

**Rule 15c2-11
Information and Disclosure Statement
For the Fiscal Quarter Ended September 30, 2007**

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

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

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

November 16, 2007

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Introduction

With the exception of certain supplemental financial information, the information contained in this Information and Disclosure Statement ("Statement") has been prepared to fulfill the requirements of Rule 15c2-11(a)(5) under the Securities Exchange Act of 1934, as amended. Although this Statement relates to the fiscal quarter ended September 30, 2007, it should be read in conjunction with the Information and Disclosure Statements for the fiscal year ended December 31, 2006 and for the fiscal quarters ended March 31, 2007 and June 30, 2007.

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

During the first three quarters of 2007, Ormet produced aluminum and aluminum billet products. On October 17, 2007, in accordance with its previous announcement, the Company curtailed its billet casting operations located at the Hannibal, Ohio facility due to market conditions. During 2006 the Company produced alumina, but alumina operations were curtailed in the fourth quarter of 2006 and no alumina was produced during the first three quarters of 2007. The Company periodically reviews the status of the curtailed facilities to determine if it is financially feasible to reopen, sell or otherwise dispose of them.

This Statement incorporates by reference the Company's Amended and Restated Certificate of Incorporation, Amended and Restated By-Laws and Stockholders Agreement, dated April 1, 2005 (by which all stockholders are bound), and amendments to and/or restatements of any of those documents. This Statement also incorporates by reference the Debtor's Joint Plan of Reorganization and Disclosure Statement for Debtor's Joint Plan of Reorganization, dated October 1, 2004. All of the above-mentioned documents, as amended and/or restated, are available at the Company's website, www.ormet.com.

For information concerning the Company's Common Stock, see the information under the caption **Information Concerning the Stockholders and the Common Stock** beginning on page 16.

Recent Developments and Significant Matters

New Management Team

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

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

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

New Employment Agreements for Management Team

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

Amendment to Credit Agreement

The Company and its lender have amended the Company's credit agreement from time to time. On November 1, 2007, the Company and its lender entered into Amendment No. 4 to the credit agreement which, among other things, waives the Company's compliance with the EBITDA covenant from July 31, 2007 through March 30, 2008, revises the Company's required production levels of molten aluminum and documents the consent of the lender to the Company's issuance of \$35 million of senior subordinated secured notes due 2010.

New Senior Subordinated Secured Notes and Warrants

The Company experienced a liquidity crisis caused by a dramatic drop in the price of aluminum and further impacted by the inability to have the \$30.0 million pension reserve modified by the Company's lenders after the pension waiver was received in late August (see "Pension Funding Waiver Granted/ Quarterly Pension Contribution"). On November 1, 2007, the Company sold and issued \$35 million of senior subordinated secured notes due 2010 to a group of private investors. The notes are convertible at any time in whole or in part at the option of the holders into common stock of the Company at \$15.00 per share, subject to certain anti-dilution provisions. A balloon payment is due at maturity (November 1, 2010) for the principal balance plus accrued but unpaid interest, subject to the holder's right of conversion. The notes bear interest, at the Company's option, of 10% payable in cash or 15% (payable 3% in cash and 12% payment-in-kind), payable quarterly. In addition, the Company issued warrants to purchase 2,333,333 shares of common stock of the Company to the private investors (subject to certain anti-dilution provisions) at an exercise price of \$3 per share. The warrants are immediately exercisable and expire in four years. The notes are subordinated in right of payment to indebtedness under the Company's credit agreement, including reimbursement obligations with respect to the letter of credit issued to support supplemental loans under the credit agreement. The notes are secured by a junior lien on the same collateral which secures the loans under the Company's credit agreement, covering substantially all of the assets of the Company and its subsidiaries. On November 9, 2007, the Company received a demand letter from counsel to a 4.6% shareholder, pursuant to 8 Del. C. Section 220 for inspection of books, records and documents associated with the senior subordinated secured note sale. The Company intends to fully comply with the laws and rights of the shareholder pertaining to this demand letter.

Board of Directors

At the annual meeting of stockholders, held on July 27, 2007 in New York City, the Company's stockholders elected six directors. The directors elected at the meeting were:

Peter Cecchini – Mr. Cecchini has been a director since October 1, 2005 and serves on the compensation committee. Mr. Cecchini is currently a managing director at Seven Bridges Capital. Mr. Cecchini is the former managing director of Mellon HBV. For five years prior to joining Mellon HBV, Mr.

Cecchini served as part-owner of a strategic consulting firm. Mr. Cecchini received his MBA from Columbia University, his J.D. from Boston University and his B.A. from Haverford College.

Ken Campbell – On September 25, 2007, Mr. Campbell resigned as director and chairman of the board. Mr. Campbell had been a director since April 1, 2005.

Jeffrey Marshall – Mr. Marshall has been a director since April 2005. Mr. Marshall was elected to the position of chairman of the board on September 27, 2007, a position he previously held from 2005 through May 2007. Mr. Marshall is also chairman of the audit committee. Mr. Marshall is the chairman of Smith Marshall, a strategic consultancy partnership. He is a member of the board of directors of Brand Energy and Infrastructure Services, Inc., Catalyst Paper Corporation where he serves on the audit committee, Toronto Hydro Corporation, Lakefield College School Foundation and Neenah Foundry Company, where he also serves on the audit committee.

