

GLOBE SPECIALTY METALS INC
Form 10-K/A
March 08, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Amendment No. 2 to
Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2012

OR

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

Commission File Number 001-34420
Globe Specialty Metals, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2055624
(I.R.S. Employer
Identification No.)

One Penn Plaza
250 West 34th Street, Suite 4125
New York, NY 10119
(Address of principal executive offices, including zip code)

(212) 798-8122
(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, \$0.0001 par value	The NASDAQ Global Select Market

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

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

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

As of August 23, 2012, the registrant had 75,051,549 shares of common stock outstanding. As of December 31, 2011 (the last business day of the Registrant's most recently completed second fiscal quarter), the aggregate market value of such shares held by non-affiliates of the Registrant was approximately \$861.1 million.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement relating to the 2012 Annual Meeting of Stockholders, filed with the Securities and Exchange Commission, are incorporated by reference in Part III, Items 10 - 14 of this Annual Report on Form 10-K as indicated herein.

EXPLANATORY NOTE

This Amendment No. 2 to the Annual Report on Form 10-K (“Second Amended 10-K”) of Globe Specialty Metals, Inc. (“we” or “Globe”) amends our Annual Report on Form 10-K for the year ended June 30, 2012 that was filed with the Securities Exchange Commission (“SEC”) on August 27, 2012 (“Original 10-K”) and amended on August 30, 2012 (“Amended 10-K”). This Second Amended 10-K does not reflect a change in our results of operations or financial position as reported in the Original 10-K or Amended 10-K. Instead, this Second Amended 10-K is filed to amend the Amended 10-K to include the entire text of Item 8 rather than just include the amended Report of Independent Registered Public Accounting Firm.

This Second Amended 10-K does not reflect events occurring after the Original 10-K or modify or update the disclosure contained therein in any way other than as required to reflect the second amendment discussed above. This Second Amended 10-K consists only solely of the preceding cover page, this explanatory note, Item 8, Item 15, the signature page, the exhibit index, the consent of KPMG LLP filed as Exhibit 23.1, and the officer certifications filed as Exhibits 31.1, 31.2 and 32.1.

Item 8. Financial Statements and Supplementary Data

The financial statements appearing on pages 1 to 28 are incorporated herein by reference.

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1)	Financial Statements	Page
	Reports of Independent Registered Public Accounting Firm	1
	Consolidated Balance Sheets at June 30, 2012 and 2011	3
	Consolidated Statements of Income for the years ended June 30, 2012, 2011, and 2010	4
	Consolidated Statements of Changes in Stockholders' Equity for the years ended June 30, 2012, 2011, and 2010	5
	Consolidated Statements of Cash Flows for the years ended June 30, 2012, 2011, and 2010	6
	Notes to Consolidated Financial Statements	7

(2) Financial Statement Schedules

Not applicable.

(3) Exhibits

The following exhibits are filed with this Annual Report or incorporated by reference:

Exhibit Number	Description of Document
2 .1	Purchase and Sale Agreement dated as of March 26, 2010, by and among Globe Metals Enterprises, Inc., Core Metals Group Holdings LLC and each of the Sellers named therein (6)
2 .2	Membership Interest Purchase Agreement dated May 27, 2011 by and among NGPC Asset Holdings II, LP,NGP Capital Resources Company and Globe BG, LLC relating to Alden Resources Inc. (7)
2 .3	Membership Interest Purchase Agreement dated May 27, 2011 by and among NGPC Asset Holdings II, LP,NGP Capital Resources Company and Globe BG, LLC relating to Gatliff Services, Inc. (7)
2 .4	Purchase Agreement dated May 27, 2011 by and among NGP Capital Resources Company, Globe BG, LLC and Globe Specialty Metals, Inc. regarding The Overriding Royalty Interests (7)
2 .5	Agreement of Purchase and Sale dated as of April 25, 2012 by and among Becancour Silicon Inc., Timminco Ltd., QSI Partners Ltd., and Globe Specialty Metals, Inc. (14)
Articles of Incorporation and Bylaws	
3 .1	Amended and Restated Certificate of Incorporation (1)
3 .2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (1)
3 .3	Amended and Restated Bylaws (2)
Instruments Defining the Rights of Security Holders, Including Indentures	
4 .1	Third Amended and Restated Credit Agreement dated as of March 30, 2011, by and among GMI, Tennessee Alloys Company LLC, and GSM Sales, Inc., as borrowers, Alabama Sand and Gravel, Inc. and Laurel Ford Resources, Inc., as subsidiary guarantors, GSM, as Parent, the lender parties thereto, and Societe Generale, as Administrative Agent, Issuing Bank, Swingline Lender and Collateral Agent and SG Americas Securities LLC, as Sole Arranger (3)
4 .2	Term Loan Agreement, dated July 28, 2011, by and among GBG Holdings, LLC, Globe Specialty Metals, Inc., GSM Enterprises LLC, the Lenders from time to time party thereto, and BNP Paribas, as administrative agent, collateral agent, sole lead arranger and sole bookrunner (13)

4 .3 Credit Agreement, dated as of May 31, 2012, among the Company, certain subsidiaries of the Company from time to time party thereto, Fifth Third Bank as Administrative Agent and L/C issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated as Joint Lead Arranger and Joint Book Runner, Bank of America, N.A., KeyBank National Association, Sovereign Bank, N.A., and Wells Fargo Bank, N.A., as Co-Syndication Agents, and BBVA Compass Bank, Citibank, N.A., Citizens Bank Of Pennsylvania, HSBC Bank USA N.A., and PNC Bank, National Association, as Co-Documentation Agents, and the other lenders party thereto. (5)

We are a party to other instruments defining the rights of holders of long-term debt. No such instrument authorizes an amount of securities in excess of 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. We agree to furnish a copy of each such instrument to the Commission on request.

Material Contracts

10 .1 Output and Supply Agreement, dated as of October 1, 2010, by and among Quebec Silicon Limited Partnership, Becancour Silicon Inc. (succeeded in interest by QSIP Canada ULC) and Dow Corning Corporation. (14)

10 .2 Shareholders Agreement between all the Shareholders of Quebec Silicon General Partner Inc., dated as of October 1, 2010, by and among Becancour Silicon Inc. (succeeded in interest by QSIP Canada ULC), Dow Corning Netherlands, B.V., and Quebec Silicon General Partner Inc. (14)

10 .3 Amended and Restated Limited Partnership Agreement dated as of October 1, 2010, by and among Becancour Silicon Inc. (succeeded in interest by QSIP Canada ULC), Dow Corning Canada, Inc., and Quebec Silicon General Partner Inc. (14)

Management Contracts and Compensatory Plans

10 .6 2006 Employee, Director and Consultant Stock Option Plan (1)

10 .7 Amendments to 2006 Employee, Director and Consultant Stock Option Plan (8)

10 .8 2010 Annual Executive Bonus Plan (9)

10 .9 Chief Financial Officer and Chief Legal Officer Annual Bonus Plan (10)

10 .10 Framework for the 2011 Annual Executive Long Term Incentive Plan (11)

10 .11 Employment Agreement, dated January 27, 2011, between GSM and Alan Kestenbaum (11)

10 .12 Employment Agreement, dated July 5, 2011, between GSM and Jeff Bradley (12)

10 .13 Employment Agreement, dated November 30, 2011, between GSM and Malcolm Appelbaum (4)

10 .14 Employment Agreement, dated June 20, 2008, between GSM and Stephen Lebowitz (1)

10 .15 Amendment to Employment Agreement, dated October 27, 2010, between GSM and Stephen Lebowitz (8)

10 .16 Executive Deferred Compensation Plan (4)

10 .17 Director Deferred Compensation Plan (4)

21 .1 Subsidiaries (14)

23 .1 Consent of KPMG LLP †

31 .1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 †

31 .2 Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 †

32 .1 Certification of the Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 †

95 Mine Safety Disclosure (14)

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The following materials from our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 formatted in eXtensible Business Reporting Language (“XBRL”): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Changes in Stockholders’ Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) notes to these consolidated financial statements. *

† Filed herewith.

* Previously filed with the Annual Report on Form 10-K for the year ended June 30, 2012, filed with the Securities and Exchange Commission on August 27, 2012, which is being amended hereby.

1 Incorporated by reference to the exhibit with the same designation filed with the Company’s registration statement on Form S-1 (Registration No. 333-152513) filed on July 25, 2008.

2 Incorporated by reference to the exhibit with the same designation filed with Amendment No. 1 to the Company’s registration statement on Form S-1 (Registration No. 333-152513) filed on November 4, 2008.

3 Incorporated by reference to exhibit to the Company’s Form 8-K filed on April 5, 2011.

4 Incorporated by reference to exhibit to the Company’s Form 10-Q filed on February 8, 2012.

5 Incorporated by reference to exhibit to the Company’s Form 8-K filed on June 6, 2012.

6 Incorporated by reference to exhibit to the Company’s Form 8-K filed on April 1, 2010.

7 Incorporated by reference to exhibit to the Company’s Form 8-K filed on June 3, 2011.

8 Incorporated by reference to exhibit to the Company’s Form 10-Q filed on February 11, 2011.

9 Incorporated by reference to exhibit to the Company’s Form 10-K filed on September 28, 2010.

10 Incorporated by reference to exhibit to the Company’s Form 10-Q filed on November 12, 2010.

11 Incorporated by reference to exhibit to the Company’s Form 10-Q filed on May 12, 2011.

12 Incorporated by reference to exhibit to the Company’s Form 10-K filed on August 26, 2011.

13 Incorporated by reference to exhibit to the Company’s Form 8-K filed on August 2, 2011.

14 Incorporated by reference to exhibit to the Company’s Form 10-K filed on August 27, 2012.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Globe Specialty Metals, Inc. (Registrant)

By: /s/ Malcolm Appelbaum
Malcolm Appelbaum
Chief Financial Officer

March 8, 2013

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Globe Specialty Metals, Inc.:

We have audited the accompanying consolidated balance sheets of Globe Specialty Metals, Inc. and subsidiary companies (the Company) as of June 30, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Globe Specialty Metals, Inc. and subsidiary companies as of June 30, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Globe Specialty Metals, Inc. and subsidiary companies' internal control over financial reporting as of June 30, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 27, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

New York, New York
August 27, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Globe Specialty Metals, Inc.:

We have audited Globe Specialty Metals, Inc. and subsidiary companies (the Company) internal control over financial reporting as of June 30, 2012, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Globe Specialty Metals, Inc. and subsidiary companies' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

The Company acquired Quebec Silicon Limited Partnership (Quebec Silicon) on June 13, 2012, and management excluded Quebec Silicon's internal control over financial reporting from its assessment of the effectiveness of the Company's internal control over financial reporting as of June 30, 2012. The acquisition of Quebec Silicon contributed less than 1 percent of the Company's total revenue for the year ended June 30, 2012 and accounted for approximately 15 percent of the Company's total assets as of June 30, 2012. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Quebec Silicon.

