

**Rule 15c2-11  
Information and Disclosure Statement  
For the Fiscal Year Ended December 31, 2007**

**Ormet Corporation  
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THIS INFORMATION AND DISCLOSURE STATEMENT HAS BEEN PREPARED TO FULFILL THE REQUIREMENTS OF (1) RULE 15C2-11(A)(5) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED AND (2) THE COMPANY'S BY-LAWS. IT IS INTENDED AS INFORMATION TO BE USED BY SECURITIES BROKERS AND DEALERS IN SUBMITTING OR PUBLISHING QUOTATIONS ON THE COMMON STOCK OF THE COMPANY AS CONTEMPLATED BY RULE 15C2-11.

NO BROKER, DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN IN CONNECTION WITH THE COMPANY. ANY REPRESENTATIONS NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY THE COMPANY.

THIS STATEMENT HAS NOT BEEN FILED BY THE COMPANY WITH THE SEC, FINRA OR ANY OTHER REGULATORY AGENCY.

May 12, 2008

## Table of Contents

	<b>Page</b>
Introduction .....	1
Recent Developments and Significant Matters .....	1
Risk Factors .....	7
Forward Looking Statements .....	11
ITEM (i): The exact name of the issuer and its predecessor (if any).....	12
ITEM (ii): The address of its principal executive offices .....	12
ITEM (iii): The state and date of incorporation, if it is a corporation.....	12
ITEM (iv): The exact title and class of each class of securities outstanding .....	12
ITEM (v): The par or stated value of the security .....	13
ITEM (vi): The number of shares or total amount of the securities outstanding for each class of securities as of the end of the issuer's most recent fiscal year .....	13
ITEM (vii): The name and address of the transfer agent.....	13
ITEM (viii): The nature of the issuer's business .....	13
ITEM (ix): The nature of products or services offered.....	14
ITEM (x): The nature and extent of the issuer's facilities .....	14
ITEM (xi): The name of the chief executive officer and members of the board of directors.....	15
ITEM (xii): issuer's most recent balance sheet and profit and loss and retained earnings statements .....	16
ITEM (xiii): Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence .....	16
ITEM (xiv): Whether broker or dealer or any associated person is affiliated, directly or indirectly with the issuer .....	16
ITEM (xv): Whether the quotation is being published or submitted on behalf of any other broker or dealer, and, if so, the name of such broker or dealer .....	16
ITEM (xvi): Whether the quotation is being submitted or published directly or indirectly on behalf of the issuer, or any director, officer or any person, directly or indirectly the beneficial owner of more than 10 percent of the outstanding units or shares of any equity security of the issuer, and, if so, the name of such person, and the basis for any exemption under the Federal securities laws for any sales of such securities on behalf of such person.....	16
Information Concerning the Stockholders and the Common Stock .....	16

Selected Financial Data .....	19
Certifications .....	20
Consolidated Financial Report	Exhibit A
Management's Discussion and Analysis	Exhibit B

## **Introduction**

The information contained in this Information and Disclosure Statement ("Statement") has been prepared to fulfill the requirements of Rule 15c2-11(a)(5) under the Securities Exchange Act of 1934, as amended, and provides certain additional supplemental information. Although this Statement relates to the fiscal year ended December 31, 2007, it should be read in conjunction with the Information and Disclosure Statements for each of the first three quarters of 2007.

Ormet Corporation directly owns 100% of the equity interests of its operating subsidiaries (Ormet Primary Aluminum Corporation, Ormet Aluminum Mill Products Corporation, Specialty Blanks Holding Corporation, Ormet Railroad Corporation, Ormet Primary LLC (inactive) and Ormet Power Marketing LLC (inactive)). Ormet Corporation and its subsidiaries are all organized under the laws of the State of Delaware. As used herein, "Ormet", the "Company", "we" and "our" shall mean Ormet Corporation, together with its subsidiaries, unless otherwise specified or the context otherwise requires.

During the first three quarters of 2007, Ormet produced aluminum and aluminum billet products. On October 17, 2007, in accordance with its previous announcement, the Company curtailed its billet casting operations located at the Hannibal, Ohio facility due to market conditions. During 2006 the Company produced alumina, but the alumina operations were curtailed in the fourth quarter of 2006 and no alumina was produced during 2007. The Company periodically reviews the status of the curtailed facilities to determine if it is financially feasible to reopen, sell or otherwise dispose of them. The Company's marine terminal located in Burnside, LA has been classified as a discontinued operation and reflected in the Company's balance sheet as held for sale (see the attached Exhibit A).