Robert Prusak – Mr. Prusak has been a director since July 6, 2007 and serves on the audit committee. Mr. Prusak was formerly an executive with Glencore, an international trading company, from 1988 to 2005. Mr. Prusak held various financial positions with Glencore, including treasurer of its U.S. operations. In 2001, Mr. Prusak joined the alumina/aluminum group to focus on industrial assets, including plants in the U.S., Sweden, Italy, Ireland and Jamaica. Most recently he served on the board of directors for Sherwin Alumina.

David Robertson – Mr. Robertson has been a director since April 1, 2005. Mr. Robertson is Chairman of the compensation committee. Mr. Robertson is the member in charge of the Pittsburgh and Wheeling offices of the Spilman Thomas & Battle law firm. His practice focuses on labor law and federal government relations. Mr. Robertson is the former executive vice president of human resources and corporate law at Weirton Steel Corporation. He managed Weirton Steel's interests in trade cases pursued at the International Trade Commission and implemented its steel lobbying efforts at the federal, state and local levels. Mr. Robertson also has negotiated labor agreements. Mr. Robertson received his B.A. from Vanderbilt University in 1965 and earned his J.D. from Washington University in 1968.

Michael F. Tanchuk – Mr. Tanchuk has been a director since May 1, 2007. Mr. Tanchuk is the Company's President and Chief Executive Officer.

On July 5, 2007, the Company received written notice from Fursa Alternative Strategies LLC (formerly known as Mellon HBV Alternative Strategies LLC) irrevocably waiving its rights under the Stockholders Agreement, dated April 1, 2005, as the sole remaining member of the "Ad Hoc Group" to nominate and designate one member of the Company's board of directors.

Benjamin Duster - Mr. Duster was elected to the Board of Directors on November 6, 2007. Mr. Duster is currently a Senior Advisor with Watermark Advisors, an ASD licensed financial advisory firm. Mr. Duster is a former partner of Masson & Company LLC. From 1997 to 2001, he was Managing Director with Wachovia Securities and prior to that spent sixteen years with Salomon Brothers, specializing in bankruptcy reorganizations, financial restructurings and acquisitions. He served as chairman of the board of directors of Algoma Steel, Inc., from 2002 to 2007. He is currently a member of the board of directors of Catalyst, Inc., serving as chairman of the compensation committee, RCN Corporation, serving as chairman of the audit committee and River Cities Capital Fund. Mr. Duster received his MBA from Harvard Business School, his J.D. from Harvard Law School and his B.A. from Yale College.

Adoption of Stock Option Plan

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

Sale of Common Stock

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

Sale of Common Stock Options

On July 13, 2007, the Company and various parties entered into certain option agreements whereby such parties paid \$12,675,000 (net of expenses to the Company) for options for an aggregate of one million shares of common stock at an option price of \$10.00 per share. As contemplated by a modification to the Company's collective bargaining agreement with the United Steelworkers, the Company used the net proceeds of the option sales to satisfy in full the contribution obligation to the Hourly VEBA Benefit Trust (see "Satisfaction of Obligation to Hourly VEBA Benefit Trust" below). These options are exercisable at any time prior to their expiration on June 1, 2011.

Recent Sales of Assets

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

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

Suspension of Billet Casting Operations

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

Restart of Aluminum Smelter in Hannibal, Ohio

As previously announced, the Company has restarted its Hannibal, Ohio aluminum smelter, which was idled in January 2005. As of May 30, 2007, the Company had successfully restarted five of the smelter's six potlines. The Company had previously planned to restart the sixth and final potline during the third quarter of 2007. However, plans to restart of the final potline have been delayed due to problems in the alumina supply chain as a result of hurricane damage to the loading port of the Jamalco Alumina refinery in Clarendon, Jamaica. The Company's alumina supplier, Glencore Ltd., invoked force majeure under the alumina supply agreement as a result of the loading port damages. The Company notified its insurance carrier of the potential for a business interruption insurance claim and is currently supplying the carrier with details. As of October 2007, the Company has been able to procure alumina from alternate sources so as to enable scheduling the restart of the final potline. If the restart continues as planned, the Company expects to be operating all six of the potlines by the end of 2007. The Company is now selling aluminum sow and its remaining inventory of aluminum billet products. The success of the Company's restart strategy is dependent upon, among other things, (1) a rebound in the price of aluminum from the low levels experienced at the end of the third quarter and into October 2007 for the remainder of 2007 and into 2008, (2) the availability of electricity at affordable rates following expiration of its current electricity supply agreement at the end of 2008, (3) the availability of

alumina following expiration of its current alumina supply agreement at the end of 2007 at prices relative to aluminum that are consistent with historical levels, (4) availability of carbon anodes and other key raw materials at competitive prices, and (5) the ability to obtain a modification from its lenders of a \$30.0 million pension reserve under the Company's credit agreement, which the Company anticipates will be obtained when the Company's lenders and the Pension Benefit Guaranty Corporation ("PBGC") enter into an intercreditor agreement and complete the documentation of the PBGC's second lien position (see "Pension Funding Waiver Granted/Quarterly Pension Contribution" below).

