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OM GROUP INC  
Form S-4/A  
April 22, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 22, 2002.

REGISTRATION NO. 333-84128

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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AMENDMENT NO. 1

TO

FORM S-4  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
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OM GROUP, INC.  
(Exact name of Registrant as specified in its charter)

DELAWARE	2810	52-1736882
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Emplo Identification

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CO-REGISTRANTS AND SUBSIDIARY GUARANTORS

OMG Americas, Inc.	Ohio	3351	34-1604066
OMG Fidelity, Inc.	Delaware	2899	22-1868459
OMG Jett, Inc.	Ohio	5329	18-4632016
SCM Metal Products, Inc.	Delaware	3311	51-0286842
OM Holdings, Inc.	Delaware	5512	34-1919418
OMG KG Holdings, Inc.	Delaware	5512	34-1963635
OMG Michigan, Inc.	Delaware	5513	34-1964309
dmc(2) Electronic Components Corporation	Delaware	3469	51-0397631

OM Group, Inc. 50 Public Square, Suite 3500 Cleveland, Ohio 44113 216.781.0083	OMG Americas, Inc. 811 Sharon Drive Westlake, Ohio 44145 440.808.2950	OMG Fidelity, Inc. 470 Frelinghuysen Avenue Newark, New Jersey 07114 973.242.4110	50 Pub Cle
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SCM Metal Products, Inc.  
101 Bridge Street  
Johnstown, Pennsylvania 15902  
814.533.7800

OM Holdings, Inc.  
50 Public Square, Suite 3500  
Cleveland, Ohio 44113  
216.781.0083

OMG KG Holdings, Inc.  
50 Public Square, Suite 3500  
Cleveland, Ohio 44113  
216.781.0083

OMG Michigan, Inc.  
2347 Commercial Drive  
Auburn Hills, Michigan 48326  
248.340.1040

dmc(2) Electronic Components Corporation  
1300 Marrows Road  
Newark, Delaware 19711  
302.456.6232

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

JAMES M. MATERNA  
CHIEF FINANCIAL OFFICER  
OM GROUP, INC.  
50 PUBLIC SQUARE, SUITE 3500  
CLEVELAND, OHIO 44113-2204  
(216) 781-0083

COPY TO:  
JEFFREY J. MARGULIES, ESQ.  
SQUIRE, SANDERS & DEMPSEY L.L.P.  
4900 KEY TOWER  
127 PUBLIC SQUARE  
CLEVELAND, OHIO 44114-1304  
(216) 479-8500

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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PROSPECTUS

OFFER TO EXCHANGE

9 1/4% SENIOR SUBORDINATED NOTES DUE 2011  
(REGISTERED UNDER THE SECURITIES ACT OF 1933)  
FOR ALL OUTSTANDING  
9 1/4% SENIOR SUBORDINATED NOTES DUE 2011  
(\$400 MILLION AGGREGATE PRINCIPAL AMOUNT OUTSTANDING)  
OF

LOGO

OM GROUP, INC.

(All Notes Guaranteed by Subsidiary Guarantors)

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_ ,  
2002, UNLESS EXTENDED.

- The exchange notes are being registered with the Securities and Exchange Commission and are being offered in exchange for the original notes that were previously issued in an offering exempt from the registration requirements under the federal securities laws. The terms of the exchange offer are summarized below and more fully described in this prospectus.
- We will exchange all original notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.
- You may withdraw tenders of original notes at any time prior to the expiration of the exchange offer.
- The terms of the exchange notes will be substantially identical to the terms of the original notes, except that the exchange notes are registered under the Securities Act and the transfer restrictions and registration rights applicable to the original notes will not apply to the exchange notes.
- Our wholly-owned domestic subsidiaries guaranteed the original notes and will guarantee the exchange notes.
- We will not receive any proceeds from the exchange offer.

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SEE "RISK FACTORS" BEGINNING ON PAGE 13 FOR A DISCUSSION OF THE RISKS THAT SHOULD BE CONSIDERED BY HOLDERS PRIOR TO TENDERING ORIGINAL NOTES.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_ , 2002.

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 YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH

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INFORMATION THAT IS DIFFERENT. THIS DOCUMENT MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THESE SECURITIES. THE INFORMATION IN THIS DOCUMENT MAY NOT BE ACCURATE AFTER THE DATE OF THIS DOCUMENT.

### FORWARD-LOOKING STATEMENTS

This prospectus contains statements that we believe may be "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not historical facts and generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that are difficult to predict, may be beyond our control and could cause actual results to differ materially from those currently anticipated. Factors that could materially affect these forward-looking statements can be found in this prospectus, including immediately below and as described under "Risk Factors." You are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The forward-looking statements included in this document are made only as of the date of this prospectus and we undertake no obligation to publicly update these forward-looking statements to reflect new information, future events or otherwise.

Important facts that may affect our expectations, estimates or projections include:

- the price and supply of raw materials, particularly cobalt, copper, nickel, platinum, palladium, rhodium, gold and silver;
- the demand for metal-based specialty chemicals and products in our markets;
- the effect of non-currency risks of investing in and conducting operations in foreign countries, including political, social, economic and regulatory factors;
- the effects of the substantial debt we have incurred in connection with our acquisition of the operations of dmc(2) and our ability to refinance or repay that debt;
- our ability to successfully integrate the dmc(2) operations into our business; and
- the effect of fluctuations in currency exchange rates on our international operations.

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### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference rooms at the following locations:

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Public Reference Room	Northeast Regional Office	Chicago Regional Office
450 Fifth Street, N.W.	233 Broadway	Citicorp Center
Room 1024	New York, NY 10279	500 West Madison Street, Suite 1400
Washington, D.C. 20549		Chicago, Illinois 60661-2511

Please call the SEC at 1-800-SEC-0330 for further information on the operations of the public reference rooms. Our SEC filings also are available to the public at the SEC's web site at <http://www.sec.gov>. Our common stock is listed on the New York Stock Exchange under the symbol "OMG" and all such reports, proxy statements and other information filed by us with the NYSE may be inspected at the NYSE's offices at 20 Broad Street, New York, New York 10005.

We have filed a registration statement on Form S-4, of which this prospectus is a part, covering the exchange notes offered by this prospectus. As allowed by SEC rules, this prospectus does not contain all the information set forth in the registration statement and the related exhibits and financial statements. We refer you to the registration statement, and the related exhibits and financial statements for further information. This prospectus is qualified in its entirety by such other information.

### NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### INDUSTRY AND MARKET DATA

Industry and market data used throughout this prospectus were obtained through our research, surveys and studies conducted by third parties and industry and general publications. We have not independently verified market and industry data from third-party sources. While we believe our internal surveys are reliable and market definitions are appropriate, neither these surveys nor these definitions have been verified by any independent sources.

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### PROSPECTUS SUMMARY

The following summary highlights selected information from this prospectus and may not contain all of the information that is important to you. This prospectus includes specific terms of the exchange notes we are offering in the exchange offer, as well as information regarding our business and detailed financial data. Financial information we designate as "pro forma" gives effect to the original notes offering and to the transactions described under "The Transactions" as if they had occurred on the first day of the period specified as relates to income statement data. We encourage you to read this entire

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prospectus and other documents to which we refer.

### ABOUT OM GROUP, INC.

#### OVERVIEW

We are a leading, vertically integrated international producer and marketer of value-added, metal-based specialty chemicals and related materials. We apply proprietary technology to a wide variety of raw material feedstocks to manufacture, market and supply more than 625 different product offerings to more than 1,700 customers in over 30 industries. Our products typically represent a small portion of the customer's total manufacturing or processing costs and are often essential ingredients for superior product performance. For the year ended December 31, 2001, on a pro forma basis, our net sales were \$5,687.6 million and our EBITDA, defined as net income before interest, taxes, extraordinary item, depreciation and amortization, was \$285.2 million.

We believe we are the world's leading producer of cobalt-based specialty chemicals and a leading producer of nickel-based specialty chemicals and platinum group metal catalysts and products. During 2001, on a pro forma basis, and excluding net sales of our Metal Management segment, we derived approximately 66% of our net sales from customers in Europe, 24% from customers in the Americas and 10% from customers in Asia-Pacific. We operate 35 manufacturing facilities worldwide, including 14 in the Americas, 11 in Europe, 8 in Asia-Pacific and 2 in Africa, and employ approximately 5,200 employees in 24 countries.

Our business is conducted through three segments: Base Metal Chemistry, Precious Metal Chemistry and Metal Management.

#### OM GROUP

	----- BASE METAL CHEMISTRY	PRECIOUS METAL CHEMISTRY	METAL MANAGEMENT
(DOLLARS IN MILLIONS)			
NET SALES (1)	\$793.1 -----	\$1,687.0 -----	\$3,207.5 -----
EBITDA (1)	\$183.0 -----	\$ 74.5 -----	\$ 27.7 -----

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(1) Pro forma for the year ended December 31, 2001

Our BASE METAL CHEMISTRY segment develops, processes, manufactures and

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markets specialty chemicals, powders and related products from various base metals. We emphasize products that leverage our production capabilities and bring value to our customers through superior product performance. These products frequently are essential components in chemical and industrial processes where they facilitate a chemical or physical reaction and/or enhance the physical properties of end-products. Our base metal chemistry products can be found in a variety of applications for catalysts, coatings, colorants, hard metal tools, jet engines,

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lubricants, fuel and petroleum additives, magnetic media, metal finishing agents, petrochemicals, plastics, printed circuit boards, rechargeable batteries, stainless steel, super alloys and tires. In 2001, we sold these products to over 1,500 customers serving more than 30 industries. Specific examples of applications using our base metal chemistry products include the following:

- RECHARGEABLE BATTERIES -- battery-grade mixed metal oxides, low sodium cobalt oxides, cobalt lithium dioxides and spherical nickel hydroxides improve electrical conductivity and extend battery life between charges;
- HARD METAL TOOLS -- extra-fine cobalt and tungsten powders enhance strength and durability of diamond-cutting tools and microtools for printed circuit boards and construction applications;
- PETROCHEMICALS -- cobalt catalysts remove impurities from oil before refining in order to reduce pollutants;
- PLASTICS -- nontoxic mixed-metal, phenol-free stabilizers boost flexibility and allow greater use of polyvinyl chloride in medical applications; and
- COLORANTS -- cobalt oxides provide color for pigments, earthenware and glass.

We use more than 15 metals as raw materials in this segment, with the most widely used metals being cobalt, nickel and copper. Our base metal chemistry products are generally categorized as organics (produced by reacting metals with organic acids), inorganics (produced by reacting metals with inorganic acids), powders (produced by chemical reactions using heat and/or water-based technologies) and metals (produced by refining metal feedstock). These products are sold in various forms such as solutions, crystals, powders, cathodes and briquettes.

Our PRECIOUS METAL CHEMISTRY segment develops, produces and markets specialty chemicals and materials, predominantly from precious metals such as platinum, palladium, rhodium, gold and silver. We also offer a variety of refining and processing services to users of precious metals. Our precious metal chemistry products are used in a variety of applications for automotive catalysts, fuel cells and fuel processing catalysts, chemical catalysts, electronics packaging and electroplating products, jewelry and glass manufacturing for high-definition televisions. In 2001, on a pro forma basis, we sold these products to over 200 customers serving more than a dozen industries. Specific examples of applications using our precious metal chemistry products include the following:



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- AUTOMOTIVE CATALYSTS -- platinum group metal, or PGM, catalysts reduce toxic emissions of internal combustion engines in order to meet increasingly strict environmental legislation for a wide range of fuels, including gasoline, diesel, natural gas and alternate fuels;
- FUEL CELLS -- PGM-based catalysts for membrane electrode assemblies and fuel processing catalysts increase the efficiency of fuel cells and fuel processing systems; and
- ELECTRONICS -- silver-based, hermetic sealing materials and ball-grid arrays used in packaging of microelectronic components enable a large number of interconnections and provide package integration.

Our METAL MANAGEMENT segment acts as a metal sourcing and trading operation for our other businesses and for our customers, primarily procuring precious metals. The Metal Management segment centrally manages metal purchases and sales by providing the necessary precious metal liquidity, financing and hedging for our other businesses.

### STRATEGY

TARGET HIGH GROWTH APPLICATIONS AND VALUE-ADDED PRODUCTS. We target applications that we believe have high growth and high margin potential for our products. For example, we have targeted the growing rechargeable battery and nickel catalyst markets through our acquisition of a nickel refinery in Harjavalta, Finland in April 2000. This acquisition has provided us with a solid base from which to vertically integrate production of nickel chemicals and powders. Other examples of value-added products used in targeted

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applications include stainless steel powders for automotive pressed metal parts, cobalt salts and powders for rechargeable batteries used in laptop computers and mobile phones, PGM-based catalysts for membrane electrode assemblies and fuel processing catalysts for fuel cells used in stationary and mobile applications.

APPLY METAL TECHNOLOGY TO MEET CUSTOMER NEEDS AND DEVELOP NEW PRODUCTS. We are focused on increasing sales of value-added products through our emphasis on research, technology and customer service. For example, we have increased our sales of cobalt extra-fine powders and created new market opportunities in tungsten powders by applying our recycling technology to the needs of our customers in the hard metal tool industry. We also have developed several products, such as electroless nickel-gold for printed circuit boards, through continued responsiveness to customer needs and through joint product development efforts.

Through our acquisition of the dmc(2) operations, we have obtained leading technology positions in the development of fuel cell components and automotive catalysts. For example, the flexibility derived from advances in catalyst technology has enabled us to significantly grow the North American sales of the dmc(2) operations by providing customers with automotive catalyst solutions based on multiple precious metals. These new technologies allow our customers the flexibility to choose the most advantageous or cost-effective catalyst solution.

CONTINUE TO IMPROVE OUR COST POSITION. We have undertaken several initiatives to improve the leading cost positions we have developed in nickel and cobalt procurement and processing as a result of our vertical integration strategy. Our majority-owned Big Hill smelter facility, which we expect to reach full-scale production by mid-year 2002, will expand our base of long-term, low-cost cobalt and copper raw material feedstocks. The conversion of our Harjavalta, Finland nickel refinery from the processing of commodity products to

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higher value-added products is designed to result in the cost-efficient, vertically integrated production of nickel inorganics and powders. We intend to continue to improve our cost positions in our other product lines as we begin to integrate base metal and precious metal separation and processing technologies.

INTEGRATE DMC(2) BUSINESS AND CAPITALIZE ON ACQUISITION-RELATED OPPORTUNITIES. As part of our plan to integrate the dmc(2) business with our other operations, we are focused on combining the best practices of each organization to drive top-line growth, increase manufacturing efficiency and leverage our common technology platforms. The acquisition of the dmc(2) operations will allow us to:

- use our combined experience and technical expertise in base metal and precious metal chemistry to develop new products and improve processing technology;
- use the combined strength of our respective sales forces to drive growth of precious metal chemistry products in North America, accelerate the growth of our base metal chemistry products in Europe and enhance our presence in Asia;
- cross-sell products to existing customers that have both base metal and precious metal chemistry needs; and
- enhance our metal management operation by integrating the expertise and scale of our base metal and precious metal procurement capabilities.

### COMPETITIVE STRENGTHS

LEADERSHIP POSITION IN EACH OF OUR CORE PRODUCTS. We believe that as a result of our high quality products, technological capabilities and focus on providing customer service and support, we have achieved leading market positions in the production of metal-based specialty chemicals, materials and powders. We believe we are the world's leading producer, refiner and marketer of cobalt and a leading worldwide producer of cobalt organics, cobalt inorganics, cobalt powders, nickel inorganics, copper powders, automotive catalysts and PGM compounds.

DIVERSE GEOGRAPHIC AND CUSTOMER BASE. Following our recent acquisition of the operations of dmc(2), we offer more than 625 products to over 1,700 customers in over 30 industries, including automotive, chemicals, electronics, industrial products and stainless steel. The diversity of the metals used in our products and our worldwide presence are reflected in the following charts:

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2001 PRO FORMA PRODUCT SALES  
BY METAL CONTAINED (1)

2001 PRO FORMA SALES  
BY GEOGRAPHY (1) (2)

	Percent -----	
Precious Metals.....	68%	Americas.....
Copper.....	3%	Asia-Pacific.....

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Nickel.....	15%	Europe.....
Cobalt.....	10%	
Other Base Metals.....	4%	

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- (1) Excludes net sales of the Metal Management segment
- (2) Sales based on customer location

TECHNOLOGICAL LEADERSHIP. Our research and new product development program is an integral part of our business. New products introduced in the last five years, including new chemical formulations and new concentrations of components, accounted for over 20% of our pro forma 2001 net sales (excluding net sales of the Metal Management segment). Examples of new products that we have developed and introduced to the marketplace over the last five years include the following:

- an electroless nickel-gold process used in printed circuit boards to increase performance and improve product yields;
- stainless steel powders used in automotive metal parts to prevent corrosion;
- cobalt catalysts used in air bags to provide safety and enhance performance; and
- automotive catalysts used in diesel and gasoline direct-injection engines to improve emission control.

LEADING RAW MATERIAL SOURCING AND PRODUCTION CAPABILITY. We believe we are the leading producer, refiner and marketer of cobalt and the fifth largest producer of nickel in the world as a result, in part, of our vertical integration strategy. We also believe we are among the world's largest processors of PGMs. Our leading industry positions and long-term relationships with our suppliers provide us with reliable sources of key raw materials. Our major manufacturing plants, all of which have received ISO 9002 certification, are capable of efficiently producing a broad range of metals, specialty chemicals and powders. Our leading refining and metal separation capabilities give us the flexibility to work with a variety of raw materials, including low-grade feedstocks such as slag, concentrates and recycled materials, and transform them into high-quality finished products. The ability to refine and recycle these materials enables us to source many grades of feedstocks at competitive prices and offer recycling services to our customers, giving us a significant advantage in the marketplace. Through our Metal Management segment, we are one of the world's leading precious metals sourcing businesses.

EXPERIENCED AND INCENTIVIZED MANAGEMENT TEAM. Our senior management team has an average of over twenty years experience in the chemical industry. Led by Chairman and Chief Executive Officer James P. Mooney and President and Chief Operating Officer Edward "Bud" Kissel, we have consistently delivered strong operating and financial performance. Our senior management team also has significant experience in executing and integrating acquisitions. Since our initial public offering in 1993, we have successfully integrated thirteen acquisitions. Our management team collectively holds approximately 5.4% of our common shares on a fully diluted basis, with a significant number of these shares issuable under stock option programs.

RECENT DEVELOPMENTS

ACQUISITION OF DMC(2) OPERATIONS AND SALE OF BUSINESSES TO FERRO

On August 10, 2001, we acquired all of the operations of dmc(2) Degussa Metals Catalysts Cerdec AG from Degussa AG for E1,200.0 million, or approximately \$1,072.0 million based on the exchange rate at closing. dmc(2) was a worldwide provider of metal-based functional materials for a wide variety of high-growth end markets and was a leading producer of PGM catalysts and products. On September 7, 2001, we sold the Electronic Materials and Cerdec divisions of dmc(2) to Ferro Corporation for approximately \$525.5 million.

AMENDMENT TO CREDIT FACILITIES AND ISSUANCE OF BRIDGE NOTES

On August 10, 2001, we amended and restated our existing senior secured credit facilities to fund the acquisition of the dmc(2) operations, reduce certain borrowings under our existing revolving credit facility and provide for our ongoing working capital and other financing requirements. The amended credit facilities included \$325.0 million in aggregate revolving credit facility commitments and \$985.0 million in term loans. We repaid \$350.0 million of the term loans with proceeds from the sale of the dmc(2) divisions to Ferro and permanently reduced the related commitment under the credit facilities.

In connection with the acquisition of the dmc(2) operations, we also issued \$550.0 million of senior subordinated bridge notes. We repaid \$173.0 million of the bridge notes with proceeds from the sale of the dmc(2) divisions to Ferro. We repaid the remaining amounts outstanding under the bridge notes with the proceeds from the offering of original notes.

The acquisition of the dmc(2) operations, the sale of the dmc(2) divisions to Ferro, the amendments to the credit facilities and the issuance of bridge notes are collectively referred to in this prospectus as the "Transactions."

EQUITY OFFERING

On January 24, 2002, we issued 4,025,000 shares of our common stock with an aggregate offering price of approximately \$237.5 million. We used the net proceeds of approximately \$225.7 million from that offering to repay outstanding debt under our credit facilities.

OTHER ACQUISITIONS

On December 21, 2001, we acquired the metal organics business of Rhodia Holdings Limited, including two manufacturing facilities in Bethlehem, Pennsylvania and Manchester, England. The acquisition complements our existing Base Metal Chemistry segment product offerings. We financed the acquisition with debt incurred under our credit facilities.

On December 27, 2001, we acquired the mineral rights and chemical processing capabilities of Centaur Mining and Exploration Ltd.'s Cawse operation in Western Australia. This will provide us with approximately 8,000 tonnes per annum of nickel feedstock and approximately 800 tonnes per annum of cobalt feedstock. We funded the acquisition with debt incurred under our credit

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facilities.

The aggregate purchase price of these other acquisitions was approximately \$46.0 million.

THE EXCHANGE OFFER

On December 12, 2001, we completed the private offering of \$400.0 million aggregate principal amount of 9 1/4% Senior Subordinated Notes due 2011. As part of that offering of original notes, we agreed to undertake an exchange offer for the original notes. The following summary contains basic information about the exchange offer. It may not contain all the information that is important to you. For a more complete understanding of the exchange offer, we encourage you to read this entire prospectus and the other documents to which we refer.

Securities Offered..... \$400.0 million aggregate principal amount of new 9 1/4% Senior Subordinated Notes due 2011, which have been registered under the Securities Act. The form and terms of these exchange notes are identical in all material respects to those of the original notes. The exchange notes, however, will not contain transfer restrictions and registration rights applicable to the original notes.

The Exchange Offer..... We are offering to exchange \$1,000 principal amount of our new 9 1/4% Senior Subordinated Notes due 2011, which have been registered under the Securities Act, for each \$1,000 principal amount of our outstanding 9 1/4% Senior Subordinated Notes due 2011.

In order to be exchanged, an original note must be properly tendered and accepted. All original notes that are validly tendered and not withdrawn will be exchanged. As of the date of this prospectus, there is \$400.0 million in aggregate principal amount of original notes outstanding.

Expiration Date..... 5:00 p.m., New York City time, on , 2002 unless we extend the expiration date.

Accrued Interest on the Exchange Notes and Original Notes..... The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes, or if no interest has been paid on the original notes, from the date of issue of the original notes.

Conditions to the Exchange Offer..... The exchange offer is subject to customary

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conditions. We may assert or waive these conditions in our sole discretion. If we materially change the terms of the exchange offer, we will resolicit tenders of the original notes. See "The Exchange Offer -- Conditions to the Exchange Offer" for more information regarding conditions to the exchange offer.

Procedures for Tendering

Original Notes.....

Except as described under the heading "The Exchange Offer -- Guaranteed Delivery Procedures," a tendering holder must, on or prior to the expiration date:

- transmit a properly completed and duly executed letter of transmittal, together with all other documents required by the letter of transmittal, to The Bank of New York at the address listed in this prospectus; or
- if original notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent's message to the exchange agent at the address listed in this prospectus.

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See "The Exchange Offer -- Procedures for Tendering."

Special Procedures for

Beneficial Holders.....

If you are the beneficial holder of original notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender original notes in the exchange offer, you should promptly contact the person in whose name your original notes are registered and instruct that person to tender on your behalf. See "The Exchange Offer -- Procedures for Tendering."

Guaranteed Delivery

Procedures.....

If you wish to tender your original notes and you cannot deliver your original notes, the letter of transmittal or any other required documents to the exchange agent before the expiration date, you may tender your original notes by following the guaranteed delivery procedures under the heading "The Exchange Offer -- Guaranteed Delivery Procedures."

Withdrawal Rights.....

Tenders of original notes may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.

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Acceptance of Original Notes  
and Delivery of Exchange

Notes..... Subject to the conditions stated under the heading "The Exchange Offer -- Conditions to the Exchange Offer," we will accept for exchange any and all original notes that are properly tendered in the exchange offer before 5:00 p.m., New York City time, on the expiration date. The exchange notes will be delivered promptly after the expiration date. See "The Exchange Offer -- Terms of the Exchange Offer."

United States Federal Income  
Tax Considerations.....

We believe that your exchange of original notes for exchange notes in the exchange offer will not result in any gain or loss to you for U.S. federal income tax purposes. See "United States Federal Income Tax Considerations."

Exchange Agent.....

The Bank of New York is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are listed under the heading "The Exchange Offer -- Exchange Agent."

Use of Proceeds.....

We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We will pay all expenses incident to the exchange offer. See "Use of Proceeds."

THE EXCHANGE NOTES

The form and terms of the exchange notes and the original notes are identical in all material respects, except that transfer restrictions and registration rights applicable to the original notes will not apply to the exchange notes. The exchange notes will evidence the same debt as the original notes and will be governed by the same indenture. Where we refer to "notes" in this prospectus, we are referring to both the original notes and the exchange notes.

Issuer..... OM Group, Inc.

Exchange Notes Offered..... \$400.0 million aggregate principal amount of 9 1/4% Senior Subordinated Notes due 2011.

Maturity Date..... December 15, 2011.

Interest..... 9 1/4% per annum, payable semiannually in arrears on June 15 and December 15, commencing June 15, 2002.

Subsidiary Guarantees..... The original notes are, and the exchange notes will be, jointly and severally guaranteed on a senior subordinated unsecured basis by all of our existing and future wholly owned domestic subsidiaries.

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Ranking..... The original notes and the related subsidiary guarantees rank, and the exchange notes and the related subsidiary guarantees will rank:

- junior to all of our and the guarantors' existing and future senior indebtedness and secured indebtedness, including any borrowings under our credit facilities;
- equally with any of our and the guarantors' future senior subordinated indebtedness, including trade payables;
- senior to any of our and the guarantors' future subordinated indebtedness; and
- effectively junior to all of the liabilities of our subsidiaries that have not guaranteed the notes.

At December 31, 2001, the original notes and the related guarantees ranked junior to:

- \$920.7 million of senior secured indebtedness; and
- \$712.5 million of liabilities, including trade payables but excluding intercompany obligations and minority interests, of our non-guarantor subsidiaries.

Optional Redemption..... We may redeem any of the notes at any time on or after December 15, 2006, in whole or in part, in cash at the redemption prices described in this prospectus, plus accrued and unpaid interest to the date of redemption.

In addition, we may redeem up to 35% of the aggregate principal amount of notes on or prior to December 15, 2004 with the net proceeds of equity offerings. If such redemption had occurred prior to April 12, 2002, the redemption price would have been 104% of the principal amount of notes redeemed. Commencing on April 12, 2002, the redemption price became 109.250% of the principal amount of notes redeemed.

Change of Control..... Upon a change of control, as defined in "Description of the Notes," we will have the option, at any time prior to December 15, 2006, to redeem all of the notes at a redemption



price equal to 100% of their principal amount plus the "applicable premium," as defined in "Description of the Notes," together with accrued and unpaid interest. If a change of control occurs and we do not exercise our option to redeem the notes, we will be required to make an offer to purchase the notes. The purchase price would equal 101% of the principal amount of the notes on the date of purchase, plus accrued and unpaid interest to the date of repurchase.

