GLOBE SPECIALTY METALS INC
Form 424B3
November 17, 2009

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GLOBE SPECIALTY METALS, INC.
SUPPLEMENT NO. 1
DATED NOVEMBER 17, 2009
TO PROSPECTUS DATED
OCTOBER 15, 2009

Summary

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

The primary purposes of this Supplement No. 1 are to:

Disclose information regarding Globe s formation of a joint venture with Dow Corning at Globe s silicon metal facility in Alloy, West Virginia and the sale of Globe s Brazil operation to Dow Corning;

Update the period of time pursuant to which the selling stockholders in Globe s underwritten public offering and certain other stockholders are subject to lock-up agreements ; and

Update certain financial information in the Prospectus.

Recent Transactions with Dow Corning

On November 5, 2009, Globe sold to Dow Corning:

all of its equity interests in Globe Metais Industria e Comercio Ltda., the subsidiary owning Globe s production facility and related operations located in Breu Branco, Para, Brazil, and

a 49% equity interest in WVA Manufacturing, LLC, the subsidiary owning Globe s production facility and related operations located in Alloy, West Virginia.

Dow Corning paid Globe $75 million for Globe Metais and $100 million for the 49% interest in WVA Manufacturing. These amounts are subject to customary post-closing adjustments for changes in working capital. In addition, Globe and Dow Corning agreed that Globe Metais will sell to Globe silicon metal produced by Globe Metais during the remainder of 2009 and 2010 to fulfill product commitments to customers of Globe Metais who will be retained by Globe.

In connection with the transactions, Globe reduced its indebtedness by approximately $20 million, consisting of a $6 million pre-payment under its senior term loan and the transfer of the $14 million export financing arrangement (together with an equal amount of cash on hand at Globe Metais) as part of the sale of Globe Metais to Dow Corning.

In connection with the sale of the interest in WVA Manufacturing, Globe entered into an Amended and Restated Limited Liability Company Agreement dated as of November 5, 2009 with Dow Corning providing for, among other things, the governance of WVA Manufacturing. Following the transaction, Globe holds 51% of the equity interests of WVA Manufacturing, while Dow Corning holds the remaining 49%. WVA Manufacturing, pursuant to the LLC Agreement, will be managed by a board of representatives consisting of five members, three of which are appointed by Globe and two of which are appointed by Dow Corning. The LLC Agreement also contains customary minority protection rights, tag-along rights and restrictions on transfer.

In connection with establishment of WVA Manufacturing, Globe entered into an Output and Supply Agreement dated as of November 5, 2009 with WVA Manufacturing and Dow Corning. The Supply Agreement, among other things, provides for the sale of the silicon metal produced by WVA Manufacturing to Globe and Dow Corning. The production capacity of WVA Manufacturing will be allocated 51% to Globe and 49% to Dow Corning. In connection with the entry into the Supply Agreement, Globe and Dow Corning amended their existing supply agreement to reduce the amount of silicon metal to be sold to Dow Corning thereunder in 2010 to 20,000 metric tons.

Lock-up Agreements

In connection with Globe s underwritten public offering, the selling stockholders in such offering and certain other stockholders, agreed, subject to limited exceptions, not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock held prior to Globe s underwritten public offering for a period of 120 days, after July 29, 2009, without the prior written consent of Credit Suisse Securities (USA) LLC.

The lock-up agreements applicable to these shareholders were previously scheduled to expire on November 26, 2009. In accordance with the terms of the agreements, they will now expire on November 30, 2009.

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The similar agreements of the officers and directors scheduled to expire 180 days after July 29, 2009 are not affected by this change.

Certain Financial Information of Globe Specialty Metals for the Quarter Ended September 30, 2009

Globe s condensed consolidated financial statements at September 30, 2009 and for the three month period then ended are set forth below.

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

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

		September 30, 2009 (Unaudited)	June 30, 2009
ASSETS			
Current assets:			
Cash and cash equivalents	$	114,020	61,876
Accounts receivable, net of allowance for doubtful accounts of $1,481 and $1,390 at September 30, 2009 and June 30, 2009, respectively		38,513	24,094
Inventories		57,283	67,394
Prepaid expenses and other current assets		19,996	24,675
Total current assets		229,812	178,039
Property, plant, and equipment, net of accumulated depreciation and amortization		215,353	217,507
Goodwill		51,835	51,828
Other intangible assets		967	1,231
Investments in unconsolidated affiliates		7,910	7,928
Deferred tax assets		1,737	1,598
Other assets		14,203	15,149
Total assets	$	521,817	473,280
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Accounts payable	$	25,585	21,341
Current portion of long-term debt		18,906	16,561
Short-term debt		7,628	6,688
Accrued expenses and other current liabilities		49,787	46,725
Total current liabilities		101,906	91,315
Long-term liabilities:			
Long-term debt		28,854	36,364
Deferred tax liabilities		18,890	18,890
Other long-term liabilities		16,108	15,359
Total liabilities		165,758	161,928
Commitments and contingencies (note 12)			
Stockholders equity:			
Common stock, $0.0001 par value. Authorized, 150,000,000 shares; issued, 73,174,262 and 66,944,254 shares at September 30, 2009 and June 30, 2009, respectively		7	7

Additional paid-in capital		339,923	303,364
Retained earnings		13,102	4,660
Accumulated other comprehensive loss		(3,666)	(3,644)
Treasury stock at cost, 1,000 shares at September 30, 2009 and June 30, 2009, respectively		(4)	(4)
Total Globe Specialty Metals, Inc. stockholders equity		349,362	304,383
Noncontrolling interest		6,697	6,969
Total stockholders equity		356,059	311,352
Total liabilities and stockholders equity	$	521,817	473,280

See accompanying notes to condensed consolidated financial statements.

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Condensed Consolidated Income Statements
Three months ended September 30, 2009 and 2008
(In thousands, except per share amounts)
(UNAUDITED)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008
Net sales	$ 105,458	149,157
Cost of goods sold	79,978	107,138
Selling, general, and administrative expenses	13,184	14,032
Research and development	38	593
Restructuring charges	(68)	
Operating income	12,326	27,394
Other income (expense):		
Interest income	136	403
Interest expense, net of capitalized interest of $228 and $180, respectively	(1,318)	(2,051)
Foreign exchange gain (loss)	2,415	(1,309)
Other (loss) income	(7)	844
Income before provision for income taxes	13,552	25,281
Provision for income taxes	5,383	8,702
Net income	8,169	16,579
Losses attributable to noncontrolling interest, net of tax	273	386
Net income attributable to Globe Specialty Metals, Inc.	$ 8,442	16,965
Weighted average shares outstanding:		
Basic	71,115	63,137
Diluted	72,543	83,057
Earnings per common share:		
Basic	$ 0.12	0.27
Diluted	0.12	0.20

See accompanying notes to condensed consolidated financial statements.

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Condensed Consolidated Statement of Changes in Stockholders Equity
Three months ended September 30, 2009
(In thousands)
(UNAUDITED)

	Globe Specialty Metals, Inc. Stockholders Equity								
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock at Cost	Noncontrolling Interest	Comprehensive (Loss) Income	Total Stockholders Equity
	Shares	Amount							
Balance at June 30, 2009	66,944	$ 7	303,364	4,660	(3,644)	(4)	6,969		311,352
UPOs exercised	630								
Share-based compensation			1,755						1,755
Stock issuance	5,600		34,804						34,804
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)				8,442			(273)	8,169	8,169
Total comprehensive income								8,148	8,148
Balance at September 30, 2009	73,174	$ 7	339,923	13,102	(3,666)	(4)	6,697	8,148	356,059

See accompanying notes to condensed consolidated financial statements.

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Cash Flows
Three months ended September 30, 2009 and 2008
(In thousands)
(UNAUDITED)

	Three Months Ended September 30, 2009	2008
Cash flows from operating activities:		
Net income	$ 8,169	16,579
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,912	4,943
Share-based compensation	1,755	2,405
Deferred taxes	(55)	583
Changes in operating assets and liabilities:		
Accounts receivable, net	(14,465)	256
Inventories	9,805	(7,338)
Prepaid expenses and other current assets	4,192	(3,814)
Accounts payable	5,353	(830)
Accrued expenses and other current liabilities	2,224	3,386
Other	2,835	(43)
Net cash provided by operating activities	24,725	16,127
Cash flows from investing activities:		
Capital expenditures	(4,255)	(14,217)
Held-to-maturity treasury securities		2,987
Other investing activities		12
Net cash used in investing activities	(4,255)	(11,218)
Cash flows from financing activities:		
Proceeds from warrants exercised		833
Net payments of long-term debt	(5,167)	(338)
Net borrowings (payments) of short-term debt	940	(4,600)
Sale of common stock	36,456	
Other financing activities	(527)	(1,700)
Net cash provided by (used in) financing activities	31,702	(5,805)
Effect of exchange rate changes on cash and cash equivalents	(28)	56
Net increase (decrease) in cash and cash equivalents	52,144	(840)
Cash and cash equivalents at beginning of period	61,876	73,994

Cash and cash equivalents at end of period	$ 114,020	73,154
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 990	3,194
Cash (refunded) paid for income taxes, net of refunds totaling $2,729 and $0, respectively	(2,397)	1,127

See accompanying notes to condensed consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements
September 30, 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

In the opinion of the Company s management, the accompanying condensed consolidated financial statements include all adjustments necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) of the results for the interim periods presented and such adjustments are of a normal, recurring nature. The accompanying condensed consolidated financial statements should be read in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2009. There have been no material changes to the Company s significant accounting policies during the three months ended September 30, 2009, except as discussed below under Recently Implemented Accounting Pronouncements.

b. Reclassifications

Certain reclassifications have been made to prior year amounts to conform to current year presentation, including the reclassification of $2,555 from selling, general, and administrative expenses to cost of goods sold for the three months ended September 30, 2008 as, during the three months ended September 30, 2009, the Company reevaluated certain expenses and deemed these to be direct costs.

c. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and related notes. Significant estimates and assumptions in these condensed consolidated financial statements include the valuation of inventories; the carrying amount of property, plant, and equipment; goodwill and long-lived asset impairment tests; estimates of fair value of investments; provision for income taxes and deferred tax valuation allowances; valuation of derivative instruments; the determination of the discount rate and the rate of return on plan assets for pension expense; and the determination of the fair value of share-based compensation involving assumptions about forfeiture rates, stock volatility, discount rates, and expected time to exercise. During interim periods, provision for income taxes is recognized using an estimated annual effective tax rate. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

d. Revenue Recognition

Revenue is recognized in accordance with the U.S. Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 104 (SAB 104) when a firm sales agreement is in place, delivery has occurred and title and risks of ownership have passed to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. Shipping and other transportation costs charged to buyers are recorded in both net sales and cost of goods sold. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements (Continued)
September 30, 2009 and 2008
(Dollars in thousands, except per share data)
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net basis and, therefore, are excluded from net sales in the condensed consolidated income statements. When the Company provides a combination of products and services to customers, the arrangement is evaluated under Financial Accounting Standards Board (FASB) ASC Subtopic 605-25, *Revenue Recognition Multiple Element Arrangements* (ASC 605.25). ASC 605.25 addresses certain aspects of accounting by a vendor for arrangements under which the vendor will perform multiple revenue-generating activities. If the Company cannot objectively determine the fair value of any undelivered elements under an arrangement, the Company defers revenue until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements.

e. Recently Implemented Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification*tm *and the Hierarchy of Generally Accepted Accounting Principles.* This statement identifies the sources of accounting principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP (the GAAP hierarchy). This statement establishes the *FASB Accounting Standards Codificationtm* (the Codification/ASC) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP, except for SEC rules and interpretive releases, which are also authoritative U.S. GAAP for SEC registrants. The Codification standard (FASB ASC Subtopic 105-10 on generally accepted accounting principles) was adopted on July 1, 2009. This change had no effect on the Company s financial position or results of operations.

In December 2007, the FASB issued ASC Subtopic 805-10, *Business Combinations*. This statement establishes principles and requirements for how the acquirer (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This accounting standard was adopted on July 1, 2009. This statement will be applied prospectively to the Company s business combinations for which the acquisition date is on or after July 1, 2009.

In December 2007, the FASB issued ASC Subtopic 810-10, *Consolidation Consolidation of Entities Controlled by Contract* (ASC 810.10) and ASC Subtopic 815-40, *Derivatives and Hedging Contracts in Entity s Own Equity* (ASC 815.40). The Company adopted ASC 810.10 and ASC 815.40 on July 1, 2009. The objective of these statements is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. In accordance with ASC 810.10 and ASC 815.40, the Company has provided the enhanced disclosures required by ASC 810.10 and ASC 815.40 in the condensed consolidated balance sheets and condensed consolidated statement of changes in stockholders equity for all periods presented. See note 13 (Stockholders Equity) for additional information.

In September 2006, the FASB issued ASC Subtopic 820-10, *Fair Value Measurements and Disclosures* (ASC 820). The Company partially adopted ASC 820 on July 1, 2008. This adoption did not have a material impact to the Company s consolidated results of operations or financial condition. The Company fully adopted ASC 820 on July 1, 2009. ASC 820 defines fair value, establishes a framework for the measurement of fair value, and enhances disclosures about fair value measurements. The statement does not require any new fair value measures. The Company carries its derivative agreements, as well as available-for-sale securities, at fair value, determined using observable market based inputs. See note 16 (Fair Value Measures) for additional information.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements (Continued)
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In September 2009, the FASB issued an amendment to ASC Subtopic 740-10, *Income Taxes* (ASC 740). The Company adopted this amendment on September 30, 2009. This amendment to ASC 740 adds implementation guidance for all entities about applying the accounting requirements for uncertain tax matters. The implementation guidance is presented in examples and is not intended to change practice for those already applying the requirements. The implementation of this additional guidance had no effect on the Company s financial position or results of operations.

f. Accounting Pronouncements to be Implemented

In June 2009, the FASB issued an amendment to ASC Subtopic 860-10, *Transfers and Servicing* (ASC 860). The objective of this amendment is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor s continuing involvement, if any, in transferred financial assets. This amendment improves financial reporting by eliminating (1) the exceptions for qualifying special-purpose entities from the consolidation guidance and (2) the exception that permitted sale accounting for certain mortgage securitizations when a transferor has not surrendered control over the transferred financial assets. This amendment is effective for the Company on July 1, 2010. The Company is currently assessing the potential effect of the amendment of ASC 860 on its financial position or results of operations.

In June 2009, the FASB issued an amendment to ASC Subtopic 810-10, *Consolidation Variable Interest Entities* (ASC 810). The objective of this amendment is to improve financial reporting by enterprises involved with variable interest entities by eliminating the quantitative-based risks and rewards calculation and requiring an enterprise to perform an analysis to determine whether the enterprise s variable interest or interests give it a controlling interest in a variable interest entity. In addition, the amendment requires an ongoing reassessment of whether an enterprise is the primary beneficiary of a variable interest entity. This amendment is effective for the Company on July 1, 2010. The Company is currently assessing the potential effect of the amendment to ASC 810 on its financial position or results of operations.

In December 2008, the FASB issued an amendment to ASC Subtopic 715-10, *Compensation Retirement Benefits* (ASC 715). This amendment provides guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan. The amendment requires employers of public entities to disclose more information about how investment allocation decisions are made, more information about major categories of plan assets, including concentrations of risk and fair-value measurements, and the fair-value techniques and inputs used to measure plan assets. The disclosure requirements of the amendment to ASC 715 are effective for years ending after December 15, 2009. The Company does not believe the amendment to ASC 715 will have a significant impact on the Company s financial position or results of operations.

(3) Restructuring Charges

During the third quarter of fiscal 2009, the Company implemented formal restructuring programs, including the temporary shutdown of certain furnace operations and furloughing or terminating employees. Cash payments associated with these restructuring programs are expected to be completed in fiscal 2010. The restructuring programs include employee severance and benefits, as well as costs associated with lease termination obligations.

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Activity during the three months ended September 30, 2009 related to the restructuring liability is as follows:

	Liability at June 30, 2009	Adjustments(2)	Cash Payments	Liability at September 30, 2009
Severance and benefit-related costs(1)	$ 227	(68)	(123)	36

(1) Includes severance payments made to employees, payroll taxes, and other benefit-related costs in connection with the terminations of employees.

(2) Adjustments are for employees who were re-hired by the Company in conjunction with the restarting of certain furnace operations during the three months ended September 30, 2009.

Total restructuring expenses of $1,711 were incurred during the year ended June 30, 2009. The remaining unpaid liability as of September 30, 2009 is included in accrued expenses and other current liabilities. No additional costs are expected to be incurred associated with these restructuring actions.

(4) Treasury Securities

During March 2008, the Company purchased U.S. government treasury securities with a term to maturity of 125 days. The securities were redeemed for $2,987 during the three months ended September 30, 2008.

(5) Inventories

Inventories comprise the following:

	September 30, 2009	June 30, 2009
Finished goods	$ 16,967	23,867
Work in process	3,714	3,462
Raw materials	28,237	31,323
Parts and supplies	8,365	8,742
Total	$ 57,283	67,394

At September 30, 2009, $38,567 in inventory is valued using the first-in, first-out method and $18,716 using the average cost method. At June 30, 2009, $46,712 in inventory is valued using the first-in, first-out method and $20,682 using the average cost method.