New Customer Contract for Aluminum Products

On May 3, 2007, the Company reached agreement with Glencore Ltd., a large international trading company for the sale of substantially all of the Company's high-grade aluminum production for 2007 (excluding aluminum to be used in its billet casting operation for 2007). Selling prices under the agreement are based upon the weekly average London Metal Exchange ("LME") price for aluminum products. All products not purchased under this contract will be sold to various customers based on standard industry practices and at selling prices in effect on the date of the transaction. Negotiations are currently underway with Glencore Ltd. as well as other potential customers for sales of 2008 aluminum production.

Pension Funding Waiver Granted/ Quarterly Pension Contribution

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

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

The Company's lenders and the PBGC have continued to negotiate terms of an appropriate subordination agreement providing for the subordination of the PBGC lien to the existing liens held by the lenders. Through October 2007, the Company has made all required payments into the pension plans in accordance with the waiver letter. These payments totaled \$22.5 million. The Company has been informed by its lenders that they will not modify the pension reserve of \$30.0 million until the lien documentation in favor of the PBGC and intercreditor documentation between the PBCG and the agent for the lenders under the credit agreement has been completed.

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

Satisfaction of Obligation to Hourly VEBA Benefit Trust

The June 1, 2006 Hannibal collective bargaining agreement between the Company and the United Steelworkers contains a provision that requires either (1) that the Company grant to the Hourly VEBA Benefit Trust a five-year option to purchase shares of common stock of the Company equal to 10% of such shares as of the date of the collective bargaining agreement or (2) if the Hourly VEBA Benefit Trust is not permitted to hold such an option, that the Company make an equity appreciation value payment equal to the value of the equity appreciation of 1 million shares of common stock over \$10 per share in the event of (a) a Change of

Control (as defined in the collective bargaining agreement) or (b) the Company's common stock being traded on a nationally recognized stock exchange occurring on or before June 1, 2011 (the "Equity Appreciation Value"), subject to dilution arising from the future issuance of shares of Company stock, if any. If neither a change in control nor the trading of the Company's common stock on a nationally recognized stock exchange occurred on or before June 1, 2011, the Company was required to make payments to the Hourly VEBA Benefit Trust equal to the Equity Appreciation Value, amortized as a 10% mortgage over the succeeding seven years. Representatives of the United Steelworkers have advised the Company that the Hourly VEBA Benefit Trust is not permitted to hold such an option and requested that the Company enter into a modification of the collective bargaining agreement to provide that if the Company grants to a third party or parties the option which would otherwise have been granted to the Hourly VEBA Benefit Trust and contributes to the Hourly VEBA Benefit Trust an amount equal to the consideration obtained from such third party or parties on account of granting the option, then all obligations of the Company to make payments to the Hourly VEBA Benefit Trust under the provision of the collective bargaining agreement described above would be satisfied.

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

Curtailment of the Marine Terminal in Burnside, Louisiana

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

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

Supply Agreement for Alumina

With the curtailment of the Company's alumina facility in Burnside, Louisiana, the Company and Glencore Ltd., one of the world's largest suppliers of commodities and raw materials, entered into an agreement whereby Glencore will sell to the Company approximately 400,000 metric tonnes of alumina beginning in January 2007 and continuing through December 2007. In conjunction with the existing alumina inventory at the Company's Hannibal and Burnside facilities, this supply contract will provide all of the Company's alumina requirements for 2007. The Company has received quotes from vendors to supply the Company's alumina needs for 2008. The Company has agreements in principal with two suppliers (at approximately 50% each) for the 2008 requirement. It is expected that contracts will be executed shortly.

Supply Agreement for Carbon Anodes

The Company has entered into a series of contractual arrangements to obtain a sufficient supply of carbon anodes for its planned 2007 production levels. The Company has received quotes from vendors to supply carbon anodes for 2008 and believes that adequate supply contracts will be executed in the near term.

Supply Agreement for Electricity

On November 8, 2006, the Company entered into a new supply agreement with AEP Corporation for the supply of electric power to the aluminum smelter in Hannibal, Ohio. The Company agreed to a contract rate of \$50.60 in 2007 and \$49.50 in 2008 per megawatt hour for an uninterruptible supply of electricity. Deposits of \$22 million have been made through September 30, 2007. Beginning on January 1, 2009, the Company will be able to purchase its annual requirements for electricity at the same tariff-based rates as all other large industrial users in its service territory. The 2007 GS-4 tariff rate for large industrial users in our service territory is approximately \$35.50 per megawatt hour. There can be no assurance that the elimination of the tariff-based pricing in 2009 will result in lower electric costs for the Company. The Ohio legislature is addressing the move to a market based pricing structure in 2009.