Certain Covenants..... The indenture contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- create liens;
- engage in sale-leaseback transactions;
- pay dividends or make other equity distributions;
- issue redeemable preferred stock, in our case, or issue capital stock, in the case of our subsidiaries;
- make investments;
- sell assets;
- engage in transactions with affiliates; and
- effect a consolidation or merger.

These limitations are subject to a number of important qualifications and exceptions. For more details, see "Description of the Notes -- Certain Covenants."

Resales..... Based on interpretations by the staff of the SEC, as detailed in a series of no-action letters issued by the SEC to third parties, we believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

- you are acquiring the exchange notes in the ordinary course of your business;
- you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes; and

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- you are not an "affiliate" of ours.

If you are an affiliate of ours, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the exchange notes:

- you cannot rely on the applicable interpretations of the staff of the SEC; and
- you must comply with the registration requirements of the Securities Act in connection with any resale transaction.

Each broker or dealer that receives exchange notes for its own account in exchange for original notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in

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connection with any offer to resell, resale, or other transfer of the exchange notes issued in the exchange offer, including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the exchange notes.

Furthermore, any broker-dealer that acquired any of its original notes directly from us:

- may not rely on the applicable interpretations of the staff of the SEC contained in Exxon Capital Holdings Corp., SEC no-action letter (May 13, 1988); Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991); and Shearman & Sterling, SEC no-action letter (July 2, 1993); and
- must also be named as a selling noteholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

### RISK FACTORS

See "Risk Factors" immediately following this summary for a discussion of risks that should be considered by holders prior to tendering original notes in the exchange offer.

### ADDITIONAL INFORMATION

Our principal executive offices are located at 50 Public Square, Suite 3500, Cleveland, Ohio 44113 and our telephone number is (216) 781-0083.

The principal executive offices and telephone numbers of our subsidiary

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guarantors are as follows:

OMG Americas, Inc.  
811 Sharon Drive  
Westlake, Ohio 44145  
(440) 808-2950

OMG Fidelity, Inc.  
470 Frelinghuysen Avenue  
Newark, New Jersey 07114  
(973) 242-4110

OMG Jett, Inc.  
50 Public Square, Suite 3500  
Cleveland, Ohio 44113  
(216) 781-0083

SCM Metal Products, Inc.  
101 Bridge Street  
Johnstown, Pennsylvania 15902  
(814) 533-7800

OM Holdings, Inc.  
50 Public Square, Suite 3500  
Cleveland, Ohio 44113  
(216) 781-0083

OMG KG Holdings, Inc.  
50 Public Square, Suite 3500  
Cleveland, Ohio 44113  
(216) 781-0083

OMG Michigan, Inc.  
2347 Commercial Drive  
Auburn Hills, Michigan 48326  
(248) 340-1040

dmc(2) Electronic Components  
Corporation  
1300 Marrows Road  
Newark, Delaware 19711  
(302) 456-6232

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SUMMARY CONSOLIDATED HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL DATA

The following table displays our summary financial data for the periods ended and as of the dates indicated. We derived the historical data for the years ended December 31, 1999, 2000 and 2001 from our audited consolidated financial statements. The summary unaudited pro forma income statement data gives effect to the Transactions and the offering of original notes as if they occurred on the first day of the period specified. See "Index to Unaudited Pro Forma Combined Condensed Financial Statements." The summary financial data should be read in conjunction with "Use of Proceeds," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements (and related notes) of OM Group, Inc., or "OMG", contained elsewhere in this prospectus. The pro forma financial data is not intended to represent our results of operations had the offering of original notes and the Transactions been completed as of the first day of the period specified or to project our results of operations for any future period or date.

HISTORICAL			UNAUDITED PRO FORMA
YEAR ENDED DECEMBER 31,			
1999	2000	2001	2001
(DOLLARS IN MILLIONS, EXCEPT RATIOS)			

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Net sales.....	\$507.0	\$887.7	\$2,367.4	\$5,687.6
Cost of products sold.....	347.5	673.9	2,032.8	5,245.6
	-----	-----	-----	-----
Gross profit.....	159.5	213.8	334.6	442.0
Selling, general and administrative expenses.....	60.8	75.4	165.4	234.3
	-----	-----	-----	-----
Income from operations.....	98.7	138.4	169.2	207.7
Interest expense, net.....	(18.9)	(37.4)	(57.1)	(85.8)
Other income (expense), net.....	0.5	(1.1)	(4.2)	(0.4)
	-----	-----	-----	-----
Income before income taxes and extraordinary item.....	80.3	99.9	107.9	121.5
Income taxes.....	24.5	28.4	27.7	29.6
	-----	-----	-----	-----
Income before extraordinary item.....	55.8	71.5	80.2	91.9
Extraordinary item.....	--	--	(4.6)	(4.6)
	-----	-----	-----	-----
Net income.....	\$ 55.8	\$ 71.5	\$ 75.6	\$ 87.3
	=====	=====	=====	=====
RATIO OF EARNINGS TO FIXED CHARGES (1).....	3.8x	2.7x	2.3x	1.9x
OTHER DATA:				
EBITDA (2).....	\$126.1	\$176.6	\$ 228.5	\$ 285.2
Cash flow from operations.....	12.4	81.0	58.3	
Depreciation and amortization.....	26.9	39.3	63.5	77.9
Capital expenditures.....	70.2	55.0	108.5	137.2
Interest expense, net of interest income.....	18.9	37.4	57.1	85.8
Ratio of EBITDA to interest expense, net.....	6.7x	4.7x	4.0x	3.3x
PRO FORMA DATA:				
Ratio of net debt to LTM EBITDA (3).....				4.4x
BALANCE SHEET DATA:				
Cash and cash equivalents.....	\$ 9.4	\$ 13.5	\$ 78.2	
Working capital, net (4).....	359.1	411.8	971.3	
Total assets.....	1,012.5	1,357.5	2,541.2	
Total debt (including current portion).....	384.9	571.9	1,320.7	
Stockholders' equity.....	449.2	506.1	569.5	

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(1) The ratio of earnings to fixed charges is computed by dividing earnings available for fixed charges by fixed charges. Earnings available for fixed charges consist of earnings before income taxes, minority interests, equity income and extraordinary item plus fixed charges, less capitalized interest. Fixed charges

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consist of interest, whether expensed or capitalized, amortized capitalized expenses related to indebtedness, and the portion of operating lease rental expense that represents the interest factor.

(2) EBITDA is defined as net income before interest, taxes, extraordinary item, depreciation and amortization. EBITDA is not a measure of operating income, operating performance or liquidity under GAAP. We include EBITDA and related credit statistics because we understand these data are used by some investors to determine our historical ability to service our indebtedness. Nevertheless, this measure should not be considered in isolation or as a

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substitute for operating income (as determined in accordance with GAAP) as an indicator of our operating performance, or to cash flows from operating activities (as determined in accordance with GAAP) as a measure of liquidity. In addition, it should be noted that companies calculate EBITDA differently and, therefore, EBITDA as presented for us may not be comparable to EBITDA reported by other companies. See the audited consolidated financial statements and related notes included elsewhere in this prospectus for the cash used in and provided by operating activities.

- (3) Net debt is long-term debt, including the current portion of long-term debt, less cash and cash equivalents after giving pro forma effect to the offering of original notes.
- (4) Working capital, net is defined as current assets excluding cash and cash equivalents minus current liabilities excluding short-term debt and the current portion of long-term debt.

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### RISK FACTORS

You should consider carefully the following risk factors, in addition to the other information contained in this prospectus, before tendering your original notes.

#### RISKS RELATING TO OUR BUSINESS

WE INCURRED SUBSTANTIAL INDEBTEDNESS IN CONNECTION WITH THE ACQUISITION OF THE DMC(2) OPERATIONS, AND OUR INDEBTEDNESS COULD RESTRICT OUR OPERATIONS AND MAKE US MORE VULNERABLE TO ADVERSE ECONOMIC CONDITIONS.

As a result of the Transactions and the original notes offering, we have substantial indebtedness and significant debt service and other obligations. As of December 31, 2001, and for the year then ended, on a pro forma basis, we had total debt, stockholders' equity and EBITDA, defined as net income before interest, taxes, extraordinary item, depreciation and amortization, as follows:

	(DOLLARS IN MILLIONS)
Total debt.....	\$1,320.7
Stockholders' equity.....	569.5
EBITDA.....	285.2

We also may have significant post-closing obligations in connection with the acquisition of the dmc(2) operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

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Our high level of debt and debt service requirements could have important consequences for our business. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and research and development efforts, and for other general corporate purposes;
- limit our ability to obtain additional funds for working capital, capital expenditures, acquisitions and general corporate purposes;
- increase our vulnerability to interest rate increases to the extent our variable-rate debt is not effectively hedged;
- restrict our ability to dispose of assets or to pay cash dividends on, or repurchase, preferred or common stock;
- increase our vulnerability to adverse economic and industry conditions and competition;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

Any of the foregoing consequences could have a material adverse effect on us.

Our ability to make principal and interest payments, or to refinance our indebtedness, including the notes, depends on our future performance. Our future performance is, to a certain extent, subject to economic, financial, competitive and other factors beyond our control. We cannot guarantee that our business will generate sufficient cash flow from operations in the future to service our debt and fund necessary capital expenditures. If we are unable to generate sufficient cash flow, we may be required to refinance all or a portion of our existing debt, including the notes, sell assets or obtain additional financing. We cannot guarantee that any refinancing or sale of assets or additional financing would be possible on terms reasonably favorable to us, or at all. Some of our competitors currently operate on a less leveraged basis and may have greater operating and financial flexibility.

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WE MAY INCUR MORE DEBT, WHICH COULD EXACERBATE THE RISKS DESCRIBED ABOVE.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The credit facilities and the indenture for the notes will limit us from incurring additional indebtedness but will not fully prohibit us or our subsidiaries from doing so. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify. See "Capitalization," "Selected Historical Financial Data" and "Description of the Credit Facilities."

THE OPERATING AND FINANCIAL RESTRICTIONS IMPOSED BY OUR DEBT AGREEMENTS, INCLUDING OUR CREDIT FACILITIES AND THE INDENTURE RELATING TO THE NOTES, LIMIT OUR ABILITY TO FINANCE OPERATIONS AND CAPITAL NEEDS OR ENGAGE IN OTHER BUSINESS ACTIVITIES.

Our debt agreements contain covenants that restrict our ability to:

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- incur additional indebtedness (including guarantees);
- incur liens;
- dispose of assets;
- make some acquisitions;
- pay dividends and make other restricted payments;
- issue preferred stock containing redemption provisions requiring a payment before the maturity of the notes or, in the case of our subsidiaries, issue capital stock;
- enter into sale and leaseback transactions;
- make loans and investments;
- enter into new lines of business;
- enter into some leases; and
- engage in some transactions with affiliates.

In addition, our credit facilities require us to comply with specified financial covenants including minimum interest coverage ratios, maximum leverage ratios and minimum fixed charge coverage ratios.

Our ability to meet these covenants and requirements in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions. Our breach or failure to comply with any of these covenants could result in a default under our credit facilities or the indenture governing the notes. If we default under our credit facilities, the lenders could cease to make further extensions of credit, cause all of our outstanding debt obligations under these credit facilities to become due and payable, require us to apply all of our available cash to repay the indebtedness under these credit facilities, prevent us from making debt service payments on any other indebtedness we owe and/or proceed against the collateral granted to them to secure repayment of those amounts. If a default under the indenture occurs, the holders of the notes could elect to declare the notes immediately due and payable. If the indebtedness under our credit facilities or the notes is accelerated, we may not have sufficient assets to repay amounts due under these existing debt agreements or on other debt securities then outstanding. We also may amend the provisions and limitations of our credit facilities from time to time in a manner that could adversely affect, without their consent, the holders of the notes. See "Description of the Credit Facilities" and "Description of the Notes."

WE MAY NOT BE ABLE TO SUCCESSFULLY INTEGRATE THE DMC(2) OPERATIONS INTO OUR BUSINESS.

The process of integrating the retained dmc(2) businesses into our existing businesses may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. We cannot assure you that we will

realize all of the anticipated benefits of the acquisition. Some of the

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integration difficulties or costs associated with the acquisition of the dmc(2) operations may arise from:

- unexpected losses of key employees or customers of dmc(2);
- conforming dmc(2) standards, processes, procedures and controls with our operations;
- coordinating new product and process development;
- hiring additional management and other critical personnel;
- negotiating with labor unions;
- statutory liabilities associated with a health care fund covering Degussa AG and dmc(2) employees if the fund is closed or liquidated; and
- increasing the scope, geographic diversity and complexity of our operations.

In addition, we may encounter unforeseen obstacles, liabilities or costs associated with the dmc(2) integration, including those related to the renewal of insurance covering some dmc(2) operations. The presence of one or more material liabilities related to the dmc(2) operations that were unknown to us at the time of the acquisition of those operations may have a material adverse effect on our business, financial condition or results of operations.

Historically, we have not been engaged to a significant extent in the precious metals businesses that we have acquired from dmc(2). The precious metals businesses involve risks related to price fluctuations, as discussed in the next risk factor. We will be dependent on the former dmc(2) management team to operate those businesses, and our ability to operate those businesses profitably may be impaired if we are unable to retain that management team. Additionally, the acquisition of the dmc(2) operations has significantly increased the complexity of our internal financial and accounting processes, including accounting period closing and auditing processes.

**WE ARE AT RISK FROM FLUCTUATIONS IN THE PRICE OF OUR PRINCIPAL RAW MATERIALS, INCLUDING OUR PRECIOUS METALS INVENTORY, AND FROM OUR PRECIOUS METALS MANAGEMENT ACTIVITIES.**

The primary raw materials we use in manufacturing base metal chemistry products are cobalt, nickel and copper. The cost of raw materials fluctuates due to actual or perceived changes in supply and demand. Generally, we are able to pass increases and decreases in raw material prices through to our customers by increasing or decreasing, respectively, the prices of our products. The extent of our profitability depends, in part, on our ability to maintain the differential between our product prices and raw material prices, and we cannot guarantee that we will be able to maintain an appropriate differential at all times.

In manufacturing precious metal chemistry products, we primarily use platinum, palladium, rhodium, gold and silver. We intend to continue the dmc(2) practice of protecting against precious metal price volatility, to the extent possible, by pricing agreements with customers and by hedging through derivative financial instruments such as forward or futures contracts. These pricing agreements and hedging strategies may not be adequate to protect us fully from fluctuations in precious metal prices, and those fluctuations could materially and adversely affect the results of the precious metals businesses we have acquired from dmc(2).

dmc(2) historically obtained a portion of its precious metal inventory



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through short-term and medium-term leases, rather than by purchasing the metals, and we intend to continue this practice. We will be exposed to the risk that changes in lease rates will increase our lease expense on those leases. Degussa AG has agreed to lease us precious metals up to an aggregate amount of DM 650.0 million until August 10, 2002 if we are otherwise unable to lease precious metals. After this period expires, we may not be able to enter into metal leases on terms comparable to those historically obtained by dmc(2).

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WE ARE AT RISK FROM UNCERTAINTIES IN THE SUPPLY OF SOME OF OUR PRINCIPAL RAW MATERIALS.

While copper, gold and silver are worldwide commodities and generally available, we can be less certain of the availability of cobalt, nickel and platinum group metals, including platinum, palladium and rhodium. Historically, we have sourced our supply of cobalt primarily from the Democratic Republic of the Congo (DRC), Australia, Finland and Zambia. Although we have never experienced a material shortage of cobalt, production problems or political or civil instability in specific supplier countries may affect the supply and market price of cobalt. In particular, political and civil instability in the DRC may affect the availability of raw materials from that country. If a substantial interruption should occur in the supply of cobalt from the DRC or elsewhere, we may not be able to obtain as much cobalt from other sources as would be necessary to satisfy our requirements at prices comparable to our current arrangements.

Historically, we have sourced our supply of nickel primarily from Australia and Brazil. Although we have never experienced a material shortage of nickel, if a substantial interruption should occur in the supply of nickel, we may not be able to obtain as much nickel from other sources as would be necessary to satisfy our requirements at prices comparable to our current arrangements.

Historically, we have sourced our supply of platinum group metals primarily from South Africa, where they are found in primary deposits, and from Russia and Canada, where they are by-products of copper and nickel mining. We source a significant portion of our PGM feedstock from one of the largest global suppliers of platinum group metals, primarily under contract, and obtain the remainder through a variety of channels. Although we have never experienced a material shortage of platinum group metals, if a substantial interruption should occur in the supply of platinum group metals, we may not be able to obtain as much platinum group metals from other sources as would be necessary to satisfy our requirements at prices comparable to our current arrangements.

WE MAY NOT BE ABLE TO RESPOND EFFECTIVELY TO TECHNOLOGICAL CHANGES IN OUR INDUSTRY OR IN OUR CUSTOMERS' PRODUCTS.

Our future business success will depend in part upon our ability to maintain and enhance our technological capabilities, develop and market products and applications that meet changing customer needs and successfully anticipate or respond to technological changes on a cost-effective and timely basis. Our inability to anticipate, respond to or utilize changing technologies could have an adverse effect on our business, financial condition or results of operations. Moreover, technological and other changes in our customers' products or processes may render some of our specialty chemicals unnecessary, which would reduce the demand for those chemicals.

WE OPERATE IN A VERY COMPETITIVE INDUSTRY.

We have many competitors. Some of our principal competitors have greater financial and other resources, less leverage and greater brand recognition than

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we have. Accordingly, these competitors may be better able to withstand changes in conditions within the industries in which we operate and may have significantly greater operating and financial flexibility than we do. As a result of the competitive environment in the markets in which we operate, we currently face and will continue to face pressure on the sales prices of our products from competitors and large customers. With these pricing pressures, we may experience future reductions in the profit margins on our sales, or may be unable to pass on future raw material price or labor cost increases to our customers, which also would reduce profit margins. In addition, we cannot guarantee that we will not encounter increased competition in the future, which could have a material adverse effect on our business. Since we conduct our business mainly on a purchase order basis, with few long-term commitments from our customers, this competitive environment could give rise to a sudden loss of business.

IF WE LOSE KEY PERSONNEL, OUR BUSINESS MAY BE ADVERSELY AFFECTED.

Our success depends to a large degree on a number of key employees, and the loss of their services could have a material adverse effect on our business. In particular, the loss of James P. Mooney, our Chairman of the Board and Chief Executive Officer, could have a material adverse effect on our business. We

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have entered into employment agreements with some of our key employees, including Mr. Mooney. We cannot guarantee, however, that any of these employment agreements will prevent us from losing the services of any of our key employees, including Mr. Mooney.

WE ARE SUBJECT TO STRINGENT ENVIRONMENTAL REGULATION AND MAY INCUR UNANTICIPATED COSTS OR LIABILITIES ARISING OUT OF ENVIRONMENTAL MATTERS.

We are subject to stringent laws and regulations relating to the storage, handling, disposal, emission and discharge of materials into the environment, and we have expended, and may be required to expend in the future, substantial funds for compliance with such laws and regulations. In addition, we may from time to time be subjected to claims for personal injury, property damages or natural resource damages made by third parties or regulators. Our annual environmental compliance costs approximated \$7.8 million in 2001. In addition, we made capital expenditures of approximately \$6.5 million in 2001 in connection with environmental compliance. We expect that these expenditures will increase as a result of our acquisition of the dmc(2) operations.

Some risk of environmental liability is inherent in the nature of our business and in the ownership and operation of real property, and we can provide no assurance that additional environmental costs, which may be material, will not arise in the future. In addition, we have not previously operated the 20 plants acquired as part of the dmc(2) operations and have limited information regarding their environmental condition and compliance. Environmental considerations may affect customer acceptance of some of our products.

WE ARE EXPOSED TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES, WHICH MAY ADVERSELY AFFECT OUR OPERATING RESULTS AND NET INCOME.

We have manufacturing and other facilities in the Americas, Europe, Asia-Pacific and Africa, and we market our products worldwide. Although most of our raw material purchases and product sales are transacted in U.S. dollars, liabilities for non-U.S. operating expenses and income taxes are denominated in local currencies. In addition, fluctuations in exchange rates may affect product demand and may adversely affect the profitability in U.S. dollars of products

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and services provided by us in foreign markets where payment for our products and services is made in the local currency. Accordingly, fluctuations in currency rates may affect our operating results and net income. In order to partially hedge our balance sheet exposure to fluctuating rates, we enter into forward contracts to purchase euros. Such transactions cannot, however, eliminate all of the risks associated with currency fluctuations.

OUR SUBSTANTIAL INTERNATIONAL OPERATIONS SUBJECT US TO RISKS NOT FACED BY DOMESTIC COMPETITORS, WHICH MAY INCLUDE UNFAVORABLE POLITICAL, REGULATORY, LABOR AND TAX CONDITIONS IN OTHER COUNTRIES.

About 67% of our net sales in 2001 were derived from our foreign facilities. As a result of our acquisition of the dmc(2) operations, we estimate that our sales from our foreign facilities will increase to more than 70% of our net sales (excluding net sales of the Metal Management segment). Accordingly, our business is subject to risks related to the differing legal and regulatory requirements and the social, political and economic conditions of many jurisdictions. In addition to risks associated with fluctuations in foreign exchange rates, risks inherent in international operations include the following:

- agreements may be difficult to enforce and receivables difficult to collect through a foreign country's legal system;
- foreign customers may have longer payment cycles;
- foreign countries may impose additional withholding taxes or otherwise tax our foreign income, impose tariffs or adopt other restrictions on foreign trade or investment, including currency exchange controls;
- U.S. export licenses may be difficult to obtain;
- intellectual property rights may be more difficult to enforce in foreign countries;

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- general economic conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- unexpected adverse changes in foreign laws or regulatory requirements may occur, including with respect to export duties and quotas;
- compliance with a variety of foreign laws and regulations may be difficult; and
- overlap of different tax structures may subject us to additional taxes.

Our business in emerging markets requires us to respond to rapid changes in market conditions in these countries. Our overall success as a global business depends, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions. We cannot assure you that we will continue to succeed in developing and implementing policies and strategies that will be effective in each location where we do business. Furthermore, we cannot be sure that any of the foregoing factors will not have a material adverse effect on our business, financial condition or results of operations.

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BECAUSE WE ARE A HOLDING COMPANY, OUR INCOME COMES ENTIRELY FROM DISTRIBUTIONS FROM OUR SUBSIDIARIES.

We are a holding company with no significant assets other than our investments in our subsidiaries. Accordingly, we rely entirely upon distributions from our subsidiaries to generate the funds necessary to meet our obligations, including the payment of principal and interest on the notes. The indenture governing the notes and our credit facilities limit the ability of our subsidiaries to contractually restrict the payment of dividends and other payments to us, although these limitations are subject to a number of significant qualifications. See "Description of the Notes -- Certain Covenants -- Dividend and Other Payment Restrictions Affecting Subsidiaries."

### RISKS RELATING TO THE NOTES

NOT ALL OF OUR SUBSIDIARIES GUARANTEE OUR OBLIGATIONS UNDER THE NOTES, AND THE ASSETS OF THE NON-GUARANTOR SUBSIDIARIES MAY NOT BE AVAILABLE TO MAKE PAYMENTS ON THE NOTES.

Our present and future wholly-owned domestic subsidiaries guarantee the original notes and will guarantee the exchange notes, except domestic subsidiaries that may be designated as unrestricted with respect to the indenture. Our present and future foreign subsidiaries are not guarantors of the original notes and will not be guarantors of the exchange notes. Payments on the notes will be required to be made only by us and the subsidiary guarantors. As a result, no payments will be required to be made from assets of subsidiaries that do not guarantee the notes, unless those assets are transferred by dividend or otherwise to us or a subsidiary guarantor. The historical consolidated financial statements included in this prospectus are presented on a consolidated basis, including both our domestic and foreign subsidiaries. The aggregate sales, EBITDA and assets of our subsidiaries that are not and will not be guarantors of the notes represented 64%, 95% and 73%, respectively, of our total sales, EBITDA and assets for 2001, on a pro forma basis.

In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness, including their trade creditors, will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As a result, the notes are effectively subordinated to the indebtedness of the non-guarantor subsidiaries.

THE NOTES ARE SUBORDINATED TO ANY CURRENT AND FUTURE SENIOR AND SECURED DEBT.

The notes rank equally in right of payment with all of our and our subsidiary guarantors' existing and future senior subordinated indebtedness. However, the notes are subordinated to all of our future and existing senior and secured indebtedness, including borrowings under our credit facilities, and the senior and secured indebtedness of the subsidiary guarantors, and are effectively subordinated to all liabilities of subsidiaries not guaranteeing the notes. As of December 31, 2001, the aggregate amount of senior and secured indebtedness, including that of the subsidiary guarantors, and liabilities of non-guaranteeing subsidiaries that effectively

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ranked senior to the notes was approximately \$1,633.2 million. In addition, at that date we had the ability to incur approximately \$130.6 million of additional secured indebtedness under our credit facilities.

WE MAY NOT BE ABLE TO REPURCHASE THE NOTES UPON A CHANGE OF CONTROL.

Upon a change of control event, if we do not redeem the notes, each holder of the notes will have the right to require us to repurchase its notes at 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. Our ability to repurchase the notes upon a change of control event will be limited by the terms of our credit facilities. Upon a change of control event, we may be required to repay immediately the outstanding principal, and any accrued interest or any other amounts, owed by us under our credit facilities. We may not be able to repay these amounts or obtain the necessary consents under these credit facilities to repurchase the notes. The source of funds for any repurchase of notes would be our available cash or cash generated from other sources. However, we may not have enough available funds or be able to generate the necessary funds upon a change of control to make any required repurchases of tendered notes. This may result in our having to refinance our outstanding indebtedness, which we may not be able to do on favorable terms or at all.

YOU MAY HAVE DIFFICULTY SELLING ORIGINAL NOTES YOU DO NOT EXCHANGE.

If you do not exchange your original notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your original notes described in the legend on your original notes. These restrictions on transfer are applicable because we issued the original notes under exemptions from the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the original notes if they are registered under the Securities Act and applicable state securities laws or offered and sold under an exemption from these requirements. We do not intend to register the original notes under the Securities Act. To the extent original notes are tendered and accepted in the exchange offer, the trading market, if any, for any remaining untendered original notes may be adversely affected. See "The Exchange Offer -- Consequences of Exchanging or Failing to Exchange Original Notes."

WE CANNOT ASSURE YOU THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE EXCHANGE NOTES.

You may find it difficult to sell your exchange notes because an active trading market for the exchange notes may not develop. The exchange notes are being offered to the holders of the original notes, which were issued on December 12, 2001 primarily to a small number of institutional investors.

Currently, there is no public market for the exchange notes. We do not intend to list the exchange notes on any national securities exchange or to seek an admission of these exchange notes to trading on the National Association of Securities Dealers Automated Quotation System. The initial purchasers have advised us that, subject to any legal or regulatory restrictions, they may make a market in the exchange notes, but they are not obligated to do so and may discontinue any such market making at any time. We cannot guarantee the development or liquidity of any market for the exchange notes, and if an active public market does not develop, the market price and liquidity of the exchange notes may be adversely affected. If any of the exchange notes are traded after we issue them, they may trade at a discount, depending on prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition and performance.