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(6) Property, Plant, and Equipment

Property, plant, and equipment, net of accumulated depreciation and amortization, comprise the following:

		September 30, 2009	June 30, 2009
Land, land improvements, and land use rights	$	14,172	13,835
Building and improvements		24,703	24,176
Machinery and equipment		58,153	56,912
Furnaces		99,393	99,429
Other		15,591	15,728
Construction in progress		47,817	47,257
Property, plant, and equipment, gross		259,829	257,337
Less accumulated depreciation and amortization		(44,476)	(39,830)
Property, plant, and equipment, net of accumulated depreciation and amortization	$	215,353	217,507

Depreciation expense for the three months ended September 30, 2009 was $4,648, of which $4,521 is recorded in cost of goods sold and $127 is recorded in selling, general, and administrative expenses. Depreciation expense for the three months ended September 30, 2008 was $4,273, of which $4,159 is recorded in cost of goods sold and $114 is recorded in selling, general, and administrative expenses.

(7) Goodwill and Other Intangibles

Goodwill and other intangibles presented below have been allocated to the Company s operating segments.

a. Goodwill

Changes in the carrying amount of goodwill during the three months ended September 30, 2009 are as follows:

Balance at June 30, 2009	$ 51,828
Other, primarily foreign exchange	7
Balance at September 30, 2009	$ 51,835

b. Other Intangible Assets

Changes in the carrying amounts of definite lived intangible assets during the three months ended September 30, 2009 are as follows:

		Electricity Contracts	Other
Cost:			
Balance at September 30, 2009 and June 30, 2009	$	7,905	323
Accumulated amortization:			
Balance at June 30, 2009		7,151	323
Amortization expense		264	
Balance at September 30, 2009		7,415	323
Net balance at September 30, 2009	$	490	

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Notes to Condensed Consolidated Financial Statements (Continued)
September 30, 2009 and 2008
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There were no changes in the value of the Company s indefinite lived intangible assets during the three months ended September 30, 2009. The trade name balance at both September 30, 2009 and June 30, 2009 was $477.

Amortization expense of purchased intangible assets was $264 for the three months ended September 30, 2009, which is recorded in cost of goods sold. Amortization expense of purchased intangible assets was $670 for the three months ended September 30, 2008, which is recorded in cost of goods sold.

(8) Debt

a. Short-Term Debt

Short-term debt comprises the following:

	Outstanding Balance	Weighted Average Interest Rate	Unused Credit Line
September 30, 2009:			
Type debt:			
Revolving credit	$	%	$ 34,560
Export financing	306	9.70	7,100
Other	7,322	5.94	
Total	$ 7,628		$ 41,660
June 30, 2009:			
Type debt:			
Revolving credit	$	%	$ 34,560
Export financing			7,400
Other	6,688	6.69	
Total	$ 6,688		$ 41,960

Revolving Credit Agreements A summary of the Company s revolving credit agreements at September 30, 2009 is as follows:

	Outstanding	Unused	Total

	Balance	Commitment	Commitment
Senior credit facility	$	34,560	35,000

The Company s subsidiary, Globe Metallurgical, Inc. (GMI), maintains a $35,000 revolving credit facility. This revolving credit agreement expires September 2013. Interest on advances under the revolving credit facility accrues at LIBOR plus an applicable margin percentage or, at the Company s option, prime plus an applicable margin percentage. The amount available under the revolving credit facility is subject to a borrowing base calculation, and the total commitment on the revolving credit facility includes $10,000 for letters of credit associated with foreign supplier contracts. At September 30, 2009, there was no outstanding balance on this revolver. The total commitment on this credit facility includes $440 outstanding letters of credit associated with foreign supplier contracts. The revolving credit facility is secured by substantially all of the assets of GMI and its principal subsidiary, West Virginia Alloys, and is subject to certain restrictive and financial covenants, which include limits on additional debt, restrictions on capital expenditures, restrictions on dividend and other equity distributions, a maximum ratio of debt to earnings before interest, taxes, depreciation, and amortization, and minimum net worth and interest coverage requirements. The commitment under the revolving credit facility may be withdrawn if the Company defaults under the terms of these covenants or fails to remit payments when due. The Company was in compliance with the loan covenants at September 30, 2009.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements (Continued)
September 30, 2009 and 2008
(Dollars in thousands, except per share data)
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Export Financing Agreements The Company s Argentine subsidiary maintains various short-term export financing agreements. Generally, these arrangements are for periods ranging between seven and eleven months, and require the Company to pledge as collateral certain export accounts receivable. Interest on these arrangements accrues at a rate of 9.7% at September 30, 2009.

Other The Company s subsidiary, Ningxia Yonvey Coal Industrial Co., Ltd (Yonvey), has $7,322 in outstanding promissory notes, which mature through August 2010. The notes accrue interest at rates ranging from 5.3% to 8.5%. The promissory notes are secured by certain Yonvey assets.

b. Long-Term Debt

Long-term debt comprises the following:

		September 30, 2009	June 30, 2009
Senior term loan	$	31,579	33,684
Export prepayment financing		14,000	17,000
Other		2,181	2,241
Total		47,760	52,925
Less current portion of long-term debt		(18,906)	(16,561)
Long-term debt, net of current portion	$	28,854	36,364

Senior Term Loan The Company s subsidiary, GMI, entered into a five-year senior term loan in an aggregate principal amount of $40,000 during September 2008. Interest on the senior term loan accrues at LIBOR plus an applicable margin percentage or, at the Company s option, prime plus an applicable margin percentage. Principal payments are due in quarterly installments of $2,105, commencing on December 31, 2008, and the unpaid principal balance is due in full in September 2013, subject to certain mandatory prepayments. A mandatory prepayment of $2,347 will be made during the second quarter of fiscal 2010 based on excess cash flow, as defined in the loan agreement, generated during fiscal 2009. The interest rate on this loan was 2.50%, equal to LIBOR plus 2.25%, at September 30, 2009. The senior term loan is secured by substantially all of the assets of GMI and its principal subsidiary, West Virginia Alloys, and is subject to certain restrictive and financial covenants, which include limits on additional debt, restrictions on capital expenditures, restrictions on dividend and other equity distributions, a maximum ratio of debt to earnings before interest, taxes, depreciation, and amortization, and minimum net worth and interest coverage requirements. The Company was in compliance with these loan covenants at September 30, 2009.

Export Prepayment Financing The Company s Brazilian subsidiary, Globe Metais Indústria e Comércio S.A. (Globe Metais), has entered into a $20,000 export financing arrangement maturing January 31, 2012. The arrangement carries an interest rate of LIBOR plus 2.50%, paid semiannually. At September 30, 2009, the interest rate on this loan was 3.43%. The principal is payable in seven, semiannual installments starting in February 2009, with six installments of $3,000 and one final installment of $2,000. As collateral, Globe Metais has pledged certain third-party customers export receivables; 100% of the subsidiary s property, plant, and equipment; and 2,000 tons of metallic silicon with an approximate value of $5,862. The loan is subject to certain loan covenant restrictions such as limits on issuing dividends, disposal of pledged assets, and selling of forest areas. In addition, the proceeds from certain cash receipts during the sixty days prior to a loan installment payment date are restricted for payment of the respective installment. At September 30, 2009, there is no restricted cash balance.

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See note 9 (Derivative Instruments) for discussion of derivative financial instruments entered into to reduce the Company s exposure to interest rate fluctuations on outstanding long-term debt.

c. Fair Value of Debt

The recorded carrying values of our debt balances approximate fair value given our debt is at variable rates tied to market indicators or is short-term in nature.

(9) Derivative Instruments

The Company enters into derivative instruments to hedge certain interest rate and foreign currency risks. The Company does not engage in interest rate, currency, or commodity speculation, and no derivatives are held for trading purposes. All derivatives are accounted for using mark-to-market accounting. The Company believes it is not practical to designate its derivative instruments as hedging instruments as defined under ASC Subtopic 815-10, *Derivatives and Hedging* (ASC 815). Accordingly, the Company adjusts its derivative financial instruments to current market value through the condensed consolidated income statements based on the fair value of the agreement as of period-end. Although not designated as hedged items as defined under ASC 815, these derivative instruments serve to significantly offset the Company s interest rate and foreign exchange risks. Gains or losses from these transactions offset gains or losses on the assets, liabilities, or transactions being hedged. No credit loss is anticipated as the counterparties to these agreements are major financial institutions that are highly rated.

Interest Rate Risk:

The Company is exposed to market risk from changes in interest rates on certain of its long-term debt obligations.

In connection with GMI s revolving credit facility and senior term loan (note 8), the Company entered into an interest rate cap arrangement and three interest rate swap agreements to reduce our exposure to interest rate fluctuations.

In October 2008, the Company entered into an interest rate cap arrangement to cap LIBOR on a $20,000 notional amount of debt, with the notional amount decreasing by $1,053 per quarter through the interest rate cap s expiration on June 30, 2013. Under the interest rate cap, the Company capped LIBOR at a maximum of 4.5% over the life of the agreement.

In November 2008, the Company entered into an interest rate swap agreement involving the exchange of interest obligations relating to a $13,333 notional amount of debt, with the notional amount decreasing by $702 per quarter. Under the interest rate swap, the Company receives LIBOR in exchange for a fixed interest rate of 2.85% over the life of the agreement. The agreement expires in June 2013.

In January 2009, the Company entered into a second interest rate swap agreement involving the exchange of interest obligations relating to a $12,632 notional amount of debt, with the notional amount decreasing by $702 per quarter. Under the interest rate swap, the Company receives LIBOR in exchange for a fixed interest rate of 1.66% over the life of the agreement. The agreement expires in June 2013.

In April 2009, the Company entered into a third interest rate swap agreement involving the exchange of interest obligations relating to an $11,228 notional amount of debt, with the notional amount decreasing by $702 per

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quarter. Under the interest rate swap, the Company receives LIBOR in exchange for a fixed interest rate of 2.05% over the life of the agreement. The agreement expires in June 2013.

In connection with the Company s export prepayment financing arrangement (note 8), the Company entered into an interest rate swap agreement involving the exchange of interest obligations relating to a $14,000 notional amount of debt, with the notional amount decreasing by $3,000 on a semiannual basis through August 2011, and a final $2,000 notional amount swapped for the six-month period ended January 2012. Under the interest rate swap, the Company receives LIBOR in exchange for a fixed interest rate of 2.66% over the life of the agreement.

Foreign Currency Risk:

The Company is exposed to market risk arising from changes in currency exchange rates as a result of its operations outside the United States, principally in Brazil, Argentina, and China. A portion of the Company s net sales generated from its non-U.S. operations is denominated in currencies other than the U.S. dollar. Most of the Company s operating costs for its non-U.S. operations are denominated in local currencies, principally the Brazilian real, Argentine peso, and the Chinese renminbi. Consequently, the translated U.S. dollar value of the Company s non-U.S. dollar net sales, and related accounts receivable balances, and our operating costs are subject to currency exchange rate fluctuations. Derivative instruments are not used extensively to manage this risk; however, the Company does utilize derivative financial instruments to manage a portion of its net foreign currency exposure to the Brazilian real. At September 30, 2009, the Company had entered into a series of foreign exchange forward contracts covering approximately 7,512 reais, expiring at dates ranging from October 2009 to December 2009, at an average exchange rate of 2.43 Brazilian real to 1.00 U.S. dollar.

Commodity Price Risk:

The Company is exposed to price risk for certain raw materials and energy used in its production process. The raw materials and energy that the Company uses are largely commodities subject to price volatility caused by changes in global supply and demand and governmental controls. Derivative financial instruments are not used to manage the Company s exposure to fluctuations in the cost of commodity products used in its operations. The Company attempts to reduce the impact of increases in its raw material and energy costs by negotiating long-term contracts and through the acquisition of companies or assets for the purpose of increasing its access to raw materials with favorable pricing terms.

The effect of the Company s derivative instruments on the condensed consolidated income statements is summarized in the following table:

	(Loss) Gain Recognized During the Three Months Ended September 30,		
	2009	2008	Location of (Loss) Gain

Interest rate derivatives	$ (479)	(281)	Interest expense
Foreign exchange forward contracts	816		Foreign exchange gain

The fair values of the Company s derivative instruments at September 30, 2009 are summarized in note 16 (Fair Value Measures). The $642 liability associated with the Company s interest rate derivatives is included in other long-term liabilities. The $1,155 asset associated with the Company s foreign exchange forward contracts is included in prepaid expenses and other current assets.

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(10) Pension Plans

The components of net periodic pension expense for the Company s defined benefit pension plans are as follows:

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008
Interest cost	$ 303	303
Expected return on plan assets	(248)	(319)
Amortization of net loss	151	56
Net periodic pension expense	$ 206	40

The Company expects to contribute approximately $756 to the plans for the year ended June 30, 2010, of which $97 has been contributed through September 30, 2009.

(11) Income Taxes

The following table summarizes our provision for income taxes and effective tax rates for the three months ended September 30, 2009 and 2008:

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008
Income before provision for income taxes	$ 13,552	25,281
Provision for income taxes	5,383	8,702
Effective tax rate	39.7%	34.4%

The provision for income taxes is based on the current estimate of the annual effective tax rate, adjusted as necessary for quarterly events. In accordance with ASC Topic 740 *Income Taxes Accounting for Income Taxes in Interim Periods,* the Company s quarterly effective tax rate does not reflect a benefit associated with losses related to certain foreign subsidiaries. The effective tax rates for the three months ended September 30, 2009 and 2008 were based on our forecasted annualized effective tax rates, adjusted for discrete items that occurred within the respective periods.

The Company s effective tax rate for the three months ended September 30, 2009 was 39.7% compared to 34.4% for the three months ended September 30, 2008. This rate differs from the Company s statutory rate of 35% mainly as a result of increases to the effective tax rate from U.S. state tax expense, the exclusion of the impact of net losses from our Chinese operations, the tax benefit of which is not considered more likely than not to be realized due to a history of operating losses, offset by the benefit from tax holidays in Brazil and Argentina which are forecasted to be lower in fiscal 2010 compared with fiscal 2009.

The Company currently operates under tax holidays in Brazil and Argentina. In Brazil, the Company is operating under a tax holiday, which results in a preferential tax rate of 15.25% of the Company s manufacturing income as compared to a statutory rate of 34%. The tax holiday in Brazil expires in 2016. In Argentina, the Company s manufacturing income is taxed at a preferential rate, which varies based on production levels from the Company s Argentine facilities, compared to a statutory rate of 35%. The tax holiday in Argentina expires in 2012. The anticipated effects of these tax holidays are incorporated into the Company s annualized effective tax rate as noted above. For the three months ended September 30, 2009, the foreign tax holidays in Brazil and Argentina provided a benefit of $452 to net income. For the three months ended September 30, 2008, the foreign tax holidays in Brazil and Argentina provided a benefit of $831 to net income.

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The Company maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. In determining whether a valuation allowance is warranted, the Company evaluates factors such as prior earnings history, expected future earnings, carry back and carry forward periods and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset. During the three months ended September 30, 2009, the Company s net valuation allowances increased due to the establishment of additional valuation allowances against net operating losses (NOLs) in China that may never be utilized and changes related to foreign exchange fluctuations associated with our foreign NOLs.

The Company files a consolidated U.S. income tax return and tax returns in various state and local jurisdictions. Our subsidiaries also file tax returns in various foreign jurisdictions. The Company s principal jurisdictions include the U.S., Brazil, Argentina, and China. A number of years may elapse before a tax return is audited and finally resolved. The open tax years subject to examination varies depending on the tax jurisdiction. The Company s major taxing jurisdictions and the related open tax years subject to examination are as follows: the U.S. from 2006 to present, Argentina from 2004 to present, Brazil from 2004 to present and China from 2006 to present.

The Company regularly evaluates its tax positions for additional unrecognized tax benefits and associated interest and penalties, if applicable. There are many factors that are considered when evaluating these tax positions including: interpretation of tax laws, recent tax litigation on a position, past audit or examination history, and subjective estimates and assumptions that have been deemed reasonable by management. However, if management s estimates are not representative of actual outcomes, the Company s results could be materially impacted. The Company does not expect any material changes to unrecognized tax benefits in the next twelve months.

(12) Commitments and Contingencies

a. Legal Contingencies

The Company is subject to various lawsuits, claims, and proceedings that arise in the normal course of business, including employment, commercial, environmental, safety, and health matters, as well as claims associated with our historical acquisitions. Although it is not presently possible to determine the outcome of these matters, in the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company s consolidated financial position, results of operations, or liquidity.

b. Environmental Contingencies

It is the Company s policy to accrue for costs associated with environmental assessments, remedial efforts, or other environmental liabilities when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. When a liability for environmental remediation is recorded, such amounts will be recorded without giving effect to any possible future recoveries. At September 30, 2009, there are no liabilities recorded for environmental contingencies. With respect to the cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred unless there is a long-term monitoring agreement with a governmental agency, in which case a liability is established at the inception of the agreement.

c. Employee Contracts

Certain employees of our Brazilian operations were covered by a collective bargaining agreement which expired October 31, 2009. See note 19 (Subsequent Events) for information regarding the subsequent sale of our Brazilian operations.