Status of Customer Breach of Alumina Sales Contract

One of the Company's international customers advised the Company in 2006 that it would not take delivery of the remainder of the alumina (approximately 84,800 metric tonnes) that the customer was contractually obligated to purchase from the Company at a fixed price of \$521 per metric tonne. Attempts to negotiate a settlement with this customer were unsuccessful and an arbitration process before the International Court of Arbitration of the International Chamber of Commerce has commenced. The Company's claim for monetary damages is in excess of \$27 million (the "Claim") and was summarized and submitted to the Arbitral Tribunal on September 17, 2007. Given the uncertainty related to the arbitration process, the Company has not recorded any receivable amount on its balance sheet relative to the Claim. The customer has asserted a counterclaim (the "Counterclaim") against the Company for monetary damages in excess of \$1.8 million. While the Counterclaim is subject to ongoing evaluation, the Company presently denies any liability relating thereto. On October 30, 2007, the Company and the customer jointly requested that the arbitration process being held in abeyance while the Company challenges a preliminary injunction order entered by the High Court of Gujarat, India on July 24, 2007, which order directed the Company to refrain from proceeding with the arbitration process against the customer. By letter dated November 1, 2007, the Arbitral Tribunal granted the Company's and customer's joint request. As such, the arbitration proceedings are currently in abeyance through January 11, 2008.

Status of Remaining Bankruptcy Claims

The Company has reached an agreement with the plaintiffs' counsel to resolve the outstanding disputed Class 7 (Insured) Claims from the Chapter 11 cases of the predecessor company. The Company expects that sufficient plaintiffs will approve this settlement in the near future to allow the Company to proceed to the Bankruptcy Court for approval. Upon final approval of the Bankruptcy Court, the Company expects to distribute approximately 690,000 reserved shares of common stock to its pre-petition creditors in accordance with the predecessor company's Plan of Reorganization.

Risk Factors

These Risk Factors should be read in conjunction with **Recent Developments and Significant Matters**.

Risks Related to Our Business

Restart expenditures require careful management of the Company's liquidity position.

In connection with the restart of the Hannibal, Ohio smelter and the dramatic drop in aluminum prices in the third quarter of 2007, the Company's working capital needs will peak prior to the time that the Company achieves positive cash flow. The Company responded to this need, in part, by raising \$35.0 million from the sale of senior subordinated secured notes together with warrants (see "New Senior Subordinated Secured Notes and Warrants"). There can be no assurance that the Company will be able

to achieve and maintain sufficient earnings, or to obtain the modification of the \$30.0 million pension reserve currently in place under its credit agreement, which could increase investment risk for holders of our common stock.

The Company has a history of losses and may not become profitable.

The Company emerged from bankruptcy in April 2005 and has a history of losses and cannot give assurance that it will achieve and maintain profitability in the near future, or at all.

The Company has substantial retiree pension obligations.

The Company had a total under-funded pension liability of approximately \$120 million as of December 31, 2006. As a result of the Pension Protection Act of 2006, and taking into account the recent IRS waiver, the Company has made pension plan contributions for calendar year 2007 of approximately \$22.5 million through October 2007. For calendar years 2008, 2009, 2010 and 2011, the pension plan contributions, including both payments in respect of the under-funded pension liability and regularly scheduled, quarterly payments in such years, are estimated to be \$36.3 million, \$35.7 million, \$28.8 million and \$23.1 million, respectively. These required pension contributions limit the Company's ability to employ its cash for other purposes, and will increase investment risk for holders of our Common Stock.

As a condition of the IRS's granting of the pension funding waiver (see Recent Developments – "Pension Funding Waiver Granted/ Quarterly Pension Contribution") the PBGC is entitled to a lien against the assets of the Company to the extent of such deferred payments. The Company's credit agreement contemplates such a lien up to a maximum amount of \$35 million, subject to approval by the lenders and execution of acceptable intercreditor agreements. The Company's lenders, which now include the senior subordinated secured noteholders, and the PBGC will negotiate terms of an appropriate subordination agreement providing for the subordination of the PBGC lien to the existing liens held by the lenders as required by the waiver. If the PBGC demands a lien in excess of \$35 million, there can be no assurance that the lenders would grant an increase to the maximum lien amount identified in the credit agreement. With the granting of the waiver with respect to the \$33.8 million pension plan payment, the Company's quarterly payments have increased by the amount of this deferral, plus associated interest and costs amortized over five years.

The Company has substantial contractual obligations for payments to the VEBA Benefit Trusts.

The Company has approximately \$68.6 million in long-term contractual obligations to make monthly payments to two separate VEBA Benefit Trusts for the benefit of eligible Ormet retirees and their eligible spouses and dependents. In conjunction with the recent settlement with the United Steelworkers and the execution of the 2006 collective bargaining agreements, the Company agreed to make (a) monthly cash contributions of \$483,000 through May 31, 2008, \$500,000 from June 1, 2008 through May 31, 2013 and \$667,000 from June 1, 2013 through May 31, 2018 to the Hourly VEBA Benefit Trust for healthcare and death benefits for eligible current and future retirees of the Hannibal facility, (b) monthly cash contributions of \$120,000 from January 1, 2007 through December 31, 2010 to the Hourly VEBA Benefit Trust for healthcare and death benefits for eligible current and future retirees of the Burnside facility and (c) within fifteen days after the Company releases its quarterly financial statements, a variable contribution equal to 5% of the Company's "Profits" (as defined in the respective Collective Bargaining Agreement). The Plan Administrator for the Hourly Retiree Group Benefit Plan is responsible for establishing the program of benefits for all Hannibal and Burnside retirees and for determining the amount of the monthly contributions required from participating retirees.

