

FULLER H B CO  
Form 10-K/A  
January 26, 2010  
Table of Contents

UNITED STATES  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A**  
**(Amendment No. 1)**

(Mark One)

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

For the fiscal year ended November 28, 2009

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: 001-09225

**H.B. FULLER COMPANY**

(Exact name of registrant as specified in its charter)

**Minnesota**  
(State or other jurisdiction of

**41-0268370**  
(I.R.S. Employer

Edgar Filing: FULLER H B CO - Form 10-K/A

incorporation or organization)  
**1200 Willow Lake Boulevard, St. Paul, Minnesota**  
**(Address of principal executive offices)**

Identification No.)  
**55110-5101**  
**(Zip Code)**

Registrant's telephone number, including area code: **(651) 236-5900**

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

Title of each class	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 the Form 10-K.

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, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" 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

## Edgar Filing: FULLER H B CO - Form 10-K/A

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, par value \$1.00 per share, held by non-affiliates of the registrant as of May 29, 2009 was approximately \$827,202,228 (based on the closing price of such stock as quoted on the New York Stock Exchange of \$17.02 on such date).

The number of shares outstanding of the Registrant's Common Stock, par value \$1.00 per share, was 48,715,480 as of January 8, 2010.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates information by reference to portions of the registrant's Proxy Statement of the Annual Meeting of Shareholders to be held on April 15, 2010.

**Table of Contents**

**EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-K/A (this Form 10-K/A ) to our Annual Report on Form 10-K for the fiscal year ended November 28, 2009, initially filed with the Securities and Exchange Commission on January 22, 2010 (the Original Filing ), is being filed to amend Item 8 in the Original Filing to add the name of our independent registered public accounting firm to the signature line of the Report of Independent Registered Public Accounting Firm contained therein. The accounting firm delivered a signed copy of its report to us prior to our making the Original Filing. Item 9A is being re-filed in this Form 10-K/A because it incorporates by reference the Report of Independent Registered Public Accounting Firm included in Item 8. In addition, Item 15 of the Original Filing has been amended to contain currently dated certifications from our Chief Executive Officer and Chief Financial Officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Such certifications are attached to this Form 10-K/A as Exhibits 31.1, 31.2, 32.1 and 32.2.

Except for the forgoing amended information, this Form 10-K/A does not amend or update any other information contained in the Original Filing.

**H.B.FULLER COMPANY**

**2009 Annual Report on Form 10-K/A**

**Table of Contents**

<b><u>PART II</u></b>		3
Item 8.	<u>Financial Statements and Supplementary Data</u>	3
Item 9A.	<u>Controls and Procedures</u>	43
<b><u>PART IV</u></b>		45
Item 15.	<u>Exhibits and Financial Statement Schedules</u>	45
	<u>Signatures</u>	48

**Table of Contents**

**PART II. OTHER INFORMATION**

**Item 8. Financial Statements and Supplementary Data**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders

H.B. Fuller Company:

We have audited the accompanying consolidated balance sheets of H.B. Fuller Company as of November 28, 2009 and November 29, 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended November 28, 2009. We also have audited H.B. Fuller Company's internal control over financial reporting as of November 28, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). H.B. Fuller Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Edgar Filing: FULLER H B CO - Form 10-K/A

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of H.B. Fuller Company as of November 28, 2009 and November 29, 2008, and the results of its operations and its cash flows for each of the years in the three-year period ended November 28, 2009, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, H.B. Fuller Company maintained, in all material respects, effective internal control over financial reporting as of November 28, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

**Table of Contents**

As disclosed in Note 1 and Note 8 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) 740 Income Taxes on December 2, 2007, ASC 815-10-50, Disclosures about Derivative Instruments and Hedging Activities on November 30, 2008, ASC 820-10 Fair Value Measurements on December 2, 2007 and the remaining aspects of ASC 820-10, Fair Value Measurements on November 30, 2008, and the measurement date provisions of ASC 715, Employers Accounting for Defined Benefit Pension and Other Retirement Plans on November 28, 2009.

/s/ KPMG LLP

Minneapolis, Minnesota

January 22, 2010

**Table of Contents****CONSOLIDATED STATEMENTS OF INCOME****H.B. Fuller Company and Subsidiaries**

(In thousands, except per share amounts)