In our opinion, Globe Specialty Metals, Inc. and subsidiary companies maintained, in all material respects, effective internal control over financial reporting as of June 30, 2012, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Globe Specialty Metals, Inc. and subsidiary companies as of June 30, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2012, and our report dated August 27, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

New York, New York
August 27, 2012

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GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Consolidated Balance Sheets

June 30, 2012 and 2011

(In thousands, except share and per share amounts)

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 178,010	166,208
Accounts receivable, net of allowance for doubtful accounts of \$955 and \$715 at June 30, 2012 and 2011, respectively	85,258	60,871
Inventories	119,441	109,292
Prepaid expenses and other current assets	27,915	27,876
Total current assets	410,624	364,247
Property, plant, and equipment, net of accumulated depreciation, depletion and amortization	432,761	229,977
Goodwill	56,740	53,503
Other intangible assets	477	477
Investments in unconsolidated affiliates	9,217	8,640
Deferred tax assets	200	217
Other assets	26,728	21,208
Total assets	\$ 936,747	678,269
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 52,005	39,947
Short-term debt	317	1,094
Revolving credit agreements	9,000	12,000
Accrued expenses and other current liabilities	40,602	34,475
Total current liabilities	101,924	87,516
Long-term liabilities:		
Revolving credit agreements	131,386	34,989
Deferred tax liabilities	28,835	23,264
Other long-term liabilities	70,803	17,224
Total liabilities	332,948	162,993
Commitments and contingencies (note 15)		
Stockholders' equity:		
Common stock, \$0.0001 par value. Authorized, 150,000,000 shares; issued, 75,331,310 and 75,289,614 shares at June 30, 2012 and 2011, respectively	8	8
Additional paid-in capital	405,675	399,900
Retained earnings	119,863	80,300
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	1,256	937
Pension liability adjustment, net of tax	(8,058)	(3,933)
Unrealized gain on available for sale securities, net of tax	(38)	1
Total accumulated other comprehensive loss	(6,840)	(2,995)
Treasury stock at cost, 282,437 shares at June 30, 2012 and 2011	(4)	(4)
	518,702	477,209

Total Globe Specialty Metals, Inc. stockholders' equity			
Noncontrolling interest		85,097	38,067
Total stockholders' equity		603,799	515,276
Total liabilities and stockholders' equity		\$ 936,747	678,269

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Consolidated Statements of Income
 Years ended June 30, 2012, 2011, and 2010
 (In thousands, except per share amounts)

	2012	2011	2010
Net sales	\$705,544	641,863	472,658
Cost of goods sold	552,873	488,018	390,093
Selling, general, and administrative expenses	61,623	54,739	47,875
Research and development	127	87	200
Business interruption insurance recovery	(450)	—	—
Restructuring charges	—	—	(81)
(Gain) loss on sale of business	(54)	4,249	(19,715)
Operating income	91,425	94,770	54,286
Other income (expense):			
Interest income	243	214	318
Interest expense, net of capitalized interest	(7,610)	(3,198)	(4,372)
Foreign exchange gain (loss)	1,191	(390)	3,811
Other income	1,387	1,318	764
Income before provision for income taxes	86,636	92,714	54,807
Provision for income taxes	28,760	35,988	20,539
Net income	57,876	56,726	34,268
Income attributable to noncontrolling interest, net of tax	(3,306)	(3,918)	(167)
Net income attributable to Globe Specialty Metals, Inc.	\$ 54,570	52,808	34,101
Weighted average shares outstanding:			
Basic	75,039	74,925	73,512
Diluted	76,624	76,624	74,770
Earnings per common share:			
Basic	\$ 0.73	0.70	0.46
Diluted	0.71	0.69	0.46
Cash dividends declared per common share	0.20	0.15	—

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Consolidated Statements of Changes in Stockholders' Equity
 Years ended June 30, 2012, 2011, and 2010
 (In thousands)

Globe Specialty Metals, Inc. Stockholders' Equity									
		Additional		Accumulated		Treasury		Total	
Common Stock	Shares	Paid-In	Retained	Other	Stock	Noncontrolling	Comprehensive	Stockholders'	
Amount	7	Capital	Earnings	(Loss) Income	at Cost	Interest	Income (Loss)	Equity	
Balance at June 30, 2009	66,944	\$ 7	303,364	4,660	(3,644)	(4)	6,969	(48,525)	311,352
Warrants exercised	257	—	1,287	—	—	—	—	—	1,287
UPOs exercised	1519	—	210	—	—	—	—	—	210
Share-based compensation	30	—	5,712	—	—	—	—	—	5,712
Stock option exercises	99	—	616	—	—	—	—	—	616
Stock issuance	5,600	—	34,768	—	—	—	—	—	34,768
Sale of noncontrolling interest	—	—	44,397	—	—	—	27,012	—	71,409
Realized gain on available-for-sale securities	—	—	—	—	(10)	—	—	—	(10)
Comprehensive income (loss):									
Foreign currency translation adjustment	—	—	—	—	64	—	1	65	65
Pension liability adjustment (net of income)	—	—	—	—	(851)	—	—	(851)	(851)

tax benefit of (\$551)									
Unrealized gain on available-for-sale securities (net of provision for income taxes of \$1)	—	—	—	—	3	—	—	3	3
Net income	—	—	—	34,101	—	—	167	34,268	34,268
Total comprehensive income								33,485	33,485
Balance at June 30, 2010	74,422								
Share-based compensation	7	390,354	38,761		(4,438)	(4)	34,149		458,829
Stock option exercises	—	4,332	—		—	—	—		4,332
Cash dividend declared	—	—	(11,269)		—	—	—		(11,269)
Comprehensive income:									
Foreign currency translation adjustment	—	—	—		795	—	—	795	795
Pension liability adjustment (net of income tax benefit of \$419)	—	—	—		647	—	—	647	647
Unrealized gain on									

available-for-sale securities (net of provision for income taxes of \$0)	—	—	—	—	1	—	—	1	1
Net income	—	—	—	52,808	—	—	3,918	56,726	56,726
Total comprehensive income								58,169	58,169
Balance at June 30, 2011	75,290								
Share-based compensation	8	399,900	80,300	(2,995)	(4)	38,067			515,276
Stock option exercises	—	2,482	—	—	—	—	—	—	2,482
Sale of noncontrolling interest	—	—	210	—	—	—	—	—	210
Cash dividend declared	—	—	(15,007)	—	—	—	—	—	(15,007)
Solsil shares purchased	—	—	2,888	—	—	—	(3,038)	—	(150)
Acquisition of Quebec Silicon	—	—	—	—	—	—	46,762	—	46,762
Comprehensive income (loss):									
Foreign currency translation adjustment	—	—	—	—	319	—	—	319	319
Pension liability adjustment (net of income)									

tax benefit of \$2,528)	—	—	—	—	(4,125)	—	—	(4,125)	(4,125)
Unrealized loss on available-for-sale securities (net of provision for income taxes of \$13)	—	—	—	—	(39)	—	—	(39)	(39)
Net income	—	—	—	54,570	—	—	3,306	57,876	57,876
Total comprehensive income								54,031	54,031
Balance at June 30, 2012	75,332	\$	8	405,675					
					(6,840)	(4)	85,097		603,799

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Consolidated Statements of Cash Flows
 Years ended June 30, 2012, 2011, and 2010
 (In thousands)

	2012	2011	2010
Cash flows from operating activities:			
Net income	\$ 57,876	56,726	34,268
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	34,000	25,055	20,672
Depletion	848	—	—
Share-based compensation	2,482	4,332	5,712
(Gain) loss on sale of business	(54)	4,249	(19,715)
Amortization of deferred financing fees	2,180	195	271
Deferred taxes	9,312	13,538	(8,123)
Accretion	230	—	—
Changes in operating assets and liabilities:			
Accounts receivable, net	2,608	(4,664)	(29,029)
Inventories	10,729	(25,355)	(16,326)
Prepaid expenses and other current assets	(4,505)	(1,649)	6,984
Accounts payable	(5,047)	(7,833)	28,290
Accrued expenses and other current liabilities	2,038	(6,179)	(13,438)
Other	(8,790)	2,773	(28,821)
Net cash provided by (used in) operating activities	103,907	61,188	(19,255)
Cash flows from investing activities:			
Capital expenditures	(41,836)	(35,039)	(22,901)
Acquisition of businesses, net of cash acquired of \$4,090, \$0, and \$1,873 during the years ended June 30, 2012, 2011, and 2010, respectively	(109,717)	—	(53,084)
Sale of businesses, net of cash disposed of \$0, \$0, and \$17,132 during the years ended June 30, 2012, 2011, and 2010, respectively	—	2,500	60,559
Working capital adjustments from acquisition of businesses, net	—	(2,038)	—
Other investing activities	(152)	(16,935)	(733)
Net cash used in investing activities	(151,705)	(51,512)	(16,159)
Cash flows from financing activities:			
Borrowings of long-term debt	50,000	—	—

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		(17,012)	(21,917)
Payments of long-term debt	(50,000)		
Borrowings of short-term debt	1,048	4,999	11,896
		(11,972)	(10,518)
Payments of short-term debt	(1,825)		
Borrowings under revolving credit agreements	136,408	35,989	22,000
Payments under revolving credit agreements	(54,462)	(5,000)	(6,000)
Debt issuance costs	(5,199)	(869)	—
		(11,269)	
Dividend payment	(15,007)		—
Proceeds from stock option exercises	195	5,215	616
Proceeds from warrants exercised	—	—	1,287
Proceeds from UPOs exercised	—	—	210
Sale of noncontrolling interest	—	—	97,917
Sale of common stock	—	—	36,456
Other financing activities	(1,296)	—	(1,387)
	Net cash provided by financing activities		130,560
		59,862	81
Effect of exchange rate changes on cash and cash equivalents	(262)	(578)	7
	Net increase in cash and cash equivalents		
		11,802	9,179
			157,029
Cash and cash equivalents at beginning of year	166,208		61,876
		166,208	157,029
Cash and cash equivalents at end of year	\$178,010		
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of capitalized interest	\$ 4,475	2,533	2,494
Cash paid for income taxes, net of refunds totaling \$3,194, \$586, and \$2,729 during the years ended June 30, 2012, 2011, and 2010, respectively	22,023	19,819	51,709

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements
June 30, 2012, 2011, and 2010
(Dollars in thousands, except per share data)

(1) Organization and Business Operations

Globe Specialty Metals, Inc. and subsidiary companies (GSM, 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.

On November 13, 2006, the Company acquired Globe Metallurgical, Inc. (GMI), a manufacturer of silicon metal and silicon-based alloys. GMI owns and operates plants in Beverly, Ohio, Alloy, West Virginia, Niagara Falls, New York, and Selma, Alabama. GMI's products are sold primarily to the silicone chemical, aluminum, metal casting, and solar cell industries, primarily in the United States, Canada, and Mexico. GMI also owns 50% of Norchem, Inc. (Norchem). Norchem manufactures and sells additives that enhance the durability of concrete, refractory material, and oil well conditioners. GMI sells silica fume (also known as microsilica), a by-product of its ferrosilicon metal and silicon metal production process, to Norchem, as well as other companies.

On November 20, 2006, the Company acquired Stein Ferroaleaciones S.A. (SFA), an Argentine manufacturer of silicon-based alloys, and SFA's affiliate, UltraCore Polska Sp.z.o.o. (UCP), a Polish manufacturer of cored wire alloys. SFA has been renamed Globe Metales S.A. (Globe Metales). Globe Metales is headquartered in Buenos Aires, Argentina, and operates a silicon-based alloy manufacturing plant in Mendoza province, Argentina and cored wire packing plants in San Luis province, Argentina and Police, Poland. Globe Metales' products are important ingredients in the manufacturing of steel, ductile iron, machine and auto parts, and pipe.

On January 31, 2007, the Company acquired Camargo Correa Metais S.A. (CCM), one of Brazil's largest producers of silicon metal and silica fume. CCM was renamed Globe Metais Indústria e Comércio S.A. (Globe Metais). On November 5, 2009, the Company sold 100% of its interest in Globe Metais. 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 Corning Corporation (Dow Corning).

On February 29, 2008, the Company completed the acquisition of approximately 81% of Solsil, Inc. (Solsil). Solsil is continuing to develop its technology to produce upgraded metallurgical grade silicon through a proprietary metallurgical process for use in photovoltaic (solar) cells. Solsil remains focused on research and development and is not presently producing material for commercial sale. On December 6, 2011, the Company purchased all the shares held by one of Solsil's minority partners. Additionally, Solsil issued and sold new shares to the Company. Subsequent to these stock purchase transactions the Company owns 97.25% of Solsil.

On May 15, 2008, the Company purchased an ownership interest of approximately 58% of Ningxia Yonvey Coal Industrial Co., Ltd (Yonvey). Yonvey is a producer of carbon electrodes, an important input in the silicon metal production process. Yonvey now principally supplies its electrodes to our subsidiaries. Yonvey's operations are located in Chonggang Industrial Park, Shizuishan in the Ningxia Hui Autonomous Region of China. On November 28, 2008, the Company increased its interest by an additional 12%.

On April 1, 2010, the Company acquired Core Metals Group Holdings LLC (Core Metals). Core Metals is a leading producer, marketer, and distributor of ferroalloys and specialty materials for the North American steel and foundry industry. The acquisition was made to strengthen our growing ferrosilicon business and expand the line of products and services we offer to steel markets around the world.

On July 28, 2011, the Company acquired Alden Resources, LLC (Alden) and Gatliff Services, LLC (Gatliff), collectively known as Alden. Alden is North America's leading miner, processor and supplier of specialty metallurgical coal to the silicon and silicon-based alloy industries. The acquisition was made in order to secure a stable, long-term and low-cost supply of specialty metallurgical coal, a key ingredient in the production of silicon metal and silicon-based alloys.

