

HUTTIG BUILDING PRODUCTS INC

Form 11-K

June 29, 2009

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**United States  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 11-K**

**(Mark One)**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the fiscal year ended December 31, 2008**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_ .**

**Commission File Number 001-14982**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Huttig Building Products, Inc. Savings and Profit Sharing Plan**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Huttig Building Products, Inc.  
555 Maryville University Drive, Suite 400  
St. Louis, MO 63141

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**HUTTIG BUILDING PRODUCTS, INC.**  
**SAVINGS AND PROFIT SHARING PLAN**  
Financial Statements and Supplemental Schedule  
December 31, 2008 and 2007  
(With Report of Independent Registered Public Accounting Firm Thereon)

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**Report of Independent Registered Public Accounting Firm**

To Participants of the Huttig Building Products, Inc. Savings and Profit Sharing Plan and  
The Board of Directors of Huttig Building Products, Inc.

We have audited the accompanying statements of net assets available for benefits of the Huttig Building Products, Inc. Savings and Profit Sharing Plan as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Huttig Building Products, Inc. Savings and Profit Sharing Plan as of December 31, 2008 and 2007, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2008 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Brown Smith Wallace LLC

St. Louis, Missouri

June 24, 2009

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**HUTTIG BUILDING PRODUCTS, INC.**  
**SAVINGS AND PROFIT SHARING PLAN**  
 Statements of Net Assets Available for Benefits  
 December 31, 2008 and 2007

	<b>2008</b>	<b>2007</b>
Investments:		
Investments, at fair value (see note 3)	\$ 43,328,302	\$ 72,693,267
Loans to participants	405,076	413,342
 Total investments	 43,733,378	 73,106,609
 Receivables:		
Participant contributions	106,190	167,902
Employer contributions	84,086	154,711
 Total receivables	 190,276	 322,613
 Total assets	 43,923,654	 73,429,222
 Liabilities		
Excess contributions payable	(500)	
 Net assets available for benefits at fair value	 43,923,154	 73,429,222
Adjustment from fair value to contract value for interest in collective trust relating to fully benefit- responsive investment contracts	871,860	55,707
 Net assets available for benefits	 \$ 44,795,014	 \$ 73,484,929

See accompanying notes to financial statements.

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**HUTTIG BUILDING PRODUCTS, INC.**  
**SAVINGS AND PROFIT SHARING PLAN**

Statements of Changes in Net Assets Available for Benefits  
Years ended December 31, 2008 and 2007

	<b>2008</b>	<b>2007</b>
Additions:		
Contributions and other additions:		
Employer contributions	\$ 967,872	\$ 994,065
Participant contributions	2,975,027	3,660,794
Participant rollover contributions	48,082	212,366
Total contributions and other additions	3,990,981	4,867,225
Investment income:		
Interest, dividends and capital gains	884,079	2,766,864
Interest on loans to participants	27,566	31,321
Net (depreciation) appreciation in fair value of investments	(22,963,171)	709,373
Total investment income	(22,051,526)	3,507,558
Total additions	(18,060,545)	8,374,783
Deductions:		
Benefits paid to participants	10,629,370	14,128,261
Total deductions	10,629,370	14,128,261
Net decrease in net assets available for benefits	(28,689,915)	(5,753,478)
Net assets available for benefits, beginning of year	73,484,929	79,238,407
Net assets available for benefits, end of year	\$ 44,795,014	\$ 73,484,929

See accompanying notes to financial statements.

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**HUTTIG BUILDING PRODUCTS, INC.  
SAVINGS AND PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

**(1) Description of the Plan**

The following description of the Huttig Building Products, Inc. Savings and Profit Sharing Plan (the Plan) is provided for financial statement purposes only. Participants should refer to the Plan document for more complete information.

**(a) General**

The Plan is a defined contribution plan established by Huttig Building Products, Inc. (Huttig or the Company) under the provisions of Section 401(a) of the Internal Revenue Code (IRC), which includes a qualified cash or deferred salary arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees of the Company. The Plan was established December 16, 1999 to offer the employees of the Company a means of saving funds, on a pretax basis or after-tax basis, for retirement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. Participation is voluntary.

Full-time employees are eligible to participate in the Plan upon completing 30 days of regular service. The Plan covers all employees of the Company or any other corporation affiliated with the Company, which has adopted the Plan, who have completed 30 days of service, as defined by the Plan, and are not leased employees. Each employee may become a participant of the Plan on the first day of any calendar month coinciding with, or following, the fulfillment of the eligibility requirements.

