

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1997-12-18** | Period of Report: **1997-12-05**
SEC Accession No. **0000096238-97-000017**

([HTML Version](#) on secdatabase.com)

FILER

TALLEY INDUSTRIES INC

CIK: **96238** | IRS No.: **860180396** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-04778** | Film No.: **97740581**
SIC: **3312** Steel works, blast furnaces & rolling mills (coke ovens)

Business Address
2702 N 44TH ST, SUITE 100-A
PHOENIX AZ 85008
6029577711

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) December 5, 1997

TALLEY INDUSTRIES, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

1-4778

86-0180396

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer Identi-
fication No.)

2702 North 44th Street, Suite 100A, Phoenix, Arizona 85008

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: 602/957-7711

(Former name or former address, if changed since last report)

Item 1. Changes in Control of Registrant.

On December 5, 1997, Score Acquisition Corp. ("Purchaser"), a Delaware corporation and a wholly-owned subsidiary of Carpenter Technology Corporation, a Delaware corporation ("Carpenter"), accepted for payment approximately 10,777,195 shares of the Registrant's Common Stock, par value \$1 per share, including the associated Preferred Stock Purchase Rights (the "Common Shares"), approximately 12,509 shares of the Registrant's Series A Convertible Preferred Stock ("Series A Preferred Shares") and approximately 497,618 shares of the Registrant's Series B \$1 Cumulative Convertible Preferred Stock ("Series B Preferred Shares," and together with the Common Shares and the Series A Preferred Shares, the "Shares"). The Shares were acquired pursuant to the Agreement and Plan of Merger dated September 25, 1997 among Carpenter, Purchaser and the Registrant, a copy of which is attached as Exhibit 2.1 hereto and incorporated herein by reference (the "Merger Agreement"), and upon the terms and subject to the conditions set forth in Purchaser's Offer to Purchase dated October 2, 1997 (as amended to date, the "Offer to Purchase") and the related Letter of Transmittal (together with the Offer to Purchase, and as amended to date, the "Offer"). The Offer expired at 12:00 midnight (EST) on Thursday, December 4, 1997, and all Shares validly tendered by stockholders and not withdrawn prior to such time were accepted for payment by Purchaser. As a result of the consummation of the Offer, Purchaser holds approximately 74.4% (measured by aggregate voting power on a fully diluted basis) of the Registrant's issued and outstanding voting securities. A copy of the press releases issued by Carpenter and the Registrant on December 5, 1997 announcing the preliminary results of the Offer are attached hereto as Exhibits 99.1 and 99.2, respectively.

The total consideration paid by Purchaser for the purchase of Shares pursuant to the Offer was approximately \$137.6 million. Based on information reported by Purchaser in the Offer to Purchase and in the Schedule 14D-1 filed by Purchaser on October

2, 1997, and the amendments thereto, the Registrant believes that (i) Purchaser's source of funds to acquire the Shares is through a capital contribution and/or a loan from Carpenter; and (ii) Carpenter's source of funds is principally through an increase in its unsecured revolving credit agreement to \$400 million. According to Purchaser, the four lenders under the amended revolving credit facility are Morgan Guaranty Trust Company of New York acting as agent, Mellon Bank, N.A. as syndication agent, CoreStates Bank, N.A. and PNC Bank, National Association.

-2-

The Merger Agreement provides that, following consummation of the Offer and subject to approval by the stockholders of the Registrant and the satisfaction of certain limited conditions, Purchaser will acquire all of the issued and outstanding Shares not tendered in the Offer through a cash merger of Purchaser or another wholly-owned subsidiary of Carpenter with and into the Registrant (the "Merger"), with the Registrant as the surviving corporation. The Merger Agreement will be submitted to the Registrant's stockholders for approval at a special meeting of stockholders which the Registrant anticipates will be held on February 12, 1998. Because Purchaser has sufficient voting power to approve the Merger Agreement and is contractually obligated to vote all Shares held by Purchaser in favor of the Merger Agreement, approval of the Merger Agreement by the stockholders is assured. The other conditions to consummation of the Merger are expected by the Registrant to be fulfilled.

On December 9, 1997, in accordance with the terms of the Merger Agreement, Robert T. Craig, Jack C. Crim, Fred Israel, Alex Stamatakis and Donald J. Ulrich, Jr. resigned as directors of the Registrant and the Registrant's subsidiary, Talley Manufacturing and Technology, Inc., a Delaware corporation ("Talley Manufacturing"), and Robert W. Cardy, Dennis M. Draeger, G. Walton Cottrell, Robert W. Lodge, John R. Welty, and Edward B. Bruno, each of whom is a designee of Purchaser, were appointed to the Board of Directors of the Registrant and Talley Manufacturing. Paul L. Foster, Joseph A. Orlando, John W. Stodder and David Victor continue to serve as directors of the Registrant and Talley Manufacturing, but Admiral Foster has resigned as Chairman of the Board and Chief Executive Officer of

the Registrant and Talley Manufacturing. Robert W. Cardy has been appointed as Chairman of the Board and Chief Executive Officer of the Registrant and Talley Manufacturing.