On June 13, 2012, the Company acquired Becancour Silicon Metal Inc.'s ("BSI") 51% equity interest in Quebec Silicon Limited Partnership ("QSLP"), collectively known as Quebec Silicon. The Company will operate Quebec Silicon's silicon metal plant located in Becancour, Quebec with its joint venture partner Dow Corning.

See note 3 (Business Combinations, Investments, and Divestitures) for additional information regarding business combinations, investments, and divestitures.

(2) Summary of Significant Accounting Policies

a. Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). When the Company does not have a controlling interest in an entity, but exerts significant influence over the entity, the Company applies the equity method of accounting. For investments in which the Company does not have significant influence, the cost method of accounting is used.

The Company also evaluates the consolidation of entities under Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 810, Consolidation (ASC 810). ASC 810 requires management to evaluate whether an entity or interest is a variable interest entity and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. The Company does not have any variable interest entities requiring consolidation.

All intercompany balances and transactions have been eliminated in consolidation.

b. 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 consolidated financial statements and related notes. Significant estimates and assumptions in these consolidated financial statements include the valuation of inventories; the depreciable lives for property, plant, and equipment; estimates of fair value associated with accounting for business combinations; goodwill and long-lived asset impairment tests; 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 (benefit); and the determination of the fair value of share-based compensation, involving assumptions about forfeiture rates, stock volatility, discount rates, expected dividend yield, and expected time to exercise. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

c. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 605, Revenue Recognition (ASC 605), 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 net basis and, therefore, are excluded from net sales. When the Company provides a combination of products and services to customers, the arrangement is evaluated under 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.

d. Foreign Currency Translation

The determination of the functional currency for the Company's foreign subsidiaries is made based on appropriate economic factors, including the currency in which the subsidiary sells its products, the market in which the subsidiary operates, and the currency in which the subsidiary's financing is denominated. Based on these factors, management has determined that the U.S. dollar is the functional currency for Globe Metales. The U.S. dollar was also the functional currency for Globe Metais prior to its divestiture. The functional currency for Yonvey is the Chinese renminbi. Yonvey's assets and liabilities are translated using current exchange rates in effect at the balance sheet date and for income and expense accounts using average exchange rates. The functional currency for Quebec Silicon is the Canadian dollar. Quebec Silicon's assets and liabilities are translated using current exchange rates in effect at the balance sheet date and for income and expense accounts using average exchange rates. Resulting translation adjustments are reported as a separate component of stockholders' equity. Translation gains and losses are recognized on transactions in currencies other than the subsidiary's functional currency and included in the consolidated statement of income for the period in which the exchange rates changed.

e. Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments that are readily convertible into cash. Securities with contractual maturities of three months or less, when purchased, are cash equivalents. The carrying amount of these securities approximates fair value because of the short-term maturity of these instruments.

Refer to note 3 (Business Combinations, Investments, and Divestitures) and note 16 (Stockholders' Equity) for supplemental disclosures of noncash investing and financing activities.

f. Inventories

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 recoverability issue, tests are performed to assess the market 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 expected future selling prices for our inventories, as well as the expected utilization of parts and supplies in our manufacturing process.

g. Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of assets. The estimated useful lives of property, plant, and equipment are as follows:

Asset type:	Range of Useful Lives
	20 to
Land improvements and land use rights	36 years
	35 to
Buildings	40 years
	5 to
Manufacturing equipment	25 years
	10 to
Furnaces	20 years
	2 to
Other	5 years

Costs that do not extend the life of an asset, materially add to its value, or adapt the asset to a new or different use are considered repair and maintenance costs and expensed as incurred.

Cost for mineral properties and mine development costs, which are incurred to expand capacity of operating mines or to develop new mines, are capitalized and charged to operations based on the units-of production method over the estimated proven and probable reserve tons and based on the average useful life of the mine, respectively. Mine development costs include costs incurred for site preparation and development of the mines during the development stage.

h. Business Combinations

When the Company acquires a business, the purchase price is allocated based on the fair value of tangible assets and identifiable intangible assets acquired, and liabilities assumed. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Goodwill as of the acquisition date is measured as the residual of the excess of the consideration transferred, plus the fair value of any noncontrolling interest in the acquiree at the acquisition date, over the fair value of the identifiable net assets acquired. If the fair value of the net assets acquired exceeds the purchase price, the resulting bargain purchase is recognized as a gain in the statement of income. Prior to the adoption of ASC Subtopic 805-10, Business Combinations (ASC 805-10), the resulting negative goodwill was allocated as a pro rata reduction of the values of acquired nonmonetary assets. The Company generally engages independent, third-party appraisal firms to assist in determining the fair value of assets acquired and liabilities assumed. 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 are inherently uncertain. For all acquisitions, operating results are included in the consolidated statement of income from the date of acquisition.

i. Goodwill and Other Intangible Assets

Goodwill as of the acquisition date is measured as the residual of the excess of the consideration transferred, plus the fair value of any noncontrolling interest in the acquiree at the acquisition date, over the fair value of the identifiable net assets acquired. In accordance with ASC Topic 350, Intangibles — Goodwill and Other (ASC 350), goodwill is tested for impairment annually at the end of the third quarter, and will be tested for impairment between annual tests if an event occurs or circumstances change that more likely than not would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. Reporting units are at the reportable segment level, or one level below the reportable segment level for our GMI and Other reportable segments, and are aligned with our management reporting structure. Goodwill relates and is assigned directly to a specific reporting unit.

Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds the implied fair value of goodwill of the reporting unit. Refer to note 3 (Business Combinations, Investments, and Divestitures) and note 7 (Goodwill and Other Intangibles) for additional information.

Trade names have indefinite lives and are not amortized but rather tested annually for impairment and written down to fair value as required.

j. Impairment of Long-Lived Assets

In accordance with ASC Topic 360, Property, Plant, and Equipment (ASC 360), the Company reviews the recoverability of its long-lived assets, such as plant and equipment and definite-lived intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future undiscounted pretax cash flows of the related operations. The Company assesses the recoverability of the carrying value of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If these cash flows are less than the carrying value of such asset or asset group, an impairment loss is measured based on the difference between estimated fair value and carrying value. Assets to be disposed are written down to the lower of carrying amount or fair value less costs to sell, and depreciation ceases. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

k. Share-Based Compensation

The Company recognizes share-based compensation expense based on the estimated grant date fair value of share-based awards using a Black-Scholes option pricing model. Prior to vesting, cumulative compensation cost equals the proportionate amount of the award earned to date. The Company has elected to treat each award as a single award and recognize compensation cost on a straight-line basis over the requisite service period of the entire award. If the terms of an award are modified in a manner that affects both the fair value and vesting of the award, the total amount of remaining unrecognized compensation cost (based on the grant-date fair value) and the incremental fair value of the modified award are recognized over the amended vesting period.

Refer to note 18 (Share-Based Compensation) for further information on the Company's accounting for share-based compensation.

l. Restructuring Charges

Restructuring activities are programs planned and controlled by management that materially change either the scope of the business undertaken by the Company or the manner in which business is conducted. Restructuring activities include, but are not limited to, one-time termination benefits provided to current employees that are involuntarily terminated, costs to terminate a contract that is not a capital lease, and costs to consolidate facilities and relocate employees. Restructuring charges are recognized in accordance with ASC Topic 420, Exit or Disposal Cost Obligations (ASC 420), which requires a liability for a cost associated with an exit or disposal activity to be recognized at its fair value in the period in which the liability is incurred, except for a liability for one-time termination benefits that is incurred over time. In periods subsequent to initial measurement, changes to a restructuring liability are measured using the credit-adjusted risk-free rate that was used to measure the liability initially.

m. Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Company has adopted the amendment to ASC Subtopic 740-10, Income Taxes (ASC 740-10), which provides a comprehensive model for the recognition, measurement, and disclosure in financial statements of uncertain income tax positions that a company has taken or expects to take on a tax return. Under ASC 740-10, a company can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. The tax benefits recognized are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. Additionally, companies are required to accrue interest and related penalties, if applicable, on all tax exposures for which reserves have been established consistent with jurisdictional tax laws. The Company has elected to recognize interest expense and penalties related to uncertain tax positions as a component of its provision for income taxes.

n. Financial Instruments

The Company accounts for derivatives and hedging activities in accordance with ASC Topic 815, Derivatives and Hedging (ASC 815). ASC 815 requires that all derivative instruments be recorded on the balance sheet at their respective fair values. The Company's derivative instruments consist of an interest rate cap and interest rate swaps employed to manage interest rate exposures on long-term debt discussed in note 9 (Debt) and a power hedge and foreign exchange forward contracts to manage commodity price and foreign currency exchange exposures discussed in note 12 (Derivative Instruments).

o. Accounting Pronouncements to be Implemented

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). The objective of this amendment is to increase the prominence of other comprehensive income in the financial statements. The amendments require entities to report components of net income and the components of other comprehensive income either in a continuous statement of comprehensive income or in two separate but consecutive statements. Additionally, the amendments in ASU 2011-05 require an entity to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statements where the components of net income and the components of other comprehensive income are presented. In December 2011, the FASB issued Accounting Standards Update No. 2011-12, which deferred the specific requirements related to the presentation of reclassification adjustments. This amendment is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We expect the adoption of this ASU will affect financial statement presentation only.

In September 2011, FASB issued Accounting Standards Update No. 2011-08, Testing Goodwill for Impairment (ASU 2011-08), which amends the guidance in ASC 350-20. The amendments in ASU 2011-08 provide entities with the option of performing a qualitative assessment before performing the first step of the two-step impairment test. If entities determine, on the basis of qualitative factors, it is not more likely than not that the fair value of the reporting unit is less than the carrying amount, then performing the two-step impairment test would be unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. ASU 2011-08 also provides entities with the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to the first step of the two-step impairment test. ASU 2011-08 is effective for interim and annual periods beginning after December 15, 2011 but early adoption is permitted. The Company does not expect material financial statement implications relating to the adoption of this ASU.

(3) Business Combinations, Investments, and Divestitures

Dow Corning Transactions:

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 Corning. The cash received by the Company in connection with the disposition was approximately \$65,600, which represents a purchase price of \$75,000 less withholding taxes and certain expenses. Dow Corning assumed Globe Metais' cash balances totaling \$16,555 and \$14,000 of export prepayment financing. The final purchase price was subject to adjustment for changes in working capital as provided for in the purchase agreement, which did not result in a significant change in the final purchase price.

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 LLC, to Dow Corning, the execution of a long-term supply agreement, and an amendment to an existing supply agreement between Dow Corning 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 allocated \$75,000 of the total purchase price received from Dow Corning 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.

ASC 815.40 requires an entity to consolidate all subsidiaries over which it has a controlling financial interest and considers changes in the ownership interest while the entity retains its controlling financial interest in the subsidiary as equity transactions, resulting in no gain or loss recognition in the statement of income. As the Company retained a controlling financial interest in WVA LLC, no gain has been recognized in net income on the sale of the 49% membership interest. Rather, noncontrolling interest has been adjusted to reflect the change in our ownership interest in WVA LLC. The difference between the fair value of the consideration received, net of final purchase price adjustments, related transaction costs of \$2,146, and provision for income taxes of \$26,575, and the amount by which noncontrolling interest increased has been recognized as an increase in additional paid-in capital of \$44,397.

Core Metals Group Holdings, LLC Transactions:

On April 1, 2010, the Company, pursuant to a Purchase and Sale Agreement dated as of March 26, 2010 (the Purchase Agreement), purchased from Ospraie Special Opportunities Master Alternative Holdings LLC, The Ospraie Fund L.P., Ospraie Holdings, Inc., and the individuals named in the Purchase Agreement, all of the ownership interests in Core Metals, a Delaware limited liability company, for approximately \$52,000 in cash, including \$15,329 borrowed under the Company's senior revolving credit facility. The Company engaged a third-party appraisal firm to assist in the process of determining the estimated fair value of certain assets acquired. The Company finalized the purchase price allocation for the Core Metals acquisition during the quarter ended March 31, 2011. Goodwill totaling \$1,274 has been recorded and assigned to the GMI operating segment.