An investment in the Company's common stock entails significant risks. This Statement does not contain all the information that an investor may consider important. Additional information, including certain important documents pertaining to the Company, can be accessed through the "Investors" section of the Company's website at [www.ormet.com](http://www.ormet.com). Copies of the Company's Amended and Restated Certificate of Incorporation (as amended), the Company's Amended and Restated By-Laws, the Stockholders Agreement dated April 1, 2005, the Company's Loan and Security Agreement dated February 14, 2007 with Wachovia Capital Finance Corporation (Central) as Administrative Agent and the related amendments thereto, the Company's Reimbursement Agreement dated as of March 16, 2007 and amendments thereto relating to the supplemental loan facility portion of the Company's credit facility, documentation relating to the Company's outstanding Convertible Senior Subordinated Secured Notes due 2010 and related warrants, the Company's Joint Plan of Reorganization and Disclosure Statement for Debtor's Joint Plan of Reorganization, dated October 1, 2004, and other important documents, can be accessed through the "Investors" section of the Company's website.

For information concerning the Company's Common Stock, see the information under the caption **Information Concerning the Stockholders and the Common Stock** beginning on page 20.

## **Recent Developments and Significant Matters**

### **Tolling Agreement**

On May 5, 2008, the Company announced that it and Glencore, Ltd. (Glencore), an international trading company headquartered in Switzerland, had entered into a tolling agreement for 2008 (retro-active to April 1, 2008) and 2009. Under the tolling agreement, the Company's smelting operation in Hannibal, Ohio during the remainder of 2008 and for all of 2009 will be dedicated to producing aluminum sows from Glencore supplied alumina, pursuant to which the Company will receive tolling fees. As part of the tolling arrangement, Glencore purchased, as of the effective date of the agreement, substantially all of the Company's then existing inventory for alumina, molten aluminum and finished goods. The agreement supersedes contracts that the Company and Glencore were parties to associated with the Company's alumina supply for 2008 and an aluminum sales agreement and prepricing agreements that were in place for 2008 and 2009. Glencore also agreed to purchase from the Company during the balance of the 2008 alumina, which the Company is currently under contract to purchase from a third party.

## **New Management Team**

On May 1, 2007, Michael F. Tanchuk joined the Company and succeeded Ken Campbell as the Company's Chief Executive Officer. Mr. Tanchuk has 30 years experience in the metals industry. Mr. Tanchuk joined Ormet from Nordural, a division of Century Aluminum located in Grundartangi, Iceland, where he served as vice president and managing director. Prior to joining Century Aluminum, Mr. Tanchuk was president of Alcoa's Primary Business Unit – Northwest Region. He also worked in other executive and managerial capacities for Alcoa, as well as for Reynolds Metals Company and Inland Steel Company. Mr. Campbell continued as a non-employee director of the Company and Chairman of the Board until his resignation on September 25, 2007. As a result of Mr. Campbell's termination as CEO, he received cash payments and issuance of common stock pursuant to his employment agreement.

On June 1, 2007, Michael Griffin was hired as the Company's Vice President of Operations. Mr. Griffin has over 20 years experience in the aluminum industry. Mr. Griffin joined the Company from Alcoa Primary Metals in Massena, N.Y., where he most recently served as manufacturing manager for Alcoa's 123,000 metric ton smelting and casting facility. He also served in other managerial capacities while at Alcoa, including plant manager of the Alcoa Carbon Products facility in Lake Charles, La. Prior to joining Alcoa, Mr. Griffin held various managerial roles at Reynolds Metals Company.

On July 1, 2007, James Riley assumed the position of Chief Financial Officer. Mr. Riley is an experienced financial executive who has functioned as CFO in a wide range of business environments. He has worked for companies such as Marathon Oil Company, Elliott Company, Chiquita Brands International, Inc., Experianz, and most recently, CSK Auto, Inc., where he held the position of senior vice president and chief financial officer. Mr. Riley also has extensive experience in the metals industry where he held several operating and financial positions over a period of 14 years with LTV Steel Company, Inc.; from a senior financial analyst treasury to assistant controller. For the 10 years following that engagement, he served as executive vice president, CFO and member of the board of directors at Republic Engineered Steels, Inc.

## **New Employment Agreements for Management Team**

The Company entered into employment agreements with the new CEO and CFO effective with their hiring. These employment agreements provide for a base salary, incentive bonus payments based on certain performance targets (or otherwise in the discretion of the Company's board of directors) and equity compensation under the Company's new stock option plan (see "Adoption of Stock Option Plan" below).