The foregoing summary of certain terms and provisions of the Merger Agreement is qualified in its entirety by the Merger Agreement, which is an Exhibit to this Report.

Item 5. Other Events.

On December 9, 1997, the Registrant's Board of Directors approved Amendment No. 1 (the "Amendment") to the Amended and Restated Rights Agreement (as so amended, the "Amended Rights Agreement") originally dated as of April 30, 1986, as amended as of July 21, 1986 and as further amended and restated as of February 2, 1996, between the Registrant and ChaseMellon Shareholder Services, L.L.C., as Rights Agent. The Amendment provides that immediately prior to the "Effective Time" (as such term is defined in the Merger Agreement) of the Merger, all Preferred Stock Purchase

-3-

Rights (the "Rights") outstanding or issuable under the Amended Rights Agreement shall be null and void and of no further force and effect, and the Registrant's obligations to issue additional Rights and its obligations under the Amended Rights Agreement shall terminate. The foregoing summary of certain terms and provisions of the Amended Rights Agreement and the Amendment is qualified in its entirety by the Amended Rights Agreement and the Amendment, copies of which are attached hereto as Exhibits 4.1 and 4.2, respectively, and incorporated herein by reference.

This Report contains forward-looking statements that are based on the Registrant's current expectations. Words such as "expects" and "anticipates" are intended to identify such forward-looking statements. These statements are not guarantees of future performance or actions and involve certain risks, uncertainties and assumptions. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The Registrant undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 7. Financial Statements, Pro Forma Financial Information

and Exhibits.

(c) Exhibits

- 2.1 Agreement and Plan of Merger dated September 25, 1997, among Carpenter Technology Corporation, a Delaware corporation, Score Acquisition Corp., a Delaware corporation, and the Registrant. (Incorporated herein by reference to Exhibit B to Schedule 14D-9 filed by the Registrant on October 2, 1997.)

- 4.1 Amended and Restated Rights Agreement originally dated as of April 30, 1986, as amended as of July 21, 1986 and as further amended and restated as of February 2, 1996, between the Registrant and ChaseMellon Shareholder Services, L.L.C., as Rights Agent (as so amended and restated, the "Rights Agreement"). (Incorporated herein by reference to Exhibit 2.4 to the Registrant's Form 8-A dated as of February 2, 1996.)

- 4.2 Amendment No. 1 to the Rights Agreement

-4-

- 99.1 Press Release dated December 5, 1997 issued by Purchaser regarding completion of the Offer

- 99.2 Press Release dated December 5, 1997 issued by the Registrant regarding completion of the Offer

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

TALLEY INDUSTRIES, INC.

Dated: December 17, 1997

By /s/ Mark S. Dickerson

Mark S. Dickerson,
Vice President and
Secretary

EXHIBIT

- 2.1 Agreement and Plan of Merger dated September 25, 1997, among Carpenter Technology Corporation, a Delaware corporation, Score Acquisition Corp., a Delaware corporation, and the Registrant. (Incorporated herein by reference to Exhibit B to Schedule 14D-9 filed by the Registrant on October 2, 1997.)
- 4.1 Amended and Restated Rights Agreement originally dated as of April 30, 1986, as amended as of July 21, 1986 and as further amended and restated as of February 2, 1996, between the Registrant and ChaseMellon Shareholder Services, L.L.C., as Rights Agent (as so amended and restated, the "Rights Agreement"). (Incorporated herein by reference to Exhibit 2.4 to the Registrant's Form 8-A dated as of February 2, 1996.)
- 4.2 Amendment No. 1 to the Rights Agreement
- 99.1 Press Release dated December 5, 1997 issued by Purchaser regarding completion of the Offer
- 99.2 Press Release dated December 5, 1997 issued by the Registrant regarding completion of the Offer

AMENDMENT NO. 1

to the

AMENDED AND RESTATED RIGHTS AGREEMENT

between

TALLEY INDUSTRIES, INC.

and

CHASEMELLON SHAREHOLDER SERVICES, L.L.C. , as Rights Agent

Originally dated as of April 30, 1986,
and amended as of July 21, 1986,
and amended and restated as of February 2, 1996

Section 29 of the Amended and Restated Rights Agreement originally dated as of April 30, 1986, as amended as of July 21, 1986, and as further amended and restated as of February 2, 1996 (the "Amended Rights Agreement"), is hereby amended to add the following additional sentence at the end of said Section 29:

Notwithstanding any other provision of this Agreement, effective immediately prior to the "Effective Time" (as such term is defined in the Agreement and Plan of Merger dated September 25, 1997 among Carpenter Technology Corporation, a Delaware corporation ("Carpenter"), Score Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Carpenter, and the Company), all Rights then outstanding (or issuable under this Agreement) shall be null and void and of no further force and effect, and the Company's obligations to issue additional Rights and its obligations under this Agreement shall terminate.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be duly executed and attested as of December 9, 1997.

