

GLOBE SPECIALTY METALS INC

Form 424B3

February 19, 2010

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SEC File No. 333-160973**

**GLOBE SPECIALTY METALS, INC.
SUPPLEMENT NO. 2
DATED FEBRUARY 19, 2010
TO PROSPECTUS DATED
OCTOBER 15, 2009**

Summary

We are providing you with this Supplement No. 2, dated February 19, 2010, to update the Prospectus dated October 15, 2009, as supplemented by the Supplement No. 1 dated November 17, 2009. The information in this Supplement No. 2 supplements, modifies and supersedes some of the information contained in the Globe Specialty Metals, Inc. Prospectus. This Supplement No. 2 forms a part of, and must be accompanied or preceded by, the Prospectus.

The purposes of this Supplement No. 2 are to:

Disclose information regarding the restarting of facilities in Niagara Falls, NY and Selma, Alabama; and

Update certain financial information in the Prospectus.

Niagara Falls, NY and Selma, AL Plants

Increased silicon metal demand has led us to reopen our Niagara Falls, NY and Selma, AL plants. Niagara Falls had been closed for more than five years and is now producing silicon metal in both of its furnaces. Selma had been idled since April 2009, and we expect it to be operating at capacity by the end of February.

Certain Financial Information for the Periods Ended December 31, 2009

Our condensed consolidated financial statements at December 31, 2009 and for the three and six month periods then ended are set forth below.

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Table of Contents**GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES**

Condensed Consolidated Balance Sheets
December 31, 2009 and June 30, 2009
(In thousands, except share and per share amounts)
(Unaudited)

	December 31, 2009	June 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 252,231	61,876
Accounts receivable, net of allowance for doubtful accounts of \$1,270 and \$1,390 at December 31, 2009 and June 30, 2009, respectively	36,673	24,094
Inventories	54,508	67,394
Prepaid expenses and other current assets	12,123	24,675
Total current assets	355,535	178,039
Property, plant, and equipment, net of accumulated depreciation and amortization	188,803	217,507
Goodwill	51,836	51,828
Other intangible assets	477	1,231
Investments in unconsolidated affiliates	8,171	7,928
Deferred tax assets	49	1,598
Other assets	2,284	15,149
Total assets	\$ 607,155	473,280
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 36,505	21,341
Current portion of long-term debt	9,641	16,561
Short-term debt	14,013	6,688
Accrued expenses and other current liabilities	58,974	46,725
Total current liabilities	119,133	91,315
Long-term liabilities:		
Long-term debt	12,730	36,364
Deferred tax liabilities	14,549	18,890
Other long-term liabilities	14,782	15,359
Total liabilities	161,194	161,928
Commitments and contingencies (note 13)		
Stockholders' equity:		
Common stock, \$0.0001 par value. Authorized, 150,000,000 shares; issued, 74,320,187 and 66,944,254 shares at December 31, 2009 and June 30, 2009,	7	7

respectively

Additional paid-in capital	384,404	303,364
Retained earnings	31,636	4,660
Accumulated other comprehensive loss	(3,676)	(3,644)
Treasury stock at cost, 1,000 shares at December 31, 2009 and June 30, 2009	(4)	(4)
Total Globe Specialty Metals, Inc. stockholders' equity	412,367	304,383
Noncontrolling interest	33,594	6,969
Total stockholders' equity	445,961	311,352
Total liabilities and stockholders' equity	\$ 607,155	473,280

See accompanying notes to condensed consolidated financial statements.

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Table of Contents**GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES**

Condensed Consolidated Statements of Operations
Three and six months ended December 31, 2009 and 2008
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Net sales	\$ 108,278	119,307	\$ 213,736	268,464
Cost of goods sold	87,974	91,957	167,952	199,095
Selling, general, and administrative expenses	13,142	19,668	25,865	33,700
Research and development	77	283	115	876
Restructuring charges	(13)		(81)	
Gain on sale of business	(23,368)		(22,907)	
Goodwill and intangible asset impairment		69,560		69,560
Operating income (loss)	30,466	(62,161)	42,792	(34,767)
Other income (expense):				
Interest income	65	150	201	553
Interest expense, net of capitalized interest	(1,101)	(2,118)	(2,419)	(4,169)
Foreign exchange gain (loss)	871	(2,117)	3,286	(3,426)
Other income	199	662	192	1,506
Income (loss) before provision for (benefit from) income taxes	30,500	(65,584)	44,052	(40,303)
Provision for (benefit from) income taxes	12,568	(2,328)	17,951	6,374
Net income (loss)	17,932	(63,256)	26,101	(46,677)
Losses attributable to noncontrolling interest, net of tax	602	1,735	875	2,121
Net income (loss) attributable to Globe Specialty Metals, Inc.	\$ 18,534	(61,521)	\$ 26,976	(44,556)
Weighted average shares outstanding:				
Basic	74,314	63,455	72,710	63,296
Diluted	75,154	63,455	73,844	63,296
Earnings (loss) per common share:				
Basic	\$ 0.25	(0.97)	\$ 0.37	(0.70)
Diluted	0.25	(0.97)	0.37	(0.70)

See accompanying notes to condensed consolidated financial statements.