On April 7, 2010, the Company sold Masterloy for \$3,000 in cash. Masterloy was acquired in connection with the Company's acquisition of Core Metals. Masterloy is a producer of ferrovandium and ferromolybdenum, an ancillary business the Company does not consider critical to its fundamental business strategy.

In December 2010, the Company completed the divestiture of its 49% ownership interest in Fluorita de Mexico, S.A. de C.V. (FDM) for \$2,500. The Company acquired its ownership interest in FDM in connection with the acquisition of Core Metals. FDM operates a fluorite ore mine and fluorspar processing plant located in Mexico, an ancillary business the Company does not consider critical to its fundamental business strategy. There was no gain or loss associated with the sale of the 49% ownership interest in FDM as the sales price was equal to the recorded book value of this investment.

Nigerian Mining Licenses:

In March 2011, the Company made irrevocable advances totaling approximately \$17,000 to acquire through transfer exploration mining licenses in Nigeria to mine for manganese ore, a raw material used in the production of certain silicon and manganese based alloys. The transfer process was subject to regulatory approvals, which approvals have been received. The transfer of the licenses is complete and the Company may now begin to execute its operational plans.

Alden Resources, LLC:

On July 28, 2011, the Company, pursuant to three Membership Interest Purchase Agreements dated as of May 27, 2011 (the Purchase Agreements), purchased from NGPC Asset Holdings II, LP, NGP Capital Resources Company, and all other parties named in the Purchase Agreements 100% of the membership interest of Alden Resources, LLC (Alden) and Gatliff Services, LLC (Gatliff), as well as certain royalty interests held by NGP Capital Resources Company, for \$73,200 plus an additional \$6,800 that could be payable to NGP Capital Resources Company pursuant to an earn-out payment upon the achievement of certain financial results and operational metrics. The Company financed the acquisition with \$55,000 of bank debt and \$18,200 of cash. Alden is North America's leading miner, processor and supplier of specialty metallurgical coal to the silicon and silicon-based alloy industries. The acquisition was made in order to secure a stable, long-term and low-cost supply of specialty metallurgical coal, a key ingredient in the production of silicon metal and silicon-based alloys. The Company finalized the purchase price allocation as of June 30, 2012. The results of the businesses acquired are included in the GMI operating segment.

Quebec Silicon:

On June 13, 2012, the Company closed its acquisition of Becancour Silicon Metal Inc.'s ("BSI") 51% equity interest in Quebec Silicon Limited Partnership ("QSLP") and other working capital assets, collectively known as Quebec Silicon. The acquisition was financed using \$31,800 from the Company's new \$300,000 revolving credit facility discussed in note 9 (Debt) and \$8,803 cash. The Company will operate Quebec Silicon's silicon metal plant and will purchase approximately 51% of its finished goods output at a price approximately equal to the fully loaded cost of production and sell the material to third party customers. Dow Corning has the right to purchase the other 49% of the plant's output at a price approximately equal to the fully loaded cost of production. This arrangement is similar to the Company's existing joint venture with Dow Corning at its Alloy, West Virginia plant. The Company has engaged a third-party appraisal firm to assist in the process of determining the estimated fair value of certain assets acquired. Based on the preliminary purchase price allocation, goodwill totaling \$3,062 has been recorded in connection with the Quebec Silicon acquisition and assigned to the GMI operating segment.

(4) Inventories

Inventories comprise the following at June 30:

	2012	2011
Finished goods	\$ 41,550	29,570
Work in process	403	2,078
Raw materials	62,957	67,213
Parts and supplies	14,531	10,431
	119,441	109,292
Total	\$	

At June 30, 2012, \$112,418 in inventory is valued using the first-in, first-out method and \$7,023 using the average cost method. At June 30, 2011, \$102,478 in inventory is valued using the first-in, first-out method and \$6,814 using the average cost method.

(5) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets comprise the following at June 30:

	2012	2011
Deferred taxes	\$ 4,681	5,766

Income tax receivables		6,450	3,777
Value added and other non-income tax receivables		4,370	3,391
Restricted cash		—	4,404
Other		12,414	10,538
	Total	\$ 27,915	27,876

(6) Property, Plant, and Equipment

Property, plant, and equipment, net is comprised of the following at June 30:

	2012	2011
Land, land improvements, and land use rights	\$ 10,831	6,907
Building and improvements	76,395	43,076
Machinery and equipment	175,305	93,891
		136,177
Furnaces	193,055	
Mineral reserves	55,843	—
Mine development	4,058	—
Other	4,852	3,993
Construction in progress	23,616	23,743
		307,787
Property, plant, and equipment, gross	543,955	
	(111,194)	
Less accumulated depreciation, depletion and amortization		(77,810)
Property, plant, and equipment, net	\$ 432,761	229,977

Depreciation, depletion and amortization expense for the year ended June 30, 2012 was \$34,848, of which \$34,083 is recorded in cost of goods sold and \$765 is recorded in selling, general, and administrative expenses, respectively. Depreciation, depletion and amortization expense for the year ended June 30, 2011 was \$25,055, of which \$24,330 is recorded in cost of goods sold and \$725 is recorded in selling, general, and administrative expenses, respectively. Depreciation, depletion and amortization expense for the year ended June 30, 2010 was \$20,362, of which \$19,912 is recorded in cost of goods sold and \$450 is recorded in selling, general, and administrative expenses, respectively.

Capitalized interest for the years ended June 30, 2012, 2011, and 2010 was \$24, \$52, and \$376, respectively.

(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, by reportable segment, during the years ended June 30 are as follows:

	GMI	Globe Metales	Solsil	Other	Total
Balance at June 30, 2010					
Goodwill	\$ 30,405	14,313	57,656	7,307	109,681
Accumulated impairment loss	—	—	(57,656)	—	(57,656)
	30,405	14,313	—	7,307	52,025
Core Metals purchase price allocation adjustments	1,124	—	—	—	1,124
Foreign exchange rate changes	—	—	—	354	354
Balance at June 30, 2011					
Goodwill	31,529	14,313	57,656	7,661	111,159
Accumulated impairment loss	—	—	(57,656)	—	(57,656)
	31,529	14,313	—	7,661	53,503
Quebec Silicon acquisition	3,063	—	—	—	3,063
Foreign exchange rate changes	(1)	—	—	175	174
Balance at June 30, 2012					
Goodwill	34,591	14,313	57,656	7,836	114,396
Accumulated impairment loss	—	—	(57,656)	—	(57,656)
	\$ 34,591	14,313	—	7,836	56,740

b. Other Intangible Assets

There were no changes in the value of the Company's indefinite lived intangible assets during the years ended June 30, 2012 or 2011. The trade name balance is \$477 at June 30, 2012 and 2011.

Amortization expense of purchased intangible assets for the years ended June 30, 2012, 2011 and 2010 was \$0, \$0 and \$310, respectively, which is recorded in cost of goods sold. The carrying amount of definite lived intangible assets at both June 30, 2012 and June 30, 2011 is \$0.

(8) Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates comprise the following:

	Ownership Interest	Balance at June 30, 2012	Balance at June 30, 2011
Equity method investment:			
Norchem	50.00%	\$ 3,244	2,667
Other cost investments:			
Inversora Nihuales S.A.(a)	9.75%	3,067	3,067
Inversora Diamante S.A.(b)	8.40%	2,906	2,906
Total		\$ 9,217	8,640

(a) This entity owns a 51% interest in Hidroelectrica Los Nihuiles S.A., which is a hydroelectric company in Argentina.

(b) This entity owns a 59% interest in Hidroelectrica Diamante S.A., which is a hydroelectric company in Argentina.

Equity income from our Norchem investment was \$577, \$455, and \$257, respectively, for the years ended June 30, 2012, 2011, and 2010, which is included in other income.

(9) Debt

a. Short-Term Debt

Short-term debt comprises the following:

	Outstanding Balance	Weighted Average Interest Rate	Unused Credit Line
June 30, 2012:			
Type debt:			
Export financing	\$ —	—	\$ 9,269
Other	317	5.00%	—
Total	\$ 317		\$ 9,269
June 30, 2011:			
Type debt:			
Export financing	\$ 731	2.75%	\$ 8,310
Other	363	8.00%	—
Total	\$ 1,094		\$ 8,310

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.

b. Revolving Credit Agreements

A summary of the Company's revolving credit agreements at June 30, 2012 is as follows:

	Outstanding Balance	Weighted Average Interest Rate	Unused Commitment	Total Commitment
Revolving multi-currency credit facility	\$ 128,163	2.00%	\$ 171,837	300,000
Revolving credit facility	9,000	2.39%	11,000	20,000
Revolving credit agreement	3,223	5.00%	11,417	14,640

On May 31, 2012 the Company entered into a credit agreement which provides for a \$300,000 five-year revolving multi-currency credit facility which includes provisions for the issuance of standby letters of credit, a \$10,000 sublimit for swingline loans and a \$25,000 sublimit letter of credit facility. The credit facility refinanced existing debt and closing costs of \$96,550 and financed the acquisition of Quebec Silicon of \$31,800. The credit facility currently provides an additional \$171,800 of borrowing capacity. At the Company's election, the credit facility may be increased from time to time by an amount up to \$125,000 in the aggregate; such increase may be in the form of term loans or increases in the revolving credit line. The agreement contains provisions for adding domestic and foreign subsidiaries of the Company as additional borrowers under the credit facility. The agreement terminates on May 31, 2017 and requires no scheduled prepayments before that date. The Company classifies borrowings under this credit facility as long-term liabilities.

Interest on borrowings under the credit agreement is payable, at the Company's election, at either (a) a base rate (the higher of (i) the U.S. federal funds rate plus 0.50% per annum, (ii) the Administrative Agent's prime rate or (iii) an adjusted London Interbank Offered Rate for loans with a one month interest period plus 1.00% per annum plus a margin ranging from 0.75% to 1.50% per annum (such margin determined by reference to the leverage ratio set forth in the credit agreement), or (b) the adjusted London Interbank Offered Rate plus a margin ranging from 1.75% to 2.50% per annum (such margin determined by reference to the leverage ratio set forth in the credit agreement). Certain commitment fees are also payable under the credit agreement. The credit agreement contains various covenants. They include, among others, a maximum total debt to earnings before income tax, depreciation and amortization ratio, a minimum interest coverage ratio and a maximum capital expenditures covenant. The credit facility is guaranteed by certain of the Company's domestic subsidiaries (the "Guarantors"). Borrowings under the credit agreement are collateralized by substantially all of the assets of the Company and the Guarantors, including certain real property, equipment, accounts receivable and inventory and the stock of certain of the Company's and the Guarantors' subsidiaries.

The Company was in compliance with the loan covenants at June 30, 2012, except as related to restrictions on capital expenditures. The Company received a waiver for the restriction limiting capital expenditures for the fiscal year ended June 30, 2012.

On October 1, 2010, the Company entered into a \$15,000 revolving credit facility, and utilized proceeds from borrowings under the revolving credit facility to repay the Company's \$5,880 short-term notes payable to Dow Corning. On March 5, 2012, the Company entered into an agreement to amend the Company's existing revolving credit facility. The amended agreement provides for a \$20,000 revolving credit facility. Total borrowings under this revolving credit facility were \$9,000 at June 30, 2012. 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 credit facility is subject to certain restrictive and financial covenants, which include limits on additional debt, a maximum ratio of debt to earnings before interest, taxes, depreciation and amortization and minimum net worth. The Company was in compliance with the loan covenants at June 30, 2012. The Company classifies borrowings under this revolving credit facility as current liabilities as the arrangement is payable in full upon the earlier of 10 business days following written demand by the lender or the agreement's expiration on June 30, 2013.

The Company's subsidiary, Quebec Silicon, entered into a revolving credit agreement dated October 1, 2010 and amended on November 23, 2011, which provides for up to \$15,000 Canadian Dollars to fund Quebec Silicon's working capital requirements. Funding under the revolving credit agreement is available upon request at any time, up to the full amount of the unused credit commitment and subject to continued compliance. Interest on borrowings under the credit agreement is payable at a variable rate of Canadian prime plus 2.00% (5.00% at June 30, 2012), payable quarterly. The credit agreement expires on October 1, 2013, and may be terminated earlier, at the lender's discretion. All of Quebec Silicon's assets, properties and revenues have been pledged as security for Quebec Silicon's obligations under the revolving credit agreement. As of June 30, 2012, \$3,223 (\$3,304 Canadian Dollars) was outstanding under the facility.