BROKER-DEALERS OR NOTEHOLDERS MAY BECOME SUBJECT TO THE REGISTRATION AND

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### PROSPECTUS DELIVERY REQUIREMENTS OF THE SECURITIES ACT.

Any broker-dealer that:

- exchanges its original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes; or
- resells exchange notes that were received by it for its own account in the exchange offer,

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may be deemed to have received restricted securities and may be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by that broker-dealer. Any profit on the resale of the exchange notes and any commission or concessions received by a broker-dealer may be deemed to be underwriting compensation under the Securities Act.

In addition to broker-dealers, any noteholder that exchanges its original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes may be deemed to have received restricted securities and may be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by the noteholder.

IF A SUBSIDIARY GUARANTEE OF THE NOTES IS RULED TO BE A FRAUDULENT CONVEYANCE, THAT GUARANTEE COULD BE VOIDED, YOUR CLAIMS UNDER THAT GUARANTEE COULD BE SUBORDINATED AND/OR ANY PAYMENT MADE BY THAT GUARANTOR COULD BE REQUIRED TO BE RETURNED.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, if, among other things, any guarantor, at the time it incurred the debt evidenced by its guarantee of the notes:

- was insolvent or rendered insolvent by reason of such incurrence, or was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital, or intended to incur, or believed or should have believed that it would incur, debts beyond its ability to pay such debts as they mature, and
- that guarantor received less than reasonably equivalent value or fair consideration for the incurrence of such debt,

then the guarantee of that guarantor could be voided or claims by holders of the notes under that guarantee could be subordinated to all other debts of that guarantor. In addition, any payment made by that guarantor pursuant to its guarantee could be required to be returned to that guarantor, or to a fund for the benefit of the creditors of that guarantor.

The measures of insolvency for purposes of these considerations will vary depending upon the law applied in any applicable proceeding. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the saleable value of all of its assets at a fair valuation;
- the present fair saleable value of its assets is less than the amount that would be required to satisfy its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

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- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each guarantor, after giving effect to the debt incurred in connection with this offering, will not be insolvent, will not have unreasonably small capital for the businesses in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. However, we cannot guarantee what standard a court would apply in making such determinations or that a court would agree with our conclusions in this regard.

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### THE TRANSACTIONS

The offering of original notes followed a series of transactions in which:

- We acquired all of the operations of dmc(2) from Degussa AG for E1,200.0 million in cash, or approximately \$1,072.0 million based on the exchange rate at closing.
- We amended and restated our existing senior secured credit facilities to fund the acquisition of the dmc(2) operations, reduce certain borrowings under our existing revolving credit facility and provide for our ongoing working capital and other financing requirements.
- We issued \$550.0 million of senior subordinated bridge notes to fund the acquisition of the dmc(2) operations.
- We sold the Electronic Materials and Cerdec divisions of dmc(2) to Ferro Corporation for approximately \$525.5 million in cash, the proceeds of which were used to repay a portion of the borrowings under the credit facilities and a portion of the bridge notes.

We refer to these events collectively in this prospectus as the "Transactions."

### PURCHASE OF DMC(2) OPERATIONS

The following is a summary of the material terms of the purchase agreement among Degussa AG, dmc(2) and OMG dated August 10, 2001, regarding the purchase of the dmc(2) operations. This summary describes only some provisions of the purchase agreement and may not describe all terms that may be important to you. See "Where You Can Find More Information."

### REPRESENTATIONS AND WARRANTIES

The purchase agreement contains customary representations and warranties from dmc(2). However, our ability to recover damages for breach of these representations and warranties is subject to restrictions, including the following:

- we can assert claims only if the total amount of claims exceeds E10.0 million and, except for certain claims, any recovery is limited to a total of 25% of the purchase price prior to any adjustment;
- we may not receive consequential damages or damages for loss of profit;
- we may not recover damages that have been addressed through an adjustment of the purchase price or a specific reserve in the dmc(2) balance sheet;

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and

- we have to assert most claims within 18 months from the closing of the purchase.

### INDEMNIFICATION

Degussa AG and dmc(2) have agreed to indemnify us for specific environmental as well as contingent liabilities. These are described below:

**Environmental Liabilities.** In general, dmc(2) agreed to indemnify us against non-compliance liabilities and cleanup obligations relating to environmental conditions existing at the date of purchase, subject to specified conditions and limitations. Limitations on the indemnity obligations of dmc(2) include the following:

- we may assert environmental claims only if the total amount of claims exceeds E10.0 million, but upon exceeding such threshold, we may claim the entire amount;
- the aggregate exposure of dmc(2) for all claims under the purchase agreement, including environmental claims, is capped at 25% of the purchase price prior to any adjustment; and
- environmental claims are subject to a cost-sharing formula under which we share an increasing percentage of costs over time, depending on when notice is given; accordingly, we pay 10% of claims asserted in the first year, 20% in the second year, 30% in the third year, 40% in the fourth year, 50%

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in the fifth year, 60% in the sixth year, 75% in the seventh year, 90% in the eighth year, and 100% of claims afterward.

The indemnity obligations of dmc(2) are also subject to various conditions designed to exclude payment for work not required by applicable environmental laws and to avoid double recovery. For example, our claims may be reduced to the extent such claims have been provided for through a specific reserve in the dmc(2) balance sheet, or to the extent we have received payments from a third party or a tax benefit.

**Contingent Liabilities.** Degussa AG has agreed to indemnify us for various claims brought by any third party for any obligation of dmc(2) or Degussa AG created prior to the date the businesses of dmc(2) were separated from Degussa AG and transferred to dmc(2). In addition, dmc(2) has agreed to indemnify us for any losses arising from claims relating to the National Socialist Era and World War II, including claims in connection with formal forced labor.

### POST-CLOSING ADJUSTMENT

The purchase price will be adjusted by any difference between the amount of net debt (debt less cash) of dmc(2) on December 31, 2000 compared to the net debt of dmc(2) on June 30, 2001. The purchase price is subject to further adjustment based on changes in the net working capital of dmc(2) over the same measurement period. Any amounts we receive as a result of a downward adjustment of the purchase price may be used to reduce our debt under our credit facilities.

### OTHER PROVISIONS



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Guarantee and Non-Compete. Degussa AG has guaranteed all of the obligations of dmc(2) under the purchase agreement. Degussa AG has further agreed not to engage or participate in a competing business for five years from the closing date of the purchase. A competing business does not include the dental alloy business or any publicly held entity provided Degussa AG holds less than 25% of the voting shares of such entity. Degussa AG can acquire a business that includes a competing business as long as the competing business represents not more than 30% of the aggregate value of the acquired business and Degussa AG sells the competing business within two years. If the competing business is not sold, we have the right to purchase the competing business from Degussa AG. Degussa AG also agreed not to solicit our employees for a period of two years after the closing.

Employees. We are obligated to continue the employment of employees of dmc(2) after the closing on terms and conditions that are at least as favorable to them as the terms and conditions in effect prior to the closing.

Maintenance of Partnership Structure and dmc(2). Prior to the closing, the German operations of dmc(2) were separated from Degussa AG and transferred to an entity established as a partnership under German law. We purchased all outstanding interests of this entity at closing. We are obligated to maintain the entity as a German partnership until December 31, 2004. Degussa AG may not dissolve or liquidate dmc(2) prior to December 31, 2005.

Precious Metals Lease Facility. We entered into a precious metals lease facility with Degussa AG at closing. Under this facility, Degussa AG agreed to lease to us a maximum of DM 650.0 million in gold, silver, platinum and palladium. We may draw on this facility, which matures on August 10, 2002, if and to the extent we are unable to otherwise lease precious metals. Any drawings under this facility will be secured by liens on assets and real property located in Germany.

### FINANCING

The primary sources of financing for the acquisition of the dmc(2) operations included our existing credit facilities (which were increased from \$658.0 million to \$1,310.0 million) and \$550.0 million in bridge notes. In addition to funding the purchase price, approximately \$139.2 million of the proceeds from borrowings under the credit facilities and from the bridge notes were used to reduce outstanding amounts under our existing revolving credit facility and to pay fees and expenses incurred in connection with the transaction.

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### CREDIT FACILITIES

The amended and restated credit facilities made available to us are outlined below:

FACILITIES	AMOUNT	MATURITY
	(DOLLARS IN MILLIONS)	
Revolver.....	\$ 325.0	April 1, 2006
Term Loan A.....	135.0	April 1, 2006
Term Loan B.....	500.0	April 1, 2007
Asset Sale Term Loan.....	350.0	Repaid
	-----	
TOTAL.....	\$1,310.0	

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At our option, the loans bear interest at either the lender's alternate base rate or LIBOR plus an applicable margin. The initial LIBOR margin was 3.0%. The applicable margin for the Revolver, Term Loan A and Term Loan B is subject to performance-based adjustments. See "Description of the Credit Facilities."

A portion of the Revolver has been made available in euros. Financial covenants governing the credit facilities include minimum fixed charge coverage, maximum leverage, minimum interest coverage and maximum debt to capitalization. The credit facilities provide for a first priority perfected lien on all of our domestic personal property assets and a first priority pledge of 100% of the common stock of our domestic subsidiaries and of 65% of the common stock of our first-tier foreign subsidiaries. The Asset Sale Term Loan was repaid in full with proceeds from the sale of the Electronic Materials and Cerdec divisions of dmc(2) to Ferro. Approximately \$106.7 million of Term Loan A and approximately \$7.3 million of Term Loan B were repaid with proceeds from the sale of our common stock on January 24, 2002.

### BRIDGE NOTES

In conjunction with the acquisition of the dmc(2) operations, we issued \$550.0 million of bridge notes. The bridge notes were unsecured obligations and ranked subordinate to the credit facilities. We used \$173.0 million of the proceeds from the sale of the dmc(2) divisions to Ferro to repay a portion of the outstanding bridge notes, and we used the proceeds from the original notes offering to repay the remaining outstanding portion of the bridge notes.

### SALE OF BUSINESSES TO FERRO

On September 7, 2001, we sold the Electronic Materials and Cerdec divisions of dmc(2) to Ferro Corporation for approximately \$525.5 million in cash, subject to adjustments. The following is a summary of the material terms of the heads of agreement between OMG and Ferro, dated April 23, 2001 and the purchase agreement between OMG and Ferro, dated as of August 31, 2001, relating to the sale and purchase of these businesses. The following summary may not describe all of the terms of the heads of agreement and the purchase agreement that may be important to you.

### RIGHTS AND OBLIGATIONS

We agreed in general to share with Ferro our rights and obligations under the purchase agreement with Degussa AG to the extent applicable to the businesses sold to Ferro. Ferro similarly agreed to comply with any restrictions or limitations imposed by that purchase agreement as regards the businesses sold to Ferro. At Ferro's request, we will enforce our rights or secure the benefits under the purchase agreement with Degussa AG with respect to the businesses sold to Ferro. Ferro agreed to reimburse us for expenses incurred by us in doing so and to indemnify us for claims relating to these businesses prior to the sale of such businesses to Ferro.

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### PURCHASE PRICE ADJUSTMENT

The purchase price for the businesses sold to Ferro will be adjusted to reflect changes in net working capital on December 31, 2000 compared to August

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31, 2001 and for net debt and cash as of August 31, 2001. In addition, the purchase price paid by Ferro included an amount reflecting a portion of the investment banking fees and other costs paid by us for this transaction.

### OTHER PROVISIONS

**No-Hire.** We agreed not to hire any employees transferred with the businesses sold to Ferro for a period of two years from the transfer date. Ferro agreed not to hire any employees of the dmc(2) businesses retained by us for a period of two years from the transfer date.

**Non-Compete.** We agreed not to develop, produce, market or sell products or services substantially similar to the products or services sold or provided by the dmc(2) businesses transferred to Ferro for a period of five years from the closing date of the purchase. Ferro also agreed not to develop, produce, market or sell products or services substantially similar to the products or services sold or provided by the dmc(2) businesses retained by us for the same period.

**Shared Services.** For a period of time after the closing date, we will share some plants and facilities with Ferro. We entered into service agreements with Ferro for the facilities located in South Plainfield, New Jersey and Hanau, Germany. Under these agreements, each of us has agreed to provide the other with specific services necessary for its respective operations at those facilities.

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### USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In consideration for issuing the exchange notes, we will receive in exchange original notes of like principal amount, the terms of which are identical in all material respects to the exchange notes. The original notes surrendered in exchange for exchange notes will be retired and canceled. Accordingly, issuance of the exchange notes will not result in any increase in our indebtedness. We have agreed to bear the expenses of the exchange offer. No underwriter is being used in connection with the exchange offer.

On December 12, 2001, we issued and sold the original notes. We used the net proceeds from that offering, which after discounts to the initial purchasers and other transaction fees and expenses paid by us, approximated \$389.0 million, to repay our remaining outstanding bridge notes and to repay a portion of the outstanding indebtedness under our credit facilities. The maturity date of the bridge notes was May 10, 2002, and the bridge notes bore interest at an annual rate of 10.5% initially, which increased to 11.0% on November 10, 2001. The net proceeds from the bridge notes were used to pay a portion of the purchase price for our acquisition of the operations of dmc(2).

### CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2001, on an actual basis and as adjusted to give effect to the offering of common stock completed on January 24, 2002 and the application of the net proceeds of that offering to repay outstanding debt under our credit facilities. The table should be read in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes included elsewhere in this prospectus. Stockholders' Equity does not include shares of common stock issuable pursuant to outstanding options.

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	AS OF DECEMBER 31, 2001	
	ACTUAL	AS ADJUSTED
	(DOLLARS IN MILLIONS)	
Cash and Cash Equivalents.....	\$ 78.2	\$ 78.2
	=====	=====
Debt:		
Revolving Credit Facility.....	\$ 294.4	\$ 182.7
Term Loan A.....	127.2	20.5
Term Loan B.....	499.1	491.8
Senior Subordinated Notes.....	400.0	400.0
	-----	-----
Total Debt.....	1,320.7	1,095.0
	-----	-----
Stockholders' Equity.....	569.5	795.2
	-----	-----
Total Capitalization.....	\$1,890.2	\$1,890.2
	=====	=====

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SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth our selected historical financial data for each of the five years in the period ended December 31, 2001. We derived our selected historical financial data for the years ended December 31, 1999, 2000 and 2001 from our audited consolidated financial statements for the years ended December 31, 1999, 2000 and 2001 included elsewhere in this prospectus. We derived our selected historical financial data for the years ended December 31, 1997 and 1998 from our audited consolidated financial statements for the years ended December 31, 1997 and 1998 that are not included in this prospectus. The selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements (and the related notes) included elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,				
	1997	1998	1999	2000	2001
	(DOLLARS IN MILLIONS, EXCEPT RATIOS)				
INCOME STATEMENT DATA:					
Net sales.....	\$487.3	\$521.2	\$ 507.0	\$ 887.7	\$2,300.0
Cost of products sold.....	369.9	376.3	347.5	673.9	2,000.0
	-----	-----	-----	-----	-----
Gross profit.....	117.4	144.9	159.5	213.8	300.0
Selling, general and administrative expenses.....	46.8	58.0	60.8	75.4	100.0
	-----	-----	-----	-----	-----

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Income from operations.....	70.6	86.9	98.7	138.4	1
Interest expense, net.....	(13.3)	(15.4)	(18.9)	(37.4)	(
Other income (expense), net.....	0.7	(0.2)	0.5	(1.1)	
	-----	-----	-----	-----	-----
Income before income taxes and extraordinary item.....	58.0	71.3	80.3	99.9	1
Income taxes.....	19.6	22.9	24.5	28.4	
	-----	-----	-----	-----	-----
Income before extraordinary item.....	38.4	48.4	55.8	71.5	
Extraordinary item.....	--	--	--	--	
	-----	-----	-----	-----	-----
Net income.....	\$ 38.4	\$ 48.4	\$ 55.8	\$ 71.5	\$
	=====	=====	=====	=====	=====
RATIO OF EARNINGS TO FIXED CHARGES (1).....	5.3x	5.0x	3.8x	2.7x	
BALANCE SHEET DATA:					
Cash and cash equivalents.....	\$ 13.2	\$ 7.8	\$ 9.4	\$ 13.5	\$
Working capital, net (2).....	210.8	294.9	359.1	411.8	9
Property, plant and equipment, net.....	150.2	245.3	318.8	485.4	7
Total assets.....	601.1	870.7	1,012.5	1,357.5	2,5
Total debt.....	170.6	312.1	384.9	571.9	1,3
Stockholders' equity.....	301.2	404.1	449.2	506.1	5
OTHER DATA:					
EBITDA (3).....	\$ 92.5	\$112.1	\$ 126.1	\$ 176.6	\$ 2
Cash flow from operations.....	29.9	(1.1)	12.4	81.0	
Depreciation and amortization.....	21.2	25.4	26.9	39.3	
Capital expenditures.....	34.8	91.9	70.2	55.0	1

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- (1) The ratio of earnings to fixed charges is computed by dividing earnings available for fixed charges by fixed charges. Earnings available for fixed charges consist of earnings before income taxes, minority interests, equity income and extraordinary item plus fixed charges, less capitalized interest. Fixed charges consist of interest, whether expensed or capitalized, amortized capitalized expenses related to indebtedness, and the portion of operating lease rental expense that represents the interest factor.
- (2) Working capital, net is defined as current assets excluding cash and cash equivalents minus current liabilities excluding short-term debt and the current portion of long-term debt.
- (3) EBITDA is defined as net income before interest, taxes, extraordinary item, depreciation and amortization. EBITDA is not a measure of operating income, operating performance or liquidity under GAAP. We include EBITDA data because we understand these data are used by some investors to determine our historical ability to service our indebtedness. Nevertheless, this measure should not be considered in isolation or as a substitute for operating income (as determined in accordance with GAAP) as an indicator of our operating performance, or to cash flows from operating activities (as determined in accordance with GAAP) as a measure of liquidity. In addition, it should be noted that companies calculate EBITDA differently and therefore EBITDA as presented for us may not be comparable to EBITDA reported by other companies. See the audited consolidated financial statements and related notes included elsewhere in this prospectus for the cash used in and provided by operating activities.

THE EXCHANGE OFFER

TERMS OF THE EXCHANGE OFFER

As of the date of this prospectus, \$400.0 million aggregate principal amount of the original notes is outstanding. This prospectus, together with the letter of transmittal, is being sent to all holders of original notes known to us. Our obligation to accept original notes for exchange in the exchange offer is subject to the conditions described below under "-- Conditions to the Exchange Offer."

Upon the terms and conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange original notes that are properly tendered on or before the expiration date and not withdrawn as permitted below. For each original note accepted for exchange, the holder of the original note will receive an exchange note having a principal amount equal to that of the surrendered original note. Original notes tendered in the exchange offer must be in denominations of the principal amount of \$1,000 and any integral multiple of \$1,000.

As used in this prospectus, the term "expiration date" means 5:00 p.m., New York City time, on \_\_\_\_\_, 2002. However, if we, in our sole discretion, extend the period of time for which the exchange offer is open, the term "expiration date" means the latest time and date to which we extend the exchange offer. We reserve the right to extend the period of time during which the exchange offer is open. If the exchange offer period is extended, we would give notice of the extension to the holders of original notes by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date. During any extension period, all original notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder after the expiration or termination of the exchange offer.

We reserve the right to amend or terminate the exchange offer, and not to accept for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified below under "-- Conditions to the Exchange Offer." We will give notice of any extension, amendment, non-acceptance or termination to the holders of the original notes as described above. If we materially change the terms of the exchange offer, we will resolicit tenders of the original notes and provide notice to the noteholders. If the change is made less than five business days before the expiration of the exchange offer, we will extend the offer so that the noteholders have at least five business days to tender or withdraw.

Our acceptance of the tender of original notes by a tendering holder will form a binding agreement upon the terms and subject to the conditions provided in this prospectus and in the accompanying letter of transmittal.

PROCEDURES FOR TENDERING

Except as described below, a tendering holder must, on or prior to the expiration date:

- transmit a properly completed and duly executed letter of transmittal,

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including all other documents required by the letter of transmittal, to The Bank of New York at the address listed below under the heading "-- Exchange Agent"; or

- if original notes are tendered in accordance with the book-entry procedures listed below, the tendering holder must transmit an agent's message to the exchange agent at the address listed below under the heading "-- Exchange Agent."

In addition:

- the exchange agent must receive, on or before the expiration date, certificates for the original notes or a timely confirmation of book-entry transfer of the original notes into the exchange agent's account at the Depository Trust Company, the book-entry transfer facility; or

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- the holder must comply with the guaranteed delivery procedures described below.

The Depository Trust Company will be referred to as DTC in this prospectus.

The term "agent's message" means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

The method of delivery of original notes, letters of transmittal and all other required documents is at your election and risk. In all cases, you should allow sufficient time to assure timely delivery to the exchange agent. You should not send any letter of transmittal, original notes or other related documentation to us.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender original notes, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent's account.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed unless the original notes surrendered for exchange are tendered:

- by a registered holder of the original notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or
- for the account of an "eligible institution."

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an "eligible institution." An "eligible institution" is a financial institution -- including most banks, savings and loan associations and brokerage houses -- that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program.

We will determine in our sole discretion all questions as to the validity,

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form and eligibility of original notes tendered for exchange. This discretion extends to the determination of all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the right to reject any particular original note not properly tendered or which acceptance of might, in our judgment or our counsel's judgment, be unlawful. We also reserve the right to waive any defects or irregularities or conditions of the exchange offer as to any particular original note either before or after the expiration date, including the right to waive the ineligibility of any tendering holder. Our interpretation of the terms and conditions of the exchange offer as to any particular original note either before or after the expiration date, including the letter of transmittal and the instructions to the letter of transmittal, shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within a reasonable period of time. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

If the letter of transmittal is signed by a person other than the registered holder of original notes, the letter of transmittal must be accompanied by a written instrument of transfer or exchange in satisfactory form duly executed by the registered holder with the signature guaranteed by an eligible institution. The original notes must be endorsed or accompanied by appropriate powers of attorney. In either case, the original notes must be signed exactly as the name of any registered holder appears on the original notes.

If the letter of transmittal or any original notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

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By tendering, each holder will represent to us that, among other things,

- the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder, and
- neither the holder nor the other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes.

In the case of a holder that is not a broker-dealer, that holder, by tendering, will also represent to us that the holder is not engaged in and does not intend to engage in a distribution of the exchange notes.

If any holder or other person is an "affiliate" of ours, as defined under Rule 405 of the Securities Act, or is engaged in, or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution of the exchange notes, that holder or other person cannot rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.



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Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by it as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution."

### ACCEPTANCE OF ORIGINAL NOTES FOR EXCHANGE; DELIVERY OF EXCHANGE NOTES

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all original notes properly tendered and not withdrawn. We will issue the exchange notes promptly after acceptance of the original notes. See "-- Conditions to the Exchange Offer" below. For purposes of the exchange offer, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given oral or written notice to the exchange agent, with prompt written confirmation of any oral notice.

The exchange notes will bear interest from the most recent date to which interest has been paid on the original notes, or if no interest has been paid on the original notes, from the date of issue of the original notes. Holders whose original notes are accepted for exchange will receive interest, as interest on the exchange notes, accrued from the date of issue of the original notes and will be deemed to have waived the right to receive interest accrued on the original notes.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes. In the case of original notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged original notes will be credited to an account maintained with the book-entry transfer facility as promptly as practicable after the expiration or termination of the exchange offer.

### BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offer promptly after commencement of the exchange offer. Any financial institution that is a participant in DTC's systems must make book-entry delivery of original notes by causing DTC to transfer those original notes into the exchange agent's account at DTC in accordance with DTC's procedure for transfer. The participant should transmit its acceptance to DTC on or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC will verify this acceptance, execute a book-entry transfer of the tendered original notes into the exchange agent's account at DTC and then send to the exchange agent confirmation of the book-entry transfer. The confirmation of the book-entry transfer will include an agent's message confirming that DTC has received an express acknowledgment from the participant that the participant has received and agrees to be bound by the letter of transmittal and that we

may enforce the letter of transmittal against the participant. Delivery of

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exchange notes issued in the exchange offer may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent's message, with any required signature guarantees and any other required documents, must:

- (1) be transmitted to and received by the exchange agent at the address listed below under "-- Exchange Agent" on or prior to the expiration date; or
- (2) comply with the guaranteed delivery procedures described below.

### GUARANTEED DELIVERY PROCEDURES

If a registered holder of original notes desires to tender the original notes, and the original notes are not immediately available, or time will not permit the holder's original notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer described above cannot be completed on a timely basis, a tender may nonetheless be made if:

- the tender is made through an eligible institution;
- prior to the expiration date, the exchange agent received from an eligible institution a notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery,
  - (1) stating the name and address of the holder of original notes and the amount of original notes tendered,
  - (2) stating that the tender is being made and
  - (3) guaranteeing that within three New York Stock Exchange trading days after the expiration date, the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal, or a facsimile of the letter of transmittal and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the exchange agent; and
- the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, a properly completed and duly executed letter of transmittal, or a facsimile of the letter of transmittal and all other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange trading days after the expiration date.

### WITHDRAWAL RIGHTS

Tenders of original notes may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated below under "-- Exchange Agent" before 5:00 p.m., New York City time, on the expiration date. Any notice of withdrawal must:

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- specify the name of the person, referred to as the depositor, having tendered the original notes to be withdrawn;
- identify the original notes to be withdrawn, including the certificate number or numbers and principal amount of the original notes;
- contain a statement that the holder is withdrawing its election to have the original notes exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered, including any required signature guarantees, or be

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accompanied by documents of transfer to have the trustee with respect to the original notes register the transfer of the original notes in the name of the person withdrawing the tender; and

- specify the name in which the original notes are registered, if different from that of the depositor.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then prior to the release of these certificates the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless this holder is an eligible institution. If original notes have been tendered in accordance with the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn original notes. We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange. No exchange notes will be issued unless the original notes so withdrawn are validly re-tendered. Properly withdrawn original notes may be re-tendered by following the procedures described under "-- Procedures for Tendering" above at any time on or before 5:00 p.m., New York City time, on the expiration date.