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d. Power Commitments

On May 20, 2008, Empire State Development and New York Power Authority announced that hydropower from the Niagara Power Project would be supplied to the Company which enabled it to reopen and expand its previously idle manufacturing facility in Niagara Falls, New York. On January 30, 2009, the Company entered into a commodity purchase agreement with New York Power Authority and Niagara Mohawk Power Corporation where the Company is supplied up to a maximum of 40,000 kW of hydropower from the Niagara Power Project to operate its Niagara Falls facility. The hydropower is supplied at preferential power rates plus market-based delivery charges for a period of up to 5 years. Under the terms of the contract, the Company has committed to a $60,000 capital expansion program and specified employment levels, which, if not met, could reduce the Company s power allocation from the Niagara Power Project. From inception through September 30, 2009, the Company has spent approximately $26,227 related to the capital expansion of our Niagara Falls facility.

e. Joint Development Supply Agreement

On April 24, 2008, the Company s subsidiaries, Solsil, Inc. (Solsil) and GMI, entered into a joint development supply agreement with BP Solar International Inc. (BP Solar) for the sale of solar grade silicon. BP Solar and Solsil will also deploy certain existing BP Solar technology at Solsil s facility and the two entities will jointly develop new technology to enhance Solsil s proprietary upgraded solar silicon metallurgical process. Solsil and BP Solar will both contribute towards the cost of the technology development. As part of this agreement, BP Solar paid Solsil $10,000 as an advance for research and development services and facilities construction. This amount would be refundable to BP Solar if the Company cancels, terminates, or fails to perform under certain terms of the agreement, including lack of performance of research and development services or facilities construction. Revenue associated with facilities construction will be deferred until specified contract milestones have been achieved, less any penalties resulting from construction delays. Revenue associated with research and development services will be deferred until these services are successful in reducing manufacturing costs and then recognized ratably as product is delivered to BP Solar. If research and development services are performed, but are unsuccessful, revenue will be deferred until contract expiration and then recognized. No revenue associated with this agreement has been recognized in earnings as of September 30, 2009 in accordance with ASC 605.25.

f. Deferred Revenue

In January 2009, the Company entered into a warehousing arrangement with a customer whereby we agreed to deliver and store uncrushed silicon metal based on the customer s purchase instructions. The customer is required to pay for delivered material within 30 days from the date the material is placed in our warehouse. Further, the customer is required to pay a monthly storage fee based on the quantity stored. As the transactions do not meet the revenue recognition criteria contained in SAB 104 given the Company has remaining, specific performance obligations such that the earnings process is not complete, no revenue has been recognized for silicon metal remaining stored under this warehousing arrangement. A related liability of $9,144 and $9,580 for deferred revenue is recorded in accrued expenses and other current liabilities at September 30, 2009 and June 30, 2009, respectively. Revenue will be recognized when the remaining, specific performance obligations have been performed and delivery has occurred. As there is no fixed delivery schedule or expiration date associated with the warehousing arrangement, the timing of revenue recognition under this arrangement is uncertain.

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(13) Stockholders Equity

a. Common Stock

In August 2009, the Company closed on an initial public offering on the NASDAQ Global Select Market of 16,100,000 shares of its common stock at $7.00 per share. Of the shares offered, 5,600,000 new shares were offered by the Company and 10,500,000 existing shares were offered by selling stockholders (which included 2,100,000 shares sold by the selling stockholders pursuant to the exercise of the underwriters over-allotment option). Total proceeds of the offering were $112,700, of which the selling stockholders received $68,355, net of underwriting discounts and commissions totaling $5,145, and the Company received $36,456, net of underwriting discounts and commissions totaling $2,744. In addition, the Company also recognized deferred offering costs of $1,652.

b. Warrants

In connection with the Company s initial public offering on the AIM market of the London Stock Exchange on October 3, 2005, the Company sold 33,500,000 units, consisting of one share of the Company s common stock and two redeemable common stock purchase warrants. Also in connection with this initial public offering, the Company issued an option to purchase 1,675,000 units (individually, UPO) at an exercise price of $7.50 per UPO. Each UPO consists of one share of the Company s common stock and two redeemable common stock purchase warrants. All of the Company s warrants have an exercise price of $5.00 per common share and expire on October 3, 2009.

During the three months ended September 30, 2009, none of the warrants issued in connection with the Company s initial public offering were exercised and 630,008 common shares were issued in connection with a cashless exercise of 524,364 UPOs.

At September 30, 2009, 201,453 warrants and 801,050 UPOs remain outstanding.

c. Noncontrolling Interest

On November 28, 2008, the Company entered into a subscription agreement for capital increase associated with its ownership interest in Yonvey. Under the terms of this agreement, the Company agreed to contribute an additional $10,236 in specified installments in exchange for an additional 12% interest in Yonvey. The Company has remitted the entire balance of the capital increase as of September 30, 2009. The subscription agreement provides a call option such that within a period of three years from the agreement s effective date, the minority shareholder may repurchase up to a maximum 12% ownership interest in Yonvey at a price equal to the relevant percentage of the additional $10,236 registered capital plus a premium calculated using a specified interest rate. In connection with our adoption of ASC 810.10 and ASC 815.40, as Yonvey is a substantive entity, the subscription agreement does not have any contingent exercise provisions and the settlement amount is tied to the fair value of the Yonvey equity, the call option is considered an equity instrument. As such, the Company reclassified the fair value of the call option liability at June 30, 2009 of $1,072 from other long-term liabilities to noncontrolling interest in stockholders equity.

(14) Earnings Per Share

Basic earnings per common share are calculated based on the weighted average number of common shares outstanding during the three months ended September 30, 2009 and 2008, respectively. Diluted earnings per common share assumes the exercise of stock options, the conversion of warrants, and the exercise of UPOs, provided in each case the effect is dilutive.

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The reconciliation of the amounts used to compute basic and diluted earnings per common share for the three months ended September 30, 2009 and 2008 is as follows:

	Three Months Ended September 30, 2009	2008
Basic earnings per common share computation		
Numerator:		
Net income attributable to Globe Specialty Metals, Inc.	$ 8,442	16,965
Denominator:		
Weighted average basic shares outstanding	71,114,939	63,137,373
Basic earnings per common share	$ 0.12	0.27
Diluted earnings per common share computation		
Numerator:		
Net income attributable to Globe Specialty Metals, Inc.	$ 8,442	16,965
Denominator:		
Weighted average basic shares outstanding	71,114,939	63,137,373
Effect of dilutive securities	1,427,903	19,920,042
Weighted average diluted shares outstanding	72,542,842	83,057,415
Diluted earnings per common share	$ 0.12	0.20

The following potential common shares were excluded from the calculation of diluted earnings per common share because their effect would be anti-dilutive:

	Three Months Ended September 30, 2009	2008
Stock options	970,334	361,667
Warrants		
UPOs		

Total	970,334	361,667

(15) Share-Based Compensation

The Company s share-based compensation program consists of the Globe Specialty Metals, Inc. 2006 Employee, Director and Consultant Stock Plan (the Stock Plan), which was approved by the Company s stockholders on November 10, 2006. The Stock Plan provides for the issuance of a maximum of 5,000,000 shares of common stock for the granting of incentive stock options, nonqualified options, stock grants, and share-based awards. Any remaining shares available for grant, but not yet granted, will be carried over and used in the following fiscal years. During the three months ended September 30, 2009, no share-based compensation awards were issued.

At September 30, 2009, there were 685,000 shares available for grant. 3,515,000 outstanding incentive stock options vest and become exercisable in equal one-quarter increments every six months from the date of grant or date of modification. 800,000 option grants vest and become exercisable in equal one-third increments on the first, second, and third anniversaries of the date of grant. All option grants have maximum contractual terms ranging from 5 to 10 years.

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A summary of the changes in options outstanding under the Stock Plan for the three months ended September 30, 2009 is presented below:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding as of June 30, 2009	4,315,000	$ 5.12	4.83	$ 5,095
Granted				
Exercised				
Forfeited and expired				
Outstanding as of September 30, 2009	4,315,000	$ 5.12	4.58	$ 18,600
Exercisable as of September 30, 2009	529,999	$ 6.88	4.48	$ 1,133

No options vested during the three months ended September 30, 2009. As of September 30, 2009, there were 3,785,001 nonvested options outstanding with a grant date fair value, as modified, of $1.63. The weighted average per share fair value of stock option grants at September 30, 2009 was $4.13.

For the three months ended September 30, 2009 and 2008, share-based compensation expense was $1,755 ($954 after tax) and $2,405 ($1,295 after tax), respectively. The expense is reported within selling, general, and administrative expenses.

As of September 30, 2009, the Company has unearned compensation expense of $7,956, before income taxes, related to nonvested stock option awards. The unrecognized compensation expense is expected to be recognized over the following periods ending on June 30:

	2010	2011	2012	2013	2014
Share-based compensation (pretax)	$ 3,857	4,036	63		

It is the Company s policy to issue new shares to satisfy the requirements of its share-based compensation plan. The Company does not expect to repurchase shares in the future to support its share-based compensation plan.

(16) Fair Value Measures

Effective July 1, 2009, the Company completed its adoption of ASC Subtopic 820, which establishes a fair value hierarchy for disclosure of fair value measurements. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 Unobservable inputs reflecting management s own assumptions about the inputs used in pricing the asset or liability. For example, cash flow modeling using inputs based on management s assumptions.

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The following table summarizes assets and liabilities measured at fair value on a recurring basis at September 30, 2009:

	Total	Level 1	Level 2	Level 3
Assets				
Foreign exchange forward contracts	$ 1,155		1,155	
Available-for-sale securities	293	293		
Total	$ 1,448	293	1,155	
Liabilities				
Interest rate derivatives	$ 642		642	
Total	$ 642		642	

Derivative assets and liabilities relate to the interest rate cap and interest rate swap agreements and the foreign exchange forward contracts summarized in note 9 (Derivative Instruments). Fair values are determined by independent brokers using quantitative models based on readily observable market data. See note 8 (Debt) for information regarding the fair value of our outstanding debt.

Available-for-sale securities relate to investments in equity securities. Their fair values are determined based on quoted market prices.

In connection with our adoption of ASC 810.10 and ASC 815.40, the Yonvey call option, previously included as a Level 3 liability was reclassified to stockholders equity. See note 13 (Stockholders Equity) for additional information.

(17) Related Party Transactions

From time to time, the Company enters into transactions in the normal course of business with related parties. Management believes that such transactions are at arm s length and for terms that would have been obtained from unaffiliated third parties.

A current and a former member of the board of directors are affiliated with Marco International and Marco Realty. During the three months ended September 30, 2009 and 2008, the Company:

Paid Marco Realty $62 and $83, respectively, to rent office space for its corporate headquarters in New York City, New York.

Entered into agreements with Marco International to purchase carbon electrodes. Marco International billed $1,662 and $0, respectively, under these agreements.

Entered into an agreement to sell ferrosilicon to Marco International. Net sales were $185 and $0, respectively, under this agreement.

The Company is affiliated with Norchem, Inc. (Norchem) through its 50.0% equity interest. During the three months ended September 30, 2009 and 2008, the Company sold Norchem product valued at $633 and $1,143, respectively. At September 30, 2009 and June 30, 2009, receivables from Norchem totaled $231 and $191, respectively.

Certain entities of the D.E. Shaw group are stockholders of the Company. The Company had outstanding financing arrangements totaling $17,000 with certain entities of the D.E. Shaw group at June 30, 2008. The notes were paid in full in September 2008. Interest expense on these financing arrangements totaled $389 during the three months ended September 30, 2008.

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Prior to our Yonvey business combination, Yonvey s predecessor had entered into a lending agreement with the remaining minority stockholder. At both September 30, 2009 and June 30, 2009, $829 remained payable to Yonvey from this related party.

(18) Operating Segments

Operating segments are based upon the Company s management reporting structure and include the following six reportable segments:

GMI a manufacturer of silicon metal and silicon-based alloys located in the United States.

Globe Metais a manufacturer of silicon metal located in Brazil.

Globe Metales a manufacturer of silicon-based alloys located in Argentina.

Solsil a manufacturer of upgraded metallurgical grade silicon metal located in the United States.

Corporate general corporate expenses, investments, and related investment income.

Other segments that do not fit into the above reportable segments and are immaterial for purposes of separate disclosure. The operating segments include Yonvey s electrode production operations and certain other distribution operations for the sale of silicon metal and silicon-based alloys.

Each of our reportable segments distributes its products in both its country of domicile as well as to other international customers. The following presents the Company s consolidated net sales by product line:

	Three Months Ended September 30,	
	2009	**2008**
Silicon metal	$ 69,402	85,060
Silicon-based alloys	29,566	52,939
Other, primarily by-products	6,490	11,158
Total	$ 105,458	149,157

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a. Segment Data

The Company began to allocate certain general corporate expenses in fiscal 2009. Segment results for the three months ended September 30, 2008 have been updated to conform to this reporting convention. Summarized financial information for our reportable segments as of, and for the three months ended September 30, 2009 and 2008 is shown in the following tables:

	2009			
	Net Sales	Operating Income (Loss)	Income (Loss) Before Income Taxes	Total Assets
GMI	$ 70,861	12,865	12,305	245,056
Globe Metais	21,591	2,032	4,399	77,443
Globe Metales	11,028	3,498	3,206	68,297
Solsil	45	(254)	(254)	26,244
Corporate		(5,003)	(5,359)	323,737
Other	3,050	(1,247)	(1,180)	40,852
Eliminations	(1,117)	435	435	(259,812)
	$ 105,458	12,326	13,552	521,817

	2008		
	Net Sales	Operating Income (Loss)	Income (Loss) Before Income Taxes
GMI	$ 95,970	23,600	23,086
Globe Metais	31,299	6,192	4,097
Globe Metales	20,096	7,535	7,480
Solsil	1,418	(3,898)	(3,853)
Corporate		(4,478)	(3,697)
Other	6,178	(25)	(300)
Eliminations	(5,804)	(1,532)	(1,532)
	$ 149,157	27,394	25,281

The accounting policies of our operating segments are the same as those disclosed in note 2 (Summary of Significant Accounting Policies) to our June 30, 2009 financial statements. We evaluate segment performance principally based on operating income (loss). Intersegment net sales are not material.

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements (Continued)
September 30, 2009 and 2008
(Dollars in thousands, except per share data)
(UNAUDITED)

b. Geographic Data

Net sales are attributed to geographic regions based upon the location of the selling unit. Net sales by geographic region for the three months ended September 30, 2009 and 2008 consist of the following:

	September 30, 2009	September 30, 2008
United States	$ 83,383	110,173
Argentina	10,123	16,921
Brazil	9,114	18,181
China	408	1,755
Poland	2,430	2,127
Total	$ 105,458	149,157

Long-lived assets by geographical region at September 30, 2009 and June 30, 2009 consist of the following:

	September 30, 2009	June 30, 2009
United States	$ 178,854	180,392
Argentina	31,951	32,515
Brazil	29,590	29,760
China	26,929	27,060
Poland	831	839
Total	$ 268,155	270,566

Long-lived assets consist of property, plant, and equipment, net of accumulated depreciation and amortization, and goodwill and other intangible assets.

c. Major Customer Data

The following is a summary of the Company s major customers and their respective percentages of consolidated net sales for the three months ended September 30, 2009 and 2008:

	September 30, 2009	September 30, 2008
Dow Corning Corporation	32%	15%
Wacker Chemie AG	12	7
All other customers	56	78
Total	100%	100%

The Company currently has one contract with Dow Corning Corporation (Dow). The agreement is a four year arrangement in which Dow purchases 30,000 metric tons of silicon metal per calendar year through December 31, 2010. This contract was amended in November 2008 to provide for the sale of an additional 17,000 metric tons of silicon metal to be purchased in calendar year 2009. Under a prior arrangement, effective December 1, 2007 through January 31, 2009, the Company supplied Dow 13,000 metrics tons of silicon metal.

(19) Subsequent Events

On November 5, 2009, the Company sold 100% of its interest in Globe Metais pursuant to a purchase agreement entered into on that same date by and among the Company and Dow. The cash received by the Company

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements (Continued)
September 30, 2009 and 2008
(Dollars in thousands, except per share data)
(UNAUDITED)

in connection with the disposition was approximately $65,600, which represents a purchase price of $75,000 less withholding taxes and certain expenses. Dow assumed Globe Metais cash balances and $14,000 of export prepayment financing. The purchase price is subject to adjustment for changes in working capital as provided for in the purchase agreement.

The sale of the Company s equity interest in Globe Metais was executed in connection with the sale of a 49% membership interest in WVA Manufacturing, LLC (WVA LLC), a newly formed entity by the Company, to Dow, the execution of a long term supply agreement, and an amendment to an existing supply agreement between Dow and the Company to reduce the amount required to be sold in calendar year 2010 to 20,000 metric tons of silicon metal.

For accounting purposes, the Company has allocated $75,000 of the total purchase price received from Dow to the sale of the equity of Globe Metais and $100,000 to the sale of membership interests in WVA LLC. The allocation of total purchase price to the separate transactions was based on the relative fair values of Globe Metais and the membership interests in WVA LLC.

