

FRIEDMAN INDUSTRIES INC

Form 10-K

June 26, 2009

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-K**

- x Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2009
- o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-7521

**FRIEDMAN INDUSTRIES, INCORPORATED**  
(Exact name of registrant as specified in its charter)

**Texas**  
(State or other jurisdiction of  
incorporation or organization)

**74-1504405**  
(I.R.S. Employer  
Identification No.)

**4001 Homestead Road, Houston, Texas**  
(Address of principal executive offices)

**77028**  
(Zip Code)

Registrant's telephone number, including area code: **(713) 672-9433**

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

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
Common Stock, \$1 Par Value	American Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act.

Yes \_\_\_ No X

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 X

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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 as the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See 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 (X)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

The aggregate market value of the Common Stock held by non-affiliates of the registrant as of September 30, 2008 (computed by reference to the closing price on such date), was approximately \$41,534,000.

The number of shares of the registrant's Common Stock outstanding at June 15, 2009 was 6,799,444 shares.

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**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Annual Report to Shareholders of Friedman Industries, Incorporated for the fiscal year ended March 31, 2009 Part II.

Proxy Statement for the 2009 Annual Meeting of Shareholders Part III.

**PART I**

**Item 1. Business**

Friedman Industries, Incorporated (the Company), a Texas corporation incorporated in 1965, is engaged in steel processing, pipe manufacturing and processing and steel and pipe distribution.

The Company has two product groups: coil and tubular products. Significant financial information relating to the Company's product groups for the last two years is contained in Note 7 of the Consolidated Financial Statements included in the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2009, which financial statements are incorporated herein by reference in Item 8 hereof.

*Coil Products*

The Company purchases hot-rolled steel coils, processes the coils into flat, finished sheet and plate and sells these products on a wholesale, rapid-delivery basis in competition with steel mills, importers and steel service centers. The Company also processes customer-owned coils on a fee basis. The steel coils are processed through cut-to-length lines which level the steel and cut it to prescribed lengths. In addition, the Company operates steel temper mills which improve the flatness and surface qualities of hot-rolled steel. The Company's processing machinery is heavy, mill-type equipment capable of processing steel coils weighing up to 25 tons. Coils are processed to the specifications required for a particular order. Shipments are made via unaffiliated truckers or by rail and can generally be made within 48 hours of receipt of the customer's order.

The Company owns and operates two coil processing facilities located in Hickman, Arkansas and Decatur, Alabama. At each facility, the Company warehouses and processes hot-rolled steel coils which are purchased primarily from steel mills operated by Nucor Steel Company (NSC), which are located near each facility. Each facility operates a steel cut-to-length line and steel temper mill. In addition, the Company's XSCP Division located in Hickman purchases and markets non-standard hot-rolled coils received from NSC. Loss of NSC as a source of coil supply could have a material adverse effect on the Company's business.

*Tubular Products*

Through its Texas Tubular Products Division (TTP) in Lone Star, Texas, the Company manufactures, purchases, processes and markets tubular products.

TTP operates two pipe mills. Both pipe mill #1 and pipe mill #2 are American Petroleum Institute-licensed to manufacture line and oil country pipe and also manufacture pipe for structural and piling purposes that meet recognized industry standards. TTP also employs various pipe processing equipment including threading and beveling machines, pipe handling equipment and other related machinery.

In recent years, the Company has manufactured and sold substantially all of its line and oil country pipe to U.S. Steel Tubular Products, Inc. ( USS ), an affiliate of United States Steel Corporation, pursuant to orders received from USS. In addition, the Company manufactures and markets to others pipe for structural and other miscellaneous applications. In recent years, the Company has purchased from USS and marketed to others pipe for structural applications for some sizes of pipe that exceed the capability of the TTP pipe mills.

In February 2009, USS announced that it was temporarily idling its plant at Lone Star, Texas, due to weak market conditions. Since February 2009, the Company has received few orders from USS and a significantly reduced supply of pipe and coils from USS. The Company expects these circumstances will continue until market conditions improve. The Company can make no assurances as to amounts of tubular products that will be purchased by USS in the future and the amounts of pipe and coil material that will be

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available from USS in the future. Loss of USS as a customer and as a source of supply for TTP could have a material adverse effect on the Company's business.

