

**Rule 15c2-11  
Information and Disclosure Statement  
For the Fiscal Quarter Ended September 30, 2008**

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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.

November 12, 2008

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## **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 three month and nine month periods ended September 30, 2008, it should be read in conjunction with the Information and Disclosure Statements for the year ended December 31, 2007, the three month period ended March 31, 2008 and six month period ended June 30, 2008.

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.

Ormet's only operating unit during the first nine months of 2008 was the aluminum smelter located in Hannibal, Ohio. During the first three quarters of 2007, Ormet produced aluminum sow and aluminum billet products. On October 17, 2007, the Company curtailed its billet casting operations located at the Hannibal, Ohio facility due to market conditions. Alumina operations were curtailed in the fourth quarter of 2006 and no alumina production has occurred since. 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 has not made a final determination of the disposition of the alumina refining and billet casting operations at this time due to a very fluid market. 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 Senior Subordinated Secured Notes due 2010 and related warrants, the Company's Subordinated Term Note and related warrants, issued September 3, 2008, 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, [www.ormet.com](http://www.ormet.com).

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 29.

## **Recent Developments and Significant Matters**

### **Tolling Agreement**

On May 5, 2008, the Company and Glencore, Ltd. (Glencore), an international trading company headquartered in Switzerland, 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 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 and associated with the Company's alumina supply for 2008 and an aluminum sales agreement and pre-pricing agreements that were in place for 2008 and 2009. Glencore also agreed to purchase from the Company during the balance of 2008, alumina, which the Company is currently under contract to purchase from a third party.

### **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 five additional amendments added in 2008 as of the date hereof. All amendments have been posted under the "Investors" section of the Company's website, [www.ormet.com](http://www.ormet.com). Amendment No. 6 extended the maturity date of the supplemental loan portion of the credit facility by one year to March 30, 2009, subject to further extension. 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 and required the Company to make a portion of its three 2008 pension contributions (with the portions cumulative value totaling \$15 million by October 15, 2008) in an ERISA defined 'qualifying employer security' (QES). If the Company chooses not to fund that portion of the pension plan contribution with a QES, the Company must use funds resulting from 'Additional Liquidity' sources and acquire the Additional Liquidity prior to the due dates of each pension contribution. 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. On July 14, 2008, the Company and its lenders agreed to Amendment No. 1 to Amendment No. 8. This amendment extended the required date (relative to the July 15, 2008 pension contribution) for obtaining the "Additional Liquidity" required by Amendment 8 when the portion of the Pension Plan contribution is made in cash (instead of a QES) from July 15, 2008 to August 29, 2008. On September 3, 2008, the Company and its lenders agreed to Amendment No. 9, which allowed the Company to secure an additional \$10 million in 'Additional Liquidity' in the form of a Subordinated Term Note from a private investment fund, which fund is also a shareholder. The amendment subordinated the new \$10 million note to the existing credit facility. The remainder of the 'Additional Liquidity' requirement was satisfied by the refunding of \$15.0 million of the deposit the Company has with American Electric Power (AEP) to secure electrical service from AEP.

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

On November 1, 2007, the Company sold and issued \$35 million of Senior Subordinated Secured Notes due 2010 to a group of private investors. Currently, two of the holders also are shareholders. 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 15% 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 2.3 million 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. On the issue date of November 1, 2007, the warrants and notes had an aggregate issue price of \$6.1 million and \$28.9 million, respectively. The effective interest rate on the discounted value of the notes was 24.32 percent per annum as of September 30, 2008 and 24.52 percent per annum as of December 31, 2007.

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 by 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 the Company's 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 the Company's assets. Among other things, the anti-dilution provisions generally will be triggered if the Company were to 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 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 the Company to make the adjustment most favorable to the holder of the notes or warrants, as the case may be.

## **Shareholder Demand Letter**

On November 9, 2007, the Company received a demand letter from counsel to a 4.6% shareholder, pursuant to Section 220 of the Delaware General Corporation Law, for inspection of books, records and documents associated with the Senior Subordinated Secured Note sale. The Company is cooperating as requested.

## **Subordinated Term Note and Warrants**

On September 3, 2008, the Company entered into a debt financing through the issuance of a \$10 million Subordinated Term Note to a private investment fund, which fund is also a shareholder. The interest on the note accrues and is payable on the maturity date, which is November 30, 2010. The lender and the Company agreed to subordinate this debt to the Company's senior credit agreement of February 14, 2007, pursuant to a subordination agreement (Amendment No. 9 to the credit facility) executed between all concerned parties on September 3, 2008. In conjunction with the new Subordinated Term Note, the lender was issued warrants for up to 600,000 shares, exercisable anytime at \$15 per share, on or before November 1, 2011, subject to anti-dilution provisions similar to those provided by the warrants issued by the Company in the company's \$35 million November 2007 financing. The fair value of the warrants, \$563,000, was recorded as additional paid in capital as of the date the note was issued. The fair value of the warrants represent a discount to the loan under the subordinated note which will accrete at a rate of 2.55 percent per annum compounded monthly over the two year life of the loan. The effective interest rate on the discounted value of the term note was 21.62 percent per annum as of September 30, 2008.

## **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 compensation committee of the board of directors administers the stock option plan. Option grants to senior management and directors during 2007 totaled 550,000 and 16,000 option shares, respectively. The Company's stockholders approved the stock option plan at the annual meeting held on July 27, 2007.

In May 2008, the Company's Board of Directors approved 560,000 additional option grants for senior management, as part of an annual compensation review conducted with the assistance of a nationally recognized compensation consultant. These options will have a three year vesting period and an exercise price of \$7.58 based on the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008.

Also in May 2008, as part of a redesigned non-employee directors compensation program developed with the assistance of a nationally recognized compensation consultant, which redesign was intended to significantly reduce the cash component of the director's compensation, the Company's Board of Directors approved the grant of 92,346 restricted stock units for non-employee directors, having a value of \$0.7 million in the aggregate (with the number of restricted stock units to be set by reference a per share price of \$7.58, which was the average closing price per share of the Company's common stock from May 19, 2008 through May 23, 2008). Vesting of these restricted units is 50% on May 23, 2009, with the remainder vesting on May 23, 2010.

## **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 \$12.7 million (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 contribution obligation to the Hourly Voluntary Employee Benefit Association (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.

## **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 September 3, 2008 the Company announced it had reached an agreement to sell approximately 300 acres of vacant land at the curtailed Burnside alumina facility for \$9 million pending final due diligence. The sale of the land will not interfere with any potential restart of the alumina facility. The Company believes that the additional liquidity from the sale will be the amount of the net proceeds. The net proceeds of the sale, estimated to be \$8.5 million, will be used to immediately pay down a portion of the supplemental loan amount outstanding on the Loan and Security Agreement. In addition, there will be a \$2.0 million reserve established on the gross availability calculation. Closing of the sale is anticipated to occur in November 2008.

## **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 business interruption insurance claim during the third fiscal quarter of 2007. During the second fiscal quarter of 2008 the carrier granted a claim amounting to \$4.4 million which was then recorded and categorized in the prepaid expenses and other current assets line on the Consolidated Balance Sheet and a reduction to cost of sales on the Consolidated Statement of Operations. The Company received the proceeds of the claim on July 9,