The Company also continues to make monthly contributions to the Salary VEBA Trust to fund healthcare and death benefits at its sole discretion for eligible current and future salaried retirees and for eligible hourly retirees at luka, Mississippi and Jackson, Tennessee, and for their eligible spouses and dependents. For 2007, these contributions are approximately \$75,000 per month. The monthly contributions

to the Salary VEBA Benefit Trust with respect to salaried retirees may be terminated at any time by the Company. The Company agreed to make contributions to the Salary VEBA Trust for eligible Jackson and Iuka retiree benefits until December 31, 2007. The Plan Administrator for the Salaried and Other Retiree Group Benefit Plan is responsible for establishing the program of benefits and for determining the amount of the monthly contributions required from participating retirees under the Plan.

The Company continues to incur costs associated with the curtailed Burnside, Louisiana alumina plant.

Due to market changes in the second half of 2006, the selling price for alumina fell below the cost of production at the Company's Burnside, Louisiana alumina plant. Production of alumina was curtailed in December 2006. The Company will continue to incur costs at this facility related to the orderly safe-keeping of these assets and for ongoing environmental compliance activities. Supplemental unemployment and healthcare benefits will be paid to furloughed employees during 2007 and 2008 to the extent such furloughed employees remained unemployed and qualified for these benefits as of December 31, 2006. The Company is a party to a multi-employer pension plan covering International Longshoremen Association members. If the terminal facility either completely curtails or substantially curtails operations the Company would be subject to a withdrawal liability.

Interruptions in the supply of power to the Company's facilities may halt production.

The Company could suffer significant losses due to a temporary or prolonged interruption of the supply of electric power and/or natural gas to its facilities, which may be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events which are not in the control of the Company.

The Company is likely to require significant capital expenditures going forward.

The Company's capital expenditure plans include annual costs of relining twenty to twenty-five percent of the 1,032 pots at the aluminum smelter and various projects relating to the operational integrity of the production facilities, safety-related projects and projects to ensure compliance with environmental laws and regulations. Covenants in the Company's credit agreement limit the Company's ability to make capital expenditures, but management does not expect this limitation to be material constraint on the Company's business. In any event, there can be no assurance that the Company will have sufficient resources available to make any capital expenditures that may be required or that additional financing, if needed, will be available on acceptable terms. The Company's principal operating facilities, including the Hannibal, Ohio smelter, are nearly 50 years old. As a result, the Company may be required to make capital investments in order to maintain competitive production levels at these facilities.

The Company has a substantial amount of debt and may be unable to service this debt, which could have negative consequences on the business in the future.

As of November 9, 2007, the Company had \$60.1 million in debt and letters of credit outstanding under its existing credit agreement and \$35.0 million outstanding in senior subordinated secured notes. There can be no assurance that the Company will be able to continue to service its existing debt.

Our credit agreement imposes restrictions that may limit our ability to finance future operations or capital needs or engage in business activities that may be in our interest.

The Company's credit agreement, as amended, contains covenants that restrict our ability to, among other things, incur additional debt, pay dividends, make investments, enter into transactions with affiliates, merge or consolidate with other entities and sell all or substantially all of our assets. Additionally, we are required to comply with certain financial covenants, including monthly EBITDA targets (after March 30, 2008). A breach of any of these covenants could result in a default under the credit agreement, which could allow the lender to declare all amounts outstanding under the credit agreement immediately due and payable. If we are

unable to repay outstanding borrowings when due, the lender will have the right to proceed against the collateral granted under the new credit agreement. We may also be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants under the credit agreement.

This high level of debt could:

- result in our inability to comply with the financial and other restrictive covenants in our credit agreement, as amended, which, among other things, limit our ability to incur debt and sell assets, which could in turn result in an event of default that, if not cured or waived, could have a material adverse effect on our operations;
- increase our vulnerability to adverse industry and general economic conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make scheduled principal payments on our debt, thereby reducing the availability of our cash flow for working capital, capital investments and other business activities;
- limit our ability to obtain additional financing to fund future working capital, capital investments and other business activities;
- limit our ability to refinance our indebtedness on terms that are commercially reasonable or at all;
- expose us to the risk of interest rate fluctuations to the extent we pay interest at variable rates on the debt;
- limit our flexibility to plan for, and react to, changes in our business and our industry; and
- place us at a competitive disadvantage relative to our less leveraged competitors.

The Company has a limited base of customers for its aluminum products.

Although the Company entered into an agreement for the sale of substantially all of its high-grade aluminum production for 2007 (excluding aluminum to be used in its billet casting operation for 2007), there can be no assurance that the Company will be able to successfully market its aluminum products at reasonable prices or to develop a sufficient customer base such that the Hannibal, Ohio operations can be sustained. The failure of the Company to attract sufficient orders for its aluminum products will have a material and adverse effect on operating margins, earnings and cash flows of the Company.

The Company is subject to environmental laws and regulations that expose us to potential financial liability.