On March 30, 2011, certain of the Company's domestic subsidiaries (the Borrowers) entered into an agreement to amend and restate the Company's existing senior credit facility and senior term loan. The amended and restated senior credit agreement provides for a \$90,000 revolving credit facility, subject to a defined borrowing base, and matures on March 30, 2014. This facility includes a provision for the issuance of standby letters of credit and a \$10,000 sublimit for swingline loans. The facility may be increased from time to time by an amount up to \$10,000 in the aggregate at the Company's election, subject to approval by the existing or additional lenders. Interest on borrowings under the credit agreement is payable, at the Company's election, at either a base rate (the higher of the U.S. federal funds rate plus 0.50% per annum and the issuing bank's "prime rate") plus a margin of 1.50% per annum, or LIBOR plus a margin of 2.25% per annum. Certain commitment fees are also payable under the credit agreement. The facility is guaranteed by certain of the Borrowers' subsidiaries, and borrowings under the credit agreement are collateralized by the Borrowers' cash and cash equivalents, accounts receivable, and inventories, and the stock of their subsidiaries. Outstanding balances on this term loan were paid down and refinanced with the revolving multi-currency credit facility the Company entered into on May 31, 2012.

See note 12 (Derivative Instruments) for a discussion of derivative financial instruments entered into to reduce the Company's exposure to interest rate fluctuations on outstanding debt.

c. Long-Term Debt

The Company's subsidiary, GBG Holdings, LLC, entered into a three-year term loan in an aggregate principal amount of \$50,000 in July 2011. Interest on the term loan accrues at LIBOR plus an applicable margin percentage. Outstanding balances on this term loan were paid down and refinanced with the revolving multi-currency credit facility the Company entered into on May 31, 2012.

d. 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.

(10) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities comprise the following at June 30:

	2012	2011
Accrued wages, bonuses, and benefits	\$ 12,135	11,877
Acquired contract obligations	7,173	—
Deferred revenue	4,909	—
Accrued income taxes	3,846	4,257
Current portion of capital lease obligations	2,544	—
Current portion of retained acquisition contingencies	1,479	10,931
Accrued insurance	1,297	758
Accrued property taxes	1,149	1,161
Accrued professional fees	524	1,093
Deferred taxes	49	36
Other	5,497	4,362
Total	\$ 40,602	34,475

(11) Other Long-Term Liabilities

Other long-term liabilities comprise the following at June 30:

	2012	2011
Accrued pension and postretirement benefits liability	\$ 34,076	7,716
Capital lease obligations	11,742	—
Acquired contract obligations	10,949	—
Retained acquisition contingencies	4,931	5,791
Asset retirement obligations	3,424	—
Other	5,681	3,717
Total	\$ 70,803	17,224

(12) Derivative Instruments

The Company enters into derivative instruments to hedge certain interest rate, currency, and commodity price 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 consolidated statement of income 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, currency, and commodity 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 short-term and long-term debt obligations. The Company has historically utilized interest rate swaps and interest rate cap agreements to reduce our exposure to interest rate fluctuations. All interest rate derivatives were settled when the Company closed on the \$300,000 revolving multi-currency credit facility discussed in note 9 (Debt).

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 Argentina, China and Canada. 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 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. At June 30, 2012, the Company had foreign exchange forward contracts covering approximately 7,500 Euro, expiring at dates ranging from September 2012 to November 2012, at an average exchange rate of 1.30 Canadian dollar to 1.00 Euro.

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 extensively 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.

In June 2010, the Company entered into a power hedge agreement on a 175,440 MWh notional amount of electricity, representing approximately 20% of the total power required by our Niagara Falls, New York plant. This hedge covers our expected needs not supplied by the facility's long-term power contract over the term of the hedge agreement. The notional amount decreases equally per month through the agreement's expiration on June 30, 2012. Under the power hedge agreement, the Company fixed the power rate at \$39.60 per MWh over the life of the contract. In October 2010, the Company entered into a power hedge agreement on an 87,600 MWh notional amount of electricity, also for power required at our Niagara Falls, New York plant. The notional amount decreases equally per month from the agreement's July 1, 2012 effective date through its expiration on June 30, 2013. Under this power hedge agreement, the Company fixed the power rate at \$39.95 per MWh over the life of the contract.

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

	(Loss) Gain Recognized During the Years Ended June 30			Location of (Loss) Gain
	2012	2011	2010	
Interest rate derivatives	\$ (119)	(252)	(1,231)	Interest expense
Foreign exchange forward contracts	20	(190)	772	Foreign exchange gain (loss)
Power hedge	(1,272)	173	(243)	Cost of goods sold

The fair values of the Company's derivative instruments at June 30, 2012 are summarized in note 19 (Fair Value Measures). The liability associated with the Company's power hedge of \$742 is included in other long-term liabilities, and the liability associated with the Company's foreign exchange forward contracts of \$20 is included in accrued expenses and other current liabilities. The company holds no interest rate derivatives at June 30, 2012.

(13) Benefit Plans

a. Defined Benefit Retirement Plans

The Company's subsidiary, GMI, sponsors three noncontributory defined benefit pension plans covering certain employees. These plans were frozen in 2003. The Company's subsidiary, Core Metals, sponsors a noncontributory defined benefit pension plan covering certain employees. This plan was closed to new participants in April 2009.

The Company's subsidiary, Quebec Silicon, sponsors a contributory defined benefit pension plan and postretirement benefit plan for certain employees, based on length of service and remuneration. Postretirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits.

The Company's funding policy has been to contribute, as necessary, an amount in excess of the minimum requirements in order to achieve the Company's long-term funding targets. During the years ended June 30, 2012 and 2011, the Company made contributions of \$2,482 and \$1,080, respectively, to the pension plans.

The Company uses a June 30 measurement date for these defined benefit plans.

Benefit Obligations and Funded Status — The following provides a reconciliation of the benefit obligations, plan assets, and funded status of the plans at June 30, 2012 and 2011:

	Pension Plans		Nonpension Postretirement Plan	
	2012	2011	2012	2011
Change in benefit obligations:				
Benefit obligations at beginning of year	\$ 30,218	28,367	\$ —	—
Acquisition of business	23,827	—	11,906	—
Interest cost	1,553	1,439	—	—
Service cost	102	114	—	—
Amendments	465	—	—	—
Actuarial loss	6,860	1,698	—	—
Benefits paid	(1,430)	(1,400)	—	—
Benefit obligations at end of year	\$ 61,595	30,218	\$ 11,906	—
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 22,502	19,249	\$ —	—
Acquisition of business	14,328	—	—	—
Actual gain on plan assets	1,543	3,573	—	—
Employer contributions	2,482	1,080	—	—
Benefits paid	(1,430)	(1,400)	—	—
Fair value of plan assets at end of year	\$ 39,425	22,502	\$ —	—
Funded status at end of year:				
Fair value of plan assets	\$ 39,425	22,502	\$ —	—
Benefit obligations	61,595	30,218	11,906	—
Funded status	\$ (22,170)	(7,716)	\$ (11,906)	—
Amounts recognized in the consolidated balance sheet consist of:				
Noncurrent liability	\$ (22,170)	(7,716)	\$ 11,802	—
Current liability	—	—	104	—
Accumulated other comprehensive loss	13,008	6,356	—	—

All of our pension and postretirement plans are underfunded, and have been underfunded for all years presented. The amounts recognized in other comprehensive (loss) income consist entirely of net actuarial loss during the years ended June 30, 2012, 2011, and 2010 and totaled (\$6,652), \$1,066, and (\$1,402), respectively.

At June 30, 2012 and 2011, the accumulated benefit obligations were \$61,595 and \$30,218, respectively, for defined benefit pension plans and \$11,906 and \$0, respectively, for the defined postretirement benefit plan.

Net Periodic Pension Expense — The components of net periodic pension expense (benefit) for the Company's defined benefit pension plans are as follows:

	2012	2011	2010
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Interest cost	\$ 1,553	1,439	1,285
Service cost	102	114	26
Expected return on plan assets	(1,737)	(1,487)	(1,075)
Amortization of net loss	866	678	572
Net periodic pension expense	\$ 784	744	808

In fiscal year 2013, actuarial net losses of approximately \$1,774 are expected to be recognized into periodic benefit cost from accumulated other comprehensive loss.

Assumptions and Other Data — The assumptions used to determine benefit obligations at June 30, 2012 and 2011 follow:

	Pension Plans		Nonpension Postretirement Plans	
	2012	2011	2012	2011
Discount rate	3.5% - 5.0%	5.25% - 5.30%	5.10%	

The discount rate used in calculating the present value of our pension plan obligations is developed based on the Citigroup Pension Discount Curve for both the GMI plans and Core Metals plan, and the Mercer Yield Curve for Quebec Silicon pension and postretirement benefit plans and the expected cash flows of the benefit payments.

The assumptions used to determine net periodic expense for the Company's defined benefit pension plans for years ended June 30, 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Discount rate	5.00% - 5.30%	5.25%	5.85% - 6.25%
Expected return on plan assets	5.50% - 8.00%	8.00% - 8.50%	8.00% - 8.50%

Expected return on plan assets is determined based on management's expectations of long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. In determining the expected return on plan assets, the Company takes into account historical returns, plan asset allocations and related investment strategies, as well as the outlook for inflation and overall fixed income and equity returns.

The Company expects to make discretionary contributions of approximately \$4,128 to the pension plans for the year ending June 30, 2013.

The following reflects the gross benefit payments that are expected to be paid for the benefit plans for the years ended June 30:

	Pension Plans	Nonpension Postretirement Plans
2013	\$ 2,555	\$ 104
2014	2,788	153
2015	2,981	209
2016	3,193	259
2017	3,305	303
Years 2018-2022	17,398	2,066

The accumulated nonpension postretirement benefit obligation has been determined by application of the provisions of the Company's health care and life insurance plans including established maximums, relevant actuarial assumptions and health care cost trend rates projected at 8.5% for fiscal 2013 and decreasing to an ultimate rate of 4.5% in fiscal 2027. The effect of a 1% increase in health care cost trend rate on nonpension postretirement benefit obligation is \$2,801. The effect of a 1% decrease in health care cost trend rate on nonpension postretirement benefit obligation is (\$2,134).

The Company's overall strategy is to invest in high-grade securities and other assets with a limited risk of market value fluctuation. In general, the Company's goal is to maintain the following allocation ranges:

Equity securities	55 - 70%
Fixed income securities	30 - 40
Real estate	5 - 10

The fair values of the Company's pension plan assets as of June 30, 2012 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
Cash and cash equivalents	\$ 418	—	418
Equity securities:			
Domestic equity mutual funds	4,307	—	4,307
International equity mutual funds	3,707	—	3,707
Commingled domestic equity funds	—	3,253	3,253
Commingled international equity funds	—	6,339	6,339
Fixed income securities:			
Fixed income mutual funds	9,348	—	9,348
Commingled fixed income funds	—	11,082	11,082
Real estate mutual funds	971	—	971
	\$ 18,751	20,674	39,425

The fair values of the Company's pension plan assets as of June 30, 2011 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
Cash and cash equivalents	\$ 341	—	341
Equity securities:			
Domestic equity mutual funds	5,083	—	5,083
International equity mutual funds	2,573	—	2,573
Commingled domestic equity funds	—	3,374	3,374
Fixed income securities:			
Fixed income mutual funds	8,212	—	8,212
Commingled fixed income funds	—	2,037	2,037
Real estate mutual funds	882	—	882
	\$ 17,091	5,411	22,502

See note 19 (Fair Value Measures) for additional disclosures related to the fair value hierarchy. The Company held no level 3 assets during the year.

b. Other Benefit Plans

The Company administers healthcare benefits for certain retired employees through a separate welfare plan requiring reimbursement from the retirees.

The Company's subsidiary, GMI, provides two defined contribution plans (401(k) plans) that allow for employee contributions on a pretax basis. During fiscal year 2008, the Company agreed to match 25% of participants' contributions up to a maximum of 6% of compensation. Company matching contributions for the years ended June 30, 2012, 2011, and 2010 were \$330, \$202, and \$223, respectively. Additionally, subsequent to the acquisition of Core Metals as discussed in note 3 (Business Acquisitions, Investments, and Divestitures), the Company began sponsoring the Core Metals defined contribution plan. Under the plan the Company may make discretionary payments to salaried and non-union participants in the form of profit sharing and matching funds. Company matching contributions for the years ended June 30, 2012, 2011, and 2010 were \$102, \$111, and \$26, respectively.