Table of Contents**GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES****Condensed Consolidated Statement of Changes in Stockholders' Equity****Six months ended December 31, 2009****(In thousands)****(Unaudited)**

	Globe Specialty Metals, Inc. Stockholders' Equity								
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)		Treasury Stock at Cost	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Capital	Earnings	Income	Cost	Interest	Income	Equity
Balance at June 30, 2009	66,944	\$ 7	303,364	4,660	(3,644)	(4)	6,969		311,352
Warrants exercised	257		1,287						1,287
UPOs exercised	1,519		210						210
Share-based compensation			3,231						3,231
Stock issuance	5,600		34,768						34,768
Sale of noncontrolling interest			41,544				27,499		69,043
Realized gain on available-for-sale securities					(10)				(10)
Comprehensive income (loss):									
Foreign currency translation adjustment					(24)		1	(23)	(23)
Unrealized gain on available-for-sale securities (net of provision for income taxes of \$1)					2			2	2
Net income (loss)				26,976			(875)	26,101	26,101
Total comprehensive income								26,080	26,080
Balance at December 31, 2009	74,320	\$ 7	384,404	31,636	(3,676)	(4)	33,594	26,080	445,961

See accompanying notes to condensed consolidated financial statements.

Table of Contents**GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES****Condensed Consolidated Statements of Cash Flows****Six months ended December 31, 2009 and 2008****(In thousands)****(Unaudited)**

	Six Months Ended December 31,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$ 26,101	(46,677)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	9,813	9,933
Share-based compensation	3,231	3,196
Gain on sale of business	(22,907)	
Goodwill and intangible asset impairment		69,560
Deferred taxes	(74)	(4,548)
Changes in operating assets and liabilities:		
Accounts receivable, net	(17,079)	13,061
Inventories	2,984	(12,147)
Prepaid expenses and other current assets	9,413	(2,882)
Accounts payable	21,616	(8,446)
Accrued expenses and other current liabilities	(17,283)	(1,047)
Other	2,946	4,180
Net cash provided by operating activities	18,761	24,183
Cash flows from investing activities:		
Capital expenditures	(9,915)	(34,754)
Sale of business and noncontrolling interest, net of cash disposed of \$16,555	158,445	
Held-to-maturity treasury securities		2,987
Other investing activities	(4,685)	340
Net cash provided by (used in) investing activities	143,845	(31,427)
Cash flows from financing activities:		
Proceeds from warrants exercised	1,287	833
Proceeds from UPOs exercised	210	
Net payments of long-term debt	(16,558)	(4,704)
Net borrowings (payments) of short-term debt	7,324	(3,453)
Sale of common stock	36,456	
Solsil, Inc. common share issuance		1,570
Change in restricted cash		(3,580)
Other financing activities	(937)	(2,080)
Net cash provided by (used in) financing activities	27,782	(11,414)

Effect of exchange rate changes on cash and cash equivalents	(33)	(15)
Net increase (decrease) in cash and cash equivalents	190,355	(18,673)
Cash and cash equivalents at beginning of period	61,876	73,994
Cash and cash equivalents at end of period	\$ 252,231	55,321
Supplemental disclosures of cash flow information:		
Cash paid for interest	1,719	4,285
Cash paid for income taxes, net of refunds totaling \$2,729 and \$0, respectively	3,604	8,029

See accompanying notes to condensed consolidated financial statements.

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements

December 31, 2009 and 2008

(Dollars in thousands, except per share data)

(UNAUDITED)

(1) Organization and Business Operations

Globe Specialty Metals, Inc. and subsidiary companies (the Company, we, or our) is among the world's largest producers of silicon metal and silicon-based alloys, important ingredients in a variety of industrial and consumer products. The Company's customers include major silicone chemical, aluminum and steel manufacturers, auto companies and their suppliers, ductile iron foundries, manufacturers of photovoltaic solar cells and computer chips, and concrete producers.

(2) Summary of Significant Accounting Policies

a. Basis of Presentation