## **Amendment to Credit Agreement**

The Company and its lenders have amended the Company's credit agreement from time to time. During 2007, four amendments were executed with four additional amendments added in 2008 as of the date hereof. All amendments have been posted under the "Investors" section of the Company's website. Amendment No. 6 extended the maturity date of the supplemental loan portion of the credit facility by one year, to March 30, 2009. The supplemental loan portion of the facility was previously scheduled to mature on March 30, 2008. Ormet's obligations under the supplemental loan facility are supported by a letter of credit, whose maturity date was similarly extended, issued by Deutsche Bank Trust Company Americas. Amendment No. 8 reduced the revolving credit facility portion of the credit agreement to \$65 million while eliminating \$20 million of reserves. Amendment No. 8 also reinstated minimum EBITDA and minimum molten aluminum production maintenance covenants. In connection with Amendment No. 8, Ormet paid down the outstanding term loan portion of the credit facility, approximately \$11.5 million, on April 30, 2008.

## **Convertible Senior Subordinated Secured Notes and Warrants**

On November 1, 2007, the Company sold and issued \$35 million of convertible senior subordinated secured notes due 2010 to a group of private investors, one of which is also a shareholder. The notes are convertible at any time in whole or in part at the option of the holders into common stock of the Company at \$15.00 per share, subject to adjustment pursuant to the anti-dilution provisions of the notes. The \$35 million principal amount is due in full at maturity (November 1, 2010), together with any accrued but unpaid interest,

subject to the holder's right of conversion. The notes bear interest, at the Company's option, of 10% payable in cash or 15% (payable 3% in cash and 12% payment-in-kind), payable quarterly. To date, the Company has been paying interest exercising the PIK option but no assurance can be given that the Company will not pay only cash interest in the future. In connection with the issuance of the notes, the Company issued warrants to purchase 2,333,333 shares of common stock of the Company to the private investors at an exercise price of \$3 per share (subject to adjustment pursuant to the anti-dilution provisions of the warrants). The warrants are immediately exercisable and expire on November 1, 2011. The notes are subordinated in right of payment to indebtedness under the Company's credit agreement, including reimbursement obligations with respect to the letter of credit issued to support supplemental loans under the credit agreement. The notes are secured by a junior lien on the same collateral which secures the loans under the Company's credit agreement, covering substantially all of the assets of the Company and its subsidiaries. The notes are not redeemable at the option of the Company prior to maturity.

The anti-dilution provisions of the notes and the warrants provide for adjustments for common stock dividends, subdivisions and combinations of our outstanding common stock, cash dividends and distributions of assets, certain dilutive issuances and certain fundamental changes such as a merger or consolidation or a sale of substantially all of our assets. Among other things, the anti-dilution provisions generally will be triggered if we issue common equity (including common stock or convertible securities, warrants or other rights to acquire common stock, subject to certain exceptions) at a price that is below the conversion price of the notes or the exercise price of warrants, or if we issue common equity at a price less than the then current market price. In the event of an issuance below the conversion price of the notes or the warrant exercise price, the conversion price or warrant exercise price, as the case may be, generally will be subject to reduction to the price at which the new common equity is issued. The adjustment in respect of sales at below market prices is a weighted average formula. If either adjustment is triggered, the conversion price or warrant exercise price, as the case may be, will be lowered and the number of shares issuable under the notes or warrants will be increased. If both of these adjustments are triggered, the anti-dilution provisions provide for us to make the adjustment most favorable to the holder of the convertible notes or warrants, as the case may be.

On November 9, 2007, the Company received a demand letter from counsel to a 4.6% shareholder, pursuant to 8 Del. C. Section 220 for inspection of books, records and documents associated with the senior subordinated secured note sale. The Company is providing information in response to this request.

### **Adoption of Stock Option Plan**

On April 4, 2007, the Company's Board of Directors adopted a stock option plan. Under the plan, 1.5 million shares of the Company's common stock are reserved for the grant of stock options to eligible directors, officers, employees, consultants and key non-employees to provide such individuals with an opportunity to obtain or increase an equity interest in the Company, to benefit from the appreciation in the value of the Company's Common Stock, and as an incentive to such persons to promote the success of the Company. The stock option plan is administered by the compensation committee of the board of directors. The Company's stockholders approved the stock option plan at the annual meeting held on July 27, 2007.

### **Sale of Common Stock**

On May 3, 2007, the Company completed a private placement of 1.6 million shares of common stock to a group of institutional buyers and funds at a selling price of \$19.00 per share. The Company used the proceeds of this sale for general working capital purposes, to pay for the remaining one-time costs associated with the restart of the last two potlines at the aluminum smelter in Hannibal, Ohio and to pay certain debt service obligations.