Other benefit plans offered by the Company include a Section 125 cafeteria plan for the pretax payment of healthcare costs and flexible spending arrangements.

(14) Income Taxes

The sources of income before provision for income taxes and income attributable to noncontrolling interest for the years ended June 30, 2012, 2011, and 2010 were as follows:

	2012	2011	2010
U.S. operations	\$ 73,859	87,096	21,865
Non-U.S. operations	12,777	5,618	32,942
Total	\$ 86,636	92,714	54,807

The components of current and deferred income tax expense are as follows:

	2012	2011	2010
Current:			
Federal	\$ 13,506	16,113	10,471
State	1,996	1,982	2,686
Foreign	3,946	4,355	14,446
Total current	19,448	22,450	27,603
Deferred:			
Federal	8,257	12,622	(3,745)
State	1,244	1,107	(3,315)
Foreign	(189)	(191)	(4)
Total deferred	9,312	13,538	(7,064)
Total provision for income taxes	\$ 28,760	35,988	20,539

The following is a reconciliation, stated in percentage, of the U.S. statutory federal income tax rate to our effective tax rate for the years ended June 30, 2012, 2011, and 2010:

	2012	2011	2010
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	2.4	2.6	(3.6)
Foreign tax holiday and rate differential	(1.8)	0.7	2.3
Change in valuation allowance	1.1	(0.2)	5.5
Domestic production activities deduction	(1.9)	(1.7)	(1.2)
Other items	(1.6)	2.4	(0.5)
Effective tax rate	33.2%	38.8%	37.5%

The Company operated under a tax holiday in Argentina, where the Company's manufacturing income was taxed at a preferential rate, which varied based on production levels from the Company's Argentine facilities, compared to a statutory rate of 35%. The tax holiday in Argentina expired in June 2012. For the year ended June 30, 2012, the foreign tax holiday in Argentina provided a benefit of \$144 to net income and no impact to earnings per share.

As of June 30, 2012, we had approximately \$80,000 of undistributed foreign earnings. We intend to continue to reinvest earnings outside the U.S. for the foreseeable future, and therefore, have not recognized any U.S. tax expense on these earnings.

Significant components of the Company's deferred tax assets and deferred tax liabilities at June 30, 2012 and 2011 consist of the following:

	2012	2011
Deferred tax assets:		
Inventories	\$ 3,676	2,414
Accounts receivable	198	139
Accruals	9,322	6,673
Deferred Revenue	178	298
Net operating losses and other carryforwards	16,223	17,999
Other assets	901	259
Share-based compensation	5,104	4,868
Gross deferred tax assets	35,602	32,650
Valuation allowance	(10,340)	(8,754)
Net deferred tax assets	25,262	23,896
Deferred tax liabilities:		
Fixed assets	(46,257)	(39,340)
Prepaid expenses	(1,861)	(899)
Intangibles	(1,147)	(974)
Total deferred tax liabilities	(49,265)	(41,213)
Net deferred tax liabilities	\$(24,003)	(17,317)

The Company has tax benefits for net operating loss carry forwards (NOLs), a portion of which are subject to various limitations, which expire at various dates in the future. The Company's NOLs and expiration dates at June 30, 2012 are as follows:

	Amount	Expires
Federal	\$ 23,204	2024 through 2026
State	105,123	2013 through 2031
Foreign	9,074	2013 through 2021

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. Changes in valuation allowances are included in our tax provision in the period of change. 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. For the year ended June 30, 2012, the increase in the valuation allowance of \$1,586 was primarily attributable to the Company's net operating loss carryforwards in China and a corresponding adjustment to the valuation allowance resulting in no net impact on the Company's provision for income taxes. For the year ended June 30, 2011, the decrease in the valuation allowance of \$4,743 was primarily attributable to a decrease in the Company's net operating loss carryforwards in China due to taxable income in 2011 and a corresponding adjustment to the valuation allowance resulting in no net impact on the Company's provision for income taxes.

The total valuation allowance at June 30, 2012, 2011, and 2010 is \$10,340, \$8,754, and \$13,497, respectively, and consists of the following:

	2012	2011	2010
Federal NOLs	\$ 4,100	4,100	3,848
State NOLs	857	819	1,055
Foreign NOLs	2,787	1,229	5,781
Federal credits	236	235	463
State credits	2,360	2,371	2,350
Total	\$ 10,340	8,754	13,497

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., Canada, Argentina, and China. The number of 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 2009 to present, Argentina from 2006 to present, and China from 2009 to present.

General accounting principles relating to uncertain income tax positions prescribe a minimum recognition threshold a tax position is required to meet before being recognized, and provides guidance on the derecognition, measurement, classification and disclosure relating to income taxes. The following is a tabular reconciliation of the total amount of unrecognized tax benefits for the year, excluding interest and penalties:

	2012	2011	2010
Balance at the beginning of the year	\$ 774	2,039	—
Gross increases for prior year tax positions	—	206	2,039
Gross decreases for prior year tax positions	(252)	(1,471)	—
Balance at the end of the year	\$ 522	774	2,039

The Company has elected to include interest and penalties in its income tax expense. Included in our liability for uncertain tax positions are interest and penalties of \$76, \$145, and \$336 for the years ended June 30, 2012, 2011, and 2010, respectively. For the years ended June 30, 2012, 2011, and 2010, we recognized \$42, (\$149), and \$268, respectively, of interest and penalties in income tax benefit/provision. The Company believes that it is reasonably possible that approximately \$146 of its currently remaining uncertain tax position liability may be recognized within the next twelve months. The portion of uncertain tax positions as of June 30, 2012 that would, if recognized, impact the effective tax rate was \$522, \$774, and \$629 as of June 30, 2012, 2011, and 2010, respectively.

(15) 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 and divestitures. 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.

During the year ended June 30, 2011, the Company made escrow deposits and received payments totaling \$2,038 and accrued \$4,249 for working capital claims associated with our historical acquisitions.

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 June 30, 2012, there are no significant 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. Asset Retirement Obligations

As of June 30, 2012 and 2011, the Company has recorded asset retirement obligation accruals for mine reclamation and closure costs totaling \$5,731 and \$888, respectively. There were no assets that were legally restricted for purposes of settling asset retirement obligations at June 30, 2012 or 2011.

d. Employee Contracts

As of June 30, 2012, the Company had 1,493 employees. The Company's total employees consist of 458 salaried employees and 1,035 hourly employees, and include 665 unionized employees. 44.5% of the workforce is covered by collective bargaining agreements and 17.3% of the workforce is covered by collective bargaining agreements expiring within one year of June 30, 2012.

e. Power Commitments

Electric power is a major cost of the Company's production process as large amounts of electricity are required to operate arc furnaces. A summary of electric power commitments follows:

Facility	Supplier	Terms	Price Structure	Capacity
Alloy, West Virginia	Appalachian Power	Through October 30, 2012, 1-year termination notice	Published tariff rate	110 MW interruptible
Alloy, West Virginia	Brookfield Power	Through December 31, 2021	Fixed rate	100 MW (hydro power)
Beverly, Ohio	American Electric Power	Evergreen, 1-year termination notice	Published tariff rate	2.5 MW firm 85 MW interruptible
Niagara Falls, New York	New York Power Authority	Through September 30, 2021	Based on the EP and RP commodity agreement	32.6 MW replacement 7.3 MW expansion
Selma, Alabama	Alabama Power	Evergreen, 1-year termination notice	Published tariff rate	2.15 MW firm 40.85 MW interruptible
Bridgeport, Alabama	Tennessee Valley Authority	Through April 30, 2020, 2-year termination notice	Fixed rate, reset annually	10MW firm 30MW interruptible
Becancour, Quebec	Hydro Quebec	Through November 3, 2012	Published tariff rate	2.0 MW firm 80 MW interruptible

On February 24, 2011, the Company entered into a hydropower contract extension agreement with the New York Power Authority. Under the terms of this commodity purchase agreement, the Company will be supplied up to a maximum of 40,000 kW of hydropower from the Niagara Power Project to operate its Niagara Falls, New York facility. The hydropower will be supplied at preferential power rates plus market-based delivery charges through September 30, 2021. Under the terms of the contract, the Company has committed to specified employment, power utilization, and capital investment levels, which, if not met, could reduce the Company's power allocation from the Niagara Power Project.

e. Joint Development Supply Agreement

On April 24, 2008, the Company's subsidiaries, Solsil and GMI, entered into a technology license, joint development and supply agreement with BP Solar International Inc. (BP Solar) for the sale of solar grade silicon. As part of this agreement, BP Solar paid Solsil \$10,000 as an advance for research and development services and facilities construction. In accordance with ASC 605.25, revenue associated with this agreement was deferred until specific contract milestone had been achieved, or research development services were successful in reducing manufacturing costs. Revenue would then would be recognized ratably as product was delivered to BP Solar, or, if research and development services were performed, but unsuccessful, deferred until contract expiration. In November 2010, the technology license, joint development and supply agreement was terminated, \$9,400 in previously deferred revenue was recognized by the Company, and the Company made a \$600 payment to BP Solar.

f. Lease Commitments

The Company leases certain machinery and equipment, automobiles, railcars and office space. For the years ended June 30, 2012, 2011, and 2010, lease expense was \$3,527, \$3,173, and \$2,191, respectively.

Minimum rental commitments under noncancelable operating and capital leases outstanding at June 30, 2012 for the fiscal years of 2013 onward are as follows:

	2013	2014	2015	2016	2017	Thereafter
Operating lease obligations	\$ 3,266	2,053	846	181	—	—
Capital lease obligations	2,544	2,562	2,445	2,505	2,213	2,029

(16) 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 to the Company were \$36,456, net of underwriting discounts and commissions totaling \$2,744.

b. Preferred Stock

The Company is authorized to issue one million shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the board of directors. To date, no preferred stock has been issued by the Company.

c. 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 had an exercise price of \$5.00 per common share and were scheduled to expire on October 3, 2009.

During the year ended June 30, 2008, 699,440 of the warrants issued in connection with the Company's initial public offering were exercised and an additional 100,262 warrants and 50,131 common shares were issued in connection with a cashless exercise of 67,458 UPOs.

During the year ended June 30, 2009, 166,668 of the warrants issued in connection with the Company's initial public offering were exercised and an additional 485,505 warrants and 242,753 common shares were issued in connection with a cashless exercise of 282,128 UPOs. Also during the year ended June 30, 2009, the Company executed a warrant exchange program under which it agreed to exchange 5.5 warrants for one share of the Company's common stock. A total of 19,164,294 warrants were converted to 3,484,417 common shares under this exchange program.

Prior to the expiration date, the Company received exercise notifications from the holders of substantially all of the outstanding warrants and UPOs. The holders of the UPOs exercising their UPOs also immediately exercised the warrants issuable upon the exercise of their UPOs. As a result of all of these exercises, the Company issued 1,775,933 shares of common stock to the former holders of the warrants and UPOs, and no warrants or UPOs remain outstanding at June 30, 2010. 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.

The Company has accounted for all warrant transactions as a component of stockholders' equity.

d. Treasury Stock

In December 2008, the Company's board of directors approved a share repurchase program that authorized the Company to repurchase up to \$25,000 of the Company's common stock during the ensuing six months. The program did not obligate the Company to acquire any particular amount of shares. 1,000 shares were repurchased at \$4.00 per share under this program.

In connection with the Company's acquisition of approximately 81% of Solsil in February 2008, 562,867 of the 5,628,657 shares issued to the former shareholders and optionholders of Solsil were placed into escrow pending the attainment of certain milestones. In April 2008, 281,430 of these escrow shares were released based on the satisfaction of certain conditions. Upon expiration of the escrow period in February 2011, the remaining 281,437 escrow shares were returned to the Company and are now included in treasury stock at cost, which is equal to their par value.

e. Noncontrolling Interest

As discussed in note 3, the Company recorded an increase in noncontrolling interest of \$27,012 in association with the sale of a 49% membership interest in WVA LLC on November 5, 2009.