The recently-depressed market conditions during the downturn of the U.S. economy along with the significant decrease in orders from USS and the reduction in the supply of pipe and coil material from USS have had an adverse effect on the Company's tubular business. As a result, the Company downsized its TTP division to a level more commensurate with operations.

*Marketing*

The following table sets forth the approximate percentage of total sales contributed by each group of products and services during each of the Company's last two fiscal years:

<b>Product and Service Groups</b>	<b>2009</b>	<b>2008</b>
Coil Products	35%	46%
Tubular Products	65%	54%

*Coil Products.* The Company sells coil products and processing services to approximately 170 customers located primarily in the midwestern, southwestern and southeastern sections of the United States. The Company's principal customers for these products and services are steel distributors and customers fabricating steel products such as storage tanks, steel buildings, farm machinery and equipment, construction equipment, transportation equipment, conveyors and other similar products. During each of the fiscal years ended March 31, 2009 and 2008, seventeen and eight customers of coil products, respectively, accounted for approximately 25% of the Company's total sales. Except for Trinity Industries, Inc., which accounted for approximately 11% of total sales in fiscal 2008, no coil product customer accounted for as much as 10% of the Company's total sales during those years.

The Company sells substantially all of its coil products through its own sales force. At March 31, 2009, the sales force was comprised of a vice president and three professional sales personnel under the direction of the Senior Vice President - Sales and Marketing. Sales personnel are paid on a salary and commission basis.

The Company regularly contracts on a quarterly basis with many of its larger customers to supply minimum quantities of steel.

*Tubular Products.* The Company sells its tubular products nationally to approximately 180 customers. The Company's principal customers for these products are steel and pipe distributors, piling contractors and, historically, USS. Sales of pipe to USS accounted for approximately 30% of the Company's total sales in fiscal 2009. Since February 2009, the Company has received few orders from USS. The Company can make no assurances as to the amount of future sales to USS.

The Company sells its tubular products through its own sales force comprised of three professional sales personnel under the direction of the Senior Vice President - Sales and Marketing. Sales personnel are paid on a salary and commission basis.

*Competition*

The Company is engaged in a non-seasonal, highly-competitive business. The Company competes with steel mills, importers and steel service centers. The steel industry, in general, is characterized by a small number of extremely

large companies dominating the bulk of the market and a large number of relatively small companies, such as the Company, competing for a limited share of such market.

The Company believes that, generally, its ability to compete is dependent upon its ability to offer products at prices competitive with or below those of other steel suppliers, as well as its ability to provide products meeting customer specifications on a rapid-delivery basis.

*Employees*

At March 31, 2009, the Company had approximately 80 full-time employees.



**Table of Contents***Executive Officers of the Company*

The following table sets forth as of March 31, 2009, the name, age, officer positions and family relationships, if any, of each executive officer of the Company and the period during which each officer has served in such capacity:

Name	Age	Position, Offices with the Company and Family Relationships, if any
William E. Crow	61	Chief Executive Officer since 2006 and President since 1995; formerly Chief Operating Officer since 1995, Vice President since 1981 and President of Texas Tubular Products Division since August 1990
Benny Harper	63	Senior Vice President Finance since 1995 (formerly Vice President since 1990), Treasurer since 1980 and Secretary since May 1992
Thomas Thompson	58	Senior Vice President Sales and Marketing since 1995; formerly Vice President Sales since 1990

**Item 1A. Risk Factors**

*Lead time and the cost of our products could increase if we were to lose one of our primary suppliers.*

Historically, we have been dependent on NSC for our supply of coil inventory and on USS for our supply of coil material used in pipe manufacturing. While current levels are adequate to sustain our coil operations, a reduction in the supply of steel coils could have an adverse effect on our coil operations. Historically, USS has been our primary supplier of tubular products. Since February 2009, we have received a significantly reduced supply of material from USS. This reduction in the supply of tubular products and coil material used in our tubular operations from USS has had an adverse effect on our tubular operations. The Company can make no assurances as to the amounts of pipe and coil material that will be available from USS in the future.

If, for any reason, NSC should curtail or discontinue deliveries of coil inventory to us in quantities we need and at prices that are competitive, our business could be negatively impacted. Also, if the current reduction in the supply by USS of material used in the manufacture of tubular products should continue for a prolonged period or USS should discontinue completely such deliveries, the negative impact on our business could be significant. If, in the future, we are unable for a prolonged period to obtain sufficient amounts of the necessary metals at competitive prices and on a timely basis from our traditional suppliers, we may not be able to obtain such metals from alternative sources at competitive prices to meet our delivery schedules, which would have a material adverse effect on our business, financial condition or results of operations.