### CONDITIONS TO THE EXCHANGE OFFER

Notwithstanding any other provision of the exchange offer, we shall not be required to accept original notes for exchange, or to issue exchange notes in exchange for any original notes, and may terminate or amend the exchange offer, if at any time before the acceptance of the original notes for exchange or the issuance of the exchange notes for the original notes:

- there has been instituted any proceeding seeking to restrain or prohibit the making or completion of the exchange offer, or assessing or seeking any damages as a result of the exchange offer, or resulting in a material delay in our ability to accept for exchange or exchange some or all of the original notes in the exchange offer; or
- any action shall have been taken, proposed or threatened by any governmental authority, domestic or foreign, that in our sole judgment might directly or indirectly result in any of such consequences or, in our sole judgment, might result in the holders of exchange notes having obligations with respect to resales and transfers of exchange notes which are greater than those described in the interpretations of the SEC staff

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referred to in this prospectus, or would otherwise make it inadvisable to proceed with the exchange offer; or

- there shall have occurred:
  - any general suspension of or general limitation on prices for, or trading in, securities on any national securities exchange or in the over-the-counter market; or
  - any limitation by a governmental authority which may adversely affect our ability to complete the transactions contemplated by the exchange offer; or
  - a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit; or
  - a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the preceding events existing at the time of the commencement of the exchange offer, a material acceleration or worsening of these calamities; or
- any change, or any development involving a prospective change, shall have occurred or be threatened in our business, financial condition, operations or prospects and those of our subsidiaries taken as a whole that is or may be adverse to us, or we shall have become aware of facts that have or may have an adverse impact on the value of the original notes or the exchange notes; which in our sole

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judgment in any case makes it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange.

These conditions to the exchange offer are to our sole benefit and we may assert them regardless of the circumstances giving rise to any of these conditions, or we may waive them in whole or in part in our sole discretion. If we do so, the exchange offer will remain open for at least five business days following any waiver of the preceding conditions. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any right.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if at that time any stop order is threatened or in effect relating to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

### EXCHANGE AGENT

We have appointed The Bank of New York as the exchange agent for the exchange offer. You should direct all executed letters of transmittal to the exchange agent at the address indicated below. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery to the exchange agent addressed as follows:

Delivery To: The Bank of New York, Exchange Agent

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By Hand Before 4:30 p.m.:  
The Bank of New York  
15 Broad Street  
Securities Window Street Level  
New York, NY 10007

By Registered or Certified Mail:  
The Bank of New York  
15 Broad Street  
Securities Window Street Level  
New York, NY 10007  
Attention: Reorganization Department

By Hand or Overnight Delivery after  
4:30 p.m. on the Expiration Date:  
The Bank of New York  
15 Broad Street  
Securities Window Street Level  
New York, NY 10007  
For Information Call: (212) 235-2360

By Facsimile Transmission  
(for Eligible Institutions only): (212)  
235-2256  
--  
Attention: Customer Service  
Confirm by Telephone: (800) 548-5075

If you deliver the letter of transmittal to an address other than the address indicated above or transmit instructions via facsimile other than to the facsimile number indicated, then your delivery or transmission will not constitute a valid delivery of the letter of transmittal.

### FEES AND EXPENSES

We will not make any payment to brokers, dealers, or others for soliciting acceptances of the exchange offer. The expenses to be incurred in connection with the exchange offer will be paid by us. These expenses will include reasonable and customary fees and out-of-pocket expenses of the exchange agent and reasonable out-of-pocket expenses incurred by brokerage houses and other fiduciaries in forwarding materials to beneficial holders in connection with the exchange offer.

### ACCOUNTING TREATMENT

We will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize the expense of the exchange offer over the term of the exchange notes under generally accepted accounting principles.

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### TRANSFER TAXES

Holders who tender their original notes for exchange will not be obligated to pay any related transfer taxes, except that holders who instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer taxes.

### CONSEQUENCES OF EXCHANGING OR FAILING TO EXCHANGE ORIGINAL NOTES

Holders of original notes who do not exchange their original notes for exchange notes in the exchange offer will continue to be subject to the provisions in the indenture regarding transfer and exchange of the original notes and the restrictions on transfer of the original notes as described in the legend on the original notes. In general, the original notes may not be offered or sold, unless registered under the Securities Act, except under an exemption

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from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will register original notes under the Securities Act.

Based on interpretations by the staff of the SEC, as described in no-action letters issued to third parties, we believe that exchange notes issued in the exchange offer in exchange for original notes may be offered for resale, resold or otherwise transferred by holders of the original notes, other than any holder which is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, as long as the exchange notes are acquired in the ordinary course of the holders' business and the holders have no arrangement or understanding with any person to participate in the distribution of the exchange notes. However, the SEC has not considered this exchange offer in the context of a no-action letter. We cannot assure you that the staff of the SEC would make a similar determination with respect to this exchange offer as in the other circumstances.

Each holder, other than a broker-dealer, must acknowledge that it is not engaged in, and does not intend to engage in, a distribution of exchange notes and has no arrangement or understanding to participate in a distribution of exchange notes. If any holder is an affiliate of ours, is engaged in or intends to engage in or has any arrangement or understanding with any person to participate in the distribution of the exchange notes to be acquired in the exchange offer, that holder could not rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes must acknowledge that the original notes were acquired by the broker-dealer as a result of market-making activities or other trading activities and that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. Furthermore, any broker-dealer that acquired any of its original notes directly from us:

- may not rely on the applicable interpretations of the staff of the SEC contained in Exxon Capital Holdings Corp., SEC no-action letter (May 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993) and
- must also be named as a selling noteholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

See "Plan of Distribution."

In addition, to comply with state securities laws, the exchange notes may not be offered or sold in any state unless they have been registered or qualified for sale in such state or an exemption from registration or qualification, with which there has been compliance, is available. The offer and sale of the exchange notes to "qualified institutional buyers," as defined under Rule 144A of the Securities Act, is generally exempt from registration or qualification under the state securities laws. We currently do not intend to register or qualify the sale of exchange notes in any state where an exemption from registration or qualification is required and not available.

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## CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our pro forma financial information and our historical financial statements and the related notes appearing elsewhere in this prospectus.

### OVERVIEW

We are a leading, vertically integrated international producer and marketer of value-added, metal-based specialty chemicals and related materials. We apply proprietary technology to a wide variety of raw material feedstocks to manufacture, market and supply more than 625 different product offerings to more than 1,700 customers in over 30 industries. Our products typically represent a small portion of the customer's total manufacturing or processing costs and are often essential ingredients for superior product performance. For the year ended December 31, 2001, on a pro forma basis, our net sales were \$5,687.6 million and our EBITDA was \$285.2 million.

We believe we are the world's leading producer of cobalt-based specialty chemicals and a leading producer of nickel-based specialty chemicals and platinum group metal catalysts and products. During 2001, on a pro forma basis, and excluding net sales of our Metal Management segment, we derived approximately 66% of our net sales from customers in Europe, 24% from customers in the Americas and 10% from customers in Asia-Pacific. We operate 35 manufacturing facilities worldwide, including 14 in the Americas, 11 in Europe, 8 in Asia-Pacific and 2 in Africa, and employ approximately 5,200 employees in 24 countries. Our business is conducted through three segments: Base Metal Chemistry, Precious Metal Chemistry and Metal Management.

### PRIMARY FACTORS AFFECTING OUR BUSINESS

The primary factors that affect our results are:

Economic conditions in the geographic regions in which we operate. We have operations in a variety of foreign countries. Economic conditions and growth rates historically have varied in the geographic regions in which we operate and may do so in the future.

Raw materials availability. The primary raw materials we use in manufacturing products are cobalt, nickel, copper, gold, silver, platinum, palladium and rhodium. Copper, gold and silver are worldwide commodities and are generally available. We source our other raw materials from various countries in which localized events or conditions could affect the supply or price of metals, although historically we have not experienced shortages in these raw materials. Our refining and metal separation capabilities that allow us to transform lower-grade feedstocks into high-quality finished products are an important aspect of our business.

Metal price volatility. The cost of our raw materials fluctuates due to actual or perceived changes in supply and demand. Generally, we are able to pass through to our customers increases or decreases in raw material prices by increasing or decreasing, respectively, the prices of our products or by invoicing the customer directly for the cost of the raw material.

Effects of currency fluctuations. Our worldwide results of operations are subject to both currency transaction and translation risk. We incur currency transaction risk whenever we enter into either a purchase or sale transaction

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using a currency other than the local currency of the entity. We incur currency translation risk because we measure and record the financial condition and results of operations for many of our subsidiaries in local currencies before translating these results into U.S. dollars and including them in our historical consolidated financial statements. Exchange rates between these currencies and the U.S. dollar in recent years have fluctuated significantly and may do so in the future. Although raw material purchases and product sales are predominantly based on U.S. dollars or U.S. dollar quoted prices, we are exposed to fluctuations in foreign currency exchange rates. Accordingly, fluctuations in currency rates will affect our operating results and net income. Forward contracts are utilized to partially hedge our exposures to fluctuating

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foreign exchange rates. Such transactions cannot, however, eliminate all of the risks associated with currency fluctuations.

New product development. The continuing development of new products is an integral focus of our business. New products developed in the last five years accounted for more than one-fifth of our pro forma 2001 net sales (excluding net sales of our Metal Management segment). We develop new products through continued responsiveness to customer needs and through joint product development programs.

Acquisitions. We have completed thirteen acquisitions since our initial public offering in 1993, including our recent acquisition of the dmc(2) operations. Most of these acquisitions have occurred during the last five years. See "Business -- History."

ACQUISITION OF DMC(2) OPERATIONS AND SALE OF BUSINESSES TO FERRO

On August 10, 2001, we acquired all of the operations of dmc(2) Degussa Metals Catalysts Cerdec AG from Degussa AG for E1,200.0 million, or approximately \$1,072.0 million based on the exchange rate at closing. dmc(2) was a worldwide provider of metal-based functional materials for a wide variety of high-growth end markets and was a leading producer of PGM catalysts and products. On September 7, 2001, we sold the Electronic Materials and Cerdec divisions of dmc(2) to Ferro Corporation for approximately \$525.5 million. The acquisition of the dmc(2) operations and the subsequent divestiture of dmc(2) businesses to Ferro were recorded using the purchase method of accounting.

RESULTS OF OPERATIONS -- OMG HISTORICAL

Set forth below is summary consolidated information for the years ended December 31, 1999, 2000 and 2001.

	YEAR ENDED DECEMBER 31,		
	1999	2000	2001
INCOME STATEMENT DATA: (DOLLARS IN MILLIONS)			
Net sales.....	\$507.0	\$887.7	\$2,367.4
Gross profit.....	159.5	213.8	334.6



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Selling, general and administrative expenses.....	60.8	75.4	165.4
	-----	-----	-----
Income from operations.....	98.7	138.4	169.2
Other expense - net.....	(18.4)	(38.5)	(57.3)
Income taxes.....	24.5	28.4	27.7
Minority interests and equity income - net.....	--	--	(4.0)
	-----	-----	-----
Income before extraordinary item.....	55.8	71.5	80.2
Extraordinary item.....	--	--	(4.6)
	-----	-----	-----
Net income.....	\$ 55.8	\$ 71.5	\$ 75.6
	=====	=====	=====

### 2001 COMPARED TO 2000

The year 2001 was a transition year for us given that in August we acquired dmc(2), a substantially larger company than us in terms of sales, facilities, and personnel. The strong performance of dmc(2)'s auto catalyst and metal management businesses, particularly in Europe, offset weakness in our base metal business compared to 2000 in the second half of the year.

Net sales for 2001 were \$2,367.4 million compared to \$887.7 million in 2000 primarily due to the acquisition of dmc(2), partially offset by a decline in our base metal chemistry segment due to weak global economic conditions and lower metal prices.

Gross profit increased to \$334.6 million in 2001, a 56.5% increase from 2000. The increase in gross profit was primarily the result of the acquisition of dmc(2), partially offset by a decline in our base metal chemistry segment due to weak global economic conditions and lower metal prices. Cost of products sold

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increased to 85.9% of net sales for 2001 from 75.9% of net sales in 2000 as a result of the acquisition of dmc(2) with its high cost of precious metals relative to revenues.

Selling, general and administrative expenses increased by \$90.0 million in 2001 from 2000, to \$165.4 million, resulting primarily from the dmc(2) acquisition and general increases in administrative costs due to our growth. Selling, general and administrative expenses also included \$1.8 million of expense for closure costs of the Ezanville, France carboxylate plant.

As a result of the above factors, EBITDA increased \$51.9 million, or 29%, from \$176.6 million in 2000 to \$228.5 million in 2001.

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Other expense - net was \$57.3 million in 2001 compared to \$38.5 million in 2000 due primarily to increased interest expense on higher outstanding borrowings, primarily as a result of the dmc(2) acquisition.

Income taxes as a percentage of income before income taxes decreased to 24.8% in 2001 from 28.5% in 2000. The lower effective tax rate was due primarily to a tax holiday in Brazil and South Africa, related to businesses purchased as part of the dmc(2) acquisition.

The extraordinary item of \$4.6 million in 2001 was the after-tax write-off of fees due to the retirement in December 2001 of the bridge loan used to finance the acquisition of dmc(2).

Net income for 2001 was \$75.6 million, an increase of \$4.1 million from 2000, primarily due to the aforementioned factors.

BASE METAL CHEMISTRY SEGMENT -- The base metal chemistry segment includes the cobalt, nickel, copper and other base metal chemistry manufacturing businesses, which comprised our historical businesses prior to the acquisition of dmc(2).

The following table shows market price fluctuations for the primary raw materials we used in manufacturing our base metal chemistry segment products:

	MARKET PRICE RANGES PER POUND	
	YEAR ENDED DECEMBER 31,	
	2000	2001
	(DOLLARS PER POUND)	
Cobalt -- 99.3% Grade.....	\$10.68 to \$15.25	\$6.54 to \$12.35
Nickel.....	\$ 3.25 to \$ 4.75	\$2.04 to \$ 3.35
Copper.....	\$ 0.75 to \$ 0.92	\$0.61 to \$ 0.85

The following table shows the physical product volumes sold by the base metal chemistry segment during each period:

PERCENTAGE

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	2000	2001	CHANGE
	-----	-----	-----
	(POUNDS IN MILLIONS)		
Organics.....	76.5	73.7	(3.7%)
Inorganics.....	105.6	98.1	(7.1%)
Powders.....	46.9	42.0	(10.4%)
Metals.....	78.2	120.0	53.5%
	-----	-----	-----
Total.....	307.2	333.8	8.7%
	=====	=====	=====

Operating profit for the year ended December 31, 2001 was \$154.7 million compared to \$158.4 million in 2000. The negative effects of global economic weakness across many industries and lower metal prices resulting in lower cobalt refinery profits were partially offset by the full impact in 2001 of the results of the Harjavalta nickel refinery, which was acquired in April 2000. Net sales were \$793.1 million, a decline of 10.7%, resulting principally from lower prices, as cobalt, nickel and copper raw material market prices

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decreased compared to the same period in 2000. Physical sales volumes were up overall by 8.7% due to the full-year impact of the Harjavalta nickel refinery operations.

PRECIOUS METAL CHEMISTRY SEGMENT -- The precious metal chemistry segment includes the platinum group and other precious metals manufacturing businesses that were acquired in the dmc(2) acquisition (the results of operations exclude the businesses divested in September 2001). This segment develops, produces and markets a variety of products, predominantly from platinum group metals such as platinum, palladium, rhodium, gold and silver. Net sales, subsequent to the date of the acquisition, were \$584.9 million and were positively impacted by strong sales of auto catalysts in Europe. Operating profit for that period was \$28.1 million.

METAL MANAGEMENT SEGMENT -- The metal management segment was acquired in the dmc(2) acquisition. This segment acts as a metal sourcing operation for both our precious metal chemistry segment and nonaffiliated customers, primarily procuring platinum group metals such as platinum, palladium, rhodium, gold and silver. The metal management segment centrally manages metal purchases and sales by providing the necessary precious metal liquidity, financing and hedging for our other businesses. Net sales, subsequent to the date of the acquisition, were \$989.4 million. Operating profit was \$10.1 million for that period and was positively effected by the higher volatility of precious metal pricing at certain times during that period.

2000 COMPARED TO 1999

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Net sales for 2000 were \$887.7 million, an increase of 75.1% compared to 1999. The increase in sales resulted principally through an increase in physical volume of products sold, primarily due to the acquisition of Outokumpu Nickel Oy.

The following table shows market price fluctuations for the primary raw materials we used in manufacturing our products:

	MARKET PRICE RANGES	
	YEAR ENDED DECEMBER 31,	
	1999	2000
-----		
(DOLLARS PER POUND)		
Cobalt - 99.3% Grade.....	\$6.70 to \$20.00	\$10.68 to \$15.25
Nickel.....	\$1.81 to \$ 3.81	\$ 3.25 to \$ 4.75
Copper.....	\$0.61 to \$ 0.85	\$ 0.75 to \$ 0.92

The following table shows the physical product volumes sold during each period:

	1999	2000	PERCENTAGE
	-----	-----	CHANGE
(POUNDS IN MILLIONS)			
Organics.....	70.2	76.5	9.0%
Inorganics.....	96.1	105.6	9.9%
Powders.....	43.1	46.9	8.8%
Metals.....	--	78.2	NA
	-----	-----	----
Total.....	209.4	307.2	46.7%
	=====	=====	=====

We sold 307.2 million pounds of product during 2000, an increase of 46.7% compared to 209.4 million pounds in 1999. The increase in physical volume of organic products sold was primarily due to generally stronger cobalt catalyst sales in all geographic regions and increased sales of plastic additives in Asia-Pacific. In the inorganics category, the increase in physical volume of products sold reflects increased volume of electronics chemicals, strong demand for nickel catalyst products in the United States and higher sales of battery grade chemicals in Asia-Pacific. The increase in physical volume of powder products reflects increases in sales of cobalt powder to the Asia-Pacific battery industry, and increased sales of cobalt extra fine, cobalt briquettes and tungsten powders to the hard metal and alloy markets, offsetting a decrease in copper powders used in automotive applications. The increase in physical volume of metal products sold is a result of the acquisition of Outokumpu Nickel Oy and the resulting sales of nickel briquettes and cathodes to the European

steel industry.

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Gross profit increased to \$213.8 million in 2000, a 34.0% increase from 1999. The increase in gross profit was primarily the result of the acquisition of Outokumpu Nickel Oy and the increased volumes of product sold. Cost of products sold increased to 75.9% of net sales for the year ended 2000 from 68.5% of net sales in 1999 as a result of the acquisition of Outokumpu Nickel Oy with lower value-added nickel products and higher sales of lower value-added cobalt containing products.

Selling, general and administrative expenses increased by \$14.6 million in 2000 from 1999, resulting primarily from general increases in administrative costs due to our growth and the Outokumpu Nickel Oy acquisition. Due to the relatively low incremental selling, general and administrative expenses required to support Outokumpu Nickel Oy and relatively high nickel prices, selling, general and administrative expenses decreased to 8.5% of net sales in 2000 compared to 12.0% of net sales in 1999.

As a result of the above factors, EBITDA increased \$50.5 million, or 40.0%, from \$126.1 million in 1999 to \$176.6 million in 2000.

Other expense - net was \$38.5 million in 2000 compared to \$18.4 million in 1999 due primarily to increased interest expense on higher outstanding borrowings, primarily as a result of the Outokumpu Nickel Oy acquisition, and higher interest rates.

Income taxes as a percentage of income before income taxes decreased to 28.4% in 2000 from 30.5% in 1999. The lower effective tax rate was due primarily to a higher percentage of income earned in the relatively low statutory tax country of Finland and a tax holiday in Malaysia.

Net income for 2000 was \$71.5 million, an increase of \$15.7 million from 1999, primarily due to the aforementioned factors.

#### LIQUIDITY AND CAPITAL RESOURCES

Our primary source of working capital is cash flow from operations. During 2001, our net working capital increased by approximately \$624.8 million. This increase was primarily the result of the acquisition of dmc(2). Capital expenditures in 2001 were primarily related to capacity expansions at our base metal chemistry facilities in Finland and at various precious metal chemistry locations. These capital expenditures were funded through cash generated by operations as well as additional borrowings under our revolving credit facility.

In August 2001, our credit facilities were revised and increased to \$1,310.0 million, in conjunction with the acquisition of dmc(2). These credit facilities were comprised of a \$325.0 million revolving credit facility, a \$135.0 million five-year term loan, a \$500.0 million six-year term loan and a \$350.0 million asset sale term loan, all bearing interest at a rate of LIBOR plus 3%. In addition, we obtained a \$550.0 million increasing-rate bridge loan, initially bearing interest at a rate of 10.5%. The asset sale term loan and a portion of the bridge loan were repaid from the proceeds of the sale of certain

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dmc(2) related businesses in September 2001. In December 2001, we completed our \$400.0 million offering of 9 1/4% Senior Subordinated Notes due 2011. The net proceeds were used to repay the remaining outstanding indebtedness under our bridge loan and a portion of the outstanding indebtedness under our credit facilities. In January 2002, we completed an offering of 4.025 million shares of common stock. The \$225.7 million of net proceeds was used to repay outstanding indebtedness under our credit facilities.

Our credit facilities include covenants which may require us to reduce our debt in relation to total capital and in relation to earnings before interest, taxes, depreciation and amortization. See "Description of the Credit Facilities." We were in compliance with our debt covenants at December 31, 2001 and we believe that we will have sufficient cash generated by operations and through our aforementioned common stock offering to meet future covenant requirements. Cash generated by operations and through our credit facilities should also be sufficient to provide for future working capital and capital expenditure requirements and to pay quarterly dividends on our common stock, subject to the discretion of our board of directors. Subject to several limitations in our credit facilities, we may incur additional borrowings to finance working capital and certain capital expenditures, including, without limitation, the purchase of additional raw materials.

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We enter into precious metal leases (primarily for gold and silver), which are consignment inventory arrangements under which banks provide us with precious metals for a specified period for which we pay a lease fee. We also lease out metals under similar arrangements to customers. The amount of metal leases in and metal leases out at December 31, 2001 were \$276.1 million and \$110.7 million, respectively. Degussa AG has agreed to lease to us precious metals up to an aggregate amount of approximately \$297.0 million, until August 10, 2002, if we are otherwise unable to lease precious metals from other sources. Since the acquisition, we have not leased any precious metals from Degussa AG.

We have ongoing capital expenditure programs to improve our processing technology and plant and equipment, and to expand capacity to accommodate future growth. We anticipate that capital spending, exclusive of acquisitions or joint ventures, will approximate \$88.0 million in 2002.

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a result of our global operating and financial activities, we are exposed to changes in commodity prices, interest rates and foreign currency exchange rates which may adversely affect our results of operations and financial position. In seeking to minimize the risks and/or costs associated with such activities, we manage exposures to changes in commodity prices, interest rates and foreign currency exchange rates through our regular operating and financial activities, which include the use of derivative instruments.

The primary raw materials used in manufacturing our products are cobalt,

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nickel, copper, platinum, palladium, rhodium, gold and silver. Our supply of cobalt historically has been sourced primarily from the DRC, Australia, Finland and Zambia. Nickel historically has been sourced primarily from Australia and Brazil. Platinum group metals, including platinum, palladium and rhodium, historically have been sourced from South Africa, where they are found in primary deposits, and from Russia and Canada, where they are by-products of copper and nickel mining. Copper, gold and silver are worldwide commodities and generally available. Although we have never experienced a significant shortage of raw materials, production problems and political and civil instability in certain supplier countries may affect their supply and market price. We currently do not anticipate any substantial interruption in our raw materials supply that would have a material adverse effect on our operations. If a substantial interruption should occur in supply from a primary source, there is no assurance that we would be able to obtain as much from other sources as would be necessary to satisfy our requirements or at prices comparable to our current arrangements.

We are exposed to risks of precious metals price fluctuations with respect to our precious metal inventory and with respect to our precious metal trading activities. Our precious metal inventories are partially protected from precious metal price fluctuations by pricing agreements with customers or, if necessary, by hedging through derivative financial instruments, such as forward or futures contracts. All of our precious metal trading activities are carried out pursuant to defined exposure limits set by management.

We attempt to mitigate changes in prices and availability by maintaining adequate inventories and long-term supply relationships with a variety of producers. The cost of raw materials fluctuates due to both actual and perceived changes in supply and demand. Generally, we are able to pass through to our customers increases and decreases in raw material prices by increasing or decreasing, respectively, the prices of our products. The degree of our profitability principally depends on our ability to maintain the differential between our product prices and product costs. Substantial, sustained reductions in the price of raw materials also could result in our inventory being written down to a lower market value.

We are exposed to interest rate risk primarily through our borrowing activities. We predominantly utilize U.S. dollar denomination borrowings to fund our working capital and investment needs. The majority of our borrowings are in variable rate instruments. We enter into interest rate swap agreements to convert a portion of the variable-rate instruments to fixed-rate contracts typically over a three-year period. There is an inherent refinancing risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and business financing requirements.

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The following tables present principal cash flows and related weighted-average interest rates by expected maturity dates of our long term-debt.

EXPECTED MATURITY DATE

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	2002	2003	2004	2005	2006	THERE- AFTER	TOTAL
(DOLLARS IN THOUSANDS)							
AS OF DECEMBER 31, 2001							
Long-term debt, including current portion							
Fixed rate.....						\$400,000	\$400,000
Average interest rate.....						9.25%	
Variable rate.....	\$20,188	\$26,938	\$33,687	\$40,438	\$325,363	\$474,081	\$920,695
Average interest rate.....	5.1%	5.1%	5.1%	5.1%	5.4%	5.1%	

	EXPECTED MATURITY DATE						TOTAL
	2001	2002	2003	2004	2005	THERE- AFTER	TOTAL
(DOLLARS IN THOUSANDS)							
AS OF DECEMBER 31, 2000							
Long-term debt, including current portion							
Fixed rate.....	\$ 115	\$ 30	\$ 84	\$ 210	\$ 208	\$ 397	\$ 1,044
Average interest rate.....	2.1%	4.3%	2.2%	1.5%	1.5%	1.3%	--
Variable rate.....	\$20,750	\$29,500	\$39,500	\$45,750	\$13,250	\$422,150	\$570,900
Average interest rate.....	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	--

We have manufacturing and other facilities in the Americas, Europe, Asia-Pacific and Africa, and we market our products worldwide. Although raw material purchases and product sales are predominantly based on U.S. dollars or U.S. dollar quoted prices, liabilities for non-U.S. operating expenses and income taxes are denominated in local currencies. In addition, fluctuations in exchange rates may affect product demand and may adversely affect the profitability in U.S. dollars of products and services provided by us in foreign markets where payment for our products and services is made in the local currency. Accordingly, fluctuations in currency rates may affect our operating results and net income. The acquisition of the operations of dmc(2) increased our exposure to fluctuations in foreign currency exchange rates. In order to partially hedge our balance sheet exposure to fluctuating rates, we enter into forward contracts to purchase and sell various currencies. Such transactions cannot, however, eliminate all of the risks associated with currency fluctuations.

CRITICAL ACCOUNTING POLICIES



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The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires our management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements. In preparing these financial statements, management has made their best estimates and judgments of certain amounts included in the financial statements related to the critical accounting policies described below. The application of these critical accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

**Inventories** -- Our inventories are principally stated at the lower of cost or market and valued using the last-in, first-out (LIFO) method except for precious metals trading inventory which is carried at the current monetary value. We use the LIFO method to better match the price we currently pay for our raw material metal with the selling prices we currently charge for our products. The balance sheet amounts of inventory will reflect the quantities of metal in inventory valued at metal prices paid for in the year LIFO was adopted and any subsequent year in which there was an incremental increase in quantities. In periods of sustained and significant raw material metal price declines, the calculated LIFO amount may exceed the amount we could realize on sale. In this case, we would record a lower of cost or market adjustment.