As discussed in note 3, the Company recorded an increase in noncontrolling interest of \$46,762 in association with the purchase of 51% interest in Quebec Silicon on June 13, 2012.

f. Dividend

On September 16, 2010, the Company's board of directors approved a dividend of \$0.15 per common share. The dividend, totaling \$11,269, was paid on October 29, 2010, to stockholders of record as of October 15, 2010.

On September 21, 2011, the Company's board of directors approved a dividend of \$0.20 per common share. The dividend, totaling \$15,007, was paid on October 28, 2011, to stockholders of record as of October 14, 2011.

g. Solsil Share Purchase

On December 6, 2011, the Company purchased all the shares held by one of Solsil's minority partners for \$150. Additionally, Solsil issued and sold new shares to the Company for \$3,500. Subsequent to these stock purchase

transactions the Company owns 97.25% of Solsil.

(17) Earnings Per Share

Basic earnings per common share are calculated based on the weighted average number of common shares outstanding during the years ended June 30, 2012, 2011, and 2010, 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.

The reconciliation of the amounts used to compute basic and diluted earnings per common share for the years ended June 30, 2012, 2011, and 2010 is as follows:

	2012	2011	2010
Basic earnings per share computation			
Numerator:			
Net income attributable to Globe Specialty Metals, Inc.	\$ 54,570	52,808	34,101
Denominator:			
Weighted average basic shares outstanding	75,038,674	74,924,947	73,511,696
Basic earnings per common share	\$ 0.73	0.70	0.46
Diluted earnings per share computation			
Numerator:			
Net income attributable to Globe Specialty Metals, Inc.	\$ 54,570	52,808	34,101
Denominator:			
Weighted average basic shares outstanding	75,038,674	74,924,947	73,511,696
Effect of dilutive securities	1,585,218	1,699,398	1,258,451
Weighted average diluted shares outstanding	76,623,892	76,624,345	74,770,147
Diluted earnings per common share	\$ 0.71	0.69	0.46

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

	2012	2011	2010
Stock options	1,101,079	66,667	160,000

(18) Share-Based Compensation

a. Stock Plan

The Company's share-based compensation program consists of the Globe Specialty Metals, Inc. 2006 Employee, Director and Consultant Stock Plan (the Stock Plan). The Stock Plan was initially approved by the Company's stockholders on November 10, 2006, and was amended and approved by the Company's stockholders on December 6, 2010 to increase by 1,000,000 the number of shares of common stock authorized for issuance under the Stock Plan. The Stock Plan, as amended, provides for the issuance of a maximum of 6,000,000 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.

At June 30, 2012, there were 497,633 shares available for grant. During the year ended June 30, 2012, share-based compensation awards were limited to the issuance of 1,013,270 nonqualified stock options and 2,676 restricted stock grants. All option grants have maximum contractual terms ranging from 5 to 10 years. 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.

A summary of the changes in options outstanding under the Stock Plan for the years ended June 30, 2012, 2011, and 2010 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		
Granted	60,000	11.40		
Exercised	(98,558)	6.25		
Forfeited and expired	(10,000)	4.00		
Outstanding as of June 30, 2010	4,266,442	\$ 5.18		
Outstanding as of June 30, 2010	4,266,442	\$ 5.18		
Granted	7,960	16.23		
Exercised	(878,025)	6.28		
Forfeited and expired	(6,250)	4.00		
Outstanding as of June 30, 2011	3,390,127	\$ 4.93		
Outstanding as of June 30, 2011	3,390,127	\$ 4.93		
Granted	1,013,270	18.58		
Exercised	(38,000)	5.12		
Forfeited and expired	—	—		

Outstanding as of June 30, 2012	4,365,397	\$ 8.10	2.65	\$ 29,690
Exercisable as of June 30, 2012	3,537,189	\$ 5.67	2.29	\$ 29,673

The weighted average grant date fair value of stock options granted during the years ended June 30, 2012, 2011, and 2010 was \$8.97, \$7.34, and \$4.46, respectively. The total intrinsic value of options exercised during the years ended June 30, 2012, 2011, and 2010, was \$417, \$7,194, and \$459, respectively.

A summary of the Company's nonvested options as of June 30, 2012, and changes during the year ended June 30, 2012, is presented below:

	Number of Options	Weighted-Average Grant-Date Fair Value Per Share
Nonvested as of June 30, 2011	54,251	\$ 5.04
Granted	1,013,270	8.97
Vested	(239,313)	8.35
Forfeited and expired	—	—
Nonvested as of June 30, 2012	828,208	\$ 8.93

The total fair value of shares vested during the years ended June 30, 2012, 2011, and 2010, was \$1,998, \$8,397, and \$10,323, respectively. The 1,013,270 incentive stock options granted during the year ended June 30, 2012 consisted of 918,750 options which vest and become exercisable in equal one-sixteenth increments every quarter from the date of grant for four years, 27,600 options which vest and become exercisable in equal one-eighth increments every quarter from the date of grant for two years, 61,136 options which vest and become exercisable on December 31, 2014, and 5,784 options which vested and became exercisable on June 30, 2012.

The Company estimates the fair value of grants using the Black-Scholes option pricing model. The following assumptions were used to estimate the fair value of stock option awards granted during the years ended June 30, 2012, 2011, and 2010:

	2012	2011	2010
Risk-free interest rate	0.30 to 0.64%	0.72%	1.26% to 1.54%
Expected dividend yield	—	—	—
Expected volatility	66.00 to 70.00%	73.20%	69.10 to 75.20%
Expected forfeiture rate	—	—	—
Expected term (years)	3.00 to 4.40%	2.79%	2.50 to 3.43%

The risk-free interest rate is based on the yield of zero coupon U.S. Treasury bonds with terms similar to the expected term of the options. The expected dividend yield for grants is zero given the Company's limited history of dividend issuances and the uncertainty of any future dividend amounts, if any. Since there is limited historical trading data related to the Company's common stock, the expected volatility over the term of the options is estimated using the historical volatilities of similar companies. The expected forfeiture rate is zero as anticipated forfeitures are estimated to be minimal based on historical data. The expected term is the average of the vesting period and contractual term.

For the years ended June 30, 2012, 2011, and 2010, share-based compensation expense was \$2,482 (\$1,338 after tax), \$4,462 (\$2,407 after tax), and \$5,712 (\$3,082 after tax), respectively. The expense is reported within selling, general, and administrative expenses.

As of June 30, 2012, the Company has unearned compensation expense of \$6,986, 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:

	2013	2014	2015	2016	2017
Share-based compensation (pretax)	\$ 2,352	2,238	2,156	240	—

b. Executive Bonus Plan

The Company issues restricted stock units under the Company's Executive Bonus Plan. These restricted stock units proportionally vest over three years, but are not delivered until the end of the third year. The Company will settle these awards by cash transfer, based on the Company's stock price on the date of transfer. During the year ended June 30, 2012, 452,142 restricted stock units were granted, and as of June 30, 2012, 487,367 restricted stock units were outstanding. For the year ended June 30, 2012, share-based compensation expense for these restricted stock units was \$1,089 (\$587 after tax). The expense is reported within selling, general, and administrative expenses. The \$1,219 liability associated with these restricted stock units is included in other long-term liabilities at June 30, 2012.

(19) Fair Value Measures

ASC 820, Fair Value Measures and Disclosures, 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.

The Company does not have any assets that are required to be remeasured at fair value at June 30, 2012. The following table summarizes liabilities measured at fair value on a recurring basis at June 30, 2012:

	Total	Level 1	Level 2	Level 3
Foreign exchange forward contracts	\$ 20	—	20	—
Power hedge	742	—	742	—
Restricted stock units	1,282	1,282	—	—

Total	\$ 2,044	1,282	762	—
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The Company does not have any assets that are required to be remeasured at fair value at June 30, 2011. The following table summarizes liabilities measured at fair value on a recurring basis at June 30, 2011:

	Total	Level 1	Level 2	Level 3
Interest rate derivatives	\$ 320	—	320	—
Power hedge	110	—	110	—
Restricted stock units	130	130	—	—
Total	\$ 560	130	430	—

Derivative liabilities relate to the interest rate cap and interest rate swap agreements, the foreign exchange forward contracts, and power hedge agreement summarized in note 12 (Derivative Instruments). Fair values are determined by independent brokers using quantitative models based on readily observable market data.

The fair value of restricted stock units is based on quoted market prices of the Company stock at the end of each reporting period.

See note 9 (Debt) for information regarding the fair value of our outstanding debt.

(20) 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 years ended June 30, 2012, 2011, and 2010, the Company:

- Paid Marco Realty \$0, \$0, and \$166, respectively, to rent office space for its corporate headquarters in New York City, New York.
- Entered into agreements with Marco International to purchase graphitized carbon electrodes. Purchases under these agreements totaled \$18,136, \$24,731, and \$21,962, respectively. At June 30, 2012 and 2011, payables to Marco International under these agreements totaled \$962 and \$2,952, respectively.
- Entered into agreements with Marco International to purchase rare earth. Purchases under these agreements totaled \$1,013, \$1,001, and \$0, respectively. At June 30, 2012 and 2011, payables to Marco International under these agreements totaled \$0 and \$1,001, respectively.
- Entered into agreements to sell ferrosilicon to Marco International. Net sales under these agreements totaled \$851, \$895, and \$590, respectively. At June 30, 2012 and 2011, receivables from Marco International under these agreements totaled \$137 and \$192, respectively.
- Entered into agreements to sell calcium silicon powder to Marco International. Net sales under these agreements totaled \$5,611, \$524, and \$0, respectively. At June 30, 2012 and 2011, receivables from Marco International under these agreements totaled \$1,115 and \$0, respectively.

The Company is affiliated with Norchem, Inc. (Norchem) through its 50.0% equity interest. During the years ended June 30, 2012, 2011, and 2010, the Company sold Norchem product valued at \$5,923, \$5,575, and \$4,065, respectively. At June 30, 2012 and 2011, receivables from Norchem totaled \$622 and \$576, respectively.

Prior to the Company's purchase of a majority interest in Ningxia Yonvey Coal Industrial Co., Ltd (Yonvey), Yonvey's predecessor had entered into a lending agreement with the remaining minority stockholder. At June 30, 2012 and 2011, \$1,112 and \$1,086, respectively, remained payable to Yonvey from this related party.

(21) 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 and a provider of specialty metallurgical coal for the silicon metal and silicon-based alloys industries located in North America.

• **Globe Metais** — a distributor of silicon metal manufactured in Brazil. This segment includes the historical Brazilian manufacturing operations, comprised of a manufacturing plant in Breu Branco, mining operations, and forest reserves, which were sold on November 5, 2009.

- **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** — operations 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 for the years ended:

	2012	2011	2010
Silicon metal	\$ 360,726	347,599	296,763
Silicon-based alloys	269,919	236,607	148,092
Other	74,899	57,657	27,803
Total	\$ 705,544	641,863	472,658

a. Segment Data

Summarized financial information for our reportable segments as of, and for, the years ended June 30, 2012, 2011, and 2010 are shown in the following tables:

	2012							
	Net Sales	Depreciation and Amortization	Operating Income (Loss)	Interest Income	Interest Expense (1)	Income (Loss) Before Income Taxes	Total Assets	Capital Expenditures
GMI	\$ 631,495	29,261	103,542	1	(5,807)	98,297	679,516	(36,126)
Globe Metals	—	—	(2)	—	—	(2)	—	—
Globe Metales	64,063	1,766	11,332	49	(1,145)	10,422	86,302	(1,926)
Solsil	—	488	(984)	—	—	(984)	30,057	(691)
Corporate	—	424	(27,268)	777	(739)	(25,570)	469,137	(2,675)
Other	28,216	2,061	490	—	(503)	158	41,538	(418)
Eliminations	(18,230)	—	4,315	(584)	584	4,315	(369,803)	—
	\$ 705,544	34,000	91,425	243	(7,610)	86,636	936,747	(41,836)

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2011

	Net Sales	Depreciation and Amortization	Operating Income (Loss)	Interest Income	Interest Expense (1)	Income (Loss) Before Income Taxes	Total Assets	Capital Expenditures
GMI	\$ 549,418	20,430	103,685	5	1,775	102,240	384,495	31,061
Globe								
Metals	15,421	—	397	—	—	398	294	—
Globe								
Metales	62,321	1,634	13,197	—	1,050	12,669	82,751	1,023
Solsil	9,420	488	8,670	—	—	8,670	29,191	165
Corporate	—	426	(29,606)	816	470	(30,086)	403,177	1,226
Other	32,325	2,077	31	1	511	428	43,317	1,564
Eliminations	(27,042)	—	(1,604)	(608)	(608)	(1,605)	(264,956)	—
	\$ 641,863	25,055	94,770	214	3,198	92,714	678,269	35,039

2010

	Net Sales	Depreciation and Amortization	Operating Income (Loss)	Interest Income	Interest Expense (1)	Income (Loss) Before Income Taxes	Total Assets	Capital Expenditures
GMI	\$ 358,279	15,812	41,126	42	2,368	39,107	324,680	18,971
Globe								
Metals	62,126	776	5,263	178	525	8,579	8,192	208
Globe								
Metales	48,959	1,820	10,073	—	1,090	10,069	71,790	996
Solsil	20	508	(1,375)	—	30	(1,405)	30,526	(1,410)
Corporate	—	122	2,815	619	317	2,836	415,184	1,273
Other	12,557	1,634	(4,273)	6	569	(5,036)	41,508	2,863
Eliminations	(9,283)	—	657	(527)	(527)	657	(284,735)	—
	\$ 472,658	20,672	54,286	318	4,372	54,807	607,145	22,901

1 — Net of capitalized interest.