*Our future operating results may be affected if we were to lose one of our significant customers.*

In fiscal 2009, sales of pipe to USS accounted for approximately 30% of the Company's total sales. In February 2009, USS announced that it was temporarily idling its plant at Lone Star, Texas, due to weak market conditions. Since February 2009, the Company has received few orders from USS. These circumstances have had an adverse effect on the Company's business. A prolonged reduction in sales to USS or the permanent loss of USS as a customer could have a material adverse effect on the Company's business.

*Our future operating results may be affected by fluctuations in raw material prices. We may not be able to pass on increases in raw material costs to our customers.*

Our principal raw materials are tubular products and steel coils, which we purchase from a limited number of primary steel producers. The steel industry as a whole is very cyclical, and at times pricing can be volatile due to a number of factors beyond our control, including general economic conditions, labor costs, competition, import duties, tariffs and currency exchange rates. This volatility can significantly affect our steel costs. We are required to maintain substantial inventories to accommodate the short lead times and just-in-time delivery requirements of our customers.

Accordingly, we purchase raw materials on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon historic buying practices and market conditions. In an

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environment of increasing raw material prices, competitive conditions will impact how much of the steel price increases we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, the profitability of our business could be adversely affected.

*Our business is highly competitive, and increased competition could reduce our gross profit and net income.*

The principal markets that we serve are highly competitive. Competition is based primarily on the precision and range of achievable tolerances, quality, price, raw materials and inventory availability and the ability to meet delivery schedules dictated by customers. Our competition in the markets in which we participate comes from companies of various sizes, some of which have greater financial and other resources than we do and some of which have more established brand names in the markets we serve. Increased competition could force us to lower our prices or to offer additional services at a higher cost to us, which could reduce our gross profit, net income and cash flows.

*We are susceptible to the cyclical nature of the steel industry.*

The steel industry is very cyclical and is affected significantly by general economic conditions and other factors such as worldwide production capacity, fluctuations in steel imports/exports and tariffs. Steel prices are sensitive to a number of supply and demand factors. The current conditions in the U.S. economy have had an adverse effect on the U.S. steel industry and on our business. The prolonged duration of these conditions and any future downturns in the industry could have a material adverse effect on our business, financial condition or results of operations.

*We may not be able to manage and integrate future capital expansions successfully.*

We own a new steel processing and distribution operation in Decatur, Alabama. In addition, we have made improvements to pipe mill #2 at our TTP operations in Lone Star, Texas. Expansion presents risks. We have expended and will continue to expend both capital and personnel resources on such expansions, which may or may not be successful.

*Equipment downtime or shutdowns could adversely affect our business, financial condition or results of operations.*

Steel manufacturing processes are dependent on critical equipment. Such equipment may incur downtime as a result of unanticipated failures or other events, such as fires or breakdowns. Our facilities have experienced, and may in the future experience, shutdowns or periods of reduced production as a result of such equipment failures or other events. Such disruptions could have an adverse effect on our operations, customer service levels and financial results.

*Increases in energy prices will increase our operating costs, and we may be unable to pass all of these increases on to our customers in the form of higher prices for our products.*

We use energy to manufacture and transport our products. Our operating costs increase if energy costs rise. We do not hedge our exposure to higher prices via energy futures contracts. Increases in energy prices will increase our operating costs and may reduce our profitability and cash flows if we are unable to pass all the increases on to our customers.

*Steel companies are susceptible to changes in governmental policies and international economic conditions.*

Governmental, political and economic developments relating to inflation, interest rates, taxation, currency fluctuations, social or political instability, diplomatic relations, international conflicts and other factors may adversely affect our business, financial condition or results of operations.

*Steel companies are subject to stringent environmental regulations, and we may be required to spend considerable amounts of money in order to comply with such regulations.*

We are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operate. These laws and regulations, as interpreted by relevant agencies and the courts, impose

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increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices and the remediation of environmental contamination.

The costs of complying with environmental requests could be significant and failure to comply could result in the assessment of civil and criminal penalties, the suspension of operations and lawsuits by private parties. In addition, these standards can create the risk of environmental liabilities, including liabilities associated with divested assets and past activities.