**Long-lived assets** -- Long-lived assets are assessed for impairment when operating profits for the related business indicate that the carrying value may not be recoverable. We generally invest in long-lived assets to secure raw material feedstocks, produce new products, or increase production capacity or capability. Because

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market conditions may change, future operating profits may be difficult to forecast. Furthermore, the assets and related businesses may be in different stages of development. If we determined that the future operating profits from these investments were not expected to exceed the carrying value of the investments, we would record an impairment reserve.

**Income taxes** -- Deferred income taxes are provided to recognize the effect of temporary differences between financial and tax reporting. Deferred income taxes are not provided for undistributed earnings of foreign consolidated subsidiaries, to the extent such earnings are reinvested for an indefinite period of time. We have significant operations outside the United States, where most of our pre-tax earnings are derived, and in jurisdictions where the statutory tax rate is lower than in the United States. We also have significant cash requirements in the United States to pay interest and principal on borrowings. As a result, significant tax and treasury planning and analysis of future operations are necessary to determine the proper amounts of tax assets, liabilities, and tax expense. Our tax assets, liabilities, and tax expense are supported by our best estimates and assumptions of our global cash requirements, planned dividend repatriations, and expectations of future earnings.

BUSINESS

HISTORY

OMG was formed in 1991 through the merger of Mooney Chemicals, Inc., Kokkola Chemicals Oy and Vasset, S.A. Mooney Chemicals, Inc. (now known as OMG Americas, Inc.), founded in 1946, was a family-owned specialty chemical company and has been led by James P. Mooney, our current Chairman and Chief Executive Officer, since the 1970's. Kokkola had been a wholly-owned subsidiary of Outokumpu Oyj, producing primarily cobalt products since 1967. The strategy in merging these businesses was to take advantage of the combined technical and manufacturing strengths, niche market positions, high value and diverse product ranges and low cost raw material sources to create an integrated specialty chemical company offering high value-added chemicals and powders with advantages in process capabilities and raw materials procurement.

We grew primarily organically until early 1997, when we purchased SCM Metals from U.S. Industries. SCM's annual sales of \$94.0 million were predominantly focused on specialty powders. This transaction extended our product line in copper, iron and stainless steel products.

In early 1998, we purchased Auric Fidelity and Dussek Campbell. Fidelity, with annual sales of approximately \$48.0 million, increased our exposure to the electronics industry through its electroless nickel product line used in the manufacturing of hard drives. The Dussek transaction provided geographic expansion via its Canadian metal organics business. Total sales for Dussek in 1997 were approximately \$12.0 million. In addition, in April 1998, we purchased a specialized metal powder production technology from Dow Chemical.

In April 2000, we acquired Outokumpu Nickel Oy, a nickel refinery located in Harjavalta, Finland with annual production capacity of 53,000 tons per annum, from Outokumpu Oyj. The Outokumpu Nickel Oy acquisition was complementary to our previous business, adding to our nickel inorganics product portfolio and expanding our raw materials vertical integration.

In August 2001, we acquired all of the operations of dmc(2). dmc(2), a worldwide provider of metal-based functional materials for a wide variety of high-growth end markets, was one of the three largest producers of precious metal containing catalysts and functional materials worldwide. As described elsewhere in this prospectus, in September 2001, we sold the Electronic Materials and Cerdec divisions of dmc(2) to Ferro Corporation.

In December 2001, we acquired the metal organics business of Rhodia Holdings Limited, including two manufacturing facilities in Bethlehem, Pennsylvania and Manchester, England. This acquisition complements our existing Base Metal Chemistry segment product offerings. Also in December 2001, we acquired the mineral rights and chemical processing capabilities of Centaur Mining and Exploration Ltd.'s Cawse operation in Western Australia. This will provide us with approximately 8,000 tonnes per annum of nickel feedstock and approximately 800 tonnes per annum of cobalt feedstock.

OVERVIEW

We are a leading, vertically integrated international producer and marketer of value-added, metal-based specialty chemicals and related materials. We apply proprietary technology to a wide variety of raw material feedstocks to

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manufacture, market and supply more than 625 different product offerings to more than 1,700 customers in over 30 industries. Our products typically represent a small portion of the customer's total manufacturing or processing costs and are often essential ingredients for superior product performance. For the year ended December 31, 2001, on a pro forma basis, our net sales were \$5,687.6 million and our EBITDA was \$285.2 million.

We believe we are the world's leading producer of cobalt-based specialty chemicals and a leading producer of nickel-based specialty chemicals and platinum group metal catalysts and products. During 2001, on a pro forma basis, and excluding net sales of our Metal Management segment, we derived approximately 66% of our net sales from customers in Europe, 24% from customers in the Americas and 10% from

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customers in Asia-Pacific. We operate 35 manufacturing facilities worldwide, including 14 in the Americas, 11 in Europe, 8 in Asia-Pacific and 2 in Africa, and employ approximately 5,200 employees in 24 countries.

### STRATEGY

**TARGET HIGH GROWTH APPLICATIONS AND VALUE-ADDED PRODUCTS.** We target applications that we believe have high growth and high margin potential for our products. For example, we have targeted the growing rechargeable battery and nickel catalyst markets through our acquisition of a nickel refinery in Harjavalta, Finland in April 2000. This acquisition has provided us with a solid base from which to vertically integrate production of nickel chemicals and powders. Other examples of value-added products used in targeted applications include stainless steel powders for automotive pressed metal parts, cobalt salts and powders for rechargeable batteries used in laptop computers and mobile phones, PGM-based catalysts for membrane electrode assemblies and fuel processing catalysts for fuel cells used in stationary and mobile applications.

**APPLY METAL TECHNOLOGY TO MEET CUSTOMER NEEDS AND DEVELOP NEW PRODUCTS.** We are focused on increasing sales of value-added products through our emphasis on research, technology and customer service. For example, we have increased our sales of cobalt extra-fine powders and created new market opportunities in tungsten powders by applying our recycling technology to the needs of our customers in the hard metal tool industry. We also have developed several products, such as electroless nickel-gold for printed circuit boards, through continued responsiveness to customer needs and through joint product development efforts.

Through our acquisition of the dmc(2) operations, we have obtained leading technology positions in the development of fuel cell components and automotive catalysts. For example, the flexibility derived from advances in catalyst technology has enabled us to significantly grow the North American sales of the dmc(2) operations by providing customers with automotive catalyst solutions based on multiple precious metals. These new technologies allow our customers the flexibility to choose the most advantageous or cost-effective catalyst solution.

**CONTINUE TO IMPROVE OUR COST POSITION.** We have undertaken several initiatives to improve the leading cost positions we have developed in nickel and cobalt procurement and processing as a result of our vertical integration

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strategy. Our majority-owned Big Hill smelter facility, which we expect to reach full-scale production by mid-year 2002, will expand our base of long-term, low-cost cobalt and copper raw material feedstocks. The conversion of our Harjavalta, Finland nickel refinery from the processing of commodity products to higher value-added products is designed to result in the cost-efficient, vertically integrated production of nickel inorganics and powders. We intend to continue to improve our cost positions in our other product lines as we begin to integrate base metal and precious metal separation and processing technologies.

INTEGRATE DMC(2) BUSINESS AND CAPITALIZE ON ACQUISITION-RELATED OPPORTUNITIES. As part of our plan to integrate the dmc(2) business with our other operations, we are focused on combining the best practices of each organization to drive top-line growth, increase manufacturing efficiency and leverage our common technology platforms. The acquisition of the dmc(2) operations will allow us to:

- use our combined experience and technical expertise in base metal and precious metal chemistry to develop new products and improve processing technology;
- use the combined strength of our respective sales forces to drive growth of precious metal chemistry products in North America, accelerate the growth of our base metal chemistry products in Europe and enhance our presence in Asia;
- cross-sell products to existing customers that have both base metal and precious metal chemistry needs; and
- enhance our metal management operation by integrating the expertise and scale of our base metal and precious metal procurement capabilities.

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### COMPETITIVE STRENGTHS

LEADERSHIP POSITION IN EACH OF OUR CORE PRODUCTS. We believe that as a result of our high quality products, technological capabilities and focus on providing customer service and support, we have achieved leading market positions in the production of metal-based specialty chemicals, materials and powders. We believe we are the world's leading producer, refiner and marketer of cobalt and a leading worldwide producer of cobalt organics, cobalt inorganics, cobalt powders, nickel inorganics, copper powders, automotive catalysts and PGM compounds.

DIVERSE GEOGRAPHIC AND CUSTOMER BASE. Following our recent acquisition of the operations of dmc(2), we offer more than 625 products to over 1,700 customers in over 30 industries, including automotive, chemicals, electronics, industrial products and stainless steel. The diversity of the metals used in our products and our worldwide presence are reflected in the following charts:

2001 PRO FORMA PRODUCT SALES  
BY METAL CONTAINED (1)

2001 PRO FORMA SALES  
BY GEOGRAPHY (1)(2)

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	Percent -----	
Precious Metals.....	68%	Americas.....
Copper.....	3%	Asia-Pacific.....
Nickel.....	15%	Europe.....
Cobalt.....	10%	
Other Base Metals.....	4%	

-----

(1) Excludes net sales of the Metal Management segment

(2) Sales based on customer location

TECHNOLOGICAL LEADERSHIP. Our research and new product development program is an integral part of our business. New products introduced in the last five years, including new chemical formulations and new concentrations of components, accounted for over 20% of our pro forma 2001 net sales (excluding net sales of the Metal Management segment). Examples of new products that we have developed and introduced to the marketplace over the last five years include the following:

- an electroless nickel-gold process used in printed circuit boards to increase performance and improve product yields;
- stainless steel powders used in automotive metal parts to prevent corrosion;
- cobalt catalysts used in air bags to provide safety and enhance performance; and
- automotive catalysts used in diesel and gasoline direct-injection engines to improve emission control.

LEADING RAW MATERIAL SOURCING AND PRODUCTION CAPABILITY. We believe we are the leading producer, refiner and marketer of cobalt and the fifth largest producer of nickel in the world as a result, in part, of our vertical integration strategy. We also believe we are among the world's largest processors of PGMs. Our leading industry positions and long-term relationships with our suppliers provide us with reliable sources of key raw materials. Our major manufacturing plants, all of which have received ISO 9002 certification, are capable of efficiently producing a broad range of metals, specialty chemicals and powders. Our leading refining and metal separation capabilities give us the flexibility to work with a variety of raw materials, including low-grade feedstocks such as slag, concentrates and recycled materials, and transform them into

high-quality finished products. The ability to refine and recycle these materials enables us to source many grades of feedstocks at competitive prices and offer recycling services to our customers, giving us a significant advantage in the marketplace. Through our Metal Management segment, we are one of the world's leading precious metals sourcing businesses.

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EXPERIENCED AND INCENTIVIZED MANAGEMENT TEAM. Our senior management team has an average of over twenty years experience in the chemical industry. Led by Chairman and Chief Executive Officer James P. Mooney and President and Chief Operating Officer Edward "Bud" Kissel, we have consistently delivered strong operating and financial performance. Our senior management team also has significant experience in executing and integrating acquisitions. Since our initial public offering in 1993, we have successfully integrated thirteen acquisitions. Our management team collectively holds approximately 5.4% of our common shares on a fully diluted basis, with a significant number of these shares issuable under stock option programs.

### PRODUCTS AND MARKETS

Our business is conducted through three segments: Base Metal Chemistry, Precious Metal Chemistry and Metal Management.

[FLOW CHART]

#### OM GROUP

-----  
BASE METAL  
CHEMISTRY

PRECIOUS METAL  
CHEMISTRY

METAL  
MANAGEMENT

#### BASE METAL CHEMISTRY

Our Base Metal Chemistry segment develops, processes, manufactures and markets specialty chemicals, powders and related products from various base metals. We emphasize products that leverage our production capabilities and bring value to our customers through superior product performance. These products frequently are essential components in chemical and industrial processes where they facilitate a chemical or physical reaction and/or enhance the physical properties of end-products. Our base metal chemistry products can be found in a variety of applications for catalysts, coatings, colorants, hard metal tools, jet engines, lubricants, fuel and petroleum additives, magnetic media, metal finishing agents, petrochemicals, plastics, printed circuit boards, rechargeable batteries, stainless steel, super alloys and tires. We use more than 15 metals as raw materials in this segment, with the most widely used metals being cobalt, nickel and copper.

The following table sets forth our historical sales by primary metals used in our Base Metal Chemistry segment:

	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
	(DOLLARS IN MILLIONS)				
Cobalt.....	\$282.1	\$286.2	\$251.5	\$283.2	\$234.9
Nickel.....	64.1	82.3	87.6	403.9	372.9
Copper.....	91.0	91.7	91.2	95.0	88.9
Other.....	50.1	61.0	76.7	105.6	96.4
	-----	-----	-----	-----	-----
	\$487.3	\$521.2	\$507.0	\$887.7	\$793.1
	=====	=====	=====	=====	=====

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Our base metal chemistry products are generally categorized as organics, inorganics, powders and metals and are sold in various forms such as solutions, crystals, powders, cathodes and briquettes.

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Organics are produced from the reaction of metals with organic acids (e.g., acetic acid). Organics are primarily sold in the form of solutions and crystals. We use a variety of metals that include barium, calcium, cobalt, iron, manganese, potassium, rare earth, zinc and zirconium, with cobalt being the predominant metal.

Inorganics are the products of reactions between metals and inorganic acids (e.g., sulfuric acid). Inorganics are sold in solutions, crystals and powders. We use primarily cobalt and nickel metals in our inorganics products. Other metals used are lithium, copper and manganese.

Powders are produced by separating metal from ores and ore concentrates by chemical reactions involving heat or water, using several different metal feedstocks with particle sizes and structures tailored for customer applications. We believe we are the world's leading producer of cobalt powder and a leading producer of copper and stainless steel powders. Other metals used include nickel, iron, lithium, tin, bronze and brass.

Metals are produced from several different nickel concentrate feedstocks through nickel reduction and an electrowinning process. We are a leading producer of nickel briquettes and cathodes that are designed to meet exact customer analysis requirements.

The following table sets forth our historical product volumes as classified by chemistry:

	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
	(POUNDS IN MILLIONS)				
Organics.....	50.3	60.5	70.2	76.5	73.7
Inorganics.....	61.0	89.3	96.1	105.6	98.1
Powders.....	38.6	40.4	43.1	46.9	42.0
Metals.....	--	--	--	78.2	120.0
	-----	-----	-----	-----	-----
	149.9	190.2	209.4	307.2	333.8
	=====	=====	=====	=====	=====

The following table sets forth key applications for our base metal chemistry products:

APPLICATIONS	METALS USED	PRODUCT ATTRIBUTES
-----	-----	-----

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BUSHINGS AND BEARINGS	Copper, Tin	Enhances performance through porous self-lubricating bronze bearings used in electric motors and other industrial applications
CERAMICS AND GLASSWARE	Cobalt, Nickel	Provides color for pigments, enamels and glass and facilitates adhesion of porcelain to metal
COATINGS	Cobalt, Manganese, Calcium, Zirconium	Promotes faster drying in such products as house paints (exterior and interior) and industrial and marine coatings
CONSTRUCTION EQUIPMENT	Cobalt, Tungsten	Strengthens and adds durability to diamond cutting and drilling equipment used in construction and quarrying
CUTTING TOOLS	Cobalt, Tungsten	Strengthens and adds durability to machine cutting tools, as well as gas drilling equipment
HIGH-TECH ALLOYS	Nickel, Cobalt	Prevents corrosion of and strengthens high-performance alloyed materials
HOUSEHOLD APPLIANCES	Cobalt	Enhances metal-glass bonding in a variety of household appliances

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APPLICATIONS -----	METALS USED -----	PRODUCT ATTRIBUTES -----
LUBRICATING OILS	Copper, Lead, Zinc, Bismuth	Enhances the performance of various lubricating oils used in automobile engines, generators and mining equipment by reducing sludge build-up, preventing oxidation under high pressure and reducing friction
MAGNETIC MEDIA	Cobalt	Improves the recording quality of video and audio tapes, and enhances the screen resolution properties in television sets
MEMORY DISKS	Nickel	Enhances information storage on disk computers
MICROELECTRONICS	Tin, Lead, Silver	Reduces the solder bridging and enhances solder joint strength for circuit board assembly and brazing
PAINTS	Cobalt, Aluminium, Manganese	Enhances antifouling in marine paints
PETROCHEMICAL REFINING	Cobalt	Reduces sulfur dioxide and nitrogen emissions
POLYESTER RESINS	Cobalt, Copper, Zinc	Accelerates the curing of polyester resins found in reinforced fiberglass



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		boats, storage tanks, bathrooms, equipment, automobile and truck components
POLYVINYL CHLORIDE (PVC)	Barium, Calcium, Zinc	Mitigates the effect of heat on PVC in such products as medical garden hoses, resilient flooring shower curtains
PRESSED METAL PARTS	Stainless Steel, Copper, Iron	Prevents corrosion in automotive systems
PRINTING INKS	Cobalt, Manganese	Promotes faster drying in various printing inks
RECHARGEABLE BATTERIES	Cobalt, Nickel	Improves the electrical conduction rechargeable batteries used in cell phones, video cameras, portable CD and power tools
STAINLESS STEEL	Nickel	Improves rust resistance in demanding plating applications
STEEL	Nickel	Improves rust resistance in auto truck bodies
SYNTHETIC FIBERS	Cobalt	Improves the efficiency of chemical processes used to manufacture synthetic fibers
TIRES	Cobalt	Promotes bonding of metal-to-rubber radial tires

Our Base Metal Chemistry segment serves over 1,500 customers. Sales to AvestaPolarit, a Finnish stainless steel manufacturer, represented approximately 12% of segment net sales in 2001. Sales to our eight largest customers (including AvestaPolarit) accounted for approximately 34% of 2001 segment net sales. This segment's major customers include AvestaPolarit, BASF, Bayer, DuPont, Ferro, General Electric, Glencore, Goodyear Tire, Kennametal, Komag, Nippon, Sandvik, Seido, Sherwin Williams and Tanaka.

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### PRECIOUS METAL CHEMISTRY

Our Precious Metal Chemistry segment develops, produces and markets specialty chemicals and materials, predominantly from precious metals such as platinum, palladium, rhodium, gold and silver. We also offer a variety of refining and processing services to users of precious metals. Our precious metal chemistry products are used in a variety of applications for automotive catalysts, fuel cells and fuel processing catalysts, chemical catalysts, electronics packaging and electroplating products, jewelry and glass manufacturing for high-definition televisions.

Automotive catalysts are produced by coating a ceramic piece in a process with a washcoat containing performance chemicals and precious metals. We provide a full-service operation by recycling spent automotive catalysts. Automotive

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catalysts represent the largest application for this segment, accounting for over 50% of 2001 segment net sales.

Membrane electrode assemblies, the core components of fuel cells and fuel processing catalysts, are produced by coating a membrane with a catalyst that contains precious metals.

Organic and inorganic heterogenous and homogenous chemical catalysts are produced from platinum group metals, or PGMs, by chemical or metallurgical processes.

Electronics packaging is produced from special alloys that contain high purity materials such as silver. These alloys generally are melted under a protective atmosphere and then mechanically processed into various delivery forms and customized products. Electrolytes for electroplating products are produced by mixing precious metal preparations with alloying metal salts, conducting salts, complexing agents and other additives.

Jewelry semi-finished materials are produced from gold, silver and platinum by melting and by mechanical processing. Special chemical and metallurgical processes are used in the refining stages.

Glass manufacturing components are produced from special high heat-resistant and corrosion-resistant materials. Using a unique process, we produce fine grain-stabilized platinum engineered materials made of platinum group metals. These materials are well suited for manufacturing glass used in high-tech applications such as flat-screen panels.

The following table sets forth key applications for our precious metal chemistry products:

APPLICATIONS -----	METALS USED -----	PRODUCT ATTRIBUTES -----
AUTOMOTIVE CATALYSTS	Platinum, Palladium, Rhodium	Improves emission control for gas and diesel passenger cars, heavy trucks and motorcycles
FUEL CELLS	Platinum, Palladium, Rhodium, Ruthenium	Increases efficiency of fuel production systems for stationary, automotive and portable applications
ELECTRONICS PACKAGING	Silver	Provides high-purity packaging materials for micro and power electronics
GLASS	Platinum	Enhances the resistance and recyclability of glass and the integration of electronic circuits on glass
JEWELRY	Gold, Silver, Platinum, Palladium	Provides semi-finished precious metal for jewelry and for various industrial applications (e.g., sputtering targets for CD-Roms and DVDs)
ELECTROPLATING	Gold, Silver, Platinum, Palladium, Rhodium, Ruthenium	Provides electrolytes and precious metal salts for technical and decorative applications in various industries, printed circuit boards and connectors

Our Precious Metal Chemistry segment serves over 200 customers. This segment's largest customers include BMW, DaimlerChrysler, Fiat, General Motors, Kyocera, Mitsubishi, Montblanc, Motorola, Opel/Saab (affiliate of General Motors), PSA Group (Peugeot) and Volkswagen. The five major customers of this segment are BMW, DaimlerChrysler, General Motors, PSA Group and Volkswagen, and the loss of this group of customers would have a material adverse effect on this segment.

#### METAL MANAGEMENT

Our Metal Management segment acts as a metal sourcing and trading operation for our other businesses and for our customers, primarily procuring precious metals. This segment also provides a centralized operation to manage price risk associated with metal raw material purchases and sales. Its activities include the following:

- provision of the necessary precious metal liquidity and financing for our other businesses;
- hedging and risk-pooling for the purchase and sale of precious metals;
- purchasing and selling of precious metals;
- proprietary precious metals trading on a limited scale; and
- precious metals management consulting services.

Our exposure from our proprietary trading activities is reduced by limitations on both metal quantities and the value of open positions. We also require our traders to close positions if mark-to-market valuation reaches specified loss realization limits. Adherence to limits is strictly supervised by our controlling department.

In addition to purchasing metals, this segment leases precious metals, primarily gold and silver. The metals primarily are leased from a variety of financial institutions that have access to large physical inventories of gold and silver. The metal leases usually allow for return of the metal at the end of the lease agreement. However, leases are customarily extended at the end of a lease term or metal is re-leased under a new agreement. We also lease precious metals to selected customers to support our product business. Our total metal lease expense may range from approximately \$5.0 million to \$10.0 million annually, depending upon the prices and lease rates of precious metals.

In order to support the ownership transition to us, Degussa AG has agreed to provide us with a lease backstop facility until August 10, 2002. Under the terms of the facility, if we are not able to otherwise lease precious metals, Degussa AG will lease precious metals to us up to an aggregate amount of DM 650.0 million.

#### SALES AND MARKETING

We believe that one of our key strengths is our sales and marketing team. Our sales force of more than 250 professionals consists of separate teams dedicated to the Base Metal Chemistry and the Precious Metal Chemistry segments. Our salespeople are highly knowledgeable about our customers' manufacturing processes and end-uses, which enables them to add significant value for our

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customers. Our salespeople focus primarily on end-users and there is a strong cooperative interaction among salespeople, technical staff and customers.

We sell and support our products in dozens of countries throughout the world. Our sales network is primarily segment focused, with global direction provided for each segment and regional coverage provided as appropriate. For the year ended December 31, 2001, on a pro forma basis, and excluding net sales of our Metal Management segment, we derived approximately 66% of our net sales from customers in Europe, 24% from customers in the Americas and 10% from customers in Asia-Pacific.

### COMPETITION

We encounter a variety of competitors in each of our product lines, but no single company competes with us across all of our existing product lines. The value-added, metal-based specialty chemicals industry is

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highly fragmented and its participants offer a broad array of product lines and categories, representing many different products designed to meet specific customer requirements. Competition is based primarily on product quality, supply reliability, price, service and technical support capabilities. Individual products compete on a global, regional and local level due to the nature of the businesses and products, as well as the end-use applications and customers served. The following chart sets forth our primary competitors within each segment:

SEGMENT -----	PRIMARY COMPETITORS -----
Base Metal Chemistry	American ChemMet, Bayer, Degussa, Eurotungstene-Poudres, Hoeganaas, MacDermid, Rohm & Haas, Rhodia, Sheperd, Sumitomo, Umicore
Precious Metal Chemistry	Delphi, Engelhard, Johnson Matthey, Tanaka Precious Metals, W.C. Heraeus
Metal Management	Engelhard, Johnson Matthey, W.C. Heraeus, various bullion banks

### RAW MATERIALS

The primary raw materials used in manufacturing our products are cobalt, nickel, copper, platinum, palladium, rhodium, gold and silver, which are either purchased, leased or provided by our customers on consignment for processing.

The cost of metals we use as raw materials fluctuates due to actual or perceived changes in supply and demand and changes in availability from suppliers. We generally are able to pass through fluctuations in raw material costs to our customers. Our supply of cobalt historically has been sourced primarily from the DRC, Australia, Finland and Zambia. Nickel historically has been sourced primarily from Australia and Brazil. Platinum group metals historically have been sourced from South Africa and, to a lesser extent, from Russia and Canada. We source a significant portion of our PGM feedstock from one

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of the world's largest global suppliers of platinum group metals, primarily under contract, and obtain the remainder through a variety of channels. Although we have never experienced a significant shortage of these raw materials, production problems or political or civil instability in specific supplier countries may in the future affect their supply and market price. We attempt to mitigate changes in prices and availability by entering into long-term supply contracts with a variety of producers. We do not anticipate any substantial interruption in our cobalt, nickel or PGM supply that would have a material adverse effect on our operations. Copper, gold and silver are worldwide commodities and are generally available.

The following graphs set forth the average quarterly published market prices of cobalt, nickel and copper, and platinum, palladium, gold and silver, respectively, from January 1, 1998 to December 31, 2001:

### BASE METAL PRICES

DATE ----	COBALT -----	COPPER -----	NICKEL -----
1Q98	19.32	0.77	2.48
2Q98	20.75	0.78	2.27
3Q98	18.58	0.75	1.90
4Q98	13.10	0.70	1.79
1Q99	13.51	0.64	2.09
2Q99	15.50	0.67	2.35
3Q99	17.79	0.77	2.87
4Q99	14.11	0.80	3.52
1Q00	13.52	0.82	4.28
2Q00	14.27	0.81	4.27
3Q00	13.13	0.87	3.75
4Q00	12.01	0.86	3.38
1Q01	11.27	0.82	2.98
2Q01	10.45	0.75	3.03
3Q01	9.26	0.67	2.50
4Q01	7.20	0.66	2.31

### PRECIOUS METAL PRICES

DATE ----	GOLD -----	PLATINUM -----	PALLADIUM -----	SILVER -----
1Q98	294.21	386.91	241.98	6.
2Q98	299.67	385.05	319.31	5.
3Q98	288.82	369.33	292.65	5.
4Q98	294.06	346.42	283.76	4.
1Q99	286.86	363.43	342.47	5.
2Q99	273.10	356.68	342.20	5.