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

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 years ended June 30, 2012, 2011, and 2010 consist of the following:

	2012	2011	2010
United States	\$ 625,681	574,181	407,455

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Argentina	57,154	54,695	42,101
Brazil	—	—	12,820
Canada	5,520	—	—
China	3,131	899	592
Poland	14,058	12,088	9,690
Total	\$ 705,544	641,863	472,658

Long-lived assets by geographical region at June 30, 2012, 2011, and 2010 consist of the following:

	2012	2011	2010
United States	\$ 330,724	224,556	211,876
Argentina	31,185	31,054	31,665
Canada	100,842	—	—
China	26,288	27,524	27,428
Poland	939	823	800
Total	\$ 489,978	283,957	271,769

Long-lived assets consist of property, plant, and equipment, net of accumulated depreciation, depletion 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 years ended June 30, 2012, 2011, and 2010:

	2012	2011	2010
Dow Corning	13%	17%	30%
All other customers	87	83	70
Total	100%	100%	100%

The majority of sales to Dow Corning for the years ended June 30, 2012 and 2011 are associated with Dow Corning's 49% ownership interest in WVA LLC. In addition, the Company maintained a four year arrangement in which Dow Corning was to purchase 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. The contract was further amended in connection with the Dow Corning transactions discussed in note 3 to reduce the amount required to be sold in calendar year 2010 to 20,000 metric tons of silicon metal. In December 2010, the Company agreed to pay \$4,276 to Dow Corning to settle certain remaining sales obligations under this contract. The settlement cost was recorded in cost of goods sold in December 2010.

Sales to Dow Corning are included in the GMI segment.

(22) **Business Interruption Insurance Recovery**

In November 2011, there was a fire at the Bridgeport, Alabama ferrosilicon plant. The Company recorded and received a business interruption insurance recovery in the amount of \$450 as of June 30, 2012.

(23) **Subsequent Events**

On August 17, 2012, the Company's Board of Directors approved an annual dividend of \$0.25 per common share, payable quarterly in September 2012, December 2012, March 2013 and June 2013. The Board of Directors authorized a quarterly dividend of \$0.0625 per share payable on September 19, 2012 to shareholders of record at the close of business on September 5, 2012.

On August 17, 2012, the Board authorized the Company to offer to amend outstanding options representing the right to purchase shares issued to directors, officers and current employees pursuant to the Company's 2006 Employee, Director and Consultant Stock Plan, to permit these options alternatively to be settled for cash or exercised for the issuance of shares, at the election of the option holder. The Company anticipates that these amendments will result in "mark-to-market" accounting with respect to the subject options and the expense associated with these amendments is approximately \$24,000.

The Company has evaluated subsequent events through the date these financial statements were issued.

(24) **Unaudited Quarterly Results**

Unaudited quarterly results for the years ended June 30, 2012 and 2011 were as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Unaudited)			
2012:				
Net sales	\$ 174,862	165,547	173,437	191,698
Operating income	32,465	22,230	19,950	16,780
Net income attributable to Globe Specialty Metals, Inc.	20,693	13,444	11,613	8,820
Basic earnings per common share	0.28	0.18	0.15	0.12
Diluted earnings per common share	0.27	0.18	0.15	0.12
2011:				
Net sales	\$ 137,352	155,775	172,802	175,934
Operating income	8,228	20,229	36,753	29,560
Net income attributable to Globe Specialty Metals, Inc.	2,162	11,708	23,393	15,545

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Basic earnings per common share	0.03	0.16	0.31	0.21
Diluted earnings per common share	0.03	0.15	0.30	0.20

2010:

Net sales	\$105,458	108,278	112,486	146,436
Operating income	12,326	30,466	3,307	8,187
Net income attributable to Globe Specialty Metals, Inc.	8,442	18,534	516	6,609
Basic earnings per common share	0.12	0.25	0.01	0.09
Diluted earnings per common share	0.12	0.25	0.01	0.09

Exhibit Index

Exhibit Number	Description of Document
2 .1	Purchase and Sale Agreement dated as of March 26, 2010, by and among Globe Metals Enterprises, Inc., Core Metals Group Holdings LLC and each of the Sellers named therein (6)
2 .2	Membership Interest Purchase Agreement dated May 27, 2011 by and among NGPC Asset Holdings II, LP,NGP Capital Resources Company and Globe BG, LLC relating to Alden Resources Inc. (7)
2 .3	Membership Interest Purchase Agreement dated May 27, 2011 by and among NGPC Asset Holdings II, LP,NGP Capital Resources Company and Globe BG, LLC relating to Gatliff Services, Inc. (7)
2 .4	Purchase Agreement dated May 27, 2011 by and among NGP Capital Resources Company, Globe BG, LLC and Globe Specialty Metals, Inc. regarding The Overriding Royalty Interests (7)
2 .5	Agreement of Purchase and Sale dated as of April 25, 2012 by and among Becancour Silicon Inc., Timminco Ltd., QSI Partners Ltd., and Globe Specialty Metals, Inc. (14)
 Articles of Incorporation and Bylaws	
3 .1	Amended and Restated Certificate of Incorporation (1)
3 .2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation (1)
3 .3	Amended and Restated Bylaws (2)
 Instruments Defining the Rights of Security Holders, Including Indentures	
4 .1	Third Amended and Restated Credit Agreement dated as of March 30, 2011, by and among GMI, Tennessee Alloys Company LLC, and GSM Sales, Inc., as borrowers, Alabama Sand and Gravel, Inc. and Laurel Ford Resources, Inc., as subsidiary guarantors, GSM, as Parent, the lender parties thereto, and Societe Generale, as Administrative Agent, Issuing Bank, Swingline Lender and Collateral Agent and SG Americas Securities LLC, as Sole Arranger (3)
4 .2	Term Loan Agreement, dated July 28, 2011, by and among GBG Holdings, LLC, Globe Specialty Metals, Inc., GSM Enterprises LLC, the Lenders from time to time party thereto, and BNP Paribas, as administrative agent, collateral agent, sole lead arranger and sole bookrunner (13)
4 .3	Credit Agreement, dated as of May 31, 2012, among the Company, certain subsidiaries of the Company from time to time party thereto, Fifth Third Bank as Administrative Agent and L/C issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated as Joint Lead Arranger and Joint Book Runner, Bank of America, N.A., KeyBank National Association, Sovereign Bank, N.A., and Wells Fargo Bank, N.A., as Co-Syndication Agents, and BBVA Compass Bank, Citibank, N.A., Citizens Bank Of Pennsylvania, HSBC Bank USA N.A., and PNC Bank, National Association, as Co-Documentation Agents, and the other lenders party thereto. (5)
	We are a party to other instruments defining the rights of holders of long-term debt. No such instrument authorizes an amount of securities in excess of 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. We agree to furnish a copy of each such instrument to the Commission on request.
 Material Contracts	
10 .1	Output and Supply Agreement, dated as of October 1, 2010, by and among Quebec Silicon Limited Partnership, Becancour Silicon Inc. (succeeded in interest by QSIP Canada ULC) and Dow Corning Corporation. (14)
10 .2	Shareholders Agreement between all the Shareholders of Quebec Silicon General Partner Inc., dated as of October 1, 2010, by and among Becancour Silicon Inc. (succeeded in interest by QSIP Canada ULC), Dow Corning Netherlands, B.V., and Quebec Silicon General Partner Inc. (14)
10 .3	

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Amended and Restated Limited Partnership Agreement dated as of October 1, 2010, by and among Becancour Silicon Inc. (succeeded in interest by QSIP Canada ULC), Dow Corning Canada, Inc., and Quebec Silicon General Partner Inc. (14)

Management Contracts and Compensatory Plans

- 10 .6 2006 Employee, Director and Consultant Stock Option Plan (1)
- 10 .7 Amendments to 2006 Employee, Director and Consultant Stock Option Plan (8)
- 10 .8 2010 Annual Executive Bonus Plan (9)
- 10 .9 Chief Financial Officer and Chief Legal Officer Annual Bonus Plan (10)
- 10 .10 Framework for the 2011 Annual Executive Long Term Incentive Plan (11)
- 10 .11 Employment Agreement, dated January 27, 2011, between GSM and Alan Kestenbaum (11)
- 10 .12 Employment Agreement, dated July 5, 2011, between GSM and Jeff Bradley (12)
- 10 .13 Employment Agreement, dated November 30, 2011, between GSM and Malcolm Appelbaum (4)
- 10 .14 Employment Agreement, dated June 20, 2008, between GSM and Stephen Lebowitz (1)
- 10 .15 Amendment to Employment Agreement, dated October 27, 2010, between GSM and Stephen Lebowitz (8)
- 10 .16 Executive Deferred Compensation Plan (4)
- 10 .17 Director Deferred Compensation Plan (4)

- 21 .1 Subsidiaries (14)

- 23 .1 Consent of KPMG LLP †

- 31 .1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 †
- 31 .2 Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 †
- 32 .1 Certification of the Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 †

- 95 Mine Safety Disclosure (14)

- 101 The following materials from our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 formatted in eXtensible Business Reporting Language (“XBRL”): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Changes in Stockholders’ Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) notes to these consolidated financial statements. *

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- † Filed herewith.
 - * Previously filed with the Annual Report on Form 10-K for the year ended June 30, 2012, filed with the Securities and Exchange Commission on August 27, 2012, which is being amended hereby.
 - 1 Incorporated by reference to the exhibit with the same designation filed with the Company's registration statement on Form S-1 (Registration No. 333-152513) filed on July 25, 2008.
 - 2 Incorporated by reference to the exhibit with the same designation filed with Amendment No. 1 to the Company's registration statement on Form S-1 (Registration No. 333-152513) filed on November 4, 2008.
 - 3 Incorporated by reference to exhibit to the Company's Form 8-K filed on April 5, 2011.
 - 4 Incorporated by reference to exhibit to the Company's Form 10-Q filed on February 8, 2012.
 - 5 Incorporated by reference to exhibit to the Company's Form 8-K filed on June 6, 2012.
 - 6 Incorporated by reference to exhibit to the Company's Form 8-K filed on April 1, 2010.
 - 7 Incorporated by reference to exhibit to the Company's Form 8-K filed on June 3, 2011.
 - 8 Incorporated by reference to exhibit to the Company's Form 10-Q filed on February 11, 2011.
 - 9 Incorporated by reference to exhibit to the Company's Form 10-K filed on September 28, 2010.
 - 10 Incorporated by reference to exhibit to the Company's Form 10-Q filed on November 12, 2010.
 - 11 Incorporated by reference to exhibit to the Company's Form 10-Q filed on May 12, 2011.
 - 12 Incorporated by reference to exhibit to the Company's Form 10-K filed on August 26, 2011.
 - 13 Incorporated by reference to exhibit to the Company's Form 8-K filed on August 2, 2011.
 - 14 Incorporated by reference to exhibit to the Company's Form 10-K filed on August 27, 2012.