*Durable goods account for a significant portion of our sales, and reduced demand from this sector of the U.S. economy is likely to adversely affect our profitability and cash flows.*

Downturns in demand for durable goods, or a decrease in the prices that we can realize from sales of our products to customers associated with this sector of the economy, would adversely affect our profitability and cash flows.

*Competition from other materials may have a material adverse effect on our business, financial condition or results of operations.*

In many applications, steel competes with other materials, such as aluminum, cement, composites, glass, plastic and wood. Additional substitutes for steel products could adversely affect future market prices and demand for steel products.

*Product liability claims could adversely affect our operations.*

We sell products to manufacturers who are engaged in selling a wide range of end products. Furthermore, our products are also sold to, and used in, certain safety-critical applications. If we were to sell steel products that were inconsistent with the specifications of the order or the requirements of the application, significant disruptions to the customer's production lines could result. There could also be consequential damages resulting from the use of such products. We have a limited amount of product liability insurance coverage, and a major claim for damages related to products sold could have a material adverse effect on our business, financial condition or results of operations.

*Our common stock is subject to price volatility unrelated to our operations.*

The market price of our common stock could fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our planned growth, quarterly operating results, trading volume in our common stock, changes in general conditions in the economy and the financial markets or other developments affecting our competitors or us.

In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

*Certain provisions of our articles of incorporation may discourage a third party from making a takeover proposal.*

Our articles of incorporation provide that the affirmative vote of the holders of 80% of all of our outstanding shares of stock entitled to vote in elections of directors is required for a merger or consolidation of the Company with and into any other corporation or the sale, lease or other disposition of all or substantially all of our assets. This may have the effect of discouraging a takeover proposal or tender offer not approved by management and the board of directors and could result in shareholders who may wish to participate in such a proposal or tender offer receiving less for their

shares than otherwise might be available in the event of a takeover attempt.

**Item 1B. Unresolved Staff Comments**

Not required

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The principal properties of the Company are described in the following table:

	<b>Location</b>	<b>Approximate Size</b>	<b>Ownership</b>
Lone Star, Texas			
Plant	Texas Tubular Products	118,260 sq. feet	Owned(1)
Offices	Texas Tubular Products	9,200 sq. feet	Owned(1)
Land	Texas Tubular Products	81.70 acres	Owned(1)
Longview, Texas			
Offices		2,600 sq. feet	Leased(2)
Houston, Texas			
Offices		4,000 sq. feet	Leased(3)
Hickman, Arkansas			
Plant and Warehouse	Coil Products	42,600 sq. feet	Owned(1)
Offices	Coil Products	2,500 sq. feet	Owned(1)
Land	Coil Products	26.19 acres	Owned(1)
Decatur, Alabama			
Plant and Warehouse	Coil Products	48,000 sq. feet	Owned(1)
Offices	Coil Products	2,000 sq. feet	Owned(1)
Land	Coil Products	47.3 acres	Owned(1)

- (1) All of the Company's owned real estate, plants and offices are held in fee and are not subject to any mortgage or deed of trust.
- (2) The office lease is with a nonaffiliated party, expires April 30, 2013, and provides for an annual rental of \$30,084.
- (3) In September 2006, the Company sold real property in Houston, Texas and signed a 12-month lease agreement to rent office space at this location. The office lease is with Steelvest Property, LLC, a company affiliated with Max Reichenthal, a director of the Company. The lease is renewable on a quarterly basis and provides for a monthly rental of \$1,400.

**Item 3. Legal Proceedings**

The Company is not a party to, nor is its property the subject of, any material pending legal proceedings.

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

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**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The Company's Common Stock is traded principally on the American Stock Exchange (Symbol: FRD).

Reference is hereby made to the sections of the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2009, entitled "Description of Business - Range of High and Low Sales Prices of Common Stock" and "Description of Business - Cash Dividends Declared Per Share of Common Stock", which sections are hereby incorporated herein by reference.

The approximate number of shareholders of record of Common Stock of the Company as of May 22, 2009 was 310.

**Item 6. Selected Financial Data**

Not required.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Information with respect to Item 7 is hereby incorporated herein by reference from the section of the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2009, entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations".

**Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

Not required.