### **Sale of Common Stock Options**

On July 13, 2007, the Company and various parties entered into certain option agreements whereby such parties paid \$12,675,000 (net of expenses to the Company) for options for an aggregate of one million

shares of common stock at an exercise price of \$10.00 per share (subject to adjustment). As contemplated by a modification to the Company's collective bargaining agreement with the United Steelworkers, the Company used the net proceeds of the option sales to satisfy in full the option contribution obligation to the Hourly VEBA Benefit Trust (see "Satisfaction of Obligation to Hourly VEBA Benefit Trust" below). These options are exercisable at any time prior to their expiration on June 1, 2011.

### **2007 Sales of Assets**

On May 17, 2007, the Company sold a crane associated with the Burnside marine terminal for \$6.5 million. Pursuant to the terms of the Company's credit agreement, proceeds of this sale were used to reduce outstanding loan balances under the Company's term loan.

On July 9, 2007, the Company completed a sale of the buildings and the majority of the real estate formerly used in its rolling mill operations in Hannibal, Ohio for \$3.8 million. Pursuant to the terms of the Company's credit agreement, proceeds of this sale were used to reduce outstanding loan balance under the Company's revolving credit agreement and to reduce the balance of the term loan by \$2.0 million.

### **Suspension of Billet Casting Operations**

On July 5, 2007, the Company announced that it intended to curtail its billet casting operation located at the Hannibal, Ohio facility due to market conditions. This curtailment occurred on October 17, 2007 and no aluminum billet products are currently being produced. The Company continued to ship to certain contractual customers through January 2008 from inventory.

### **Restart of Aluminum Smelter in Hannibal, Ohio**

The Company restarted its Hannibal, Ohio aluminum smelter in the fourth quarter of 2006, which was idled in January 2005. As of May 30, 2007, the Company had successfully restarted five of the smelter's six potlines. The Company had previously planned to restart the sixth and final potline during the third quarter of 2007. However, plans to restart of the final potline were delayed due to problems in the alumina supply chain as a result of hurricane damage to the loading port of the Jamalco Alumina refinery in Clarendon, Jamaica. The Company's alumina supplier, Glencore Ltd., invoked force majeure under the alumina supply agreement as a result of the loading port damages. The Company notified its insurance carrier of the potential for a business interruption insurance claim and is currently supplying the carrier with details. The Company was able to procure one vessel of the two claimed under the force majeure from alternate sources so as to enable scheduling the restart of the final potline. The Company commenced the restart of the sixth and final potline on November 28, 2007.

### **Contract for Aluminum Products**

On May 3, 2007, the Company reached agreement with Glencore for the sale of substantially all of the Company's high-grade aluminum production for 2007 (excluding aluminum to be used in its billet casting operation for 2007). Selling prices under the agreement were based upon the weekly average London Metal Exchange ("LME") price for aluminum products. All products not purchased under this contract were to be sold to various customers based on standard industry practices and at selling prices in effect on the date of the transaction. On December 7, 2007, the Company entered a similar agreement with Glencore for the 2008 high-grade aluminum production and approximately one-half of the 2009 production of high grade aluminum. As a result of the Company's recent tolling agreement with Glencore, these agreements have been superseded with Glencore having 100% of the high grade aluminum production for the remainder of 2008 and 2009. The tolling arrangement with Glencore incorporates pricing generally reflective of the pricing provided for in these superseded agreements.

### **Supply Agreements for Alumina**

With the curtailment of the Company's alumina facility in Burnside, Louisiana, the Company and Glencore entered into an agreement whereby Glencore sold to the Company approximately 400,000 metric tons of alumina beginning in January 2007 and continuing through December 2007 with a fixed price of \$270 per metric ton. In conjunction with the existing alumina inventory at the Company's Hannibal and Burnside facilities, this supply contract was to provide all of the Company's alumina requirements for 2007. The Company subsequently entered into contracts with Glencore and another supplier (at approximately 50% each) for its 2008 alumina requirement. As a result of the Company's recent tolling agreement with Glencore, the Company's 2008 alumina supply agreement with Glencore has been superseded and Glencore has also agreed to purchase from the Company during 2008 the alumina being purchased by the Company from the third party. The tolling arrangement with Glencore incorporates pricing generally reflective of the pricing provided for in the Company's 2008 alumina supply agreements.