In connection with the Dow transactions, the Company agreed to modify the terms of its senior term loan and senior credit facility discussed in note 8 (Debt). The modifications included a $6,000 prepayment of the senior term loan, applied to reduce the scheduled installments of principal in inverse order of maturity, and a reduction of revolving credit from $35,000 to $28,000 in exchange for the release of the assets of West Virginia Alloys as security for both the senior term loan and senior credit facility.

As discussed in note 13 (Stockholders Equity), as of September 30, 2009, the Company had 201,453 warrants to purchase common stock and 801,050 UPO s to purchase one share of common stock and two warrants outstanding. All outstanding warrants were scheduled to expire on October 3, 2009. As of the close of business on October 2, 2009, the Company had received notifications of exercise from the holders of substantially all of the outstanding warrants and UPO s. The holders of the UPO s exercising their UPO s also immediately exercised the warrants issuable upon the exercise of their UPO s. As a result of all of these exercises, the Company has issued 1,145,925 shares of common stock to the former holders of the warrants and UPO s, and no warrants or UPO s remain outstanding. The Company received $1,497 in cash with respect to these exercises, and the remainder of the shares were issued on a net, cashless basis. The sales and issuances of shares pursuant to the warrant and UPO exercises were deemed to be exempt from registration under the Securities Act of 1933 by virtue of Section 4(2) pertaining to private offers and sales or Regulation S pertaining to foreign offers and sales.

As of October 31, 2009, the Company s power agreement related to our operations in Argentina expired, and we expect prices to increase under a new contract. Negotiations on a fixed-price long-term contract are ongoing, however, a new contract has not been formalized.

The Company has evaluated subsequent events up to November 16, 2009, the date these financial statements are issued.

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Pro Forma Financial Statements

An unaudited pro forma consolidated balance sheet as of June 30, 2009 and an unaudited pro forma consolidated statement of income for the fiscal year ended June 30, 2009, giving effect to the sale of Globe Metais, are set forth below.

Unaudited Pro Forma Condensed Consolidated Financial Statements

The accompanying unaudited pro forma condensed consolidated financial statements (the pro forma financial statements) for Globe Specialty Metals, Inc. (Globe) as of and for the year ended June 30, 2009 are based on the historical financial statements of Globe after giving effect to the disposition of Globe Metais Industria e Comercio Ltda. (Globe Metais), a wholly owned indirect subsidiary of Globe, on November 5, 2009 as more fully described in this Supplement and applying the assumptions and adjustments described in the accompanying notes to the pro forma financial statements.

The accompanying pro forma condensed consolidated statement of operations is presented as if the disposition of Globe Metais had occurred on July 1, 2008. The accompanying pro forma condensed consolidated balance sheet is presented as if the disposition of Globe Metais had occurred on June 30, 2009.

The pro forma financial statements have been prepared by management for illustrative purposes only in accordance with Article 11 of SEC Regulation S-X and are not necessarily indicative of the condensed consolidated financial position or results of operations in future periods or the results that actually would have been realized had Globe Metais not been consolidated during the specified periods.

The pro forma adjustments are based upon available information, preliminary estimates and certain assumptions that Globe believes are reasonable under the circumstances. The pro forma financial statements, including notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, Globe s historical consolidated financial statements included in the Prospectus.

The pro forma financial statements are necessarily based upon allocations, assumptions and approximations and, therefore, do not reflect in precise numerical terms the impact of the disposition of GMIC on the historical financial statements of Globe. The pro forma financial statements are presented for informational purposes only and should not be considered indicative of actual results that would have been achieved had the disposition of GMIC been completed during the period or as of the dates for which the pro forma financial statements are presented. In addition, the pro forma financial statements do not purport to project the financial condition or results of operations for any future date or period and should not be used as a basis for forecasting the future operations of Globe.

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GLOBE SPECIALTY METALS, INC.
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
As of June 30, 2009
(In thousands)
(Unaudited)

	Historical	Pro forma Adjustments	Pro Forma
Assets			
Cash and Cash equivalents	$ 61,876	$ 47,639(A)	$ 109,515
Accounts receivable	24,094	(1,765)(B)	22,329
Inventories	67,394	(9,788)(B)	57,606
Prepaid expenses and other current assets	24,675	(5,442)(B)	19,233
	178,039	30,644	208,683
Property, plant and equipment	217,507	(29,289)(B)	188,218
Goodwill	51,828		51,828
Other assets	25,906	(12,976)(B)	12,930
	$ 473,280	$ (11,621)	$ 461,659
Liabilities and Stockholders Equity			
Current liabilities:			
Accounts payable	$ 21,341	(2,599)(B)	18,742
Current portion of long-term debt	16,561	(6,000)(B)	10,561
Short-term debt	6,688		6,688
Accrued expenses and other current liabilities	46,725	(6,112)(B)	40,613
Total current liabilities	91,315	(14,711)	76,604
Long-term liabilities:			
Long-term debt	36,364	(11,000)(B)	25,364
Deferred tax liabilities	18,890	(147)(B)	18,743
Other long-term liabilities	16,431	(1,474)(B)	14,957
Total liabilities	163,000	(27,332)	135,668
Commitments and contingencies			
Stockholders equity:			
Common stock	7		7
Additional paid-in-capital	303,364		303,364
Retained earnings and accumulated other comprehensive income	1,016	15,711(C)	16,727
Treasury stock at cost	(4)		(4)
Total Globe Specialty Metals, Inc. shareholders equity	304,383	15,711	320,094
Noncontrolling interest	5,897		5,897
Total shareholders equity	310,280	15,711(C)	325,991

Total liabilities and stockholders equity	$ 473,280	$ (11,621)	$ 461,659

The accompanying notes to Pro Forma Condensed Consolidated Financial Statements are an integral part of these financial statements.

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GLOBE SPECIALTY METALS, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended June 30, 2009
(In thousands, except per share data)
(Unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
Net sales	$ 426,291	$ (32,679)(D)	$ 393,612
Cost of goods sold	324,535	(14,346)(E)	310,189
Selling, general and administrative expenses	61,823	(8,557)(F)	53,266
Research and development	1,394	(130)(F)	1,264
Goodwill and intangible asset impairment	69,704		69,704
Restructuring changes	1,711	(400)(F)	1,311
Operating loss	(32,876)	(9,246)	(42,122)
Other income (expense):			
Interest income and expense, net	(6,218)	1,591(F)	(4,627)
Other income (loss)	5,319	(2,054)(F)	3,265
Loss before provision for income taxes	(33,775)	(9,709)	(43,484)
Provision for income taxes	11,609	(2,438)(G)	9,171
Net loss	(45,384)	(7,271)	(52,655)
Losses attributable to non controlling interest, net of tax	3,403		3,403
Net loss attributable to Globe Specialty Metals, Inc.	$ (41,981)	$ (7,271)	$ (49,252)
Weighted average shares outstanding:			
Basic	64,362		64,362
Diluted	64,362		64,362
(Loss) earnings per common share:			
Basic	$ (0.65)		$ (0.77)
Diluted	(0.65)		(0.77)

The accompanying notes to Pro Forma Condensed Consolidated Financial Statements are an integral part of these financial statements.

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NOTES TO PRO FORMA
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 Basis of Presentation

On November 5, 2009, Globe sold 100% of its interest in Globe Metais Industria e Comercio Ltda. (Globe Metais) pursuant to a Purchase Agreement entered into on that same date by and among Globe and Dow Corning Corporation (DCC). The cash received by Globe in connection with the disposition was $65.6 million, which represents a purchase price of $75 million less withholding taxes and certain expenses. DCC assumed Globe Metais cash balances and $14.0 million of term debt. The purchase price is subject to adjustment for changes in working capital as provided for in the Purchase Agreement. Globe estimates such adjustment to be de minimus.

The accompanying pro forma condensed consolidated statement of operations is presented as if the disposition of Globe Metais had occurred on July 1, 2008. The accompanying pro forma condensed consolidated balance sheet is presented as if the disposition of Globe Metais had occurred on June 30, 2009. The pro forma financial statements reflect the assumptions and adjustments described in Note 2 below.

The sale of Globe s equity interest in Globe Metais was executed in connection with the sale to a DCC affiliate of a 49% membership interest in WVA Manufacturing, LLC, (WVA LLC), an entity newly formed by Globe, and the execution of a long term supply agreement and an amendment to an existing supply agreement between DCC and Globe. The accompanying pro forma financial statements do not reflect the sale of the membership interest in WVA LLC or the long term or amended supply agreements.

For accounting purposes, Globe has allocated $75 million of the total purchase price received from DCC to the sale of the equity of Globe Metais and $100 million to the sale of membership interests in WVA LLC. The allocation of total purchase price to the separate transactions was based on the relative fair values of Globe Metais and the membership interests in WVA LLC.

Globe will recognize a gain on sale of Globe Metais of approximately $16 million. The gain on sale is preliminary because final analyses of the sale consideration, and the assets and liabilities included, are not yet complete. This gain is not reflected as a pro forma adjustment to the pro forma condensed consolidated statement of operations since it does not have a continuing impact to operations.

The financial information included in the column titled Historical was derived from Globe s financial statements included in the Prospectus for the year ended June 30, 2009 and should be read in conjunction therewith. The historical financial information reflected in the Prospectus have been recast to attribute net loss and net assets to non-controlling interest in accordance with Statement of Financial Accounting Standards No.

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160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51* (Statement 160), which Globe adopted effective July 1, 2009. (The transition provisions and effective dates of Statement 160 have been codified as FASB Accounting Standards Codification (ASC) 810-10-65-1.)

Note 2 Pro Forma Adjustments

The accompanying pro forma financial statements reflect the following pro forma adjustments:

(A) To reflect the elimination of Globe Metais cash balances of $14.5 million plus cash proceeds from the sale of $62.1 million (based on a purchase price of $75 million, less $10.4 million of taxes and expenses, less $2.5 million of debt assumed by DCC net of cash acquired), as if the sale had been consummated on June 30, 2009. Cash balance of $14.5 million reflects $3.2 million of purchases of finished goods and $6.7 million settlement of inter company balances due to Globe Metais as if the transaction had occurred on June 30, 2009.

(B) To reflect the elimination of asset, liability and equity accounts of Globe Metais acquired or assumed by DCC. Finished goods inventory and net related party receivables (which totaled $3.2 million and $6.7 million, respectively at June 30, 2009) of Globe Metais were purchased and settled by Globe for cash prior to the disposition.

(C) To reflect gain on sale of Globe Metais as if the disposition had occurred on June 30, 2009.

(D) To eliminate $36.6 million of historical revenues of Globe Metais not retained by Globe. Revenues related to certain customer contracts retained by Globe have not been eliminated as such amounts represent part of the continuing operations of Globe. The pro forma adjustment includes the addition of $3.9 million of revenues related to sales to Globe Metais of carbon electrodes, which had previously been eliminated in consolidation.

(E) To eliminate $17.3 million of historical cost of sales of Globe Metais associated with revenues not retained by Globe. Cost of sales associated with sales retained by Globe have been adjusted to reflect the prices which will be paid to Globe Metais for purchases of Silicon for resale to certain retained customers under the terms of the transaction. The pro forma adjustment includes the addition of $2.9 million of costs related to the sale of carbon electrodes to Globe Metais.

(F) To eliminate the historical operating expenses and other income and expense of Globe Metais.

(G) To eliminate $4.1 million of historical provision for income taxes of Globe Metais and reflect U.S. income taxes at the statutory rate in the applicable jurisdictions on the profit associated with sales to certain retained customers.

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54,756,950 Shares

Common Stock

The selling stockholders named in this prospectus are offering up to 54,756,950 shares of our common stock. The selling stockholders will receive all proceeds from the sale of the common stock, and therefore we will not receive any of the proceeds from their sale of the common stock.

Our common stock is listed on the Nasdaq Global Select Market under the symbol GSM. We expect that the selling stockholders will sell their shares of our common stock at prevailing market prices or privately negotiated prices. See also Plan of Distribution.

Investing in our common stock involves risks. See Risk Factors on page 5.

The date of this prospectus is October 15, 2009

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You should rely only on the information contained in this document. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell securities. The information in this document may only be accurate on the date of this document.

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PROSPECTUS SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus. As this is a summary, it does not contain all of the information that you should consider in making an investment decision. You should read the entire prospectus carefully, including the information under Risk Factors and our financial statements including the pro forma financial statement and the related notes included in this prospectus, before investing. Unless otherwise stated in this prospectus, references to we, us or our company refer to Globe Specialty Metals, Inc. and its subsidiaries. In addition, references to MT mean metric tons, each of which equals 2,204.6 pounds.

Our Business

Overview

We are one of the world s largest and most efficient producers of silicon metal and silicon-based alloys, with approximately 156,400 metric tons (MT) of silicon metal capacity and 72,800 MT of silicon-based alloys capacity. Silicon metal, our principal product, is used as a primary raw material in making silicone compounds, aluminum and polysilicon. Our silicon-based alloys are used as raw materials in making steel and ductile iron. We control the supply of most of our raw materials and we capture, recycle and sell most of the by-products generated in our production processes.

Our products are currently produced in four principal operating facilities located in the United States, Brazil and Argentina. Additionally, we operate facilities in Poland and China. Our flexible manufacturing capabilities allow us to optimize production and focus on products that enhance profitability. We also benefit from the lowest average operating costs of any large Western World producer, according to CRU International Limited (CRU), a leading metals industry consultant. CRU defines Western World as all countries supplying or consuming silicon metal with the exception of China and the former republics of the Soviet Union, including Russia.

We currently own and operate seven manufacturing facilities principally in three reportable business segments: GMI, our U.S. operations; Globe Metais, our Brazilian operations; and, Globe Metales, our Argentine operations.

Risks Associated with our Business

Please read the section entitled Risk Factors for a discussion of the risk factors you should carefully consider before deciding to invest in our common stock.

Other Information

Globe Specialty Metals, Inc. was incorporated in December 2004 pursuant to the laws of the State of Delaware under the name International Metal Enterprises, Inc. for the initial purpose of serving as a vehicle for the acquisition of companies operating in the metals and mining industries. In November 2006, we changed our name to Globe Specialty Metals, Inc. Our web site is www.glbsm.com. The information on our web site does not constitute part of this prospectus.

The Offering

Issuer	Globe Specialty Metals, Inc.
Common Stock offered by the selling stockholders	A total of up to 54,756,950 shares held by the selling stockholders. The selling stockholders may or may not sell any or all of the shares that have been registered by us.
Common Stock outstanding	74,320,188 shares of common stock. Our outstanding shares exclude: 4,315,000 shares of common stock issuable upon the exercise of stock options outstanding as of June 30, 2009 at a weighted-average exercise price of $5.12 per share; and 685,000 shares of common stock reserved for future awards under our stock plan.
Use of Proceeds	We will not receive any proceeds from the sale of our common stock by the selling stockholders pursuant to this prospectus.
Risk Factors	Please read Risk Factors beginning on page 5 of this prospectus for a discussion of factors you should carefully consider before deciding to purchase shares of our common stock.
NASDAQ Global Select Market symbol	GSM

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize certain selected consolidated financial data, which should be read in conjunction with our consolidated financial statements and the notes thereto and with Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus. The selected consolidated financial data presented below for the fiscal years ended June 30, 2009, 2008, 2007, 2006 and 2005 are derived from our audited consolidated financial statements. The selected consolidated financial data presented below for the period from July 1, 2006 to November 12, 2006 are derived from audited financial statements. Successor entity refers to Globe Specialty Metals, Inc. (GSM), formerly known as International Metal Enterprises, Inc. (IME). IME, which was a special purpose acquisition vehicle, acquired Globe Metallurgical, Inc. (GMI), the Predecessor, on November 13, 2006 and IME changed its name to Globe Specialty Metals, Inc. The operations of GSM were insignificant compared with our subsequent acquisitions. Therefore, GMI is the Predecessor because it was the first and most significant acquisition, some of the founding investors in GSM were also investors in GMI, and GMI is the entity that has the most influence on the group of entities that have been acquired by GSM since November 13, 2006. The financial statements for the Successor periods are not comparable to the Predecessor periods, because the Predecessor periods do not include results of subsequent acquisitions, including Globe Metais and Globe Metales.

	Successor			Predecessor		
	Year Ended June 30,			Period from July 1 to November 12,	Year Ended June 30,	
	2009	2008	2007	2006	2006	2005
	(Dollars in thousands, except per share data)					
Statement of operations data:						
Net sales	$ 426,291	$ 452,639	221,928	$ 73,173	173,008	132,223
Cost of goods sold	324,535	346,227	184,122	66,683	147,682	103,566
Selling, general and administrative expenses	61,823	48,548	18,541	7,409	14,261	9,180
Research and development	1,394	901	120			
Goodwill and intangible asset impairment	69,704					
Restructuring charges	1,711					
Operating (loss) income	(32,876)	56,963	19,145	(919)	11,065	19,477
Interest and other (expense) income	(899)	(5,285)	504	(7,579)	(6,010)	(5,291)
(Loss) income before income taxes, deferred interest subject to redemption and minority interest	(33,775)	51,678	19,649	(8,498)	5,055	14,186
Provision for income taxes	11,609	15,936	7,047	(2,800)	1,914	4,968
Net (loss) income before deferred interest subject to redemption and minority interest	(45,384)	35,742	12,602	(5,698)	3,141	9,218

Deferred interest subject to redemption			(768)			
Losses attributable to minority interest, net of tax	3,403	721				
Net (loss) income attributable to common stock	$ (41,981)	$ 36,463	11,834	$ (5,698)	3,141	9,218
Net (loss) income per common share basic	$ (0.65)	$ 0.62	0.25	$ (2,947.26)	2,067.04	9,218.06
Net (loss) income per common share diluted	$ (0.65)	$ 0.50	0.24	$ (2,947.26)	2,067.04	9,218.06
Cash dividends declared per common share	$	$	0.07	$		

Balance Sheet Data:	Successor June 30, 2009	June 30, 2008	June 30, 2007	Predecessor June 30, 2006	June 30, 2005
	(Dollars in thousands)				
Cash and cash equivalents	$ 61,876	$ 73,994	67,741	$	
Total assets	473,280	548,174	389,343	140,572	99,660
Total debt including current portion	59,613	89,205	75,877	50,431	54,055
Total stockholders equity	304,383	342,281	222,621	58,425	20,309

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, together with all of the other information contained in this prospectus, including the consolidated financial statements and the related notes appearing at the end of this prospectus before deciding to invest in our common stock. If any of the following events actually occur, our business, business prospects, financial condition, results of operations or cash flows could be materially affected. In any such case, the trading price of our common stock could decline, and you could lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks described below.