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3Q99	259.22	357.04	344.70	5.
4Q99	296.25	431.98	403.58	5.
1Q00	290.42	479.68	589.16	5.
2Q00	280.31	529.77	599.11	5.
3Q00	276.65	576.88	731.10	4.
4Q00	269.14	593.41	806.01	4.
1Q01	263.65	602.61	930.38	4.
2Q01	268.00	594.74	654.00	4.
3Q01	274.10	480.96	475.84	4.
4Q01	278.44	440.87	354.38	4.

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### RESEARCH AND DEVELOPMENT

Our research and new product development program is an integral part of our business. Research and development focuses on adapting proprietary technologies to develop new products and working with customers to meet their specific requirements, including joint development arrangements with customers that involve innovative products. New products include new chemical formulations, metal-containing compounds, concentrations of various components, product forms and packaging methods. Research and development expenses were approximately \$20.5 for 2001, \$13.3 million for 2000 and \$11.3 million for 1999. Expenses for research and development are expected to increase due to the acquisition of the dmc(2) operations.

Our research staff of approximately 500 full-time personnel conducts research and development at our laboratories located in Cleveland, Ohio; Westlake, Ohio; Research Triangle Park, North Carolina; Newark, New Jersey; Auburn Hills, Michigan; Kokkola, Finland; Hanau, Germany; Schwabisch-Gmund, Germany; and Himeji, Japan. Our Kokkola facility also maintains a research agreement with Outokumpu Research Oy.

### PATENTS AND TRADEMARKS

We hold approximately 926 patents and have pending approximately 1,023 patent applications, including approximately 720 patents and 650 patent applications from the former dmc(2) operations, related to the manufacturing, processing and use of metallo-organic and metal-based compounds. In addition, we have the right to use, and in certain instances to license and sell, technology covered by approximately 40 patents, including 21 patents from the former dmc(2) operations, in the areas of hydrometallurgical processes, solvent extraction, agitators and metal powders. We do not consider any single patent or group of patents to be material to our business as a whole.

### EMPLOYEES

We have approximately 5,200 full-time employees, with 1,600 located in the Americas, 2,700 in Europe, 500 in Africa and 400 in Asia-Pacific. We believe relations with our employees are good.

Americas. Employees at our production facilities in Burlington, Canada;

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Newark, Delaware; Newark, New Jersey; South Plainfield, New Jersey; Research Triangle Park, North Carolina; Franklin, Pennsylvania; and St. George, Utah are non-unionized. Employees at our Johnstown, Pennsylvania facility are members of the United Steelworkers of America Union. The Johnstown union agreement has a term of five years, expiring in June 2003. Employees at the Belleville, Canada facility are members of the Communications, Energy and Paperworkers Union of Canada. The Belleville union agreement has a term of five years, expiring in May 2003. The Calvert City, Kentucky, facility is operated under a service contract with Degussa AG, which employs two-thirds of the site's employees. The Calvert City contract with the Paper, Allied Industrial, Chemical, Energy Workers' International Union was renegotiated in January 2001. This union has been notified that as a consequence of the change in ownership resulting from our acquisition of the dmc(2) operations, we will separate our workforce and these employees will become employees of one of our subsidiaries. Employees at our facilities in Guarulhos, Americana and Manaus, Brazil are members of either the Metalworkers' Union or of the Chemical Workers' Union. The terms of these agreements are valid for one year and expire in October 2002 in Guarulhos and Americana, and in August 2002 in Manaus. Employees at our facility in Buenos Aires, Argentina are members of the Union Obrera Metalurgica. The terms of the Buenos Aires agreement do not provide for an expiration date and the agreement may be terminated by us at any time.

Europe. Employees at our production facilities in Vienna, Austria; Vicenza, Italy; and Amsterdam, Netherlands are non-unionized. Employees at our facilities in Harjavalta, Finland and Kokkola, Finland are members of several national workers' unions under various union agreements. Generally, these union agreements have two-year terms. Employees at our Karlskoga, Sweden, facility are members of industrial employees' and workers' unions with three-year terms, expiring in February 2003. Employees at our facilities in Hanau, Rheinfelden, Pforzheim and Schwabisch-Gmund, Germany, are members of several national workers' unions. At these facilities, general working conditions are set forth in long-term agreements, whereas wage agreements usually are negotiated annually between the unions and the employers' associations.

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Employees at our facilities in Manchester, England are members of various trade unions under a recognition agreement. This recognition agreement has an indefinite term.

Africa. Employees at our production facilities in Lubumbashi, the DRC are non-unionized. Employees at our Port Elizabeth, South Africa facility are members of the Chemical Energy Paper and Printing Allied Workers' Union and the applicable union agreement has an indefinite term.

Asia Pacific. Employees at our production facilities in Himeji, Japan; Onsan, Korea; Kuching, Malaysia; Bangkok, Thailand; and Kalgoorlie, Australia are non-unionized.

### PROPERTIES

We believe that our plants and facilities, which are of varying ages and of

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different construction types, have been satisfactorily maintained, are in good condition, are suitable for our operations and generally provide sufficient capacity to meet our production requirements. The land on which the Kokkola, Finland; Harjavalta, Finland; Karlskoga, Sweden; Hanau, Germany; Singapore (Precious Metal Chemistry segment facility); St. George, Utah; and Newark, Delaware plants are located is leased under separate agreements with varying expiration dates. Otherwise, we own the real properties comprising our manufacturing facilities. The transfer of ownership and some hereditary building rights have not yet been completed with respect to some facilities located in Germany that were acquired as part of the dmc(2) operations.

Our Kokkola, Finland production facility (KCO) is situated on property owned by Outokumpu Zinc Oy. KCO and Outokumpu Zinc Oy share certain physical facilities, services and utilities under agreements with varying expiration dates. Utilities and raw material purchase assistance contracts provide that KCO jointly purchase with, or pay a fee to, affiliates of Outokumpu Oyj for assistance in negotiating contracts and securing bulk quantity discounts. Our Harjavalta, Finland production facility is situated on land owned by Outokumpu Harjavalta Metals Oy. The Harjavalta, Finland facility also shares certain physical facilities and has contracts in place for waste disposal, tolling, utilities, laboratory services and raw material supply with varying expiration dates.

Information regarding our primary offices, research and product development and manufacturing facilities is set forth below:

LOCATION -----	SEGMENT -----	FACILITY FUNCTION* -----	APPROXIMATE SQUARE FOOTAGE -----	LEASED/ OWNED -----
<b>AFRICA:</b>				
Lubumbashi, the DRC.....	Base Metal	M	116,000	joint venture (50
Port Elizabeth, South Africa.....	Precious Metal	M	181,800	joint venture (50
<b>AMERICAS:</b>				
Newark, NJ.....	Base Metal	M, A, R	32,000	owned
Edison, NJ.....	Base Metal	W	47,000	leased
Research Triangle Park, NC.....	Base Metal	M, A, R	148,500	owned
Cleveland, OH.....	Base Metal	A, R, W	51,400	leased
Westlake, OH.....	Base Metal	A, R	35,200	owned
Bellefonte, PA.....	Base Metal	M	38,000	owned
Bethlehem, PA.....	Base Metal	M	14,085	owned
Franklin, PA.....	Base Metal	M	331,500	owned
Johnstown, PA.....	Base Metal	M	168,000	owned
St. George, UT.....	Base Metal	M	193,000	owned
Burlington, Canada.....	Precious Metal	M	155,000	owned
South Plainfield, NJ.....	Precious Metal	M	71,400	owned/leased
Newark, DE.....	Precious Metal	M	49,500	leased
Auburn Hills, MI.....	Precious Metal	R, A	138,400	owned
Calvert City, KY.....	Precious Metal	M	30,900	joint venture (50



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LOCATION -----	SEGMENT -----	FACILITY FUNCTION* -----	APPROXIMATE SQUARE FOOTAGE -----	LEASED/ OWNED -----
Manaus, Brazil.....	Precious Metal	M	132,500	owned
Americana, Brazil.....	Precious Metal	M	290,600	owned
Sao Paulo, Brazil.....	Precious Metal	M	215,400	owned/leased
ASIA-PACIFIC:				
Kalgoorlie, Australia.....	Base Metal	M	294,400	owned
Tokyo, Japan.....	Base Metal	A	2,300	leased
Kuching, Malaysia.....	Base Metal	M, A	25,000	owned
Taipei, Taiwan.....	Base Metal	A	4,000	leased
Bangkok, Thailand.....	Base Metal	M, A	107,400	owned
Bangkok, Thailand.....	Precious Metal	M	18,200	leased
Singapore.....	Base Metal	M	2,100	joint venture (70
Singapore.....	Precious Metal	M, A	4,200	leased
Himeji, Japan.....	Precious Metal	M, R	48,200	joint venture (50
Onsan, Korea.....	Precious Metal	M	89,500	joint venture (50
EUROPE:				
Manchester, England.....	Base Metal	M	73,300	owned
Espoo, Finland.....	Base Metal	A	3,000	leased
Harjavalta, Finland.....	Base Metal	M, A	280,900	owned
Kokkola, Finland.....	Base Metal	M, A, R	470,000	owned
Ezanville, France.....	Base Metal	A	50,000	owned
Dusseldorf, Germany.....	Base Metal	A	4,800	leased
Hanau, Germany.....	Precious Metal	M, A, R	1,643,400	owned/leased
Pforzheim, Germany.....	Precious Metal	M, A	196,300	owned/leased
Rheinfelden, Germany.....	Precious Metal	M	131,200	owned
Schwabisch-Gmund, Germany...	Precious Metal	M, R	276,200	owned
Karlskoga, Sweden.....	Precious Metal	M	123,700	leased
Amsterdam, Netherlands.....	Precious Metal	M	38,900	owned
Vienna, Austria.....	Precious Metal	M	107,900	owned
Vicenza, Italy.....	Precious Metal	M	31,900	owned

\* M - Manufacturing; A - Administrative; R - Research and Development;  
W - Warehouse

ENVIRONMENTAL MATTERS

We are subject to a wide variety of environmental laws and regulations in the United States and in foreign countries as a result of our operations and use of certain substances that are, or have been, used, produced or discharged by our plants. In addition, soil and/or groundwater contamination presently exists and may in the future be discovered at levels that require remediation under environmental laws at properties now or previously owned, operated or used by us.

Environmental compliance costs were approximately \$7.8 million in 2001. Ongoing expenses include costs relating to waste water analysis and disposal, hazardous and nonhazardous solid waste analysis and disposal, sea water control, air emissions control, soil and groundwater clean-up and monitoring and related staffing. We anticipate that we will continue to incur costs and make

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expenditures at increasing levels for the foreseeable future as environmental laws and regulations are becoming increasingly stringent and as we include the expenditures related to the acquired operations of dmc(2).

We also incurred capital expenditures of approximately \$6.5 million in 2001 in connection with environmental compliance. We anticipate that capital expenditure levels for these purposes will increase to approximately \$12.0 million in 2002 due to the acquisition of the dmc(2) operations and as we continue to modify specific processes that may have an environmental impact.

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In preparation for the sale of the dmc(2) businesses to us, Degussa AG engaged independent environmental consultants to conduct a "desktop" survey of potential environmental liabilities. According to the results of the survey, the high end of the estimated range of costs for the dmc(2) businesses retained by us subsequent to the sale to Ferro is approximately \$7.5 million. dmc(2) has agreed to indemnify us against environmental liabilities relating to conditions existing at the date of purchase, subject to a cap of 25% of the purchase price, if such damages exceed E10.0 million for all of the former dmc(2) sites together, including those sites that were sold to Ferro as part of the sale of the dmc(2) divisions to Ferro (and then for the entire amount of damages). The environmental liabilities are subject to a cost-sharing formula under which we share an increasing percentage of costs over time, depending on when notice is given. Accordingly, we pay 10% of claims asserted in the first year, 20% in the second year, 30% in the third year, 40% in the fourth year, 50% in the fifth year, 60% in the sixth year, 75% in the seventh year, 90% in the eighth year, and 100% of all claims afterward. All of dmc(2)'s indemnification obligations are guaranteed by Degussa AG.

Due to the ongoing development and understanding of facts and remedial options and the possibility of unanticipated regulatory developments, the amount and timing of future environmental expenditures could vary significantly from those currently anticipated. Although it is difficult to quantify the potential impact of compliance with or liability under environmental protection laws, based on presently available information, we believe that our ultimate aggregate cost of environmental remediation should not result in a material adverse effect upon our financial condition or results of operations.

### LEGAL PROCEEDINGS

We are subject to various legal and administrative proceedings incidental to our business. We believe that the disposition of all pending suits and claims, as relates to our business other than the former dmc(2) operations, should not in the aggregate have a material adverse effect on our business or financial position. We did not assume any material liabilities relating to any pending suits or claims adverse to dmc(2) as part of the acquisition of the dmc(2) operations. dmc(2) has agreed to indemnify us for breaches of representations and warranties made by dmc(2) for an amount up to 25% of the purchase price, subject to a E10.0 million deductible. dmc(2) has also agreed to indemnify us against World War II and National Socialist Era claims. All of the indemnification obligations of dmc(2) are guaranteed by Degussa AG.

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### MANAGEMENT

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### EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the names, ages and positions of our directors and executive officers.

NAME ----	AGE ---	POSITION -----
James P. Mooney.....	54	Chairman of the Board and Chief Executive Officer
Edward W. Kissel.....	60	President, Chief Operating Officer and Director
James M. Materna*.....	56	Chief Financial Officer
Michael J. Scott.....	51	General Counsel and Chief Administrative Officer
Lee R. Brodeur.....	74	Director
Frank E. Butler.....	65	Director
Thomas A. Miklich*.....	54	Director
John E. Mooney.....	51	Director
Katharine L. Plourde.....	50	Director
Markku Toivanen.....	60	Director

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\*Mr. Materna has indicated he will retire as Chief Financial Officer in June 2002. Mr. Miklich will succeed Mr. Materna as the new Chief Financial Officer of OMG.

The authorized number of directors is presently fixed at eight, divided into three classes with each designated to serve three-year terms. Two classes have three members and one class has two members. The term of the Class I directors expires at the annual stockholders' meeting for election of directors in 2003, the term of the Class II directors expires at the annual stockholders' meeting for election of directors in 2004, and the term of the Class III directors expires at the annual stockholders' meeting for the election of directors in 2002. Officers are chosen by and serve at the discretion of the board of directors. A summary of the background and experience of each officer and director is set forth below.

JAMES P. MOONEY is Chairman of the Board and has been a director and Chief Executive Officer of OMG since 1991. From 1991 to 1994, Mr. Mooney was President of OMG. From 1979 to 1991, Mr. Mooney was President and Chief Executive Officer of Mooney Chemicals, Inc. Mr. Mooney is a member of the Supervisory Board of Directors of Norddeutsche Affinerie AG and a member of the Board of Trustees of The Cleveland Clinic Foundation. Mr. Mooney received a B.A. degree in history from Quincy University. Mr. Mooney is John E. Mooney's brother. Mr. Mooney's term as a director expires in 2002.

EDWARD W. KISSEL was appointed as a director of OMG in 1999 to fill a vacancy. Mr. Kissel has been President and Chief Operating Officer of OMG since June, 1999. Since 1993, he has been Chief Executive Officer of Kissel Group, Ltd., a holding company with interests in Kissel Group, a consulting business specializing in strategic business issues and RotoCast Technologies, Inc., a specialty cast aluminum mold manufacturer. Previously, he was President of the Passenger and Light Truck Division of Continental-General Tire, Inc. From 1987 to 1990, he was Vice President of manufacturing and engineering for Engelhard Corporation and previously spent 24 years with the Goodyear Tire & Rubber Co.

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Mr. Kissel is a member of the Board of Directors of Myers Industries, Inc. and Weda Bay Minerals, Inc., Toronto, Ontario. Mr. Kissel's term as a director expires in 2004.

JAMES M. MATERNA has been the Chief Financial Officer of OMG since 1992. Prior to such time, he was a principal in Ashley Management, a financial management services and private investment firm, for six years. From 1981 to 1986, Mr. Materna was a partner with the accounting firm of KPMG Peat Marwick in New York and Cleveland. Mr. Materna received a B.S. degree in chemical engineering from the University of Pittsburgh and an MBA degree from the Graduate School of Business of Stanford University. Mr. Materna is a certified public accountant.

MICHAEL J. SCOTT is General Counsel and Chief Administrative Officer of OMG and has been with OMG since 1977. He became an executive officer of OMG in February 2002. Prior to joining OMG, Mr. Scott held

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several operating positions within the Standard Product Company. Mr. Scott received a B.A. degree from Hamilton College and a J.D. from Cleveland State University.

LEE R. BRODEUR has been a director of OMG since 1991 and a director of Mooney Chemicals, Inc. since 1987. Mr. Brodeur was employed by the Firestone Tire & Rubber Company, Akron, Ohio from 1951 until his retirement as Vice Chairman of that company in 1986. Mr. Brodeur's term as a director expires in 2002.

FRANK E. BUTLER has been a director of OMG since 1996. From 1992 until his retirement in 1997, Mr. Butler was President and General Manager of the Coatings Division of The Sherwin-Williams Company, a manufacturer, distributor and retailer of coatings and related products. From 1957 to 1992, Mr. Butler held various engineering positions in the Chemical Division of Sherwin-Williams. Mr. Butler received a masters degree in chemistry from Iowa State University. Mr. Butler's term as a director expires in 2004.

THOMAS R. MIKLICH has been a director of OMG since 1993. Mr. Miklich has been employed by Invacare Corporation as Chief Financial Officer and General Counsel since 1993. Prior to joining Invacare, Mr. Miklich was Executive Vice President, Chief Financial Officer and a Director of Van Dorn Company. For 22 years prior to that, Mr. Miklich was employed with The Sherwin-Williams Company where he held several financial positions, culminating as Senior Vice President and Chief Financial Officer. Mr. Miklich's term as a director expires in 2002.

JOHN E. MOONEY has been a director of OMG since 1995. For the past 13 years, Mr. Mooney has been Chief Executive Officer of Sachem, Inc., a specialty chemicals manufacturer. Mr. Mooney received a B.A. in Economics from the University of Toronto. Mr. Mooney is James P. Mooney's brother. Mr. Mooney's term as a director expires in 2003.

KATHARINE L. PLOURDE became a director of OMG in February 2002. Ms. Plourde was a Principal and analyst at the investment banking firm of Donaldson, Lufkin & Jenrette, Inc., New York, New York, until November 1997. Since that time she has engaged in private investing. Ms. Plourde is a director of Pall Corporation and serves as a director of several not-for-profit organizations. Ms. Plourde received a B.A. degree in English Literature from Barnard College at Columbia University and an M.B.A. in Finance from Fordham University. Ms. Plourde's term as a director expires in 2004.

MARKKU TOIVANEN has been a director of OMG since 1991 and currently is a

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consultant in the base metals industry. During 2000 and until October 2001, Mr. Toivanen served as Senior Vice President of New Business Ventures of Outokumpu Oyj. From 1996 to 2000, Mr. Toivanen served as Senior Vice President Corporate Strategic Development of Outokumpu Oyj. From 1993 to 1996, Mr. Toivanen served as President and Chief Executive Officer of Outokumpu Metals & Resources Oy. Mr. Toivanen and Antti Aaltonen, Vice President of Operations for OMG Kokkola Chemicals Oy, are brothers-in-law. Mr. Toivanen's term as a director expires in 2003.

### DIRECTOR COMPENSATION

Directors who are also officers of OMG receive no additional compensation for serving as directors. Outside directors receive an annual director's fee of \$36,000 and an annual fee of \$5,000 per committee for service on our Audit and Finance Committee or our Compensation Committee. Committee chairmen also receive an additional \$5,000 per annum. In addition, each outside director receives a fee of \$1,500 for each board meeting he or she attends. Directors may elect to receive their compensation in the form of cash, stock options or restricted stock under our Non-Employee Directors' Equity Compensation Plan. Under this plan, directors may purchase stock options for a price equal to the difference between the exercise price (75% of fair market value on date of grant) and the fair market value per share. Restricted shares may be purchased at a price equal to fair market value per share. Also, directors electing to receive restricted stock receive additional restricted stock equal to 5% of cash compensation. Directors are reimbursed for their travel and other expenses incurred in attending board and committee meetings.

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### EXECUTIVE COMPENSATION

Summary Compensation Table. The following table sets forth all compensation awarded to, earned by or paid to OMG's Chief Executive Officer and OMG's other two executive officers during 1999, 2000 and 2001 for services rendered during those years.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION	
		SALARY (1)	BONUS (2)	RESTRICTED STOCK AWARDS (3)	SECURITIES AND UNDERLYING STOCK OPTIONS (SHARES)	LTIP PAYOUTS
James P. Mooney..... Chairman & CEO	2001	\$785,500	\$1,140,000	\$1,776,000	10,000	\$0
	2000	\$640,500	\$1,123,000	\$ 0	100,000	\$0
	1999	\$580,000	\$ 630,000	\$ 0	85,000	\$0
Edward W. Kissel..... President & COO	2001	\$540,500	\$ 563,000	\$1,184,000	20,000	\$0
	2000	\$485,500	\$ 665,000	\$ 0	65,000	\$0
	1999	\$240,208	\$ 207,813	\$ 570,000	70,000	\$0

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James M. Materna.....	2001	\$339,500	\$ 288,000	\$ 592,000	20,000	\$0
CFO	2000	\$296,500	\$ 360,000	\$ 0	50,000	\$0
	1999	\$270,000	\$ 243,000	\$ 0	37,000	\$0

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- (1) Salary amounts include \$10,500 401(k) deferral.
- (2) Amounts awarded to each officer under OMG's Bonus Program for Key Executives and Middle Management.
- (3) Restricted stock awards granted in 2001 were as follows: Mr. Mooney -- 30,000 shares; Mr. Kissel -- 20,000 shares; and Mr. Materna -- 10,000 shares. Dollar amounts shown for each officer in 2001 equal the number of shares of restricted stock granted multiplied by the stock price on the grant date (\$59.20). The dollar amount shown for Mr. Kissel in 1999 equals the number of shares of restricted stock granted (15,000) multiplied by the stock price on the grant date (\$38.00). The valuations shown do not take into account the diminution in value attributable to the restriction applicable to the shares. Dividends will be paid on all restricted stock shown above. As of December 31, 2001, Mr. Mooney's 30,000 shares of restricted stock had a value of \$1,985,700, Mr. Kissel's 35,000 shares of restricted stock had a value of \$2,316,650 and Mr. Materna's 10,000 shares of restricted stock had a value of \$661,900. The restricted stock awards granted in 2001 to Mr. Mooney, Mr. Kissel and Mr. Materna will vest in equal increments over a three-year period on each of December 31, 2002, 2003 and 2004. As it relates to the restricted stock award of 15,000 shares granted to Mr. Kissel in 1999, on the three-year anniversary, June 1, 2002, 5,000 shares will vest and an amount equal to accrued dividends will be paid and on the five-year anniversary, June 1, 2004, 10,000 shares will vest together with an amount equal to accrued dividends.
- (4) This amount represents amounts contributed for each officer under OMG's qualified Profit-sharing Plan and amounts accrued under the OM Group, Inc. Benefit Restoration Plan. The amount OMG contributed during 2001 for the named executive officers for the Profit Sharing Plan was \$15,000 each. For the Benefit Restoration Plan during 2001 OMG contributed the following amounts: Mr. Mooney, \$259,200; Mr. Kissel, \$153,750; and Mr. Materna, \$77,850.

Option Grant Table. The following table sets forth additional information concerning individual grants of stock options pursuant to OMG's Long-term Incentive Compensation Plan made by OMG during 2001 to the named executive officers, which options are included in the Summary Compensation Table above. Stock options granted under the plan have a 10-year term and become fully exercisable at December 31 of the year following the year in which granted. The option price for stock options granted under the plan is the closing sale price of OMG common stock on the date of grant.

OPTION GRANT TABLE

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NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENTAGE OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 2001	EXERCISE OR BASE PRICE	EXPIRATION DATE	AT ASS OF STOC 5%
James P. Mooney.....	10,000	4%	\$59.20	11/05/2011	\$372,30
Edward W. Kissel.....	20,000	8%	\$59.20	11/05/2011	\$744,60
James M. Materna.....	20,000	8%	\$59.20	11/05/2011	\$744,60

AGGREGATED OPTION EXERCISES AND  
FISCAL YEAR-END OPTION VALUE

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED (1)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT 12/31/01		VALUE O IN- OPTIONS
			EXERCISABLE	UNEXERCISABLE	EXERCISABL
James P. Mooney.....	177,161	\$9,080,387	548,065 (3)	10,000	\$19,346,98
Edward W. Kissel.....	--	--	135,000	20,000	\$ 3,333,15
James M. Materna.....	19,049	\$ 757,177	191,100	20,000	\$ 5,855,81

(1) Market value of stock at date and time of exercise less exercise price.

(2) Based on fair market value at December 31, 2001 of \$66.19.

(3) Includes 448,065 stock options transferred in accordance with the terms of  
OMG's Long-Term Incentive Compensation Plan to a limited partnership in  
which Mr. Mooney is a general partner.

REPORT OF THE COMPENSATION COMMITTEE

Executive Compensation Policy. The Compensation Committee of the Board of Directors, comprised solely of outside directors of OMG, is responsible for setting the policies and approving the practices of OMG in its compensation to executive officers of OMG and its subsidiaries, including those executive officers named in the compensation tables in this prospectus. The Committee's general policy on executive compensation is to provide a significant incentive to management to achieve annual profit goals and to increase the value of OMG's stock. The policy is intended to cause a significant portion of total executive compensation to be contingent upon OMG performance and in the form of annual and longer-term incentives.

In carrying out its responsibilities in 2001, the Committee considered the following:

1. OMG's financial performance;
2. OMG's general policies and practices for compensation of employees;
3. The recommendations of OMG's management concerning compensation of individual key employees; and

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4. Advice from independent compensation consultants concerning all aspects of OMG's compensation policies, including how its policies and practices compare to the policies and practices of other comparable companies.

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The three major components of OMG's executive officer compensation program are (1) base compensation and annual adjustments thereto paid pursuant to employment contracts with executive officers, (2) annual bonuses paid pursuant to the Bonus Program for Key Executives and Middle Management, and (3) stock options issued at fair market value pursuant to OMG's 1998 Long-Term Incentive Compensation Plan.

**Employment Contracts with Executive Officers.** OMG has entered into employment contracts with each of its executive officers. The employment contracts establish the position of each executive officer and provide that the executive officer will devote his full professional attention to OMG and that OMG will not materially decrease his level of responsibility. Each contract provides for automatic yearly renewals unless the contract is terminated by either party upon six months' prior notice.

Each contract provides for base compensation which may be increased annually, but not decreased. In considering annual adjustments to an executive officer's base compensation, the Committee considers both OMG and individual performance. In addition, executive officers' base salaries are targeted between the median and 75th percentile of comparably sized companies in the chemical and non-durable goods manufacturing industries. Each contract also provides for annual bonuses paid pursuant to OMG's Bonus Program for Key Executives and Middle Management described below.

OMG may terminate each contract at any time with or without cause. If terminated for cause, an officer is entitled to compensation accrued up to the time of termination. If terminated without cause, the officer is entitled to accrued compensation and to receive all base compensation, incentive bonuses and fringe benefits due under his contract for the later of the expiration of the current contract term or two years after delivery of notice of termination with respect to James P. Mooney and James M. Materna. If the officer resigns for any reason, he is entitled to accrued compensation and to receive all base compensation for three months following the effective date of termination of his employment.