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

The following financial statements and notes thereto of the Company included in the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2009, are hereby incorporated herein by reference:

Consolidated Balance Sheets - March 31, 2009 and 2008

Consolidated Statements of Earnings - Years ended March 31, 2009 and 2008

Consolidated Statements of Stockholders' Equity - Years ended March 31, 2009 and 2008

Consolidated Statements of Cash Flows - Years ended March 31, 2009 and 2008

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Information with respect to supplementary financial information relating to the Company appears in Note 8 - Summary of Quarterly Results of Operations (Unaudited) of the Notes to Consolidated Financial Statements incorporated herein by reference above in this Item 8 from the Company's Annual Report to Shareholders for the fiscal year ended



March 31, 2009.

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The following supplementary schedule for the Company for the year ended March 31, 2009, is included elsewhere in this report:

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None

**Item 9A. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

The Company's management, with the participation of the Company's principal executive officer (CEO) and principal financial officer (CFO), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on this evaluation, the CEO and CFO have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective to ensure that information that is required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

*Internal Control Over Financial Reporting*

Management's report on internal control over financial reporting appears on page 16 of the Company's Annual Report to Shareholders for the year ended March 31, 2009, which is incorporated herein by reference. This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

There were no changes in the Company's internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information**

None

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**PART III**

**Item 10. Directors and Executive Officers of the Registrant**

Except as otherwise set forth below, information with respect to Item 10 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2009 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the Securities and Exchange Commission on or before 120 days after the end of the Company's 2009 fiscal year.

Information with respect to Item 10 regarding executive officers is hereby incorporated by reference from the information set forth under the caption "Executive Officers of the Company" in Item 1 of this report.

The Company has adopted the Friedman Industries, Incorporated Code of Conduct and Ethics (the "Code") which applies to the Company's employees, directors and officers, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the Code is filed as an exhibit hereto.

**Item 11. Executive Compensation**

Information with respect to Item 11 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2009 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the Securities and Exchange Commission on or before 120 days after the end of the Company's 2009 fiscal year.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

*Equity Compensation Plan Information*

The Company had no equity compensation plan as of March 31, 2009.

*Security Ownership Information*

The additional information with respect to Item 12 regarding the security ownership of certain beneficial owners and management, and related matters, is hereby incorporated herein by reference from the Company's proxy statement in respect to the 2009 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the Securities and Exchange Commission on or before 120 days after the end of the Company's 2009 fiscal year.

**Item 13. Certain Relationships and Related Transactions**

Information with respect to Item 13 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2009 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the Securities and Exchange Commission on or before 120 days after the end of the Company's 2009 fiscal year.

**Item 14. Principal Accountant Fees and Services**

Information with respect to Item 14 is hereby incorporated herein by reference from the Company's proxy statement in respect of the 2009 Annual Meeting of Shareholders, definitive copies of which are expected to be filed with the Securities and Exchange Commission on or before 120 days after the end of the Company's 2009 fiscal year.



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**PART IV**

**Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K**

(a) Documents included in this report

1. Financial Statements

The following financial statements and notes thereto of the Company are included in the Company's Annual Report to Shareholders for the fiscal year ended March 31, 2009, which is incorporated herein by reference:

Consolidated Balance Sheets March 31, 2009 and 2008

Consolidated Statements of Earnings Years ended March 31, 2009 and 2008

Consolidated Statements of Stockholders Equity Years end March 31, 2009 and 2008

Consolidated Statements of Cash Flows Years ended March 31, 2009 and 2008

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedules

The following financial statement schedule of the Company is included in this report at page S-1:

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

<b>Exhibit No.</b>	<b>Description</b>
3.1	Articles of Incorporation of the Company, as amended (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1982).
3.2	Articles of Amendment to the Articles of Incorporation of the Company, as filed with the Texas Secretary of State on September 22, 1987 (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1988).
3.3	Amended and Restated Bylaws of the Company (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 9, 2006).