The Plan is administered by executives of the Company. Prudential Trust Company serves as the Plan Trustee (the Trustee) and The Prudential Investment Company of America serves as Plan Recordkeeper and Custodian.

**(b) Contributions**

Plan participants may contribute between 2% and 16% of their annual compensation, up to the maximum allowable under Section 402(g) of the IRC. Contributions may be made prior to Federal and certain other income taxes pursuant to Section 401(k) of the IRC or on an after-tax basis. Plan participants must elect out of the minimum 2% annual contribution.

The Company contribution is discretionary, as determined by the Board of Directors of the Company, and was equivalent to 50% of the deferred savings in 2008, up to a maximum contribution based on 6% of eligible compensation contributed. As of April 20, 2004, the Plan was amended such that 50% of the matching contributions made by the Company are invested in Huttig common stock or cash which is invested in Huttig common stock. The remaining 50% of the matching contributions made by the Company are invested in accordance with the employees' current investment election. In the event that the employee did not make an investment election for employer match, the Trustee will invest in Company stock. If the contribution is in Company stock, such contribution is based on the fair market value of the Huttig common stock contributed as of the day of delivery to the Trustee.



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**HUTTIG BUILDING PRODUCTS, INC.  
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The participant can reallocate the vested portions of the Huttig common stock to other investments. Beginning January 1, 2009, the Company has suspended the 50% Company contribution.

The Company may also make a profit-sharing contribution on a discretionary basis on behalf of all eligible participants employed on the last day of the Plan year, as defined in the Plan, whether or not they make an elective contribution for the Plan year. Profit-sharing contributions are based on the Company's profitability and are allocated based on a participant's yearly eligible compensation as a percentage of total eligible compensation for that particular year. These contributions are also subject to certain limitations. There were no discretionary profit sharing contributions remitted to the Plan in 2008 or 2007.

**(c) *Investments***

Participants may elect to place their deferred or non-deferred contributions into the following funds: Huttig Company Stock, Prudential Jennison Growth Fund Z, Prudential Dryden Stock Index Fund I, AIM Capital Development A, Lord Abbett Small Cap Value A Fund, American Balanced Fund, Goldman Sachs Balanced A Fund, American Funds Euro Pacific Growth Fund A, Columbia Mid Cap Value A and Eaton Vance Large Cap Value A Fund. Individual participants may further elect the Wells Fargo Stable Value Fund 80. As a result of the spin-off of the Company by Crane Co. in 1999, all assets resulting from such transfer held within the Crane Co. Stock fund are held as a separate investment fund; however, participants are not permitted to direct any contributions to the Crane Co. Stock fund after the effective date of the Plan.

**(d) *Vesting and Forfeitures***

Participants are always 100% vested in the value of their contributions and the earnings thereon. Vesting of Company contributions and the earnings thereon is determined based on participant's years of vesting service. A participant is vested 20% after each year of service and becomes fully vested after five years of service or if employment terminates by reason of death, permanent disability, or retirement at age 65. A terminated participant forfeits non-vested Company contributions on the one year anniversary of the participant's termination.

Any amounts forfeited are first used for payment of employer matching contributions and then to pay Plan expenses. The amounts forfeited were \$146,577 and \$395,281 in 2008 and 2007, respectively.

**(e) *Payments of Benefits***

Amounts in a participant's account and the vested portion of a participant's employer contributions are distributed upon retirement, death, disability, or other termination of employment. Distributions from the Huttig Company Stock Fund are made in cash.

**(f) *Loans to Employees***

Participants of the Plan may borrow funds from their accounts up to 50% of the total vested balance but not more than \$50,000, less the participant's highest outstanding loan balance for the previous 12-month period. The minimum loan amount is \$1,000. Loans are repayable through payroll deductions over 1-10 years. The loans are secured by the balance in the participant's account and



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**HUTTIG BUILDING PRODUCTS, INC.  
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bear interest at the prime lending rate plus 2%. At December 31, 2008, the interest rates on participants' loans ranged from 5.00% - 10.50%. The outstanding balance of loans to participants was \$405,076 and \$413,342 as of December 31, 2008 and 2007, respectively. Interest income on the loan fund is included as interest income in the participants' fund accounts based on their elected loan allocation.