Our operations are regulated under a number of Federal, state and local environmental laws and regulations, which govern, among other things, the discharge of hazardous materials into the air and water as well as the handling, storage and disposal of, or exposure to, hazardous materials and occupational health and safety. Violations of these laws can lead to material liability, fines or penalties. Compliance with these environmental laws is a major consideration in production of our products because metals and other hazardous materials are used in the manufacturing process. In addition, it is possible that in the future new or more stringent requirements could be imposed. Various Federal, state and local laws and regulations impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. Liability may be imposed without regard to legality of the original actions and without regard to whether we knew of, or were responsible for, the presence of such hazardous or toxic substances, and we could be responsible for payment of the full amount of the liability, whether or not any other responsible party is also liable. As more fully disclosed in the Company's financial statements, the Company reached agreements with the U.S. Environmental Protection Agency and

the Ohio Department of Environmental Protection in 1998 under which the Company will continue to conduct appropriate remediation of a previously contaminated groundwater site on its smelter property in Hannibal, Ohio. As part of this agreement, the Company has a long-term obligation to treat certain soils and water prior to any discharge into the Ohio River. The consent decree with U.S. EPA also requires the Company to be able to demonstrate that it has sufficient financial resources available to meet the obligations set forth in the consent decree. In addition, the Company has certain environmental costs and obligations related to the ongoing operations at its other facilities. There can be no assurance that a material environmental liability will not arise in the future.

Risks Related to Our Industry

Fluctuating commodity prices can affect the Company's financial performance.

Aluminum is a commodity. The cyclical nature of the aluminum industry and related fluctuations in aluminum prices may cause significant variability in the Company's financial condition, operating margins, earnings and cash flow. During the third quarter of 2007, daily cash prices on the LME fluctuated from a high of \$1.266 to a low of \$1.051 per pound.

Fluctuating raw material and energy prices can affect the Company's financial performance.

Changes in the cost of alumina, electricity and carbon anodes relative to aluminum prices could significantly affect the Company's financial condition, operating margins, earnings and cash flow.

Forward Looking Statements

This Statement contains forward-looking statements that may be identified by use of words like "anticipates," "believes," "estimates," "expects," "hopes," "targets," "should," "will," "will likely result," "forecast," "outlook," "projects" or other words of similar meaning. All statements that address the Company's expectations or projections about the future, including statements about the Company's strategy for growth, cost reduction goals, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on the Company's estimates, assumptions and expectations of future events and are subject to a number of risks and uncertainties and may or may not be realized. The Company disclaims any intention or obligation (other than as required by law) to update or revise any forward-looking statements. Among the risks and uncertainties these statements are subject to are those discussed above under the captions "Introduction," "Recent Events and Significant Matters" and "Risk Factors," those discussed in the Notes to Consolidated Financial Statements which are a part of the Consolidated Financial Report (attached as Exhibit A) and in Management's Discussion and Analysis (attached as Exhibit B), and those identified elsewhere in this Statement.

Although the Company believes the expectations reflected in its forward-looking statements are reasonable, the Company cannot guarantee its future performance or results of operations. All forward-looking statements in this Statement are based on information available to the Company on the date hereof; however, the Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. When reading any forward-looking statements, the reader should consider the risks and uncertainties referenced above as well as those described in the Company's Joint Plan of Reorganization and the related Disclosure Statement. Given these uncertainties and risks, (a) the reader should not place undue reliance on these forward-looking statements and (b) our future results could differ materially from our current results and from those anticipated in our forward-looking statements.

Market and Industry Data

Market and industry data used throughout this document, including information relating to our relative position in the industries in which we operate, is based on the good faith estimates of management upon their review of independent industry publications and other publicly available information. Although we believe that

the third party sources relied upon by management in making such estimates are reliable, we do not guarantee the accuracy or completeness of this information, and we have not independently verified this information.

The information provided below is intended to fulfill the requirements of Rule 15c2-11(a)(5) under the Securities Exchange Act of 1934, as amended. The enumerated captions correspond to those set forth in the Rule.

ITEM (i): The exact name of the issuer and its predecessor (if any).

Ormet Corporation.

Effective April 1, 2005, Ormet Corporation emerged from Chapter 11 bankruptcy protection pursuant to an approved Joint Plan of Reorganization. Ormet Corporation was the name of both the predecessor company and the successor company.

ITEM (ii): The address of its principal executive offices.

Ormet Corporation
43840 State Route 7
Hannibal, Ohio 43931
(740) 483-2776

ITEM (iii): The state and date of incorporation, if it is a corporation.

Ormet Corporation is a Delaware corporation incorporated on October 3, 1989. An Amended and Restated Certificate of Incorporation was filed on April 1, 2005. Amendments to the Amended and Restated Certificate of Incorporation were filed on February 20, 2007 and March 13, 2007.

ITEM (iv): The exact title and class of each class of securities outstanding.

As of November 2, 2007, the total number of shares of all classes of stock which the Company had authority to issue was 51,000,000 of which 50,000,000 shares are designated as common stock, par value \$0.001 per share, and 1,000,000 shares of which are designated as preferred stock, no par value per share.