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- 4.1 Reference is made to Exhibits 10.1, 10.3, 10.4, 10.5, 10.6, 10.7, 10.9, 10.10 and 10.11 described in this Item 15(a).
- 10.1 Amended and Restated Letter Agreement dated April 1, 1995, between the Company and Texas Commerce Bank National Association ( TCB ) regarding an \$8,000,000 revolving line of credit (filed as an exhibit to and incorporated by reference from the Company s Annual Report on Form 10-K for the year ended March 31, 1995).
- \*10.2 Friedman Industries, Incorporated 1996 Stock Option Plan (filed as an exhibit to and incorporated by reference from the Company s Annual Report on Form 10-K for the year ended March 31, 1997).
- 10.3 First Amendment to Amended and Restated Letter Agreement between the Company and TCB dated April 1, 1997 (filed as an exhibit to and incorporated by reference from the Company s Annual Report on Form 10-K for the year ended March 31, 1997).
- 10.4 Second Amendment to Amended and Restated Letter Agreement between the Company and TCB dated July 21, 1997 (filed as an exhibit to and incorporated by reference from the Company s Report on Form 10-Q for the three months ended June 30, 1997).

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<b>Exhibit No.</b>	<b>Description</b>
10.5	Third Amendment to the Amended and Restated Letter Agreement dated April 1, 1999 between the Company and Chase Bank of Texas N.A. (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three months ended June 30, 1999).
10.6	Fourth Amendment to the Amended and Restated Letter Agreement dated June 1, 2001 between The Chase Manhattan Bank and the Company (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three months ended June 30, 2001).
10.7	Fifth Amendment to the Amended and Restated Letter Agreement dated effective as of April 1, 2003 between JPMorgan Chase Bank N.A. and the Company (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three months ended June 30, 2003).
10.8	Agreement dated December 13, 2004, by and between Harold Friedman and the Company (incorporated by reference from Exhibit 10.2 to the Company's current report on Form 8-K filed on December 14, 2004).
10.9	Sixth Amendment to the Amended and Restated Letter Agreement dated effective as of April 1, 2005 between JPMorgan Chase Bank N.A. and the Company (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three months ended June 30, 2005).
10.10	Seventh Amendment to the Amended and Restated Letter Agreement dated effective as of May 18, 2007 between JPMorgan Chase Bank N.A. and the Company (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 2007).
10.11	Revolving Promissory Note dated effective May 18, 2007 between the Company and J.P. Morgan Chase Bank N.A. (filed as an exhibit 6 and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 2007).
10.12	Lease Agreement between Steelvest Property, LLC and the Company dated September 8, 2006, regarding office space (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 2008).
10.13	Consultant Agreement dated October 31, 2008, by and between Jack Friedman and the Company (incorporated by reference from Exhibit 10.1 to Company's current report on Form 8-K filed on November 6, 2008).
**13.1	The Company's Annual Report to Shareholders for the fiscal year ended March 31, 2009.
**14.1	Friedman Industries, Incorporated Code of Conduct and Ethics.
**21.1	List of Subsidiaries.
**23.1	Consent of Hein & Associates LLP, Independent Registered Public Accounting Firm.
**31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by William E. Crow.
**31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by Ben Harper.
**32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by William E. Crow.
**32.2	

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Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Ben Harper.

\* Management contract or compensation plan.

\*\* Filed herewith.

Copies of exhibits filed as a part of this Annual Report on Form 10-K may be obtained by shareholders of record at a charge of \$.10 per page. Direct inquiries to: Benny Harper, Senior Vice President Finance, Friedman Industries, Incorporated, P. O. Box 21147, Houston, Texas 77226.



**Table of Contents****SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Friedman Industries, Incorporated has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, and State of Texas, this 26th day of June, 2009.

FRIEDMAN INDUSTRIES, INCORPORATED

By: /s/ William E. Crow  
 William E. Crow  
*Chief Executive Officer and  
 President*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated on behalf of Friedman Industries, Incorporated in the City of Houston, and State of Texas.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ WILLIAM E. CROW  William E. Crow	Chief Executive Officer and President and Director (Principal Executive Officer)	June 26, 2009
/s/ BENNY B. HARPER  Benny B. Harper	Senior Vice President Finance Secretary/Treasurer (Principal Financial and Accounting Officer)	June 26, 2009
/s/ HAROLD FRIEDMAN  Harold Friedman	Director	June 26, 2009
/s/ JACK FRIEDMAN  Jack Friedman	Director	June 26, 2009
/s/ DURGA D. AGRAWAL  Durga D. Agrawal	Director	June 26, 2009
/s/ CHARLES W. HALL  Charles W. Hall	Director	June 26, 2009
/s/ ALAN M. RAUCH  Alan M. Rauch	Director	June 26, 2009
/s/ HERSHEL M. RICH	Director	June 26, 2009