Risks Associated with our Business and Industry

The metals industry, including silicon-based metals, is cyclical and has been subject in the past to swings in market price and demand which could lead to volatility in our revenues.

Our business has historically been subject to fluctuations in the price of our products and market demand for them, caused by general and regional economic cycles, raw material and energy price fluctuations, competition and other factors. Historically, GMI has been particularly affected by recessionary conditions in the end-markets for its products. In April 2003, GMI sought protection under Chapter 11 of the United States Bankruptcy Code following its inability to restructure or refinance its indebtedness in light of the confluence of several negative economic and other factors, including an influx of low-priced, dumped imports, which caused it to default on then-outstanding indebtedness. A recurrence of such economic factors could have a material adverse effect on our business prospects, condition (financial or otherwise) and results of operations.

The world silicon metals industry has recently suffered from unfavorable market conditions. The weakened economic environment of national and international metals markets may continue or worsen; any decline could have a material adverse effect on our business prospects, condition (financial or otherwise), and results of operations. In addition, our business is directly related to the production levels of our customers, whose businesses are dependent on highly cyclical markets, such as the automotive, residential and non-residential construction, consumer durables, polysilicon, and chemical markets. In response to unfavorable market conditions, customers may request delays in contract shipment dates or other contract modifications. If we grant modifications, they could adversely affect our anticipated revenues and results of operations. In view of the current economic conditions, we cannot assure you that we will not grant contract modifications in the future. Also, many of our products are internationally traded products with prices that are significantly affected by worldwide supply and demand. Consequently, our financial performance will fluctuate with the general economic cycle, which could have a material adverse effect on our business prospects, condition (financial or otherwise) and results of operations.

Worldwide economic conditions have been extremely volatile in the last several months, leading to slowing economic activity, particularly in the United States, Western Europe and Japan. In addition, many commodity prices have declined significantly. There is a risk that silicon metal market conditions will weaken further due to the economic environment, which could materially adversely affect our results of operations.

Our business is particularly sensitive to increases in energy costs which could materially increase our cost of production.

Electricity is one of our largest production cost components, comprising approximately 28% of cost of cost of goods sold. The level of power consumption of our electric production furnaces is highly dependent on which products are being produced and typically fall in the following ranges: (i) silicon-based alloys require between 3.5 and 8 megawatt hours to produce one MT of product and (ii) silicon metal requires approximately 11 megawatt hours to produce one MT of product. Accordingly, consistent access to low cost, reliable sources of electricity is essential to our business.

Electrical power to our U.S. facilities is supplied mostly by AEP, Alabama Power and Brookfield Power through dedicated lines. Our Alloy, West Virginia facility obtains approximately 45% of its power needs under a 15-year fixed-price contract with a nearby hydroelectric facility. This facility is over 70 years old and any breakdown could result in the Alloy facility having to pay much higher rates for electric power from third parties. Our energy supply for our facilities located in Argentina is supplied through the Edemsa hydroelectric facilities located in Mendoza, Argentina under a contract expiring in October 2009; we expect prices to increase under a new contract. Our energy needs for our facility in Brazil comes from the Tucurui hydroelectric plant, the fifth largest in the world, situated only a few kilometers away from our manufacturing facility. Because energy constitutes such a high percentage of our production costs, we are particularly vulnerable to cost fluctuations in the energy industry. Accordingly, the termination or non-renewal of any of our energy contracts, or an increase in the price of energy could materially adversely affect our future earnings, if any, and may prevent us from effectively competing in our markets.

Losses caused by disruptions in the supply of power would reduce our profitability.

Our operations are heavily dependent upon a reliable supply of electrical power. We may incur losses due to a temporary or prolonged interruption of the supply of electrical power to our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events, including failure of the hydroelectric facilities that currently provide power under contract to our West Virginia, Argentina and Brazil facilities. Large amounts of electricity are used to produce silicon metal and silicon-based alloys, and any interruption or reduction in the supply of electrical power would adversely affect production levels and result in reduced profitability. Our insurance coverage may not be sufficient to cover any or all losses, and such policies do not cover all events. Certain of our insurance policies will not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand.

Investments in Argentina s and Brazil s electricity generation and transmission systems have been lower than the increase in demand in recent years. If this trend is not reversed, there could be electricity supply shortages as the result of inadequate generation and transmission capacity. Given the heavy dependence on electricity of our manufacturing operations, any electricity shortages could adversely affect our financial results.

Government regulations of electricity in Argentina give priority access of hydroelectric power to residential users and subject violators of these restrictions to significant penalties. This preference is particularly acute during Argentina s winter months due to a lack of natural gas. We have previously successfully petitioned the government to exempt us from these restrictions given the demands of our business for continuous supply of electric power. If we are unsuccessful in our petitions or in any action we take to ensure a stable supply of electricity, our production levels may be adversely affected and our profitability reduced.

Any decrease in the availability, or increase in the cost, of raw materials or transportation could materially increase our costs.

Principal components in the production of silicon metal and silicon-based foundry alloys include metallurgical-grade coal, charcoal, carbon electrodes, quartzite, wood chips, steel scrap, and other metals, such as magnesium. We buy some raw materials on a spot basis. We are dependent on certain suppliers of these products, their labor union relationships, mining and lumbering regulations and output and general local economic conditions in order to obtain raw materials in a cost efficient and timely manner. An increase in costs of raw materials or transportation, or the decrease in their production or deliverability in a timely fashion, or other disruptions in production, could result in increased costs to us and lower productivity levels. We may not be able to obtain adequate supplies of raw materials from alternative sources on terms as favorable as our current arrangements or at all. Any increases in the price or shortfall in the production and delivery of raw materials, could materially adversely affect our business prospects, condition (financial or otherwise) or results of operation.

Cost increases in raw material inputs may not be passed on to our customers with fixed contracts, which could negatively impact our profitability.

The availability and prices of raw material inputs may be influenced by supply and demand, changes in world politics, unstable governments in exporting nations and inflation. The market prices of our products and raw material inputs are subject to change. We may not be able to pass a significant amount of increased input costs on to our customers. Additionally, we may not be able to obtain lower prices from our suppliers should our sale prices decrease.

We make a significant portion of our sales to a limited number of customers, and the loss of a portion of the sales to these customers could have a material adverse effect on our revenues and profits.

In the year ended June 30, 2009, we made approximately 47% of our consolidated net sales to our top ten customers and approximately 29% to our top two customers. We expect that we will continue to derive a significant portion of our business from sales to these customers. If we were to experience a significant reduction in the amount of sales we make to some or all of these customers and could not replace these sales with sales to other customers, it could have a material adverse effect on our revenues and profits.

Our U.S.-based businesses benefit from U.S. antidumping duties and laws that protect U.S. companies by taxing imports from foreign companies. If these laws change, foreign companies will be able to compete more effectively with us. Conversely, our foreign operations are adversely affected by these U.S. duties and laws.

Antidumping duties are currently in place covering silicon metal imports from China and Russia. The orders imposing these duties benefit our U.S. operations by constraining supply and increasing U.S. market prices and sales of domestic silicon metal. Rates of duty can change as a result of administrative reviews and new shipper reviews of antidumping orders. These orders can also be revoked as a result of periodic sunset reviews, which determine whether the orders will continue to apply to imports from particular countries. A sunset review of the order covering imports from China will be initiated in 2011. Thus, the current orders may not remain in effect and continue to be enforced from year to year, the goods and countries now covered by antidumping orders may no longer be covered, and duties may not continue to be assessed at the same rates. Changes in any of these factors could adversely affect our business and profitability. Finally, at times, in filing trade actions, we find ourselves acting against the interests of our customers. Some of our customers may not continue to do business with us because of our having filed a trade action. Antidumping rules may, conversely, also adversely impact our foreign operations.

The European Union, like the U.S., can provide antidumping relief from imports sold at unfairly low prices. Our Brazilian facility is our primary source to supply most of our European demand. The European Union responded to claims of dumping by Chinese silicon metal suppliers in 1997 by imposing a 49% duty. Our Brazilian facility would be adversely affected if these duties were revoked or if antidumping measures were imposed against imports from Brazil.

We may be unable to successfully integrate and develop our prior and future acquisitions.

We acquired four private companies between November 2006 and February 2008, and entered into a business combination in May 2008. We expect to acquire additional companies in the future. Integration of our prior and future acquisitions with our existing business is a complex, time-consuming and costly process requiring the employment of additional personnel, including key management and accounting personnel. Additionally, the integration of these acquisitions with our existing business may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Unanticipated problems, delays, costs or liabilities may also be encountered in the development of these acquisitions. Failure to successfully and fully integrate and develop these businesses and operations may have a material adverse effect on our business, financial condition, results of operations and cash flows. The difficulties of combining the acquired operations include, among other things:

- operating a significantly larger combined organization;

coordinating geographically disparate organizations, systems and facilities;

consolidating corporate technological and administrative functions;

integrating internal controls and other corporate governance matters;

the diversion of management s attention from other business concerns;

unexpected customer or key employee loss from the acquired businesses;

hiring additional management and other critical personnel;

negotiating with labor unions;

a significant increase in our indebtedness; and

potential environmental or regulatory liabilities and title problems.

In addition, we may not realize all of the anticipated benefits from any prior and future acquisitions, such as increased earnings, cost savings and revenue enhancements, for various reasons, including difficulties integrating operations and personnel, higher and unexpected acquisition and operating costs, unknown liabilities, inaccurate reserve estimates and fluctuations in markets. If these benefits do not meet the expectations of financial or industry analysts, the market price of our shares may decline.

We are subject to the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business.

Hourly workers at our Alabama and West Virginia facilities are covered by collective bargaining agreements with the Industrial Division of the Communications Workers of America, under a contract running through July 2010 and with The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union under a contract running through April 24, 2011. Our union employees in Brazil are working under a contract running through October 2009. Our union employees in Argentina are working under a contract running through April 2010. New labor contracts will have to be negotiated to replace expiring contracts from time to time. If we are unable to satisfactorily renegotiate those labor contracts on terms acceptable to us or without a strike or work stoppage, the effects on our business could be materially adverse. Any strike or work stoppage could disrupt production schedules and delivery times, adversely affecting sales. In addition, existing labor contracts may not prevent a strike or work stoppage, and any such work stoppage could have a material adverse effect on our business.

We are dependent on key personnel.

Our operations depend to a significant degree on the continued employment of our core senior management team. In particular, we are dependent on the skills, knowledge and experience of Alan Kestenbaum, our Executive Chairman, Jeff Bradley, our Chief Executive Officer, Arden Sims, our Chief Operating Officer, Malcolm Appelbaum, our Chief Financial Officer, and Stephen Lebowitz, our Chief Legal Officer. If these employees are unable to continue in their respective roles, or if we are unable to attract and retain other skilled employees, our results of operations and financial condition could be adversely affected. We currently have employment agreements with Alan Kestenbaum, Jeff Bradley, Arden Sims, Malcolm Appelbaum and Stephen Lebowitz, each of which contains non-compete provisions. Such provisions may not be enforceable by us. Additionally, we are substantially dependent upon key personnel in our financial and information technology staff who enable us to meet our regulatory and contractual financial reporting obligations, including reporting requirements under our credit facilities.

Metals manufacturing is an inherently dangerous activity.

Metals manufacturing generally, and smelting, in particular, is inherently dangerous and subject to fire, explosion and sudden major equipment failure. This can and has resulted in accidents resulting in the serious injury or death of production personnel and prolonged production shutdowns. We have experienced fatal accidents and equipment malfunctions in our manufacturing facilities in recent years and may experience fatal accidents or equipment malfunctions again, which could materially affect our business and operations.

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Unexpected equipment failures may lead to production curtailments or shutdowns.

Many of our business activities are characterized by substantial investments in complex production facilities and manufacturing equipment. Because of the complex nature of our production facilities, any interruption in manufacturing resulting from fire, explosion, industrial accidents, natural disaster, equipment failures or otherwise could cause significant losses in operational capacity and could materially and adversely affect our business and operations.

We depend on proprietary manufacturing processes and software. These processes may not yield the cost savings that we anticipate and our proprietary technology may be challenged.

We rely on proprietary technologies and technical capabilities in order to compete effectively and produce high quality silicon metals and silicon-based alloys. Some of these proprietary technologies that we rely on are:

- computerized technology that monitors and controls production furnaces;
- production software that monitors the introduction of additives to alloys, allowing the precise formulation of the chemical composition of products; and
- flowcaster equipment, which maintains certain characteristics of silicon-based alloys as they are cast.

We are subject to a risk that:

- we may not have sufficient funds to develop new technology and to implement effectively our technologies as competitors improve their processes;
- if implemented, our technologies may not work as planned; and
- our proprietary technologies may be challenged and we may not be able to protect our rights to these technologies.

Patent or other intellectual property infringement claims may be asserted against us by a competitor or others. Our intellectual property may not be enforceable and it may not prevent others from developing and marketing competitive products or methods. An infringement action against us may require the diversion of substantial funds from our operations and may require management to expend efforts that might otherwise be devoted to operations. A successful challenge to the validity of any of our proprietary intellectual property may subject us to a significant award of damages or we may be enjoined from using our proprietary intellectual property, which could have a material adverse effect on our operations.

We also rely on trade secrets, know-how and continuing technological advancement to maintain our competitive position. We may not be able to effectively protect our rights to unpatented trade secrets and know-how.

We are subject to environmental, health and safety regulations, including laws that impose substantial costs and the risk of material liabilities.

We are subject to extensive foreign, federal, national, state, provincial and local environmental, health and safety laws and regulations governing, among other things, the generation, discharge, emission, storage, handling, transportation, use, treatment and disposal of hazardous substances; land use, reclamation and remediation; and the health and safety of our employees. We are also required to obtain permits from governmental authorities for certain operations. We may not have been and may not be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be subject to penalties, fines, restrictions on operations or other sanctions. Under these laws, regulations and permits, we could also be held liable for any and all consequences arising out of human exposure to hazardous substances or environmental damage we may cause or that relates to our operations or properties.

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Under certain environmental laws, we could be required to remediate or be held responsible for all of the costs relating to any contamination at our or our predecessors past or present facilities and at third party waste disposal sites. We could also be held liable under these environmental laws for sending or arranging for hazardous substances to be sent to third party disposal or treatment facilities if such facilities are found to be contaminated. Under these laws we could be held liable even if we did not know of, or were not responsible for, such contamination, or even if we never owned or operated the contaminated disposal or treatment facility.

There are a variety of laws and regulations in place or being considered at the international, federal, regional, state and local levels of government that restrict or are reasonably likely to restrict the emission of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause us to incur material costs if we are required to reduce or offset greenhouse gas emissions and may result in a material increase in our energy costs due to additional regulation of power generators.

Environmental laws are complex, change frequently and are likely to become more stringent in the future. Therefore, our costs of complying with current and future environmental laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances may adversely affect our business, results of operations and financial condition.

We operate in a highly competitive industry.

The silicon-based alloy and silicon metal markets are capital intensive and competitive. Our primary competitors are Elkem AS, owned by Orkla ASA, a large Norwegian public company, Grupo Ferroatlantica S.L. and various producers in China. Our competitors may have greater financial resources, as well as other strategic advantages to maintain, improve and possibly expand their facilities; and as a result, they may be better positioned to adapt to changes in the industry or the global economy. The advantages that our competitors have over us could have a material adverse effect on our business. In addition, new entrants may increase competition in our industry, which could materially adversely affect our business. An increase in the use of substitutes for certain of our products also could have a material adverse effect on our financial condition and operations.

We have historically operated at near the maximum capacity of our operating facilities. Because the cost of increasing capacity may be prohibitively expensive, we may have difficulty increasing our production and profits.

