	14,854	14,692
Diluted	15,537	15,204
Cash Dividends Declared Per Share of Common Stock	\$ 0.11	\$ 0.10

See Notes to Condensed Consolidated Financial Statements

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NEENAH PAPER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	March 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5.6	\$ 48.3
Marketable securities	5.0	
Accounts receivable (less allowances of \$2.1 million and \$1.9 million)	87.2	70.7
Inventories	79.4	69.4
Deferred income taxes	22.1	19.5
Prepaid and other current assets	12.6	14.1
Total Current Assets	211.9	222.0
Property, Plant and Equipment, at cost	586.5	568.5
Less accumulated depreciation	315.7	306.6
Property, plant and equipment net	270.8	261.9
Deferred Income Taxes	38.1	43.1
Goodwill	44.2	41.5
Intangible Assets net	24.9	24.0
Other Assets	10.3	14.2
TOTAL ASSETS	\$ 600.2	\$ 606.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Debt payable within one year	\$ 20.7	\$ 13.6
Accounts payable	37.2	30.4
Accrued expenses	54.0	48.1
Total Current Liabilities	111.9	92.1
Long-term Debt	194.6	231.3
Deferred Income Taxes	19.5	19.4
Noncurrent Employee Benefits	94.7	102.7
Other Noncurrent Obligations	1.9	2.0
TOTAL LIABILITIES		