	November 28, 2009	Fiscal Years November 29, 2008	December 01, 2007
<b>Net revenue</b>	<b>\$ 1,234,659</b>	<b>\$ 1,391,554</b>	<b>\$ 1,400,258</b>
Cost of sales	(863,357)	(1,027,099)	(981,555)
Gross profit	<b>371,302</b>	364,455	418,703
Selling, general and administrative expenses	(264,141)	(254,898)	(275,893)
Goodwill and other impairment charges	(790)	(87,410)	
Other income, net	<b>15,983</b>	2,794	6,802
Interest expense	(7,734)	(14,733)	(12,725)
<b>Income from continuing operations before income taxes, minority interests and income from equity investments</b>	<b>114,620</b>	10,208	136,887
Income taxes	(36,728)	5,693	(37,712)
Minority interests in (income) loss of subsidiaries	(32)	159	46
Income from equity investments	<b>5,794</b>	2,829	1,923
<b>Net income from continuing operations</b>	<b>83,654</b>	18,889	101,144
Income from discontinued operations			1,029
<b>Net income</b>	<b>\$ 83,654</b>	<b>\$ 18,889</b>	<b>\$ 102,173</b>
<b>Basic income per common share:</b>			
Continuing operations	<b>1.73</b>	0.37	1.69
Discontinued operations			0.02
Net income	<b>\$ 1.73</b>	<b>\$ 0.37</b>	<b>\$ 1.71</b>
<b>Diluted income per common share:</b>			
Continuing operations	<b>1.70</b>	0.36	1.66
Discontinued operations			0.02
Net income	<b>\$ 1.70</b>	<b>\$ 0.36</b>	<b>\$ 1.68</b>
<b>Weighted-average common shares outstanding:</b>			
Basic	<b>48,325</b>	51,045	59,914
Diluted	<b>49,117</b>	51,836	60,991
Dividends declared per common share	<b>\$ 0.2700</b>	<b>\$ 0.2625</b>	<b>\$ 0.2560</b>

See accompanying notes to consolidated financial statements.



**Table of Contents****CONSOLIDATED BALANCE SHEETS****H.B. Fuller Company and Subsidiaries**

(In thousands, except share and per share amounts)

	November 28, 2009	November 29, 2008
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 100,154	\$ 80,370
Trade receivables, net	203,898	205,716
Inventories	116,907	143,158
Other current assets	52,697	49,813
<b>Total current assets</b>	<b>473,656</b>	<b>479,057</b>
Property, plant and equipment, net	253,300	252,758
Goodwill	103,731	88,823
Other intangibles, net	141,200	147,783
Other assets	128,558	112,907
<b>Total assets</b>	<b>\$ 1,100,445</b>	<b>\$ 1,081,328</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Notes payable	\$ 8,690	\$ 11,134
Current installments of long-term debt	42,625	25,000
Trade payables	109,165	132,937
Accrued compensation	43,840	23,811
Income taxes payable	6,261	9,113
Other accrued expenses	25,427	27,959
<b>Total current liabilities</b>	<b>236,008</b>	<b>229,954</b>
Long-term debt, excluding current installments	162,713	204,000
Accrued pension liabilities	50,684	68,093
Other liabilities	56,798	40,827
Minority interests in consolidated subsidiaries	2,888	2,843
<b>Total liabilities</b>	<b>509,091</b>	<b>545,717</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Preferred stock (no shares outstanding) Shares authorized 10,045,900		
Common stock, par value \$1.00 per share, Shares authorized 160,000,000, Shares outstanding 48,657,618 and 48,447,610, for 2009 and 2008, respectively	48,658	48,448
Additional paid-in capital	12,309	5,280
Retained earnings	589,451	518,937
Accumulated other comprehensive loss	(59,064)	(37,054)
<b>Total stockholders' equity</b>	<b>591,354</b>	<b>535,611</b>

<b>Total liabilities and stockholders equity</b>	<b>\$ 1,100,445</b>	<b>\$ 1,081,328</b>
--	---------------------	---------------------

See accompanying notes to consolidated financial statements.

**Table of Contents****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY****H.B. Fuller Company and Subsidiaries**

(In thousands)

	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total</b>
<b>Balance at December 2, 2006</b>	\$ 59,932	\$ 95,263	\$ 597,115	\$ 25,482	\$ 777,792
Net income			102,173		102,173
Foreign currency translation				35,853	35,853
Minimum pension liability, net of tax of \$8,904				17,330	17,330
<b>Comprehensive Income</b>					<b>155,356</b>
Adjustment to initially apply FASB ASC 715, net of tax of \$22,444				(38,163)	(38,163)
Dividends			(15,590)		(15,590)
Stock option exercises	1,017	12,818			13,835
Share-based compensation plans other, net	51	3,351			3,402
Tax benefit on share-based compensation plans		2,580			2,580
Repurchases of common stock	(3,563)	(96,656)			(100,219)
<b>Balance at December 1, 2007</b>	<b>57,437</b>	<b>17,356</b>	<b>683,698</b>	<b>40,502</b>	<b>798,993</b>
Net income			18,889		18,889
Foreign currency translation				(70,293)	(70,293)
Defined benefit pension plans adjustment, net of tax of \$2,982				(7,153)	(7,153)