As of November 2, 2007, 17,818,618 shares of common stock were issued and outstanding. An additional 690,000 shares of common stock are reserved for settlement of the outstanding disputed creditor claims in the bankruptcy, and any shares remaining after such settlement will be distributed to the pre-petition creditors.

The Company has reserved 1.5 million shares of common stock for equity grants under its Stock Option Plan. As of October 31, 2007, the Company has issued options to the senior management team and board of directors for 560,000 shares of common stock under the Stock Option Plan.

Third parties hold options to purchase one million shares of common stock at an exercise price of \$10.00 per share, which may be exercised at any time on or prior to June 1, 2011, the options' expiration date. These options are not part of the Company's Stock Option Plan, but were sold as contemplated by a modification to the Company's collective bargaining agreement and the proceeds of the sale were contributed by the Company to the Hourly VEBA benefit trust to fulfill certain obligations under that agreement.

On November 1, 2007 the Company issued warrants to a group of private investors to purchase 2,333,333 shares of common stock of the Company (subject to certain anti-dilution provisions) in combination with the issuance of \$35 million of senior subordinated secured notes to those investors. The warrants are exercisable immediately at a price of \$3 per share and expire in four years.

No shares of preferred stock are outstanding.

ITEM (v): The par or stated value of the security.

See ITEM (iv).

ITEM (vi): The number of shares or total amount of the securities outstanding for each class of securities as of the end of the issuer's most recent fiscal year.

See ITEM (iv).

ITEM (vii): The name and address of the transfer agent.

Continental Stock Transfer & Trust Co.
17 Battery Place
New York, New York 10004
212-509-4000

ITEM (viii): The nature of the issuer's business.

Overview of the Company

During the first three quarters of 2007, the Company successfully restarted five of its six aluminum producing potlines. Currently there are approximately 775 pots (out of a total of 1,032 pots) producing molten aluminum at the Company's aluminum smelter in Hannibal, Ohio. With the restart of the Hannibal smelter, the Company is now operating one of just ten aluminum smelters in the United States.

During 2006, the Company produced smelter-grade alumina and aluminum billet products. While it was producing alumina, the Company was one of four producers in the United States. However, the Company curtailed its Burnside, Louisiana alumina operations in the fourth quarter of 2006. As of December 11, 2006, the Company commenced the restart of the first potline (one of six) at its aluminum smelter in Hannibal, Ohio. During the first three quarters of 2007, the Company produced only molten aluminum and aluminum billet products. The Company curtailed its aluminum billet casting operations on October 17, 2007 due to market conditions and is currently producing only molten aluminum.

The principal customers for the Company's aluminum ingots/sow are international traders and U.S. based aluminum rolling mills for flat rolled products that are used for beverage cans, transportation, construction, appliance and general industrial applications. The principal customers for the Company's aluminum billet products (when being produced) are aluminum extrusion companies producing product primarily for the transportation and construction industries. The principal customers for the Company's alumina (when being produced) are international traders and the aluminum smelting industry.

The selling prices of aluminum, aluminum billet products and alumina are primarily determined by global supply and demand and other competitive factors. The Company's selling prices for aluminum ingot are generally based on the monthly average prices as published by LME. The Company's selling prices for its aluminum billet products are based on the LME prices for aluminum ingot plus a competitively priced conversion premium. During 2006, the Company's selling prices for alumina were based on the worldwide spot prices for alumina and fluctuated significantly. The Company generally established its selling price for alumina, when that business was operational, on a quarterly basis.

The principal cost elements for the production of aluminum ingot products are labor, electricity, alumina and carbon anodes. On a combined basis, these cost elements represent approximately 90% of the cost of producing aluminum (excluding capital expenditures). Based on the long-term power contract that was negotiated in 2006, the Company expects to pay approximately \$50.60 per megawatt hour for its electricity in 2007.

The Company's primary competitors in the primary aluminum ingot segment and the billet segment include Alcoa, Inc., Century Aluminum, Inc., Alcan, Inc., Noranda, Inc. and United Company Rusal. When the Company's alumina business is operational, the Company competes primarily with Alcoa, Inc., Century Aluminum, Inc., and Sherwin, Inc (a wholly owned subsidiary of Glencore). These competitors have

significantly greater financial, marketing, and other resources than Ormet.

For a discussion of recent developments concerning the Company's business, see "Recent Developments and Significant Matters" beginning on page 1.

Overview of the Industry

Through September 2007, demand growth rose approximately 9.2% year on year. Since supply grew about 12.3% during this same period, a small surplus emerged pushing LME inventories higher and prices lower. The rapid rate of production growth in China (36.3% 2006 to 2007) is expected to slow in future years. (*CRU Monitor* October 2007)

The midwest aluminum price dropped an average of 10 cents per pound from the second to third quarter of 2007. From July to September 2007, the average monthly midwest price dropped nearly 15 cents per pound to the lowest monthly average since December 2005. This rapid drop was precipitated by the commodity sell-off due to the credit liquidity crisis caused by the sub-prime mortgage issues underpinned by sagging U.S. and Japanese demand.

A weak U.S. dollar and high oil prices have led to a recent rise in aluminum prices. Current forward pricing is robust and fairly flat through 2012.

ITEM (ix): The nature of products or services offered.

See ITEM (viii) above.