### **Pension Funding Waiver Granted/ Quarterly Pension Contribution**

On February 9, 2007, the Company submitted a funding waiver application to the U.S. Internal Revenue Service ("IRS") and the PBGC requesting authorization to make the required pension plan deficit reduction contribution of \$33.8 million for the 2006 plan year over a five-year period. On August 23, 2007 the IRS granted this waiver. The waiver included the following conditions, all of which the Company has complied with or agreed to comply with:

1. collateral be provided to the pension plan in a form acceptable to the PBGC;
2. within 30 days of the waiver letter, the Company must make a contribution to the pension plan for the missed April 2007 payment, plus applicable interest;
3. beginning with the payment due on October 15, 2007, the Company must make the required quarterly contributions in a timely fashion and must make contributions to meet the minimum funding requirements without applying for a waiver of the minimum funding standard; and
4. the Company must provide to the PBGC a copy of any ruling requests it makes under section 412(f)(1) of the Internal Revenue Code (IRC).

On January 23, 2008, the Company's lenders and the PBGC agreed to the terms of an appropriate subordination agreement providing for the subordination of the PBGC lien of \$45 million to existing liens held by the lenders which will be reduced by payments covering the deferred amount. As a result, the \$30.0 million pension reserves that the Company's lenders had previously applied to availability were reduced to \$7.5 million. Through the date hereof, the Company has complied with all of the conditions of the waiver. Failure by the Company to comply with the conditions of the waiver could result in acceleration of the deferred obligations and certain other pension obligations.

(See also **Risk Factors** – “The Company has substantial retiree pension obligations.”)

### **Satisfaction of Obligation to Hourly VEBA Benefit Trust**

The June 1, 2006 Hannibal collective bargaining agreement between the Company and the United Steelworkers contained a provision that required either (1) that the Company grant to the Hourly VEBA Benefit Trust a five-year option to purchase shares of common stock of the Company equal to 10% of such shares as of the date of the collective bargaining agreement or (2) if the Hourly VEBA Benefit Trust is not permitted to hold such an option, that the Company make an equity appreciation value payment equal to the value of the equity appreciation of 1 million shares of common stock over \$10 per share in the event of (a) a Change of Control (as defined in the collective bargaining agreement) or (b) the Company's common stock being traded on a nationally recognized stock exchange on or before June 1, 2011 (the “Equity Appreciation Value”), subject to dilution arising from the future issuance of shares of Company stock, if any. If neither a change in control nor the trading of the Company's common stock on a nationally recognized stock exchange occurred on or before June 1, 2011, the Company was required to make payments to the Hourly VEBA Benefit Trust equal to the Equity Appreciation Value, amortized as a 10% mortgage over the succeeding seven years. Representatives of the United Steelworkers have advised the Company that the Hourly VEBA Benefit Trust is not permitted to hold such an option and requested that the Company enter into a modification of the collective bargaining agreement to provide that if the Company grants to a third party or parties the option which would otherwise have been granted to the Hourly VEBA Benefit Trust and contributes to the Hourly VEBA Benefit Trust an amount equal to the consideration obtained from such third party or parties on account of granting the option, then all obligations of the Company to make payments to the Hourly VEBA Benefit Trust under the provision of the collective bargaining agreement described above would be satisfied.

On July 13, 2007, the Company and various third parties entered into certain option agreements whereby such parties paid \$12,675,000 (net of expenses to the Company) for options for an aggregate of one million shares of common stock at an exercise price of \$10.00 per share (subject to adjustment). As contemplated by the collective bargaining agreement with the United Steelworkers, the Company used the net proceeds of the option sales to satisfy in full the contribution obligation to the Hourly VEBA Benefit Trust, described above.

### **Idling of the Marine Terminal in Burnside, Louisiana**

Due to the Company's 2006 curtailment of the operations of its alumina plant in Burnside Louisiana, the Company has significantly curtailed the level of operations of its adjacent marine terminal. Effective December 31, 2007 the Company made the decision to idle the facility and put it up for sale. The Company is considering selling or leasing this facility and, as described above under Recent Sales of Assets, has sold a floating crane previously located at the facility. The sale of the crane is not expected to interfere with the operation of the terminal. Any such sale or leasing arrangement would be subject to satisfactory financial and access agreements with the prospective buyer or lessee to provide services to the Company at market rates should alumina production resume at the Burnside plant.

The collective bargaining agreement between the Company and the General Longshore Workers ILA expired on September 30, 2007. The Company and the General Longshore Workers ILA have agreed to an extension of this agreement until December 31, 2007. The Company is a party to a multi-employer pension