Mr. Kissel has a three-year employment contract, renewable for two year periods on six months notice. The contract provides for severance pay in the amount of base and incentive compensation for the remainder of any portion of the term not served, unless he is dismissed for cause as defined in the contract.

**Bonus Program for Key Executives and Middle Management.** OMG pays annual bonuses to certain employees, including executive officers, based primarily on OMG's operating profit. In deciding annual bonus amounts, the Committee reviews OMG's performance against a predetermined consolidated operating profit goal, approved annually by the board of directors as part of OMG's financial budgeting process. Annual bonuses are then paid pursuant to a schedule approved by the board of directors which sets forth specified percentages of base compensation payable as annual bonuses based upon the level of attainment of the predetermined operating profit goal. Based on this performance, executive officers, other than the CEO, received annual bonuses ranging from 85% to 104% of their annual base salaries in 2001.



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1998 Long-Term Incentive Compensation Plan. Executive officers and other key employees also received compensation pursuant to OMG's 1998 Long-Term Incentive Compensation Plan. The Incentive Plan is designed to promote OMG's growth and profitability by providing, through common stock ownership, incentives to attract and retain highly talented persons to provide managerial and administrative services to OMG and to motivate such persons to use their best efforts on OMG's behalf. The Incentive Plan provides for the granting of stock options, stock appreciation rights, restricted stock awards and phantom stock. Under the 1998 Long-Term Incentive Compensation Plan, the total number of shares of common stock subject to the plan each year is 1.5% of the total number of issued and outstanding shares of OMG's common stock as of December 30 of the preceding calendar year.

The Incentive Plan is administered by the Committee. Subject to the provisions of the Incentive Plan, the Committee is authorized to determine who may participate in the Incentive Plan, the Awards made to each participant and the terms and conditions applicable to each Award. The number of stock options granted to executive officers and key employees during 2001 depended principally upon the individual's level of responsibility within OMG and the Committee's assessment of individual performance and contribution.

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CEO Compensation and Company Performance. In setting Mr. James P. Mooney's compensation for 2001, the Committee considered OMG's financial performance during the previous four quarters, Mr. Mooney's personal performance and comparative data on the salaries for chief executive officers of comparably-sized companies in the chemical and non-durable goods manufacturing industries. The Committee also considered various factors of corporate performance, including profitability, market position, productivity, product leadership and the balancing of short-term and long-term goals.

Mr. Mooney's contract also provides for bonuses in accordance with the Bonus Program for Key Executives and Middle Management. The Committee reviewed OMG's 2001 performance against the predetermined consolidated operating profit goal for 2001 and also considered the successful acquisition by OMG of the precious metals and metal management businesses of dmc(2). Based upon OMG's level of attainment of the operating profit goal and the acquisition of the dmc(2) businesses, Mr. Mooney received an annual bonus for 2001 of \$1,140,000 in recognition of OMG's and his individual performance in 2001.

On November 5, 2001, the Committee approved a grant of an option for 10,000 shares and an award of 30,000 restricted shares to Mr. Mooney pursuant to the Incentive Plan. The size of these awards was based on the Committee's consideration of the size of similar awards to chief executive officers with pay and responsibility comparable to that of Mr. Mooney and its qualitative assessment of Mr. Mooney's performance during 2001.

The Compensation Committee

Lee R. Brodeur, Chairman  
Frank E. Butler

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### PERFORMANCE COMPARED TO CERTAIN STANDARDS

The chart set forth below compares OMG's cumulative total stockholder

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return to (a) that of the Standard & Poor's 500 Index, and (b) that of S&P Chemicals (Specialty) Index. The chart assumes \$100 was invested on December 31, 1996, and in all cases, the information is presented on a dividend reinvested basis.

### COMPARE 5-YEAR CUMULATIVE TOTAL RETURN AMONG OM GROUP, INC., S&P CHEMICALS (SPECIALTY) AND S&P 500 INDEX

[GRAPH]

	OM GROUP, INC.	S&P CHEMICALS (SPECIALTY)
12/31/1996	100	100
12/31/1997	136.99	123.83
12/31/1998	137.79	105.46
12/31/1999	131.48	116.74
12/29/2000	210.7	103.84
12/31/2001	257.56	97.31

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### SECURITY OWNERSHIP OF DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of January 31, 2002, information concerning the number of shares of our common stock beneficially owned by each director and executive officer individually and by all of our executive officers and directors as a group. No executive officer or director other than James P. Mooney owns more than 1% of the outstanding shares of our common stock. As of January 31, 2002, Mr. Mooney beneficially owned approximately 4.2% and all executive officers and directors as a group beneficially owned approximately 5.5% of our shares. The totals shown below for each person and for the group include shares held personally, shares held by family members, shares held under our profit-sharing plan, and shares acquirable within sixty days of the above date by the exercise of stock options granted under our stock option plan.

### AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP

NAME OF BENEFICIAL OWNER(1)	DIRECTLY OWNED (2)	PROFIT-SHARING PLAN	EXERCISABLE OPTIONS (3)	TOT
Lee R. Brodeur.....	5,750	--	23,055	28
Frank E. Butler.....	--	--	18,866	18
Edward W. Kissel.....	700	--	135,000	135
James M. Materna.....	1,050	2,922	191,100	195
Thomas R. Miklich.....	3,450	--	3,890	7
James P. Mooney.....	655,518	830	548,065	1,204
John E. Mooney.....	10,854	--	7,568	18
Markku Toivanen.....	--	--	3,080	3
All directors and executive officers as a group (consisting of 8 persons).....	677,322	3,752	930,624	1,611

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- (1) Each person has sole voting and investment power with respect to all shares shown except as indicated below.
  - (2) James P. Mooney's shares include 541,381 shares held by a limited partnership, Lion Investment Co. L.P., for which Mr. Mooney is a general partner.
  - (3) Represents shares subject to stock options that were exercisable at January 31, 2002 or within 60 days of January 31, 2002. James P. Mooney's options include 448,065 options transferred to a limited partnership in accordance with the terms of OMG's Long-Term Incentive Plan. Mr. Mooney, as a general partner of the limited partnership to which the options have been transferred, continues to have voting and investment power with respect to these shares.

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The following table sets forth information concerning each person known by us to be the beneficial owner of more than 5% of our outstanding common stock or stock convertible into common stock.

NAME AND ADDRESS OF BENEFICIAL OWNER -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP -----	PERCENT O -----
Baron Capital Group, Inc., et al..... 767 Fifth Avenue New York, NY 10153 (1)	3,369,890	14.
Citigroup, Inc..... 399 Park Avenue New York, NY 10043 and Salomon Smith Barney Holdings, Inc. 388 Greenwich Street New York, NY 10013 (2)	1,774,731	7.

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- (1) Information regarding share ownership and ownership percentage was obtained from Amendment No. 5 to a Schedule 13G filed on February 8, 2002 by Baron Capital Group, Inc., BAMCO, Inc., Baron Capital Management, Inc., Baron Asset Fund and Ronald Baron. Baron Capital Group, Inc. is a parent holding company of a group of investment management companies. BAMCO, Inc. and Baron Capital Management, Inc. are subsidiaries of Baron Capital Group, Inc. Baron Asset Fund is an investment advisory client of BAMCO, Inc. Ronald Baron owns a controlling interest in Baron Capital Group, Inc. Baron Capital Group, Inc. and Ronald Baron each have shared voting and dispositive power with respect to all 3,369,890 shares. BAMCO, Inc. has shared voting and dispositive power with respect to 2,780,300 shares. Baron Capital Management, Inc. has shared voting and dispositive power with respect to 589,590 shares. Baron Asset Fund has shared voting and dispositive power with respect to 2,360,300 shares.

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- (2) Information regarding share ownership and ownership percentage was obtained from the Schedule 13G/A filed on February 4, 2002 jointly by Citigroup, Inc. and Salomon Smith Barney Holdings, Inc. CitiGroup, Inc. is the sole stockholder and parent holding company of Salomon Smith Barney Holdings, Inc. CitiGroup, Inc. has shared voting and dispositive power with respect to all 1,774,731 shares. Salomon Smith Barney Holdings, Inc. has shared voting and dispositive power with respect to 1,773,581 shares.

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### RELATED PARTY TRANSACTIONS

Mr. Markku Toivanen, a director of OMG, was formerly Senior Vice President of Strategic Development of Outokumpu Oyj, our former majority stockholder. Our Kokkola, Finland production facility (KCO) is situated on property owned by Outokumpu Zinc Oy, an affiliate of Outokumpu Oyj. KCO and Outokumpu Zinc Oy share certain physical facilities, services and utilities under agreements with various expiration dates. Services and utilities also are provided to our Harjavalta, Finland production facility (HNO) under similar agreements. Utilities and raw material purchase assistance contracts provide that KCO and HNO jointly purchase with, or pay a fee to, affiliates of Outokumpu Oyj for assistance in negotiating contracts and securing bulk quantity discounts. Amounts paid related to these raw material contracts and utilities agreements amounted to approximately \$116.0 million and \$10.0 million, respectively, in 2001. We have other arrangements with Outokumpu Oyj affiliates relating to a service agreement, a lease, and research and development. The aggregate of the amounts paid by us during 2001 pursuant to these other arrangements amounted to approximately \$20.0 million.

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### DESCRIPTION OF THE CREDIT FACILITIES

The following description is only a summary of the material terms of the credit facilities. This summary may not describe all of the terms of the credit facilities that may be important to you. We will make available copies of the credit facilities to holders of the notes upon request.

In conjunction with the acquisition of the dmc(2) operations, the sale to Ferro of the dmc(2) divisions and the refinancing of certain indebtedness, Credit Suisse First Boston Corporation and National City Bank jointly underwrote and jointly lead arranged \$652.0 million of additional term loans under our existing \$658.0 million credit facilities. The credit facilities are comprised of an amendment and restatement of our existing facilities and the additional term loans. Effective as of August 10, 2001, the credit facilities were amended to, among other things, extend the increased credit described above, modify specific financial covenants and permit the offering of original notes.

The credit facilities provide for up to \$1,310.0 million of aggregate borrowing capacity, consisting of:

- a secured \$135.0 million Term Loan A;
- a secured \$500.0 million Term Loan B;
- a secured \$350.0 million Asset Sale Term Loan; and

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- a secured revolving line of credit in an aggregate amount of \$325.0 million in available borrowings.

In addition, the credit facilities provide for a euro loan sub-facility, a swing line loan sub-facility and a letter of credit sub-facility.

As of December 31, 2001, there was approximately \$920.7 million of aggregate loans outstanding under the credit facilities, consisting of \$127.2 million of the Term Loan A, \$499.1 million of the Term Loan B and \$294.4 million of the Revolver. The Asset Sale Term Loan was fully repaid with the proceeds of the sale of the dmc(2) divisions to Ferro and the corresponding commitment amount is no longer available under the credit facilities. Approximately \$106.7 million of Term Loan A and approximately \$7.3 million of Term Loan B were repaid with proceeds from the sale of our common stock on January 24, 2002 and the corresponding commitment amounts are no longer available under the credit facilities.

The Term Loan A is subject to specified amortization payments required to be made in quarterly installments that commenced in January, 2002 and will continue until final payment is made in April, 2006. The Term Loan B is subject to specified amortization payments required to be made in quarterly installments that commenced in January, 2002 and will continue until final payment is made in April, 2007. The Revolver is available until April 1, 2006 unless terminated earlier under specified circumstances. Additionally, the loans under the credit facilities and the aggregate available commitments under the credit facilities (i) will be reduced in connection with specified asset and capital stock sales and dispositions, receipt of specified insurance proceeds, and incurrences of some indebtedness, and (ii) will be reduced by one-half of our Excess Cash Flow (as defined in the credit facilities) if, commencing December 31, 2002, the ratio of our Consolidated Total Debt to Consolidated EBITDA (as each is defined in the credit facilities) exceeds a specified level.

Borrowings under the Term Loan A, the Term Loan B and the Revolver bear interest at a rate equal to, at our option, either (1) the base rate (which is based on the greater of the prime rate most recently announced by the agent for the credit facilities or the Federal Funds rate plus one-half of 1%) or (2) the applicable London interbank rate, in each case plus an applicable margin determined by reference to the ratio of our Consolidated Total Debt to Consolidated EBITDA; provided that borrowings of swing line loans under the Revolver portion of the credit facilities bear interest at a rate equal to either (1) the money market rate or (2) the base rate plus an applicable margin determined by reference to the ratio of our Consolidated Total Debt to Consolidated EBITDA.

Our obligations under the credit facilities are unconditionally guaranteed, jointly and severally, by all of our material domestic direct and indirect subsidiaries. Our obligations and the obligations of our guaranteeing subsidiaries under the credit facilities are secured primarily by a first priority perfected lien on all of our

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domestic personal property assets and a first priority pledge of 100% of the common stock of our domestic subsidiaries and of 65% of the common stock of our first-tier foreign subsidiaries. OMG AG & Co. KG, one of our foreign subsidiaries, may obtain revolving loans under the euro loan sub-facility and is liable to repay all such loans and related interest. We and our guarantor subsidiaries are also liable in respect of such euro loans.

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The credit facilities contain, among other things, covenants requiring us to obtain interest rate hedge protection for at least \$350.0 million, and restricting our ability and the ability of our subsidiaries to dispose of assets, merge, pay dividends, repurchase or redeem capital stock, pay, prepay or redeem specified indebtedness (including the notes), incur indebtedness and guarantees, create liens, enter into agreements with negative pledge clauses, make some investments or acquisitions, enter into sale and leaseback transactions, enter into transactions with affiliates, change our fiscal year or make any substantial change to the nature of the business we engage in currently. The credit facilities also contain a number of representations and warranties and specified financial covenants such as minimum interest coverage ratios, maximum leverage ratios and minimum fixed charge coverage ratios.

In addition, the credit facilities are subject to (i) a commitment fee determined by reference to the unused portion of the Revolver, (ii) letter of credit fees with respect to each letter of credit outstanding under the credit facilities based on the applicable margin in effect for London interbank rate loans for the Revolver, and (iii) some other fees that are usual and customary for credit facilities of this nature.

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### DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the word "OMG" refers only to OM Group, Inc. and not to any of its subsidiaries.

OMG issued the original notes and will issue the exchange notes under the indenture among itself, the Guarantors and The Bank of New York, as trustee. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939. The form and terms of the exchange notes and the original notes are identical in all material respects, except that transfer restrictions and registration rights applicable to the original notes do not apply to the exchange notes.

The following description is a summary of the material provisions of the indenture and the registration rights agreement. It does not restate those agreements in their entirety. We urge you to read the indenture and the registration rights agreement because they, and not this description, define your rights as holders of the notes. Copies of the indenture and the registration rights agreement are available as set forth below under "--Additional Information." Certain defined terms used in this description but not defined below under "--Certain Definitions" have the meanings assigned to them in the indenture.

The registered Holder of a note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the indenture.

### BRIEF DESCRIPTION OF THE NOTES AND GUARANTEES

#### THE NOTES

The original notes are, and the exchange notes will be:

- general unsecured obligations of OMG;
- subordinated in right of payment to all existing and future Senior Debt of OMG;

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- pari passu in right of payment with any future senior subordinated Indebtedness of OMG; and
- unconditionally guaranteed by the Guarantors.

### THE GUARANTEES

The original notes are, and the exchange notes will be, guaranteed by all of OMG's wholly-owned Domestic Restricted Subsidiaries. Each guarantee of the notes is or will be:

- a general unsecured obligation of the Guarantor;
- subordinated in right of payment to all existing and future Senior Debt of that Guarantor; and
- pari passu in right of payment with any future senior subordinated Indebtedness of that Guarantor.

As of December 31, 2001, OMG and the Guarantors had total Senior Debt of approximately \$920.7 million. As indicated above and as discussed in detail below under the caption "-- Subordination," payments on the notes and under these guarantees are subordinated to the payment of Senior Debt. The indenture permits us and the Guarantors to incur additional Senior Debt.

Not all of our subsidiaries guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any non-guarantor subsidiary, the non-guarantor subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to us. The guarantor subsidiaries generated 36% of our pro forma combined net sales for the year ended December 31, 2001 and held 27% of our pro forma combined assets as of December 31, 2001.

Our operations are conducted through our subsidiaries and, therefore, we depend on the cash flow of our subsidiaries to meet our obligations, including our obligations under the notes. The notes are effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade

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payables and lease obligations) of our non-guarantor subsidiaries. Any of our rights to receive assets of any of these subsidiaries upon the subsidiary's liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors, except to the extent that we are recognized as a creditor of the subsidiary, in which case our claims would still be subordinate in right of payment to any security in the assets of the subsidiary and any indebtedness of the subsidiary senior to that held by us. As of December 31, 2001, our non-guarantor subsidiaries had approximately \$712.5 million of liabilities, including trade payables but excluding intercompany obligations and minority interests.

As of the date of the indenture, all of our Domestic Subsidiaries are "Restricted Subsidiaries." However, under the circumstances described below

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under the subheading "-- Certain Covenants -- Designation of Restricted and Unrestricted Subsidiaries," we are permitted to designate certain of our subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries are not subject to many of the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

### PRINCIPAL, MATURITY AND INTEREST

OMG has issued \$400.0 million in aggregate principal amount of original notes and will issue up to that same amount of exchange notes pursuant to the exchange offer. OMG may issue additional notes from time to time after this exchange offer. Any offering of additional notes is subject to the covenant described below under the caption "-- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock." The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Notes are issued in denominations of \$1,000 and integral multiples of \$1,000. The notes will mature on December 15, 2011.

Interest on the notes will accrue at the rate of 9 1/4% per annum and will be payable semi-annually in arrears on June 15 and December 15, commencing on June 15, 2002. OMG will make each interest payment to the Holders of record on the immediately preceding June 1 and December 1.

Interest on the exchange notes will accrue from the date of issuance of the original notes or, if interest has already been paid on the original notes, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

### METHODS OF RECEIVING PAYMENTS ON THE NOTES

If a Holder has given wire transfer instructions to OMG, OMG will pay all principal, interest and premium and Liquidated Damages, if any, on that Holder's notes in accordance with those instructions. All other payments on notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless OMG elects to make interest payments by check mailed to the Holders at their address set forth in the register of Holders.

### PAYING AGENT AND REGISTRAR FOR THE NOTES

The trustee acts as paying agent and registrar. OMG may change the paying agent or registrar without prior notice to the Holders of the notes, and OMG or any of its Subsidiaries may act as paying agent or registrar.

### TRANSFER AND EXCHANGE

A Holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. OMG is not required to transfer or exchange any note selected for redemption. Also, OMG is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

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### SUBSIDIARY GUARANTEES

The original notes are, and the exchange notes will be, guaranteed by each of OMG's current and future wholly-owned Domestic Restricted Subsidiaries. These



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Subsidiary Guarantees are joint and several obligations of the Guarantors. Each Subsidiary Guarantee is subordinated to the prior payment in full of all Senior Debt of that Guarantor. The obligations of each Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law. See "-- Risk Factors."

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than OMG or another Guarantor, unless:

- (1) immediately after giving effect to that transaction, no Default or Event of Default exists; and
- (2) either:
  - (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the indenture, its Subsidiary Guarantee and the registration rights agreement pursuant to a supplemental indenture satisfactory to the trustee; or
  - (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Subsidiary Guarantee of a Guarantor will be released:

- (1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of OMG, if the sale or other disposition complies with the "Asset Sale" provisions of the indenture;
- (2) in connection with any sale of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of OMG, if the sale complies with the "Asset Sale" provisions of the indenture; or
- (3) if OMG designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture.

See "-- Repurchase at the Option of Holders -- Asset Sales."

### SUBORDINATION

The payment of principal, interest and premium and Liquidated Damages, if any, on the notes is subordinated to the prior payment in full of all Senior Debt of OMG, including Senior Debt incurred after the date of the indenture.

The holders of Senior Debt will be entitled to receive payment in full of all Obligations due in respect of Senior Debt (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt) before the Holders of notes will be entitled to receive any payment with respect to the notes (except that Holders of notes may receive and retain Permitted Junior Securities and payments made from the trust described under "-- Legal Defeasance and Covenant Defeasance"), in the event of any distribution to creditors of OMG:

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- (1) in a liquidation or dissolution of OMG;
- (2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to OMG or its property;
- (3) in an assignment for the benefit of creditors; or

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- (4) in any marshaling of OMG's assets and liabilities.

OMG also may not make any payment in respect of the notes (except in Permitted Junior Securities or from the trust described under "-- Legal Defeasance and Covenant Defeasance") if:

- (1) a payment default on Designated Senior Debt occurs and is continuing beyond any applicable grace period; or
- (2) any other default occurs and is continuing on any series of Designated Senior Debt that permits holders of that series of Designated Senior Debt to accelerate its maturity and the trustee receives a notice of such default (a "Payment Blockage Notice") from OMG or the holders of any Designated Senior Debt.

Payments on the notes may and will be resumed:

- (1) in the case of a payment default, upon the date on which such default is cured or waived; and
- (2) in the case of a nonpayment default, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until:

- (1) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice; and
- (2) all scheduled payments of principal, interest and premium and Liquidated Damages, if any, on the notes that have come due have been paid in full in cash.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the trustee will be, or be made, the basis for a subsequent Payment Blockage Notice unless such default has been cured or waived for a period of not less than 180 days.

If the trustee or any Holder of the notes receives a payment in respect of the notes (except in Permitted Junior Securities or from the trust described under "-- Legal Defeasance and Covenant Defeasance") when:

- (1) the payment is prohibited by these subordination provisions; and
- (2) the trustee or the Holder has actual knowledge that the payment is prohibited;

the trustee or the Holder, as the case may be, will hold the payment in trust for the benefit of the holders of Senior Debt. Upon the proper written request of the holders of Senior Debt, the trustee or the Holder, as the case may be,

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will deliver the amounts in trust to the holders of Senior Debt or their proper representative.

OMG must promptly notify holders of Senior Debt if payment of the notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of OMG, Holders of notes may recover less ratably than creditors of OMG who are holders of Senior Debt. See "Risk Factors."

**OPTIONAL REDEMPTION**

At any time prior to December 15, 2004, OMG may on any one or more occasions redeem up to 35% of the aggregate principal amount of notes issued under the indenture at a redemption price of (i) 104% of the principal amount, if such redemption had occurred prior to April 12, 2002 or (ii) 109.250% of the principal amount, if such redemption occurs on or after April 12, 2002, in each case, plus accrued and unpaid

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interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Public Equity Offerings; provided that:

- (1) at least 65% of the aggregate principal amount of notes issued under the indenture remains outstanding immediately after the occurrence of such redemption (excluding notes held by OMG and its Subsidiaries); and
- (2) the redemption occurs within 60 days of the date of the closing of such Public Equity Offering.

At any time prior to December 15, 2006, OMG may also redeem all or a part of the notes upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days prior notice (but in no event may any such redemption occur more than 90 days after the occurrence of such Change of Control) mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, to the date of redemption (the "Redemption Date").

After December 15, 2006, OMG may redeem all or a part of the notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, on the notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on December 15 of the years indicated below:

YEAR	PERCENTAGE
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2006.....	104.625%
2007.....	103.083%
2008.....	101.542%
2009 and thereafter.....	100.000%

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### MANDATORY REDEMPTION

OMG is not required to make mandatory redemption or sinking fund payments with respect to the notes.

### REPURCHASE AT THE OPTION OF HOLDERS

### CHANGE OF CONTROL

If a Change of Control occurs and OMG does not exercise its option to redeem the notes, each Holder of notes will have the right to require OMG to repurchase all or any part (equal to \$1,000 or an integral multiple of \$1,000) of that Holder's notes pursuant to a Change of Control Offer on the terms set forth in the indenture. In the Change of Control Offer, OMG will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, on the notes repurchased, to the date of purchase. Within 10 days following the expiration of the notice period with respect to OMG's ability to redeem the notes after any Change of Control, OMG will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. OMG will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, OMG will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such conflict.

On the Change of Control Payment Date, OMG will, to the extent lawful:

- (1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

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- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and
- (3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by OMG.

The paying agent will promptly mail to each Holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each new note will be in a principal amount of \$1,000 or an integral multiple of \$1,000.

The agreements governing OMG's outstanding Senior Debt currently prohibit OMG from repurchasing or redeeming any notes. Prior to complying with any of the provisions of this "Change of Control" covenant, but in any event within 90 days following a Change of Control, OMG will either repay all outstanding Senior Debt

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or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of notes required by this covenant. OMG will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require OMG to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the Holders of the notes to require that OMG repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

OMG will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by OMG and purchases all notes properly tendered and not withdrawn under the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of OMG and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require OMG to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of OMG and its Subsidiaries taken as a whole to another Person or group may be uncertain.

### ASSET SALES

OMG may not, and may not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) OMG (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;
- (2) the fair market value is determined by OMG's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an officers' certificate delivered to the trustee; and
- (3) at least 75% of the consideration received in the Asset Sale by OMG or such Restricted Subsidiary is in the form of cash. For purposes of this provision, each of the following will be deemed to be cash:
  - (a) any liabilities, as shown on OMG's or such Restricted Subsidiary's most recent balance sheet, of OMG or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are

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assumed by the transferee of any such assets pursuant to a customary novation agreement that releases OMG or such Restricted Subsidiary from further liability; and

- (b) any securities, notes or other obligations received by OMG or any such Restricted Subsidiary from such transferee that are

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converted by OMG or such Restricted Subsidiary into cash within 180 days of their receipt, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, OMG may apply those Net Proceeds at its option:

- (1) to repay Senior Debt and, if the Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;
- (2) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business;
- (3) to make a capital expenditure; or
- (4) to acquire other long-term assets that are used or useful in a Permitted Business.

Pending the final application of any Net Proceeds, OMG may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds \$15.0 million, OMG will make an Asset Sale Offer to all Holders of notes and all holders of other Indebtedness that is pari passu with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, OMG may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the trustee will select the notes and such other pari passu Indebtedness to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

OMG will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, OMG will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such conflict.

The agreements governing OMG's outstanding Senior Debt currently prohibit OMG from purchasing any notes, and also provides that certain change of control or asset sale events with respect to OMG would constitute a default under these agreements. Any future credit agreements or other agreements relating to Senior Debt to which OMG becomes a party may contain similar restrictions and provisions. In the event a Change of Control or Asset Sale occurs at a time when OMG is prohibited from purchasing notes, OMG could seek the consent of its senior lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If OMG does not obtain such a consent or repay such borrowings, OMG will remain prohibited from purchasing notes. In such case, OMG's failure to purchase tendered notes would constitute an Event of

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Default under the indenture which would, in turn, constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the indenture would likely restrict payments to the Holders of notes.

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### SELECTION AND NOTICE

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

- (1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- (2) if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate.