Our facilities are able to manufacture collectively approximately 156,400 MT of silicon metal and 72,800 MT of silicon-based alloys on an annual basis. GMI intends to reopen its idled silicon metal production facility in Niagara Falls, New York, in fiscal 2010, which will increase our silicon metal capacity by approximately 30,000 MT. After we reopen this plant and it is operating at full capacity, and after reopening the Selma, Alabama plant, our ability to increase production and revenues will depend on expanding existing facilities or opening new ones. Increasing capacity is difficult because:

- adding new production capacity to an existing silicon plant to produce approximately 14,000 MT of metallurgical grade silicon would cost approximately $25,000,000 per smelting furnace and take at least 12 to 18 months to complete;
- a greenfield development project would take at least three to five years to complete and would require significant capital expenditure and environmental compliance costs; and
- obtaining sufficient and dependable power at competitive rates near areas with the required natural resources is difficult to accomplish.

We may not have sufficient funds to expand existing facilities or open new ones and may be required to incur significant debt to do so, which could have a material adverse effect on our business.

Some of our subsidiaries are subject to restrictive covenants under credit facilities. These covenants could significantly affect the way in which we conduct our business. Our failure to comply with these covenants could lead to an acceleration of our debt.

Credit facilities maintained by some of our subsidiaries contain covenants that, among other things, restrict our ability to sell assets; incur, repay or refinance indebtedness; create liens; make investments; engage in mergers or acquisitions; pay dividends, including to us; repurchase stock; or make capital expenditures. These credit facilities also require compliance with specified financial covenants, including minimum interest coverage and maximum leverage ratios. These subsidiaries cannot borrow under their credit facilities if the additional borrowings would cause them to breach the financial covenants. Further, a significant portion of GMI s and Globe Metais assets are pledged to secure indebtedness.

Our ability to continue to comply with applicable covenants may be affected by events beyond our control. The breach of any of the covenants contained in a credit facility, unless waived, would be a default under the facility. This would permit the lenders to terminate their commitments to extend credit under, and accelerate the maturity of, the facility. The acceleration of debt could have a material adverse effect on our financial condition and liquidity. If we were unable to repay our debt to the lenders and holders or otherwise obtain a waiver from the lenders and holders, the lenders and holders could proceed against the collateral securing the credit facility and exercise all other rights available to them. We may not have sufficient funds to make these accelerated payments and may not be able to obtain any such waiver on acceptable terms or at all.

Certain of our subsidiaries are restricted from making distributions to us which limits our ability to pay dividends.

Substantially all of our assets are held by and our revenues are generated by our subsidiaries. Our subsidiaries borrow funds in order to finance our operations. The terms of certain of those financings place restrictions on distributions of funds to us. If these limitations prevent distributions to us or our subsidiaries do not generate positive cash flows, we will be limited in our ability to pay dividends and may be unable to transfer funds between subsidiaries if required to support our subsidiaries.

Our insurance costs may increase and we may experience additional exclusions and limitations on coverage in the future.

We have maintained various forms of insurance, including insurance covering claims related to our properties and risks associated with our operations. Our existing property and liability insurance coverages contain exclusions and limitations on coverage. From time-to-time, in connection with renewals of insurance, we have experienced additional exclusions and limitations on coverage, larger self-insured retentions and deductibles and significantly higher premiums. As a result, in the future our insurance coverage may not cover claims to the extent that it has in the past and the costs that we incur to procure insurance may increase significantly, either of which could have an adverse effect on our results of operations.

Solsil may never operate profitably or generate substantial revenues.

We acquired an 81% interest in Solsil in February 2008, and although we expect to expand its operations through the construction of new facilities, its financial prospects are uncertain. Solsil s continued growth, including the construction of new facilities, will require a commitment of significant financial resources that we may determine are not available given the expansion of other existing operations and continuing research and development efforts. In addition, Solsil s continued growth requires a commitment of personnel, including key positions in management that may not be available to us when needed. Unanticipated problems, construction delays, cost overruns, raw material shortages, environmental and/or governmental regulation, limited power availability or unexpected liabilities may also be encountered. Furthermore, Solsil s future profitability is dependent on its ability to produce UMG at significantly larger scales than it currently produces today and with commercially viable costs. Some of the other challenges we may encounter include:

technical challenges, including further improving Solsil s proprietary metallurgical process;

increasing the size and scale of our operations on a cost-effective basis;

capitalizing on market demands and potentially rapid market supply and demand fluctuations;

continued acceptance by the market of our current and future products, including the use of UMG in the photovoltaic (solar) market;

a rapidly growing competitive environment with more new players entering the photovoltaic (solar) market;

achieving the objectives and responsibilities under our joint development and supply agreement with BP Solar International;

alternative competing technologies such as thin films, ribbon string and nano-technology; and

responding to rapid technological changes.

Failure to successfully address these and other challenges may hinder or prevent our ability to achieve our objectives in a timely manner.

We have operations and assets in the U.S., Argentina, Brazil, China and Poland, and may have operations and assets in other countries in the future. Our international operations and assets may be subject to various economic, social and governmental risks.

Our international operations and sales will expose us to risks that could negatively impact our future sales or profitability. Our operations may not develop in the same way or at the same rate as might be expected in a country with an economy similar to the United States. The additional risks that we may be exposed to in these cases include, but are not limited to:

tariffs and trade barriers;

currency fluctuations which could decrease our revenues or increase our costs in U.S. dollars;

regulations related to customs and import/export matters;

tax issues, such as tax law changes and variations in tax laws;

limited access to qualified staff;

inadequate infrastructure;

cultural and language differences;

inadequate banking systems;

different and more stringent environmental laws and regulations;

restrictions on the repatriation of profits or payment of dividends;

crime, strikes, riots, civil disturbances, terrorist attacks or wars;

nationalization or expropriation of property;

law enforcement authorities and courts that are weak or inexperienced in commercial matters; and

deterioration of political relations among countries.

Our competitive strength as a low-cost silicon metal producer is partly tied to the value of the U.S. dollar compared to other currencies. The U.S. dollar has fluctuated significantly in value in comparison to major currencies in recent months. Should the value of the U.S. dollar rise in comparison to other currencies, we may lose this competitive strength.

Exchange controls and restrictions on transfers abroad and capital inflow restrictions have limited and can be expected to continue to limit the availability of international credit. In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. These restrictions have been substantially eased, including those requiring the Central Bank s prior authorization for the transfer of funds abroad in order to pay dividends. However, Argentina may re-impose exchange control or transfer restrictions in the future, among other things, in response to capital flight or a significant depreciation of the peso. In addition, the government adopted various rules and regulations in June 2005 that established new controls on capital inflows, requiring, among other things, that 30% of all capital inflows (subject to certain exceptions) be deposited for one year in a non-assignable non-interest bearing account in Argentina. Additional controls could have a negative effect on the economy and Globe Metales business if imposed in an economic environment where access to local capital is substantially constrained. Moreover, in such event, restrictions on the transfers of funds abroad may impede our ability to receive dividend payments as a holder of Globe Metales shares.

Risks Related to the Offering

Our stock price may be volatile, and purchasers of our common stock could incur substantial losses.

Our stock price may be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above the price at which you purchase the shares. The market price for our common stock may be influenced by many factors, including:

- the success of competitive products or technologies;
- regulatory developments in the United States and foreign countries;
- developments or disputes concerning patents or other proprietary rights;
- the recruitment or departure of key personnel;
- quarterly or annual variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the industries in which we compete and issuance of new or changed securities analysts reports or recommendations;
- the failure of securities analysts to cover our common stock or changes in financial estimates by analysts;
- the inability to meet the financial estimates of analysts who follow our common stock;
- investor perception of our company and of the industry in which we compete; and
- general economic, political and market conditions.

A substantial portion of our total outstanding shares may be sold into the market at any time. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

After the expiration of the lock-up agreements to which 43,914,029 shares are subject, all of the shares being sold in this offering will be freely tradable without restrictions or further registration under the federal securities laws, unless purchased by our affiliates as that term is defined in Rule 144 under the Securities Act. Because only a limited number of shares are available for sale shortly presently due to existing contractual and legal restrictions on resale, there may be sales of substantial amounts of our common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future. We intend to register 5,000,000 shares of our common stock that we may issue under our stock plan, some of which shares are not subject to lock-up agreements. Once we register these shares, they can be freely sold in the public market upon issuance, subject to certain lock-up agreements. Sales of a substantial number of shares of our common stock, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock.

The concentration of our capital stock ownership among our largest stockholders, and their affiliates, will limit your ability to influence corporate matters.

Our four largest stockholders, including our Executive Chairman, together beneficially own approximately 46% of our outstanding common stock. Consequently, these stockholders have significant influence over all matters that require approval by our stockholders, including the election of directors and approval of

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significant corporate transactions. This concentration of ownership will limit your ability to influence corporate matters, and as a result, actions may be taken that you may not view as beneficial.

Prior material weaknesses and significant deficiencies in internal control over financial reporting may not have been adequately remediated and may adversely affect our ability to comply with financial reporting regulations and to publish accurate financial statements.

We maintain a system of internal control over financial reporting, which is defined as a process designed by, or under the supervision of, our Principal Executive Officers and Principal Financial Officer, or persons performing similar functions, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

As a public company, we will have significant additional requirements for enhanced financial reporting and internal controls. We will be required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company.

While we believe that we have remediated the material weaknesses and certain significant deficiencies identified in the fiscal year ended June 30, 2008, the corrective actions we have taken may not have completely remediated the remaining the significant deficiencies. As a result of inherent limitations, our internal control over financial reporting may not prevent or detect misstatements, errors or omissions. Any projections of any evaluation of effectiveness of internal control 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 our policies or procedures may deteriorate. We cannot be certain in future periods that other control deficiencies that may constitute one or more material weaknesses or significant deficiencies in our internal control over financial reporting will not be identified. If we fail to maintain the adequacy of our internal controls, including any failure to implement or difficulty in implementing required new or improved controls, our business and results of operations could be harmed, the results of operations we report could be subject to adjustments, we could incur further remediation costs, we could fail to be able to provide reasonable assurance as to our financial results or the effectiveness of our internal controls or meet our reporting obligations to the SEC and third parties (including lenders under our financing arrangements) on a timely basis and there could be a material adverse effect on the price of our securities.

We have not yet completed our evaluation of our internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act.

We will be required to comply with the internal control evaluation and certification requirements of Section 404 of the Sarbanes-Oxley Act in fiscal 2010. We have not yet completed our evaluation of our internal control over financial reporting. During the course of our evaluation, we have identified and may identify more areas requiring improvement and may be required to design enhanced processes and controls to address issues identified through this review. We may experience higher than anticipated operating expenses as well as outside auditing, consulting and other professional fees during the implementation of these changes and thereafter. Further, we may need to hire additional qualified personnel in order for us to complete our evaluation and remedy our deficiencies, as well as to maintain effective internal control over financial reporting. If we are unable to implement these changes effectively or efficiently, it could harm our operations,

financial reporting or financial results and could result in our conclusion that our internal control over financial reporting is not effective.

We do not expect to pay any cash dividends in the foreseeable future.

We intend to retain our future earnings, if any, to fund the development and growth of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock may be your sole source of gain for the foreseeable future.

Provisions of our certificate of incorporation and by-laws could discourage potential acquisition proposals and could deter or prevent a change in control.

Some provisions in our certificate of incorporation and by-laws, as well as Delaware statutes, may have the effect of delaying, deferring or preventing a change in control. These provisions, including those providing for the possible issuance of shares of our preferred stock and the right of the Board of Directors to amend the bylaws, may make it more difficult for other persons, without the approval of our Board of Directors, to make a tender offer or otherwise acquire a substantial number of shares of our common stock or to launch other takeover attempts that a stockholder might consider to be in his or her best interest. These provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. The forward-looking statements are contained principally in the sections entitled Prospectus Summary, Risk Factors, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and Business. These statements involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward-looking statements include statements about:

- the anticipated benefits and risks associated with our business strategy;
- our future operating results and the future value of our common stock;
- the anticipated size or trends of the markets in which we compete and the anticipated competition in those markets;
- our ability to attract customers in a cost-efficient manner;
- our ability to attract and retain qualified management personnel;
- our future capital requirements and our ability to satisfy our capital needs;
- the potential for additional issuances of our securities; and
- the possibility of future acquisitions of businesses or assets.

In some cases, you can identify forward-looking statements by terms such as anticipates, believes, could, estimates, expects, intends, may, plans, potential, predicts, projects, should, will, would and similar express identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. We discuss many of these risks in this prospectus in greater detail under the heading Risk Factors beginning on page 5. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. You should read this prospectus and the documents that we have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update any forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

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DIVIDEND POLICY

Although we paid a one-time special dividend in December 2006, at the present time, we intend to retain all of our available earnings generated by operations for the development and growth of the business. The decision to pay dividends is at the discretion of our Board of Directors and depends on our financial condition, results of operations, capital requirements and other factors that our Board of Directors deems relevant.

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USE OF PROCEEDS

We will not receive any proceeds from the sale of our common stock by the selling stockholders pursuant to this prospectus.

SELECTED CONSOLIDATED FINANCIAL DATA
(Dollars in thousands, except per share amounts)

The following tables summarize certain selected consolidated financial data, which should be read in conjunction with our consolidated financial statements and the notes thereto and with Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus. The selected consolidated financial data presented below for the fiscal years ended June 30, 2009, 2008, 2007, 2006 and 2005 are derived from our audited consolidated financial statements. The selected consolidated financial data presented below for the period from July 1, 2006 to November 12, 2006 are derived from audited financial statements. Successor entity refers to Globe Specialty Metals, Inc. (GSM), formerly known as International Metal Enterprises, Inc. (IME). IME, which was a special purpose acquisition vehicle, acquired Globe Metallurgical, Inc. (GMI), the Predecessor, on November 13, 2006 and IME changed its name to Globe Specialty Metals, Inc. The operations of GSM were insignificant compared with our subsequent acquisitions. Therefore, GMI is the Predecessor because it was the first and most significant acquisition, some of the founding investors in GSM were also investors in GMI, and GMI is the entity that has the most influence on the group of entities that have been acquired by GSM since November 13, 2006. The financial statements for the Successor periods are not comparable to the Predecessor periods, because the Predecessor periods do not include results of subsequent acquisitions, including Globe Metais and Globe Metales.

	Successor			Predecessor		
				Period from July 1 to November 12,	Year Ended June 30,	
	Year Ended June 30,					
	2009	2008	2007	2006	2006	2005
	(Dollars in thousands, except per share data)					
Statement of operations data:						
Net sales	$ 426,291	$ 452,639	221,928	$ 73,173	173,008	132,223
Cost of goods sold	324,535	346,227	184,122	66,683	147,682	103,566
Selling, general and administrative expenses	61,823	48,548	18,541	7,409	14,261	9,180
Research and development	1,394	901	120			
Goodwill and intangible asset impairment	69,704					
Restructuring charges	1,711					
Operating (loss) income	(32,876)	56,963	19,145	(919)	11,065	19,477
Interest and other (expense) income	(899)	(5,285)	504	(7,579)	(6,010)	(5,291)
(Loss) income before income taxes, deferred interest subject to redemption and minority interest	(33,775)	51,678	19,649	(8,498)	5,055	14,186
Provision for income taxes	11,609	15,936	7,047	(2,800)	1,914	4,968
	(45,384)	35,742	12,602	(5,698)	3,141	9,218

Net (loss) income before deferred interest subject to redemption and minority interest						
Deferred interest subject to redemption			(768)			
Losses attributable to minority interest, net of tax	3,403	721				
Net (loss) income attributable to common stock	$ (41,981)	$ 36,463	11,834	$ (5,698)	3,141	9,218
Net (loss) income per common share basic	$ (0.65)	$ 0.62	0.25	$ (2,947.26)	2,067.04	9,218.06
Net (loss) income per common share diluted	$ (0.65)	$ 0.50	0.24	$ (2,947.26)	2,067.04	9,218.06
Cash dividends declared per common share	$	$	0.07	$		

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Balance sheet data:

		Successor			Predecessor
	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
	(Dollars in thousands)				
Cash and cash equivalents	$ 61,876	$ 73,994	67,741	$	
Total assets	473,280	548,174	389,343	140,572	99,660
Total debt including current portion	59,613	89,205	75,877	50,431	54,055
Total stockholders equity	304,383	342,281	222,621	58,425	20,309

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis together with Selected Financial Data and our consolidated financial statements and the notes to those statements included elsewhere in this prospectus. This discussion contains forward-looking statements based on our current expectations, assumptions, estimates and projections about us and our industry. These forward-looking statements involve assumptions, risks and uncertainties. Our actual results could differ materially from those indicated in these forward-looking statements as a result of certain factors, as more fully described in the Risk Factors section and elsewhere in this prospectus. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Introduction

Globe Specialty Metals, together with its subsidiaries (collectively, we, our, Globe, or the Company) is one of the leading manufacturers of silicon metal and silicon-based alloys. We currently own and operate seven manufacturing facilities principally in three reportable business segments: GMI, our U.S. operations; Globe Metais, our Brazilian operations; and, Globe Metales, our Argentine operations. Our facilities have the capacity to produce collectively approximately 156,400 MT of silicon metal and 72,800 MT of silicon-based alloy products on an annual basis. We expect to reopen our idle production facility in Niagara Falls, New York, in the second quarter of fiscal 2010, which will increase our silicon metal capacity by approximately 30,000 MT. We also have the ability to quickly reopen the Selma, Alabama facility with minimal expense as demand improves.

We were incorporated in December 2004 pursuant to the laws of the State of Delaware under the name International Metal Enterprises, Inc. for the initial purpose of serving as a vehicle for the acquisition of companies operating in the metals and mining industries. In November 2006, we changed our name to Globe Specialty Metals, Inc.