Attest:

TALLEY INDUSTRIES, INC.

By /s/ Mark S. Dickerson

By /s/ Jack C. Crim

Secretary

President

Attest:

CHASEMELLON SHAREHOLDER
SERVICES, L.L.C.

By /s/ Joseph Cannata

By /s/ Martha O. Mijango

Its Assistant Vice President

Its Assistant Vice President

CARPENTER

Carpenter Technology Corporation
P.O. Box 14662
Reading, Pennsylvania, 19612-4662

Robert J. Dickson
(610) 208-2165

IMMEDIATE RELEASE

CARPENTER SUCCESSFULLY COMPLETES TENDER OFFER FOR TALLEY

Reading, PA (December 5, 1997) - Carpenter Technology Corporation (NYSE:CRS) announced today that it successfully completed its tender offer for all outstanding shares of Talley Industries, Inc. (NYSE:TAL). The offer expired as scheduled at midnight (EST) on Thursday, December 4.

Based on a preliminary count from the depository for the offer, approximately 10,777,195 shares of common stock, 12,509 shares of Series A convertible preferred stock and 497,618 shares of Series B \$1 cumulative convertible preferred stock of Talley had been tendered and accepted for payment. On a fully diluted basis, this represents approximately 74.4 percent of Talley's outstanding shares of common stock, Series A convertible preferred stock and Series B \$1 cumulative convertible preferred stock.

Carpenter now will take the necessary steps to merge its subsidiary, Score Acquisition Corp., with Talley during the first quarter of 1998. Any remaining Talley shares then will be converted into cash amounts equivalent to the tender offer, which are \$12 per share of common stock, \$11.70 per share of Series A convertible preferred stock and \$16 per share of Series B \$1 cumulative convertible preferred stock.

MORE

Carpenter Technology Corporation/page 2

Carpenter, a specialty materials company based in Reading, Pa., that makes and sells stainless steel, titanium and other specialty alloys, and various engineered products, is acquiring Talley to expand its metals manufacturing capacity and distribution outlets. The aggregate value of the transaction will be approximately \$312 million.

Carpenter's sales for fiscal year 1997 (ended June 30, 1997) were \$939 million. In 1996, Phoenix-based Talley, a diversified manufacturer, had revenues of \$502.7 million.

Talley Industries, Inc.
2702 N. 44th St., 100A
Phoenix, Arizona 85008
<http://www.talleyind.com>

=====

FOR IMMEDIATE RELEASE

Contact: Daniel R. Mullen
V.P. & Treasurer
(602) 957-7711

CARPENTER CONCLUDES SUCCESSFUL TALLEY TENDER OFFER

PHOENIX, Ariz. (December 5, 1997) (TAL:NYSE) -- Talley Industries, Inc. announced today that its shareholders have tendered a majority of the outstanding shares to Score Acquisition Corp., a wholly-owned subsidiary of Carpenter Technology Corporation (NYSE:CRS). The tender offer expired at midnight (EST) on Thursday, December 4, 1997.

Based on a preliminary count from the depositary for the offer, 11,442,202 shares were tendered and accepted for payment. Shares tendered represented 74% of the aggregate voting power of Talley on a fully diluted basis.

The all-cash tender offer was \$12 per share of Talley Common Stock, \$16 per share of Talley Series B Preferred Stock (NYSE:TALprB) and \$11.70 per share of Talley Series A Preferred Stock.

"We are pleased with the overwhelming number of shares tendered, as this is an extremely positive endorsement of the cash offer by Carpenter Technology," commented Paul L. Foster, Talley Chairman and Chief Executive Officer. "It represents the successful culmination of efforts by the Talley Board of Directors to maximize value for our shareholders," Mr. Foster concluded.

Talley Industries, Inc. designs, manufactures, and supplies specialized industrial, commercial, and aerospace products and services, including stainless steel bar and wire rod, and high reliability electronic components. The Company was a pioneer in the automotive airbag industry and is currently developing new airbag technologies.