Hershel M. Rich

/s/ JOEL SPIRA

Director

June 26, 2009

Joel Spira

/s/ JOE L. WILLIAMS

Director

June 26, 2009

Joe L. Williams

/s/ MAX REICHENTHAL

Director

June 26, 2009

Max Reichenthal

**Table of Contents****SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS****FRIEDMAN INDUSTRIES, INCORPORATED**

<b>Column A</b>	<b>Column B</b>	<b>Column C</b>		<b>Column D</b>	<b>Column E</b>
<b>Description</b>	<b>Balance at Beginning of Period</b>	<b>Charged to Costs and Expenses</b>	<b>Charged to Other Accounts Describe(A)</b>	<b>Deductions Describe(B)</b>	<b>Balance at End of Period</b>
Year ended March 31, 2009					
Allowance for doubtful accounts receivable and cash discounts (deducted from related asset account)	\$ 37,276	\$ 22,294	\$ 1,182,776	\$ 1,215,070	\$ 27,276
Year ended March 31, 2008					
Allowance for doubtful accounts receivable and cash discounts (deducted from related asset account)	\$ 37,276	\$ 0	\$ 921,692	\$ 921,692	\$ 37,276

(A) Cash discounts allowed on sales and charged against revenue.

(B) Accounts receivable written off and cash discounts allowed on sales.

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Table of Contents**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
3.1	Articles of Incorporation of the Company, as amended (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1982).
3.2	Articles of Amendment to the Articles of Incorporation of the Company, as filed with the Texas Secretary of State on September 22, 1987 (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1988).
3.3	Amended and Restated Bylaws of the Company (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 9, 2006).
4.1	Reference is made to Exhibits 10.1, 10.3, 10.4, 10.5, 10.6, 10.7, 10.9, 10.10 and 10.11 described in this Item 15(a).
10.1	Amended and Restated Letter Agreement dated April 1, 1995, between the Company and Texas Commerce Bank National Association (TCB) regarding an \$8,000,000 revolving line of credit (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1995).
*10.2	Friedman Industries, Incorporated 1996 Stock Option Plan (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1997).
10.3	First Amendment to Amended and Restated Letter Agreement between the Company and TCB dated April 1, 1997 (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 1997).
10.4	Second Amendment to Amended and Restated Letter Agreement between the Company and TCB dated July 21, 1997 (filed as an exhibit to and incorporated by reference from the Company's Report on Form 10-Q for the three months ended June 30, 1997).
10.5	Third Amendment to the Amended and Restated Letter Agreement dated April 1, 1999 between the Company and Chase Bank of Texas N.A. (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three months ended June 30, 1999).
10.6	Fourth Amendment to the Amended and Restated Letter Agreement dated June 1, 2001 between The Chase Manhattan Bank and the Company (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three months ended June 30, 2001).
10.7	Fifth Amendment to the Amended and Restated Letter Agreement dated effective as of April 1, 2003 between JPMorgan Chase Bank N.A. and the Company (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three months ended June 30, 2003).
10.8	Agreement dated December 13, 2004, by and between Harold Friedman and the Company (incorporated by reference from Exhibit 10.2 to the Company's current report on Form 8-K filed on December 14, 2004).
10.9	Sixth Amendment to the Amended and Restated Letter Agreement dated effective as of April 1, 2005 between JPMorgan Chase Bank N.A. and the Company (filed as an exhibit to and incorporated by reference from the Company's report on Form 10-Q for the three

- months ended June 30, 2005).
- 10.10 Seventh Amendment to the Amended and Restated Letter Agreement dated effective as of May 18, 2007 between JPMorgan Chase Bank N.A. and the Company (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 2007).
- 10.11 Revolving Promissory Note dated effective May 18, 2007 between the Company and J.P. Morgan Chase Bank N.A. (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 2007).
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**Table of Contents**

<b>Exhibit No.</b>	<b>Description</b>
10.12	Lease Agreement between Steelvest Property, LLC and the Company dated September 8, 2006, regarding office space (filed as an exhibit to and incorporated by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 2008).
10.13	Consultant Agreement dated October 31, 2008, by and between Jack Friedman and the Company (incorporated by reference from Exhibit 10.1 to Company's current report on Form 8-K filed on November 6, 2008).
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