In November 2006, we began to execute our strategy of seeking out and acquiring leading manufacturers of silicon metal and other silicon-based alloys and other related businesses. Also in November 2006, we acquired Globe Metallurgical, Inc. In November 2006, we acquired Stein Ferroaleaciones S.A., whose name subsequently was changed to Globe Metales S.A., UltraCore Polska Sp.z.o.o, and Ultra Core Corporation (UCC); the former three collectively known as the Stein Group (SG). UCP and UCC are included in our Other reportable segment. UCC s operations have subsequently been integrated into the operations of GMI. In January 2007, we acquired Camargo Correa Metais S.A., whose name subsequently was changed to Globe Metais Industria e Comercio S.A. In February 2008, we acquired Solsil, Inc. and in May 2008 we entered into a business combination with Ningxia Yonvey Coal Industrial Co., Ltd.

Business Segments

We operate in six reportable segments:

GMI a manufacturer of silicon metal and silicon-based alloys located in the United States with plants in Beverly, Ohio, Alloy, West Virginia, Niagara Falls, New York and Selma, Alabama and a quartzite mine in Billingsley, Alabama;

Globe Metais a manufacturer of silicon metal located in Brazil with a plant in Breu Branco and a number of leased quartzite mining operations and forest reserves in the state of Para;

Globe Metales a manufacturer of silicon-based alloys located in Argentina with plants in Mendoza and San Luis;

Solsil a developer and manufacturer of upgraded metallurgical grade silicon metal located in the United States with operations in Beverly, Ohio;

Corporate a corporate office including general expenses, investments, and related investment income; and

Other including an electrode production operation in China and a cored-wire production facility located in Poland. These segments do not fit into the above reportable segments, and are immaterial for purposes of separate disclosure.

Overview and Outlook

Sales and shipments are increasing as customers order more material to support their increased production needs. Silicon metal and silicon-based alloys sales and shipments in our fiscal fourth quarter ended June 30, 2009 were up 7% and 14%, respectively, from the prior quarter. The average selling price of silicon metal increased 1% from the prior quarter as the market began to firm, but the average selling price of silicon-based alloys declined 17% as our sales mix shifted towards a lower priced product which, after a large rise in price in fiscal 2009, is now coming under increased price competition. Sales and shipments continued their modest increase in our first quarter of fiscal 2010 with shipments of silicon metal and silicon-based alloys both rising. Our average selling prices in the first quarter of fiscal 2010 remain even with fourth quarter levels, but spot prices for silicon metal appear to be rising as demand increases. We expect continued increases in shipments and sales in our fiscal 2010 second quarter as customer production volumes begin to return to more normalized levels. We also expect our average sales prices for silicon metal and silicon-based alloys to remain relatively stable in the second quarter of fiscal 2010.

Our fiscal year ended June 30, 2009 began with record first quarter net sales and operating income which followed a strong fourth quarter finish to fiscal 2008. However, as the global economic recession began to significantly affect our customers in late calendar 2008 and ferrosilicon alloy imports began to increase, our shipments, sales and operating income began to decline. Shipments of silicon metal and silicon-based alloys declined 20% in our fiscal second quarter and another 36% in our fiscal third quarter. Shipments of silicon-based alloys experienced a greater volume decline than silicon metal as alloy products are largely sold through spot or quarterly contracts. As a result of our take-or-pay silicon metal contracts and favorable industry dynamics our average selling prices remained stable throughout fiscal 2009, despite the volume declines. We reacted rapidly to the precipitous volume declines by idling certain furnaces in the U.S., Brazil, and Argentina and, in April 2009, idling our Selma plant. We also implemented a company-wide cost reduction program which permanently reduced headcount, cut outside services and other production costs. As a result of these actions we generated gross margins of 24% in our fiscal second quarter and 19% in our fiscal third quarter, and remained profitable (prior to goodwill and intangible asset impairment charges) throughout fiscal 2009. Gross margins declined to 18% in our fiscal fourth quarter but are showing increases at the beginning of fiscal 2010.

Critical Accounting Policies

We prepare our financial statements in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Management bases our estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from the estimates used under different assumptions or conditions. We have provided a description of all significant accounting policies in the notes to our consolidated financial statements. We believe that the following accounting policies involve a higher degree of judgment or complexity.

Business Combinations

We have completed a number of significant business acquisitions. Our business strategy contemplates that we may pursue additional acquisitions in the future. When we acquire a business, the purchase price is allocated to the tangible assets, identifiable intangible assets and liabilities acquired. Any residual purchase price is recorded as goodwill. Management generally engages independent third-party appraisal firms to assist in determining the fair values of assets acquired. Such a valuation requires management to make significant estimates, especially with respect to intangible assets. These estimates are based on historical experience and information obtained from the management of the acquired companies. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted average cost of capital, and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and may impact reported depreciation and amortization in future periods, as well as any related impairment of goodwill or other long lived assets.

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Goodwill and Other Intangibles

At June 30, 2009, we had goodwill and other intangibles with indefinite useful lives totaling $52,305,000. In accordance with Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), we annually review, in the third quarter of our fiscal year, goodwill and other intangibles with indefinite useful lives for impairment. A review is also performed whenever events or changes in circumstances indicate the carrying amount of these assets may not be recoverable. Reporting units are determined in accordance with the guidance in SFAS 142. If we determine that the carrying value of goodwill and other intangibles may not be recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of goodwill and other intangibles exceeds its fair value. Fair value is measured based on a discounted cash flow method, using a discount rate determined by us to be commensurate with the risk inherent in our current business model, or a valuation technique based on multiples of earnings consistent with the objective of measuring fair value. The estimates of cash flows, future earnings, and discount rate are subject to change due to the economic environment and business trends, including such factors as interest rates, expected market returns and volatility of markets served, as well as government regulation and technological change. We believe that the estimates of future cash flows, future earnings, and fair value are reasonable; however, changes in estimates, circumstances or conditions could have a significant impact on our fair valuation determination, which could then result in a material impairment charge in our results of operations.

Inventories

At June 30, 2009, we had inventories totaling $67,394,000. Inventories are valued at the lower of cost or market value, which does not exceed net realizable value. Cost of inventories is determined either by the first-in, first-out method or by the average cost method. When circumstances indicate a potential valuation issue, tests are performed to assess net realizable value, and as necessary, an inventory write-down is recorded for obsolete, slow moving or defective inventory. Management estimates market and net realizable value based on current and future selling prices for our inventories, as well as the expected utilization of parts and supplies in our manufacturing process. Management believes that these estimates are reasonable; however, changes in estimates or future price decreases caused by changing economic conditions, including customer demand, could result in future inventory adjustments, resulting in decreased operating profits and lower asset levels.

Share-Based Compensation

During the year ended June 30, 2009, we recorded share-based compensation expense of $6,395,000. We account for share-based payments to employees in accordance with SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS 123(R)), which requires that share-based payments (to the extent they are compensatory) be recognized in our consolidated statement of operations based on their fair values. In addition, we have applied the provisions of the SEC s Staff Accounting Bulletin No. 107 (SAB 107) in our accounting under SFAS 123(R). We are required to estimate the stock awards that we ultimately expect to vest and to reduce share-based compensation expense for the effects of estimated forfeitures of awards over the expense recognition period. Given our share-based compensation was granted under a new plan and that there is relatively no historical data, we have estimated a forfeiture rate of zero. Actual forfeitures in the future may differ from this estimate, which would favorably impact our future results from operations.

We estimate the fair value of employee stock options using a Black-Scholes valuation model. Our common stock is currently traded on the AIM market of the London Stock Exchange and the NASDAQ Global Select Market (effective July 29, 2009). Accordingly, in making stock awards as of June 30, 2009, we value our common stock based upon reported trades on the AIM market (and NASDAQ subsequent to our July listing) on or immediately preceding the date of grant and also based upon the average of the bid and ask prices reported on the AIM (NASDAQ) market. The fair value of an award is affected by our closing stock price on the AIM (NASDAQ) market on the date of grant as well as other assumptions, including the estimated volatility over the term of the awards and the estimated period of time that we expect employees to hold their stock options, which is calculated using the simplified method allowed by SAB 107. As there is limited trading data related to our common stock, the expected volatility over the expected vesting term of our share-based compensation is based on the historical volatilities of similar companies. The risk-free interest rate assumption we use is based upon United States Treasury interest rates appropriate for the expected life of the

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awards. Our expected dividend rate is zero since we do not currently pay cash dividends on our common stock and do not anticipate doing so in the foreseeable future. Actual results could differ from these estimates, which would impact our results from operations.

Income Taxes

We recorded a provision for income taxes of $11,609,000 during the year ended June 30, 2009. As part of the process of preparing consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we conduct business. This process involves estimating actual current tax expense and temporary differences between tax and financial reporting. Temporary differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. We must assess the likelihood that deferred tax assets will be recovered from future taxable income. A valuation allowance is recognized to reduce deferred tax assets if, and to the extent that, it is more likely than not that all or some portion of the deferred tax assets will not be realized. The determination of the need for a valuation allowance is based on an on-going evaluation of current information including, among other things, estimates of future earnings in different tax jurisdictions and the expected timing of deferred income tax asset reversals. We believe that the determination to record a valuation allowance to reduce deferred income tax assets is a critical accounting estimate because it is based on an estimate of future taxable income in the various tax jurisdictions in which we do business, which is susceptible to change and may or may not occur, as well as the estimated timing of the reversal of temporary differences which create our deferred income tax assets, and because the impact of adjusting a valuation allowance may be material. In the event that actual results differ from estimates in future periods, and depending on the tax strategies that we may be able to implement, changes to the valuation allowance could impact our financial position and results of operations.

As part of our accounting for business combinations, some of the purchase price is allocated to goodwill and intangible assets. Amortization expense associated with acquired intangible assets is generally not tax deductible; however, deferred taxes have been recorded for non-deductible amortization expense as a part of the purchase price allocation process. We have taken into account the allocation of these identified intangibles among different taxing jurisdictions in establishing the related deferred tax liabilities. Income tax contingencies existing as of the acquisition dates of the acquired companies are evaluated quarterly and any adjustments are recorded as adjustments to (a) reduce to zero any goodwill related to the acquisition, (b) reduce to zero other noncurrent intangible assets related to the acquisition, and (c) reduce income tax expense.

In July 2006, the Financial Accounting Standards Boards (FASB) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with SFAS No. 109 Accounting for Income Taxes. This interpretation prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. According to the interpretation the Company would recognize an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the relevant taxing authority that has full knowledge of all relevant information, based on the technical merits of the position. The income tax position is measured at the largest amount of benefit that is more than 50% likely of being realized upon settlement with a taxing authority. FIN 48 also provides guidance on derecognition classification on the consolidated balance sheet, interest and penalties, accounting for interim periods, disclosure and transition. The determination of an uncertain tax position and the likelihood of it being realized requires critical judgment and estimates. We carefully assess each of the uncertain tax positions in order to determine the tax benefit that can be recognized in the consolidated financial statements.

We adopted FIN 48 effective July 1, 2007. As a result of the implementation of FIN 48 we reviewed our tax filing positions by jurisdiction and upon completion of the review did not record a provision for uncertain income tax positions as required by FIN 48. Going forward, we will record and/or disclose such potential tax liabilities, as appropriate, and will reasonably estimate our income tax liabilities and recoverable tax assets. If new information becomes available, adjustments will be charged against income at that time. We do not anticipate that such adjustments would have a material adverse effect on our consolidated financial position or liquidity; however, it is possible that the final outcomes could have a material impact on our reported results of operations.

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Pensions

We have three noncontributory defined pension benefit plans that were frozen in 2003. Our pension plans and postretirement benefit plans are accounted for under SFAS No. 158 *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans An Amendment of FASB Statements No. 87, 88, 106, and 132(R)* using actuarial valuations required by SFAS No. 87 *Employers Accounting for Pensions* and SFAS No. 106 *Employers Accounting for Postretirement Benefits Other Than Pensions.* We consider accounting for employee benefit plans critical because we are required to make significant subjective judgments about a number of actuarial assumptions, including discount rates, long-term return on plan assets, and mortality rates. Expected return on plan assets is determined based on historical results adjusted for anticipated market movements. Depending on the assumptions and estimates used, the pension benefit (expense) could vary within a range of outcomes and have a material effect on reported results. In addition, the assumptions can materially affect accumulated benefit obligations and future cash funding.

The weighted-average expected long-term rates of return on pension plan assets were 8.50% at both June 30, 2009 and 2008. This rate is determined annually by management based on a weighted average of current and historical market trends, historical and expected portfolio performance and the current and expected portfolio mix of investments. A 1.00% change in these expected long-term rates of return, with all other variables held constant, would not have a material impact on our pension expense.

The weighted-average discount rates for pension plan obligations were 6.25% and 6.75% at June 30, 2009 and 2008, respectively. The weighted-average discount rates for net period benefit (cost) were 6.75% and 6.25% at June 30, 2009 and 2008, respectively. These rates are used to calculate the present value of plan liabilities and are determined annually by management. The discount rate is established utilizing the Citigroup Pension Discount Curve. A 1.00% change in discount rate, with all other variables held constant, would not have a material impact on our pension expense and would impact the projected benefit obligation by approximately $2,250,000.

Results of Operations

Our results of operations are significantly affected by our recent acquisitions. We acquired GMI in November 2006, SG in November 2006, Globe Metais in January 2007, Solsil in February 2008 and Yonvey in May 2008. Accordingly, our results for the year ended June 30, 2009 and 2008 include the results of GMI, SG and Globe Metais for the entire period and include the results of Solsil for the four month period ended June 30, 2008 and for the entire year ended June 30, 2009. Results for the year ended June 30, 2009 include the results of Yonvey for the entire period, and one and a half months results are included for the year ended June 30, 2008. Our results for the fiscal year ended June 30, 2007, include the results of GMI and SG for approximately seven and a half months following their acquisitions and the results of Globe Metais for the five months following its acquisition.

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GSM Fiscal Year Ended June 30, 2009 vs. 2008

Consolidated Operations

The following table presents consolidated operating results:

	Years Ended June 30, 2009	Years Ended June 30, 2008	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 426,291	452,639	(26,348)	(5.8)%
Cost of goods sold	324,535	346,227	(21,692)	(6.3)%
Selling, general and administrative expenses	61,823	48,548	13,275	27.3%
Research and development	1,394	901	493	54.7%
Goodwill and intangible asset impairment	69,704		69,704	NA
Restructuring charges	1,711		1,711	NA
Operating (loss) income	(32,876)	56,963	(89,839)	(157.7)%
Interest (expense) income, net	(6,218)	(7,026)	808	(11.5)%
Other income	5,319	1,741	3,578	205.5%
(Loss) income before provision for income taxes and losses attributable to minority interest	(33,775)	51,678	(85,453)	(165.4)%
Provision for income taxes	11,609	15,936	(4,327)	(23.4)%
Losses attributable to minority interest, net of tax	3,403	721	2,682	(372.0)%
Net (loss) income attributable to common stock	$ (41,981)	36,463	(79,045)	(216.8)%

Net Sales:

	Year Ended June 30, 2009 Net Sales			Year Ended June 30, 2008 Net Sales		
	$ (in 000s)	MT	$/MT	$ (in 000s)	MT	$/MT
			(Unaudited)			
Silicon metal	$ 257,571	100,461	$ 2,564	$ 329,278	145,675	$ 2,260
Silicon-based alloys	141,356	59,554	2,374	105,327	68,731	1,532
Silicon metal and silicon-based alloys	398,927	160,015	2,493	434,605	214,406	2,027
Silica fume and other	27,364			18,034		
Total net sales	$ 426,291			$ 452,639		

The decrease in net sales of $26,348,000 was primarily attributable to a 25% decline in volumes caused by the global economic crisis which was partially offset by a 23% increase in pricing. The volume decreases are comprised of a 31% and 13% decrease in silicon metal and silicon-based alloy tons sold, respectively, and resulted in decreased net sales of approximately $116,263,000. Pricing increases were comprised of a 13% and 55% increase in silicon metal and silicon-based alloys average selling prices, respectively, and resulted in increased net sales of approximately $80,585,000. Silica fume and other revenue increased by $9,330,000 primarily due to the timing of the Yonvey acquisition in China, a carbon electrode production facility, in May 2008 and an increase in the sale of by-products.

Cost of Goods Sold:

The decrease in the cost of goods sold of $21,692,000 represented a 6% year-over-year decrease in costs which is significantly less than the 25% or 54,391 metric tons decrease in year-over-year volumes. The disproportionate decrease in costs was due to the impact of the Yonvey and Solsil acquisitions, lower factory capacity utilization, increased power costs, and increased electrode costs. The acquisition of Solsil in February

2008, contributed incremental cost of goods sold of approximately $6,475,000. The cost of goods sold at Yonvey and Solsil for fiscal 2009 includes inventory write-downs of $5,835,000. Power costs increased due to a new rate structure at Globe Metais which started on July 1, 2008. Power costs at Globe Metais were $14,186,000 higher than they would have been if power rates remained constant. At GMI power rates were higher due to fixed demand charges being allocated over lower volume and power tariff increases at all GMI production facilities. Power costs at GMI were $10,234,000 higher than they would have been if power costs remained constant. We idled certain furnaces at all of our facilities in the second half of fiscal 2009, resulting in a significant reduction in the absorption of fixed costs.