No notes of \$1,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the Holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

### CERTAIN COVENANTS

#### RESTRICTED PAYMENTS

OMG may not, and may not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of OMG's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving OMG or any of its Restricted Subsidiaries) or to the direct or indirect holders of OMG's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of OMG or to OMG or a Restricted Subsidiary of OMG);
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving OMG) any Equity Interests of OMG or any direct or indirect parent of OMG;
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the notes or the Subsidiary Guarantees, except a payment of interest or principal at the Stated Maturity thereof; or

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- (4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment:

- (1) no Default or Event of Default has occurred and is continuing or would occur as a reasonably foreseeable consequence of such Restricted Payment; and
- (2) OMG would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "-- Incurrence of Indebtedness and Issuance of Preferred Stock;" and

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- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by OMG and its Restricted Subsidiaries after the date of the indenture (excluding Restricted Payments permitted by clauses (2), (3) and (4) of the next succeeding paragraph), is less than the sum, without duplication, of:
  - (a) 50% of the Consolidated Net Income of OMG for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of the indenture to the end of OMG's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus
  - (b) 100% of the aggregate net cash proceeds received by OMG since the date of the indenture as a contribution to its common equity capital or from the issue or sale of Equity Interests of OMG (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of OMG that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of OMG), plus
  - (c) to the extent that any Restricted Investment that was made after the date of the indenture is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment.

The preceding provisions do not prohibit:

- (1) so long as no Default has occurred and is continuing or would be caused thereby, the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of the indenture;



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- (2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of OMG or any Guarantor or of any Equity Interests of OMG in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of OMG) of, Equity Interests of OMG (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded from clause (3) (b) of the preceding paragraph;
- (3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of OMG or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;
- (4) the payment of any dividend by a Restricted Subsidiary of OMG to the holders of its Equity Interests on a pro rata basis;
- (5) so long as no Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of OMG or any Restricted Subsidiary of OMG held by any member of OMG's (or any of its Restricted Subsidiaries') management or board of directors pursuant to any management equity subscription agreement, stock option agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed \$2.0 million in any calendar year, with unused amounts in any calendar year being carried over to succeeding years;
- (6) the repurchase of any Equity Interest of OMG or any Restricted Subsidiary of OMG deemed to occur upon exercise of stock options if those Equity Interests represent all or a portion of the exercise price of those options;

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- (7) payments in connection with the Transactions, including any purchase price adjustment or other payment made pursuant to any agreement relating to any of the Transactions; and
- (8) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an amount not to exceed \$20.0 million.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by OMG or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant will be determined by the Board of Directors whose resolution with respect thereto will be delivered to the trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds \$5.0 million. Not later than the date of making any Restricted Payment, OMG will deliver to the trustee an officers' certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the indenture.

INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK

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OMG may not, and may not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and OMG may not issue any Disqualified Stock and may not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that OMG may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and OMG's Restricted Subsidiaries may incur Indebtedness or issue preferred stock, if the Fixed Charge Coverage Ratio for OMG's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.25 to 1 determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant does not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

- (1) the incurrence by OMG and any Guarantor of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential reimbursement liability of OMG and its Subsidiaries thereunder) not to exceed the greater of \$1,060.0 million or the Borrowing Base, in each case, less the aggregate amount of all Net Proceeds of Asset Sales applied by OMG or any of its Restricted Subsidiaries to repay any Indebtedness under a Credit Facility and effect a corresponding commitment reduction thereunder pursuant to the covenant described above under the caption "-- Repurchase at the Option of Holders -- Asset Sales;"
  - (2) the incurrence by Foreign Subsidiaries of Indebtedness in addition to that otherwise permitted under the indenture in an aggregate principal amount at any one time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (2), not to exceed \$50.0 million;
  - (3) the incurrence by OMG and its Restricted Subsidiaries of the Existing Indebtedness;
  - (4) the incurrence by OMG and the Guarantors of Indebtedness represented by the notes and the related Subsidiary Guarantees to be issued on the date of the indenture and the exchange notes and the related Subsidiary Guarantees to be issued pursuant to the registration rights agreement;
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- (5) the incurrence by OMG or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, or the issuance of Disqualified Stock, in each case, incurred or issued for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of OMG or such Restricted Subsidiary, in an aggregate principal amount and/or aggregate liquidation preference amount, as applicable, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (5), not to

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collectively exceed \$25.0 million at any time outstanding;

- (6) the incurrence by OMG or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5), (6) or (11) of this paragraph;
- (7) the incurrence by OMG or any of its Restricted Subsidiaries of intercompany Indebtedness between or among OMG and any of its Restricted Subsidiaries; provided, however, that:
  - (a) if OMG or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, in the case of OMG, or the Subsidiary Guarantee, in the case of a Guarantor; and
  - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than OMG or a Restricted Subsidiary of OMG and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either OMG or a Restricted Subsidiary of OMG; will be deemed, in each case, to constitute an incurrence of such Indebtedness by OMG or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);
- (8) the incurrence by OMG or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business;
- (9) the guarantee by OMG or any of the Guarantors of Indebtedness of OMG or a Restricted Subsidiary of OMG that was permitted to be incurred by another provision of this covenant;
- (10) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; provided, in each such case, that the amount thereof is included in Fixed Charges of OMG as accrued; and
- (11) the incurrence by OMG or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, together with the issuance of Disqualified Stock in an aggregate liquidation preference amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (11), not to exceed \$75.0 million.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (11) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, OMG is permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner

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that complies with this covenant. Indebtedness under Credit Facilities outstanding on the date on which notes are

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first issued and authenticated under the indenture will be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt.

### NO SENIOR SUBORDINATED DEBT

OMG may not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of OMG and senior in any respect in right of payment to the notes. No Guarantor may incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to the Senior Debt of such Guarantor and senior in any respect in right of payment to such Guarantor's Subsidiary Guarantee.

### LIENS

OMG may not and may not permit any of its Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness, Attributable Debt or trade payables (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired, unless all payments due under the indenture and the notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

### DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES

OMG may not, and may not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to OMG or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to OMG or any of its Restricted Subsidiaries;
- (2) make loans or advances to OMG or any of its Restricted Subsidiaries; or
- (3) transfer any of its properties or assets to OMG or any of its Restricted Subsidiaries.

However, the preceding restrictions do not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the date of the indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements, provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of the indenture;

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- (2) the indenture, the notes and the Subsidiary Guarantees;
- (3) applicable law;
- (4) any instrument governing Indebtedness or Capital Stock of a Person acquired by OMG or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;
- (5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;

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- (6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (3) of the preceding paragraph;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
- (8) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (9) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption "-- Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;
- (10) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and
- (11) customary provisions in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business.

### MERGER, CONSOLIDATION OR SALE OF ASSETS

OMG may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not OMG is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of OMG and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either: (a) OMG is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than OMG) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

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- (2) the Person formed by or surviving any such consolidation or merger (if other than OMG) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of OMG under the notes, the indenture and the registration rights agreement pursuant to agreements reasonably satisfactory to the trustee;
- (3) immediately after such transaction no Default or Event of Default exists; and
- (4) OMG or the Person formed by or surviving any such consolidation or merger (if other than OMG), or to which such sale, assignment, transfer, conveyance or other disposition has been made:
  - (a) will have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of OMG immediately preceding the transaction; and
  - (b) will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "-- Incurrence of Indebtedness and Issuance of Preferred Stock."

In addition, OMG may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. This "Merger, Consolidation or Sale of Assets" covenant does not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among OMG and any of its Guarantors.

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### TRANSACTIONS WITH AFFILIATES

OMG may not, and may not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to OMG or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by OMG or such Restricted Subsidiary with an unrelated Person; and
- (2) OMG delivers to the trustee:
  - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$5.0 million, a resolution of the Board of Directors set forth in an officers' certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
  - (b) with respect to any Affiliate Transaction or series of related

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Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The following items are not deemed to be Affiliate Transactions and, therefore, are not subject to the provisions of the prior paragraph:

- (1) any employment agreement entered into by OMG or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of OMG or such Restricted Subsidiary;
- (2) transactions between or among OMG and/or its Restricted Subsidiaries;
- (3) transactions with a Person that is an Affiliate of OMG solely because OMG owns an Equity Interest in, or controls, such Person;
- (4) payment of reasonable directors fees to Persons who are not otherwise Affiliates of OMG;
- (5) sales of Equity Interests (other than Disqualified Stock) to Affiliates of OMG;
- (6) Restricted Payments that are permitted by the provisions of the indenture described above under the caption "-- Restricted Payments"; and
- (7) any agreement as in effect on the date of the indenture or any amendment thereto (so long as that amendment is not disadvantageous to the holders of the notes in any material respect) or any transaction contemplated thereby.

### ADDITIONAL SUBSIDIARY GUARANTEES

If OMG or any of its Subsidiaries acquires or creates another wholly-owned Domestic Restricted Subsidiary after the date of the indenture, then that newly acquired or created wholly-owned Domestic Restricted Subsidiary will become a Guarantor and execute a supplemental indenture and deliver an opinion of counsel satisfactory to the trustee within 10 Business Days of the date on which it was acquired or created; provided that this covenant does not apply to all Subsidiaries that have properly been designated as Unrestricted Subsidiaries in accordance with the indenture for so long as they continue to constitute Unrestricted Subsidiaries.

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### DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by OMG and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the first paragraph of the covenant described above under the caption "-- Restricted Payments" or Permitted Investments, as determined by OMG. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary

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otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

### SALE AND LEASEBACK TRANSACTIONS

OMG may not, and may not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that OMG or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

- (1) OMG or that Restricted Subsidiary, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described above under the caption "-- Incurrence of Indebtedness and Issuance of Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "-- Liens;"
- (2) the gross cash proceeds of that sale and leaseback transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors and set forth in an officers' certificate delivered to the trustee, of the property that is the subject of that sale and leaseback transaction; and
- (3) the transfer of assets in that sale and leaseback transaction is permitted by, and OMG applies the proceeds of such transaction in compliance with, the covenant described above under the caption "-- Repurchase at the Option of Holders -- Asset Sales."

### LIMITATION ON ISSUANCES AND SALES OF EQUITY INTERESTS IN WHOLLY OWNED RESTRICTED SUBSIDIARIES

OMG may not, and may not permit any of its Restricted Subsidiaries to, transfer, convey, sell, lease or otherwise dispose of any Equity Interests in any Wholly Owned Restricted Subsidiary of OMG to any Person (other than OMG or a Wholly Owned Restricted Subsidiary of OMG), unless:

- (1) such transfer, conveyance, sale, lease or other disposition is of all the Equity Interests in such Wholly Owned Restricted Subsidiary; and
- (2) the cash Net Proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with the covenant described above under the caption "-- Repurchase at the Option of Holders -- Asset Sales."

In addition, OMG may not permit any Wholly Owned Restricted Subsidiary of OMG to issue any of its Equity Interests (other than, if necessary, shares of its Capital Stock constituting directors' qualifying shares) to any Person other than to OMG or a Wholly Owned Restricted Subsidiary of OMG, unless OMG is permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "-- Incurrence of Indebtedness and Issuance of Preferred Stock."

### BUSINESS ACTIVITIES

OMG may not, and may not permit any Restricted Subsidiary to, engage in any



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business other than Permitted Businesses, except to such extent as would not be material to OMG and its Restricted Subsidiaries taken as a whole.

### PAYMENTS FOR CONSENT

OMG may not, and may not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless such consideration is offered to be paid and is paid to all Holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

### REPORTS

Whether or not required by the SEC, so long as any notes are outstanding, OMG will furnish to the Holders of notes, within the time periods specified in the SEC's rules and regulations:

- (1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if OMG were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by OMG's certified independent accountants; and
- (2) all current reports that would be required to be filed with the SEC on Form 8-K if OMG were required to file such reports.

In addition, following the consummation of this exchange offer, whether or not required by the SEC, OMG will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. In addition, OMG and the Subsidiary Guarantors have agreed that, for so long as any notes remain outstanding, they will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### EVENTS OF DEFAULT AND REMEDIES

Each of the following is an Event of Default:

- (1) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the notes whether or not prohibited by the subordination provisions of the indenture;
- (2) default in payment when due of the principal of, or premium, if any, on the notes, whether or not prohibited by the subordination provisions of the indenture;
- (3) failure by OMG or any of its Restricted Subsidiaries to comply with the provisions described under the captions "-- Repurchase at the Option of Holders -- Change of Control," "-- Repurchase at the Option of Holders -- Asset Sales," "-- Certain Covenants -- Restricted Payments," "-- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock" or "-- Certain Covenants -- Merger, Consolidation or Sale of Assets;"

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- (4) failure by OMG or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the indenture;
- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by OMG or any of its Restricted Subsidiaries (or the payment of which is guaranteed by OMG or any of its

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Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the indenture, if that default:

- (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or
- (b) results in the acceleration of such Indebtedness prior to its express maturity;

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$15.0 million or more;

- (6) failure by OMG or any of its Restricted Subsidiaries to pay final judgments aggregating at any time in excess of \$15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;
- (7) except as permitted by the indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and
- (8) certain events of bankruptcy or insolvency described in the indenture with respect to OMG or any of its Restricted Subsidiaries.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to OMG, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the Holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from Holders of the notes notice of any continuing Default or Event of Default if it determines that withholding notes is in their interest, except a Default or Event of Default relating to the payment of principal or interest or Liquidated Damages.

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The Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may on behalf of the Holders of all of the notes waive any existing Default or Event of Default and its consequences under the indenture except a continuing Default or Event of Default in the payment of interest or Liquidated Damages on, or the principal of, the notes.

In the case of any Event of Default occurring by reason of any willful action or inaction taken or not taken by or on behalf of OMG with the intention of avoiding payment of the premium that OMG would have had to pay if OMG then had elected to redeem the notes pursuant to the optional redemption provisions of the indenture, an equivalent premium will also become and be immediately due and payable to the extent permitted by law upon the acceleration of the notes. If an Event of Default occurs prior to December 15, 2006 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of OMG with the intention of avoiding the prohibition on redemption of the notes prior to December 15, 2006 then the premium specified in the indenture will also become immediately due and payable to the extent permitted by law upon the acceleration of the notes.

OMG is required to deliver to the trustee annually a statement regarding compliance with the indenture. Upon becoming aware of any Default or Event of Default, OMG is required to deliver to the trustee a statement specifying such Default or Event of Default.

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### NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No director, officer, employee, incorporator or stockholder of OMG or any Guarantor, as such, will have any liability for any obligations of OMG or the Guarantors under the notes, the indenture, the Subsidiary Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

### LEGAL DEFEASANCE AND COVENANT DEFEASANCE

OMG may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes and all obligations of the Guarantors discharged with respect to their Subsidiary Guarantees ("Legal Defeasance") except for:

- (1) the rights of Holders of outstanding notes to receive payments in respect of the principal of, or interest or premium and Liquidated Damages, if any, on such notes when such payments are due from the trust referred to below;
- (2) OMG's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the trustee, and OMG's and the Guarantor's obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the indenture.

In addition, OMG may, at its option and at any time, elect to have the

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obligations of OMG and the Guarantors released with respect to certain covenants that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "--Events of Default and Remedies" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) OMG must irrevocably deposit with the trustee, in trust, for the benefit of the Holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Liquidated Damages, if any, on the outstanding notes on the stated maturity or on the applicable redemption date, as the case may be, and OMG must specify whether the notes are being defeased to maturity or to a particular redemption date;
- (2) in the case of Legal Defeasance, OMG must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that (a) OMG has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, OMG must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant

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Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

- (4) no Default or Event of Default must have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);
- (5) such Legal Defeasance or Covenant Defeasance must not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the indenture) to which OMG or any of its Restricted Subsidiaries is a party or by which OMG or any of its Restricted Subsidiaries is bound;
- (6) OMG must deliver to the trustee an officers' certificate stating that the deposit was not made by OMG with the intent of preferring the Holders of notes over the other creditors of OMG with the intent

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of defeating, hindering, delaying or defrauding creditors of OMG or others; and

- (7) OMG must deliver to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

### AMENDMENT, SUPPLEMENT AND WAIVER

Except as provided in the next three succeeding paragraphs, the indenture or the notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing default or compliance with any provision of the indenture or the notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting Holder):

- (1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any note or alter the provisions with respect to the redemption of the notes (other than provisions relating to the covenants described above under the caption "-- Repurchase at the Option of Holders");
- (3) reduce the rate of or change the time for payment of interest on any note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium, or Liquidated Damages, if any, on the notes (except a rescission of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any note payable in money other than that stated in the notes;
- (6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of Holders of notes to receive payments of principal of, or interest or premium or Liquidated Damages, if any, on the notes;
- (7) waive a redemption payment with respect to any note (other than a payment required by one of the covenants described above under the caption "-- Repurchase at the Option of Holders");
- (8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the indenture, except in accordance with the terms of the indenture; or

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- (9) make any change in the preceding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of the indenture relating to subordination that adversely affects the rights of the

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Holders of the notes requires the consent of the Holders of at least 75% in aggregate principal amount of notes then outstanding.

Notwithstanding the preceding, without the consent of any Holder of notes, OMG, the Guarantors and the trustee may amend or supplement the indenture or the notes:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to provide for the assumption of OMG's obligations to Holders of notes in the case of a merger or consolidation or sale of all or substantially all of OMG's assets;
- (4) to make any change that would provide any additional rights or benefits to the Holders of notes or that does not adversely affect the legal rights under the indenture of any such Holder; or
- (5) to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act.

### SATISFACTION AND DISCHARGE

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

- (1) either:
  - (a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to OMG, have been delivered to the trustee for cancellation; or
  - (b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and OMG or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium and Liquidated Damages, if any, and accrued interest to the date of maturity or redemption;
- (2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which OMG or any Guarantor is a party or by which OMG or any Guarantor is bound;
- (3) OMG or any Guarantor has paid or caused to be paid all sums payable by it under the indenture; and
- (4) OMG has delivered irrevocable instructions to the trustee under the

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indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, OMG must deliver an officers' certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

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### CONCERNING THE TRUSTEE

If the trustee becomes a creditor of OMG or any Guarantor, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee is permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The Holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default occurs and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any Holder of notes, unless such Holder has offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

### ADDITIONAL INFORMATION

Anyone who receives this prospectus may obtain a copy of the indenture and registration rights agreement without charge by writing to OM Group, Inc., 50 Public Square, Suite 3500, Cleveland, Ohio 44113, USA, Attention: General Counsel.

### BOOK-ENTRY, DELIVERY AND FORM

The original notes were offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes") and also were offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, exchange notes will be issued in registered, global form in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess of \$1,000.

Rule 144A Notes initially were represented by one or more notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially were represented by one or more notes in registered, global form without interest coupons (collectively, the "Regulation S Global Notes"). The exchange notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Exchange Global Notes" and, together with the Rule 144A Global Notes and the Regulation S Global Notes, the "Global Notes"). The Rule 144A Global Notes and the Regulation S Global Notes were, and the Exchange Global Notes will be, deposited upon issuance with the trustee as custodian for The Depository Trust Company ("DTC"), in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "-- Exchanges between Regulation S Notes and Rule 144A

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Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See "--Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) are subject to certain restrictions on transfer and bear a restrictive legend. Regulation S Notes also bear the legend. In addition, transfers of beneficial interests in the Global Notes are subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of the Euroclear System ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") as indirect participants in DTC), which may change from time to time.

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### DEPOSITORY PROCEDURES

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. OMG takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised OMG that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised OMG that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants in DTC's



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system may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants in such system. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. After the expiration of 40 days after the closing of the original notes offering (the "Restricted Period"), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

EXCEPT AS DESCRIBED BELOW, OWNERS OF INTERESTS IN THE GLOBAL NOTES WILL NOT HAVE NOTES REGISTERED IN THEIR NAMES, WILL NOT RECEIVE PHYSICAL DELIVERY OF NOTES IN CERTIFICATED FORM AND WILL NOT BE CONSIDERED THE REGISTERED OWNERS OR "HOLDERS" THEREOF UNDER THE INDENTURE FOR ANY PURPOSE.

Payments in respect of the principal of, and interest and premium and Liquidated Damages, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the

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registered Holder under the indenture. Under the terms of the indenture, OMG and the trustee have treated and will continue to treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither OMG, the trustee nor any agent of OMG or the trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised OMG that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the

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Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will not be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or OMG. Neither OMG nor the trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the notes, and OMG and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions applicable to the original notes, transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the original notes, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised OMG that it will take any action permitted to be taken by a Holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither OMG nor the trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their

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respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### EXCHANGE OF GLOBAL NOTES FOR CERTIFICATED NOTES

A Global Note is exchangeable for definitive notes in registered certificated form ("Certificated Notes") if:

- (1) DTC (a) notifies OMG that it is unwilling or unable to continue as

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depository for the Global Notes and OMG fails to appoint a successor depository or (b) has ceased to be a clearing agency registered under the Exchange Act;

- (2) OMG, at its option, notifies the trustee in writing that it elects to cause the issuance of the Certificated Notes; or
- (3) there has occurred and is continuing a Default or Event of Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and, as it relates to the original notes, will bear the applicable restrictive legend unless that legend is not required by applicable law.

### EXCHANGE OF CERTIFICATED NOTES FOR GLOBAL NOTES

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes.

### SAME DAY SETTLEMENT AND PAYMENT

OMG will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, interest and Liquidated Damages, if any) by wire transfer of immediately available funds to the accounts specified by the Global Note Holder. OMG will make all payments of principal, interest and premium and Liquidated Damages, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such Holder's registered address. The notes represented by the Global Notes are expected to be eligible to trade in The Portal (SM) Market and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. OMG expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised OMG that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

### REGISTRATION RIGHTS; LIQUIDATED DAMAGES

The following description is a summary of the material provisions of the registration rights agreement. It does not restate that agreement in its entirety. We urge you to read the proposed form of registration rights

agreement in its entirety because it, and not this description, defines your registration rights as Holders of the original notes. See "Where You Can Find More Information."

In connection with the original notes offering, OMG, the Guarantors and the initial purchasers entered into the registration rights agreement. Pursuant to the registration rights agreement, OMG and the Guarantors agreed to file with the SEC the exchange offer registration statement, of which this prospectus is a part, on the appropriate form under the Securities Act with respect to the exchange notes. Upon the effectiveness of the exchange offer registration statement, pursuant to the exchange offer, OMG and the Guarantors will offer to the Holders of Transfer Restricted Securities who are able to make certain representations the opportunity to exchange their Transfer Restricted Securities for exchange notes.

If:

- (1) OMG and the Guarantors are not
  - (a) required to file the exchange offer registration statement; or
  - (b) permitted to consummate the exchange offer because the exchange offer is not permitted by applicable law or SEC policy; or
- (2) any Holder of Transfer Restricted Securities notifies OMG prior to the 20th day following consummation of the exchange offer that:
  - (a) it is prohibited by law or SEC policy from participating in the exchange offer; or
  - (b) that it may not resell the exchange notes acquired by it in the exchange offer to the public without delivering a prospectus and the prospectus contained in the exchange offer registration statement is not appropriate or available for such resales; or
  - (c) that it is a broker-dealer and owns original notes acquired directly from OMG or an affiliate of OMG,

OMG and the Guarantors will file with the SEC a shelf registration statement to cover resales of the original notes by the Holders of the original notes who satisfy certain conditions relating to the provision of information in connection with the shelf registration statement.

OMG and the Guarantors will use their reasonable best efforts to cause the applicable registration statement to be declared effective as promptly as possible by the SEC.

For purposes of the preceding, "Transfer Restricted Securities" means each original note until:

- (1) the date on which such original note has been exchanged by a Person other than a broker-dealer for an exchange note in the exchange offer;
- (2) following the exchange by a broker-dealer in the exchange offer of an original note for an exchange note, the date on which such exchange note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the

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prospectus contained in the exchange offer registration statement;

- (3) the date on which such original note has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or
- (4) the date on which such original note is distributed to the public pursuant to Rule 144 under the Securities Act.

The registration rights agreement provides that:

- (1) OMG and the Guarantors will file the exchange offer registration statement with the SEC on or prior to 90 days after the closing of the original notes offering;

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- (2) OMG and the Guarantors will use their reasonable best efforts to have the exchange offer registration statement declared effective by the SEC on or prior to 180 days after the closing of the original notes offering;
- (3) unless the exchange offer would not be permitted by applicable law or SEC policy, OMG and the Guarantors will
  - (a) commence the exchange offer; and
  - (b) use their reasonable best efforts to issue on or prior to 40 days, or longer, if required by the federal securities laws, after the date on which the exchange offer registration statement was declared effective by the SEC, exchange notes in exchange for all original notes properly tendered in the exchange offer; and
- (4) if obligated to file the shelf registration statement, OMG and the Guarantors will use their reasonable best efforts to file the shelf registration statement with the SEC on or prior to 60 days after such filing obligation arises and to cause the shelf registration to be declared effective by the SEC on or prior to 150 days after such obligation arises.

If:

- (1) OMG and the Guarantors fail to file any of the registration statements required by the registration rights agreement on or before the date specified for such filing; or
- (2) any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness; or
- (3) OMG and the Guarantors fail to consummate the exchange offer within 40 days of the date specified for effectiveness with respect to the exchange offer registration statement; or
- (4) the shelf registration statement or the exchange offer registration statement is declared effective but thereafter ceases to be effective or usable in connection with resales of Transfer Restricted Securities during the periods specified in the registration rights agreement, with certain exceptions set forth in the registration rights agreement (each such event referred to in clauses (1) through (4) above, a "Registration Default"),

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then OMG and the Guarantors will pay liquidated damages to each Holder of notes, with respect to the first 90-day period immediately following the occurrence of the first Registration Default in an amount equal to \$.05 per week per \$1,000 principal amount of notes held by such Holder.

The amount of the liquidated damages will increase by an additional \$.05 per week per \$1,000 principal amount of notes with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages for all Registration Defaults of \$.50 per week per \$1,000 principal amount of notes.

All accrued liquidated damages will be paid by OMG and the Guarantors on each Damages Payment Date to the Global Note Holder by wire transfer of immediately available funds or by federal funds check and to Holders of Certificated Notes by wire transfer to the accounts specified by them or by mailing checks to their registered addresses if no such accounts have been specified.

Following the cure of all Registration Defaults, the accrual of liquidated damages will cease.

Holders of original notes will be required to make certain representations to OMG (as described in the registration rights agreement) in order to participate in the exchange offer and will be required to deliver certain information to be used in connection with the shelf registration statement and to provide comments on the shelf registration statement within the time periods set forth in the registration rights agreement in order to have their original notes included in the shelf registration statement and benefit from the provisions regarding liquidated damages set forth above. By acquiring Transfer Restricted Securities, a Holder will be deemed to have agreed to indemnify OMG and the Guarantors against certain losses arising out of information furnished by such Holder in writing for inclusion in any shelf registration statement. Holders of

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original notes will also be required to suspend their use of the prospectus included in the shelf registration statement under certain circumstances upon receipt of written notice to that effect from OMG.

### CERTAIN DEFINITIONS

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or

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indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Applicable Premium" means, with respect to any note on any Redemption Date, the greater of:

- (1) 1.0% of the principal amount of the note; or
- (2) the excess of:
  - (a) the present value at such Redemption Date of (i) t