**(g) *Plan Member Accounts***

Individual accounts are maintained for each Plan participant to reflect the Plan participant's share of the Plan's income, the Company's contribution, and the Plan's participant's contribution.

**(2) *Summary of Significant Accounting Policies***

**(a) *Basis of Presentation***

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting, except for benefit payments to participants, which are recorded when paid.

**(b) *Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

**(c) *Administrative Expenses***

The assets of the Plan shall be used to pay benefits as provided in the Plan and, to the extent not paid directly by the Company, to pay the reasonable expenses of administering the Plan.

**(d) *Valuation of Investments***

Investments in mutual funds and Huttig company stock are valued at fair value using publicly stated quotes as of the close of business on the last day of the plan year. Investment transactions are accounted for on the trade-date basis.

The cost value of participant loans is expected to approximate market value as the majority of the loans are limited to a five-year repayment schedule and interest rates within that time frame are not expected to fluctuate materially or to have a material effect on the financial statements.

The Plan's Wells Fargo Stable Value Fund 80 is included in the financial statements at the fair value of the collective trust's underlying investments as based on information reported by the investment advisor using the audited financial statements of the collective trust at year-end. However, contract value is the relevant measurement attribute for the portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair



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**HUTTIG BUILDING PRODUCTS, INC.  
SAVINGS AND PROFIT SHARING PLAN**

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value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from the fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

The Plan provides for investment in various investments and investment securities that, in general, are exposed to risks, such as interest rate, credit, and overall market volatility. Further, due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**(3) Investments**

The following presents investments that represent 5% or more of the Plan's net assets:

	<b>2008</b>	<b>2007</b>
Stable Value Fund 80*	\$16,450,326	\$18,568,950
American Funds EuroPacific Growth Fund A	3,637,961	6,475,270
Prudential Jennison Growth Fund Z	5,288,425	9,463,860
Crane Company Stock	Less than 5%	4,020,634
Huttig Company Stock**	Less than 5%	4,971,282
American Balanced Fund	2,584,001	4,109,347
Columbia Mid Cap Value A	2,380,228	
Lord Abbett Mid Cap Value Fund		4,580,116
Eaton Vance Large Cap Value Fund A	6,424,551	10,897,039

\* At contract value (See note 2)

\*\* Portions are nonparticipant-directed (See note 1)

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**HUTTIG BUILDING PRODUCTS, INC.**  
**SAVINGS AND PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

The Plan's investments (including realized and unrealized gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	<b>2008</b>	<b>2007</b>
Appreciation/(depreciation) in fair value:		
Wells Fargo Stable Value Fund 80	\$ 698,800	\$ 776,601
Prudential Jennison Growth Fund Z	(3,377,705)	1,035,649
Crane Company Stock	(2,199,997)	814,129
Huttig Company Stock	(4,936,116)	(2,408,167)
Prudential Dryden Stock Index Fund Z	0	252,461
Prudential Dryden Stock Index Fund I	(1,203,935)	(110,647)
American Funds EuroPacific Growth Fund A	(2,883,129)	352,984
Goldman Sachs Balanced A Fund	(41,255)	0
Lord Abbett Mid Cap Value Fund	(774,441)	(793,043)
Columbia Mid Cap Value A	(1,213,149)	0
Templeton Foreign Fund A	0	89,303
Lord Abbett Small Cap Value A Fund	(700,734)	(137,675)
Eaton Vance Large Cap Value Fund A	(3,666,179)	781,076
AIM Captial Development A	(1,560,670)	(22,595)
American Balanced Fund	(1,104,661)	79,297
	<b>\$ (22,963,171)</b>	<b>\$ 709,373</b>

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**HUTTIG BUILDING PRODUCTS, INC.  
SAVINGS AND PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

**Fair Value Measurements**

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefit. SFAS No. 157, Fair Value Measurements, establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs that have the lowest priority. The Plan uses appropriate techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs were available to the Plan with regard to the Stable Value Fund A, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

**Level 1 Fair Value Measurements**

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year-end. The fair value of common stock is based on quoted market prices.

**Level 2 Fair Value Measurements**

The contracts are with financial institutions to provide a stated rate of return to the buyer of the contract for a specified period of time. A security-back contract has similar characteristics as a traditional investment contract and is comprised of two parts: the first part is fixed income security or portfolio of fixed-income securities; the second part is a contract value guarantee (wrapper) provided by a third party. The fair value is based upon other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

**Level 3 Fair Value Measurements**

The fair value of participant loans is equal to the amortized costs of the loans because the loans are secured by each respective participant account balance.