Gross margin represented approximately 24% of net sales in fiscal 2008 and remained comparable in fiscal 2009 as a result of higher average selling prices offset by higher power costs, inventory write-downs, and lower capacity utilization.

Selling, General and Administrative:

The increase in selling, general and administrative expenses of $13,275,000 was primarily due to: the timing of the Solsil and Yonvey acquisitions in fiscal 2008, which contributed increases of $569,000 and $3,007,000, respectively; $2,527,000 of deferring offering costs written off because our initial public offering was postponed by more than 90 days; executive bonuses and bonus accruals at corporate which increased by approximately $7,460,000, including a special, one-time discretionary bonus of $5,000,000 paid to our Executive Chairman; and, an increase of $2,250,000 in salaries and benefits related to increased infrastructure in advance our initial public offering. These increases were partially offset by a reduction of share-based compensation expense of $1,781,000.

Research and Development:

The increase in research and development expenses of $493,000 was primarily due to the acquisition of Solsil in February 2008, which contributed an incremental $679,000 of expenses, partially offset by a decrease of $333,000 at Globe Metais as certain projects that were underway in the prior year were completed.

Goodwill and Intangible Asset Impairment:

Goodwill and intangible asset impairment for fiscal 2009 was approximately $69,704,000 and was associated with the Solsil business unit. The global economic slowdown, combined with a decrease in oil prices, caused a sharp decline in product price and demand for upgraded metallurgical grade silicon. As a result, it was determined that the value of the Solsil business unit no longer supported its goodwill and intangible asset balances. We have completed our annual impairment assessments for each of our business units, and determined that no further impairment losses exist at June 30, 2009.

Net Interest Expense:

Net interest expense decreased by $808,000 due to the refinancing and repayment of credit facilities at GMI and Globe Metais, which resulted in overall lower average debt balances, partially offset by lower interest income as a result of reduced interest rates.

Other Income:

Other income increased by $3,578,000 primarily due to year-over-year foreign exchange gains at Corporate and Globe Metais. Corporate had a year-over-year gain of $1,411,000 related to a non U.S. dollar denominated liability. Globe Metais had a fiscal 2009 foreign exchange loss of $2,714,000 associated with the revaluation of long-term reais denominated tax liabilities offset by a gain of $4,789,000 on our foreign exchange forward contracts, resulting in a net gain of $2,075,000 in fiscal 2009, compared to a net gain of $1,651,000 in fiscal 2008. GMI also reported a gain of $1,002,000 due to the settlement of litigation and $448,000 higher income from certain nonoperational third party transactions.

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Provision for Income Taxes:

Income taxes as a percentage of pre-tax income were approximately (34)% or $11,609,000 in fiscal 2009 and 31% or $15,936,000 in fiscal 2008, respectively. The change in our tax provision was primarily due to the fact that the one-time goodwill impairment charge arose from a non-taxable acquisition and no tax benefit was obtained from the goodwill impairment. In addition, the change in the level of earnings and losses within the various tax jurisdictions in which we operate also impacted the effective tax rate.

We currently operate under tax holidays in Brazil and Argentina. In Brazil, we are operating under a tax holiday which taxes our manufacturing income at the preferential rate of 15.25% compared to a statutory rate of 34%. The tax holiday in Brazil expires in 2016. In Argentina, our manufacturing income is taxed at a preferential rate which varies based on production levels from our Argentine facilities. The statutory rate in Argentina is 35%. The tax holiday in Argentina expires in 2012.

Segment Operations

GMI

	Years Ended June 30,		Increase	Percentage
	2009	2008	(Decrease)	Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 277,466	308,074	(30,608)	(9.9)%
Cost of goods sold	206,712	241,028	(34,316)	(14.2)%
Selling, general and administrative expenses	23,126	21,702	1,424	6.6%
Restructuring charges	281		281	NA
Operating income	$ 47,347	45,344	2,003	4.4%

Net sales decreased $30,608,000 from the prior year to $277,466,000. The decrease was primarily attributable to a 25% decrease in volumes partially offset by a 23% increase in average selling price. Silicon metal volumes were down 33% due to a decline in demand from our silicone and aluminum customers. Silicon-based alloy volumes were down only 8% due to a reduction in our magnesium ferrosilicon volumes, offset by increases in ferrosilicon products. Pricing for silicon metal was up 14%, due to an increase in spot pricing moderated by our long-term fixed-price contracts, while pricing for silicon-based alloys was up 59%.

Operating income increased by $2,003,000 from the prior year to $47,347,000. This was primarily due to an increase in the average selling price offset by volume declines, increased production costs and increased selling, general and administrative expenses. Cost of goods sold decreased 14% while volumes decreased 25%. This increase in cost per ton sold was due to increased power costs, higher electrode prices and reduced capacity utilization. Power rates were higher due to fixed demand charges being allocated over lower volume and power tariff increases at all GMI production facilities. Power costs at GMI were $10,234,000 higher than they would have been if power cost per ton sold remained constant from 2008 to 2009. Salaries and benefits for employees involved in selling, general and administrative activities increased by approximately $1,904,000 at GMI, due to increased headcount and increased pension expenses as a result of plan asset losses.

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Globe Metais

	Years Ended June 30, 2009	2008	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 95,096	108,218	(13,122)	(12.1)%
Cost of goods sold	71,164	74,552	(3,388)	(4.5)%
Selling, general and administrative expenses	8,800	9,817	(1,017)	(10.4)%
Research and development	130	463	(333)	(71.9)%
Restructuring charges	400		400	NA
Operating income	$ 14,602	23,386	(8,784)	(37.6)%

Net sales decreased $13,122,000 from the prior year to $95,096,000. The decrease was primarily attributable to a 31% decrease in volume of silicon metal partially offset by a 30% increase in average selling price. Volumes decreased due to the global reduction in demand for silicones and aluminum. The decrease in domestic Brazilian demand was most pronounced in the second half of 2009.

Operating income decreased by $8,784,000 from the prior year to $14,602,000. The decrease was due primarily to lower sales volumes, and a corresponding reduction in capacity utilization, along with a significant increase in power rates. The new power contract rate structure began on July 1, 2008. Power costs at Globe Metais were $14,186,000 higher than they would have been had power rates per ton sold remained constant from fiscal 2008 to 2009. As a result, cost of goods sold decreased 5%, while volumes decreased 31%. These adverse changes were partially offset by an increase in average selling price of silicon metal and a decrease in selling, general and administrative expenses due to a decrease in the use of outside services.

Globe Metales

	Years Ended June 30, 2009	2008	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 50,731	42,090	8,641	20.5%
Cost of goods sold	31,544	34,440	(2,896)	(8.4)%
Selling, general and administrative expenses	3,560	2,680	880	32.8%
Restructuring charges	678		678	NA
Operating income	$ 14,949	4,970	9,979	200.8%

Net sales increased $8,641,000 from the prior year to $50,731,000. The increase was primarily attributable to a 57% increase in average selling prices led by calcium silicon price increases, offset by a 24% decrease in volume. Volumes were down across all products except for ferrosilicon-based products.

Operating income increased $9,979,000 from the prior year to $14,949,000. The increase was primarily due to an increase in average selling price partially offset by a decrease in volume, the accrual of a power surcharge associated with a potential penalty for excess power usage, and an increase in selling, general and administrative expenses. Cost of goods sold decreased 8% while volumes decreased 24%. This increase in cost per ton sold was due to increased power costs and reduced capacity utilization.

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Solsil

	Years Ended June 30, 2009	2008	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 2,202	1,532	670	43.7%
Cost of goods sold	9,808	3,333	6,475	194.3%
Selling, general and administrative expenses	1,183	614	569	92.7%
Research and development	1,117	438	679	155.0%
Restructuring charges	187		187	NA
Goodwill and intangible asset impairment	69,704		69,704	NA
Operating loss	$ (79,797)	(2,853)	(76,944)	(2,697.0)%

Net sales increased $670,000 from the prior year to $2,202,000 due to an increase in average selling prices during the first half of our fiscal year. In the second half of the year, Solsil was focused on research and development projects and was not producing material for commercial sale.

Cost of goods sold increased $6,475,000 from the prior year to $9,808,000, partially due to the timing of the acquisition of Solsil in February 2008. Cost of goods sold in 2009 was approximately $7,606,000 in excess of net sales, reflecting Solsil s efforts to refine its production process. Cost of goods sold also included an inventory write-down of $1,956,000. Solsil recorded a goodwill and intangible asset impairment in fiscal 2009 of $69,704,000. The global economic slowdown, combined with the decrease in oil prices, caused a sharp decline in product price and demand for upgraded metallurgical grade silicon. As a result, it was determined that the value of the Solsil business unit no longer supported its goodwill and intangible asset balances.

Corporate

	Years Ended June 30, 2009	2008	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Selling, general and administrative expenses	$ 21,302	12,760	8,542	66.9%
Restructuring charges	95		95	NA
Operating loss	$ (21,397)	(12,760)	(8,637)	67.7%

Selling, general and administrative expenses increased $8,542,000 from the prior year to $21,302,000. This was primarily due to a special, one-time discretionary bonus of $5,000,000 paid to our Executive Chairman in recognition of his distinguished service from our inception through December 31, 2008, an executive level bonus accrual of $2,300,000 for calendar year 2009, the write-off of $2,527,000 of deferred offering costs as a result of the fact that our proposed initial public offering was postponed more than 90 days and increased infrastructure in advance of our initial public offering. These increases were offset by a decrease in share-based compensation of $1,781,000.

GSM Fiscal Year Ended June 30, 2008 vs. 2007

Consolidated Operations

The following table presents consolidated operating results:

	Years Ended June 30, 2008	2007	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 452,639	221,928	230,711	104.0%
Cost of goods sold	346,227	184,122	162,105	88.0%
Selling, general and administrative expenses	48,548	18,541	30,007	161.8%
Research and development	901	120	781	650.8%
Operating income	56,963	19,145	37,818	197.5%
Interest (expense) income, net	(7,026)	623	(7,649)	(1227.8%)
Other income (expense)	1,741	(119)	1,860	(1563.0%)
Income before provision for income taxes, deferred interest attributable to common stock subject to redemption, and losses attributable to minority interest	51,678	19,649	32,029	163.0%
Provision for income taxes	15,936	7,047	8,889	126.1%
Deferred interest attributable to common stock subject to redemption		(768)	768	NA
Losses attributable to minority interest, net of tax	721		721	NA
Net income attributable to common stock	$ 36,463	11,834	24,629	208.1%

Net Sales:

	Year Ended June 30, 2008 Net Sales $ (in 000s)	MT	$/MT	Year Ended June 30, 2007 Net Sales $ (in 000s)	MT	$/MT
			(Unaudited)			
Silicon metal	$ 329,278	145,675	$ 2,260	$ 155,587	92,210	$ 1,687
Silicon-based alloys	105,327	68,731	1,532	58,189	41,706	1,395
Silicon metal and silicon-based alloys	434,605	214,406	2,027	$ 213,776	133,916	$ 1,596
Silica fume and other	18,034			8,152		

Total net sales	$ 452,639	$ 221,928

The increase in net sales was primarily attributable to significant price increases and the timing of acquisitions. GMI, Globe Metais and Globe Metales were all acquired during fiscal 2007. Fiscal 2008 revenues for these entities exceeded their fiscal 2007 revenues by $135,900,000, $80,612,000 and $20,706,000, respectively. These increases represented additional volume in fiscal 2008 as well as the effect of price increases. In total, price increases in silicon metal, magnesium ferrosilicon and calcium silicon products increased revenue by approximately $92,409,000. The acquisitions of Solsil in February 2008 and Yonvey in May 2008 contributed net sales of approximately $1,532,000 and $876,000, respectively, in the fiscal year ended June 30, 2008.

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Cost of Goods Sold:

The increase in cost of goods sold was primarily attributable to the timing of the acquisitions of GMI, Globe Metais and Globe Metales during fiscal 2007, resulting in incremental cost of goods sold of approximately $65,900,000, $45,100,000 and $9,000,000, respectively, in the fiscal year ended June 30, 2008. The acquisitions of Solsil in February 2008 and Yonvey in May 2008 contributed cost of goods sold of approximately $3,333,000 and $1,142,000, respectively, in the fiscal year ended June 30, 2008. Additionally, cost of goods sold increased by $32,700,000, $6,400,000 and $6,500,000, primarily due to higher prices for raw materials, power and increased labor costs, at GMI, Globe Metais and Globe Metales, respectively. These cost increases were more than offset by the sales price increases noted above.

Gross margin represented approximately 24% of net sales in 2008 versus approximately 17% of net sales in 2007, an improvement in gross margin of approximately 41%, primarily reflecting higher sales prices partially offset by higher raw material prices, power and labor costs.

Selling, General and Administrative:

The acquisitions of GMI, Globe Metais and Globe Metales during fiscal 2007 resulted in incremental expenses of approximately $5,400,000, $3,000,000, and $700,000, respectively, in the fiscal year ended June 30, 2008. The acquisition of Solsil in February 2008 and Yonvey in May 2008 contributed expenses of approximately $558,000 and $266,000, respectively, in the fiscal year ended June 30, 2008. The remaining increase at GMI was primarily due to higher legal fees of approximately $1,200,000 and increased salary and benefits of approximately $1,100,000. The remaining increase at Globe Metais was primarily due to higher forest security costs of approximately $1,100,000, increased information system costs of $1,100,000, increased professional fees of $600,000, and increased salary and benefits of approximately $500,000. Corporate expenses increased by $10,890,000 due to increased stock option expenses, professional fees and salary and benefits.

Research and Development:

The increase in research and development costs in 2008 was primarily due to the acquisition of Solsil in February 2008.

Other (Expense) Income:

The acquisitions of GMI, Globe Metais and Globe Metales during fiscal 2007 resulted in incremental interest expense of approximately $1,900,000, $1,500,000, and $500,000, respectively, in the fiscal year ended June 30, 2008. Other expense decreased by approximately $700,000 primarily due to lower legal fees related to the Westbrook Resources Limited litigation. Interest income was lower by approximately $3,200,000 due to a reduction of cash resulting from the acquisitions of GMI, Globe Metais and Globe Metales. Additionally, GMI recorded an insurance recovery of approximately $700,000 in fiscal 2008.

Provision for Income Taxes:

Income taxes as a percentage of pretax income were approximately 36% or $7,047,000, in fiscal 2007 and approximately 31% or $15,936,000, in fiscal 2008. The changes in our income tax provision were a result of changes in the level of earnings and losses within the various tax jurisdictions in which we operate, as well as the impact of tax exempt interest and foreign tax rate differentials and tax holidays associated with our Globe Metales and Globe Metais acquisitions.

We currently operate under tax holidays in Brazil and Argentina. In Brazil, we are operating under a tax holiday which taxes our manufacturing income at the preferential rate of 15.25% compared to a statutory rate of 34%. The tax holiday in Brazil expires in 2016. In Argentina, our manufacturing income is taxed at a preferential rate which varies based on production levels from our Argentine facilities. The statutory rate in Argentina is 35%. The tax holiday in Argentina expires in 2012.

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Deferred Interest Subject to Redemption:

This amount represents interest income attributable to stockholders who elected to redeem their shares at the time of the GMI acquisition in November 2006.

Segment Operations

GMI

	Years Ended June 30, 2008	Years Ended June 30, 2007	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 308,074	172,158	135,916	78.9%
Cost of goods sold	241,028	141,125	99,903	70.8%
Selling, general and administrative expenses	21,702	12,114	9,588	79.1%
Operating income	$ 45,344	18,919	26,425	139.7%

Net sales increased $135,916,000 from fiscal 2007 to $308,074,000. The increase was primarily attributable to the timing of the acquisition of GMI and significant price increases. In total, volume and pricing increased 46% and 21%, respectively.

Operating income increased by $26,425,000 from fiscal 2007 to $45,344,000 due primarily to significant price increases and the timing of the acquisition offset partially by an increase in the cost of raw materials, power, and labor.

Globe Metais

	Years Ended June 30, 2008	Years Ended June 30, 2007	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 108,218	27,606	80,612	292.0%
Cost of goods sold	74,552	22,867	51,685	226.0%
Selling, general and administrative expenses	9,817	2,566	7,251	282.6%
Research and development	463		463	NA
Operating income	$ 23,386	2,173	21,213	976.2%

Net sales increased $80,612,000 from fiscal 2007 to $108,218,000. The increase was primarily attributable to the timing of the acquisition of Metais and a significant increase in the average selling price of silicon metal. In total, volume and pricing increased 242% and 20%, respectively.

Operating income increased by $21,213,000 from fiscal 2007 to $23,386,000 due primarily to the timing of the acquisition, significant price increases, and a decrease in the per ton cost of production, offset partially by an increase in monthly selling, general and administrative expenses.

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Globe Metales

	Years Ended June 30, 2008	2007	Increase (Decrease)	Percentage Change
	(Dollars in thousands)			
Results of Operations				
Net sales	$ 42,090	21,384	20,706	96.8%
Cost of goods sold	34,440	19,028	15,412	81.0%
Selling, general and administrative expenses	2,680	1,575	1,105	70.2%