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**HUTTIG BUILDING PRODUCTS, INC.  
SAVINGS AND PROFIT SHARING PLAN**

Notes to Financial Statements

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		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2008</b>	<b>Fair Value</b>			
Mutual funds	\$ 25,437,893	\$ 25,437,893	\$	\$
Common stock	2,311,943	2,311,943		
Investment contracts	15,578,466		15,578,466	
Participant loans	405,076			405,076
	\$ 43,733,378	\$ 27,749,836	\$ 15,578,466	\$ 405,076

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)**

	Participant Loans
<b>December 31, 2008</b>	
Beginning Balance	\$ 413,342
Total gains or (losses) included in changes in net assets available for benefits	
Purchases, sales, issuances and settlements, net	(8,266)
Ending Balance	\$ 405,076



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**HUTTIG BUILDING PRODUCTS, INC.  
SAVINGS AND PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

**(4) Nonparticipant-Directed Investments**

The Plan has investments in Huttig Company Stock as of December 31, 2008 and 2007 of \$921,116 and \$4,971,282, respectively. In 2008, the Company made matching contributions for the purchase of Huttig Company Stock of \$483,936 (50% of total Company match). The participant can reallocate the vested portions of the Huttig Company stock at any time. In addition, after three years of service, a participant can reallocate matching contributions invested in Huttig Company Stock regardless of whether the participant is vested in such matching contributions.

**(5) Tax Status**

The Plan has obtained a tax determination letter dated June 20, 2002. The Plan has been amended since the receipt of this letter; however, the Plan administrator and the Plan's counsel believe that the Plan is currently being operated in compliance with the applicable requirements of the IRC and was tax-exempt through the year ended December 31, 2008. Accordingly, no provision for income taxes has been recorded in the financial statements.

**(6) Distribution of Assets Upon Termination of the Plan**

Huttig reserves the right to terminate the Plan, in whole or in part, at any time. In the event of termination, all amounts credited to the participant accounts will become 100% vested. If the Plan is terminated at any time or contributions are completely discontinued and Huttig determines that the trust shall be terminated, all accounts shall be revalued as if the termination date, were a valuation date and such accounts shall be distributed to participants. If the Plan is terminated or contributions completely discontinued, but Huttig determines that the trust shall be continued pursuant to the terms of the trust agreement, participants or the Company shall make no further contributions, but the trust shall be administered as though the Plan were otherwise in effect. There are no intentions to terminate the Plan at this time.

**(7) Related Parties**

Certain Plan investments are shares of mutual funds and common collective trusts that are managed by Prudential Trust Company. Prudential Trust Company is the Trustee, as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Additionally, Plan investments include shares of Huttig Building Products, Inc. common stock. Huttig Building Products, Inc. is the Plan Sponsor, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. These party-in-interest transactions are allowable under ERISA regulations.

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SAVINGS AND PROFIT SHARING PLAN**Schedule H, Line 4i Schedule of Assets Held (at end of year)  
December 31, 2008

	<b>Current value</b>
Wells Fargo Stable Value Fund 80	\$ 15,578,466
AIM Capital Development A	1,831,207
Prudential Jennison Growth Fund Z*	5,288,425
Crane Company Stock	1,390,827
Huttig Company Stock*	921,116
Prudential Dryden Stock Index Fund I*	1,790,595
American Funds EuroPacific Growth Fund A	3,637,961
American Balanced Fund	2,584,001
Lord Abbett Small Cap Value A Fund	1,321,028
Eaton Vance Large Cap Value Fund A	6,424,551
Goldman Sachs Balanced A Fund	179,897
Columbia Mid Cap Value A	2,380,228
Participant loans, 5.00% to 11.50%*	405,076
	<b>\$ 43,733,378</b>

\* Represents a party-in-interest investment allowable under ERISA regulations.

See accompanying independent auditors report.

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**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

HUTTIG BUILDING PRODUCTS, INC.  
SAVINGS AND PROFIT SHARING PLAN

HUTTIG BUILDING PRODUCTS, INC.  
(Plan Administrator)

Date: June 29, 2009

By: /s/ Jon P. Vrabely  
Name: Jon P. Vrabely  
Title: President, Chief Executive Officer  
and Interim Financial Officer

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**EXHIBIT INDEX**

Exhibit No.	Description
23	Consent of Brown Smith Wallace LLC, independent registered public accounting firm.