ITEM (x): The nature and extent of the issuer's facilities.

Ormet Corporation owns three facilities—two manufacturing facilities and one marine terminal facility, as listed below:

Facilities

Name	Location	Operational	Approximate Production Capacity (in metric tonnes)	Approximate Square Footage
Hannibal Facility	Hannibal, Ohio	1958		2,400,000
• Billet Casting (a)			100,000	
• Reduction Plant (b)			263,000	
Burnside Alumina Refinery (c)	Burnside, Louisiana	1957	540,000	(e)
Burnside Bulk Marine Terminal (d)	Burnside, Louisiana	1958	5,000,000	(e)

(a) Operations curtailed October 17, 2007.

(b) Operations at the reduction plant were restarted as of December 11, 2006.

(c) Operations at the alumina refinery plant were curtailed in the fourth quarter of 2006.

(d) Operations at the marine terminal were reduced in January 2007.

(e) The combined square footage of the Burnside Alumina Refinery and the Bulk Marine Terminal is approximately 432,000 sf.

• ***Hannibal Facility***

The Hannibal facility, which covers 256 acres, is located on the Ohio River in Hannibal, Ohio and consists of a billet casting operation and a reduction plant (aluminum smelter) comprised of six potlines and 1,032 pots. The billet casting operation (when in production) utilizes two casting units for producing conventional extruded aluminum billet products up to 300 inches in length and 7-12 inches in diameter. The Hannibal reduction plant is among the largest aluminum smelters in the United States when all six potlines

are in operation and produces approximately 260,000 metric tonnes of molten aluminum on an annual basis. The reduction plant consists of six process potlines, alumina unloading/storage systems, baghouse system for air emissions and associated production support and maintenance services. Production of aluminum at the reduction plant has recently resumed and full-scale operations of all six potlines are projected to occur by the end of 2007. Approximately 850 hourly workers and 145 salaried workers are employed at the Hannibal facility. A new collective bargaining agreement was negotiated during the summer of 2006, which expires on December 31, 2009. The Company also completed negotiations of a new long-term supply contract for electric power in November 2006. This new power contract allows the Company to purchase all of its electricity at fixed prices for 2007 and 2008 and will enable the Company to purchase electric power in subsequent years at the applicable tariff rates then in place for all large industrial users that are located within our electric service territory. The combination of projected higher selling prices for primary aluminum, the new collective bargaining agreement and the new power contract provided the platform for the Company to commence the restart of its aluminum smelter on December 11, 2006. The aluminum smelter currently operates 24 hours a day, 365 days a year. When all six potlines are fully operational, production volumes generally average between 21,000 and 22,000 metric tonnes per month. As of October 2007, monthly production volumes on the five operating potlines are averaging between 16,000 and 17,000 metric tonnes per month.

- ***Burnside Alumina Refinery***

The Burnside refinery is situated on approximately 2,500 acres adjacent to the Burnside bulk marine terminal in Burnside, Louisiana. When operating, it produces and sells smelter-grade alumina which is used in the molten aluminum industry to produce aluminum. The Burnside alumina refinery is one of only four alumina refineries in the United States. The Burnside refinery can produce approximately 540,000 metric tonnes of smelter-grade alumina when operating at full capacity.

- ***Burnside Bulk Marine Terminal***

The Burnside bulk marine terminal is located between New Orleans and Baton Rouge, Louisiana at the 170-mile marker on the Mississippi River. It serves as a transfer station between ocean-going vessels, river barges, railcars and trucks. The Burnside terminal handles shipments of aluminum, alumina, bauxite, alloys, iron ore, coal, coke, pig iron, fertilizers and other bulk commodities. Operations at the marine terminal were reduced in January 2007, in connection with the curtailment of the Company's alumina refinery.

ITEM (xi): The name of the chief executive officer and members of the board of directors.

Board of Directors

Name	Title
Jeffrey G. Marshall	Chairman
Peter G. Cecchini	
Benjamin Duster	
Robert Prusak	
David L. Robertson	
Michael F. Tanchuk	President and Chief Executive Officer

Each member of the Board serves a one year term or until the next annual meeting of stockholders.

Our Executive Officers

Name	Title
Michael F. Tanchuk	President and Chief Executive Officer
James Burns Riley	Chief Financial Officer, Treasurer and Secretary
Michael Griffin	Vice President of Operations
Thomas G. Temple	Vice President, Engineering and Burnside Operations
Lisa D. Riedel	Vice President, Human Resources, Industrial Relations and Public Relations

ITEM (xii): The issuer's most recent balance sheet and profit and loss and retained earnings statements.

See the Consolidated Financial Report, attached as Exhibit A, which includes the Consolidated Balance Sheet, the Consolidated Statement of Operations, the Consolidated Statement of Stockholders' Equity and the Consolidated Statement of Cash Flows for the nine month period ended September 30, 2007.

ITEM (xiii): Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

The Company's 2006 financial statements are included in the Information and Disclosure Statement for the twelve month period ended December 31, 2006, which are available on the Company's website (www.ormet.com). The Company adopted "fresh start" accounting (in accordance with the American Institute of Certified Public Accountants' Statement of Position 90-7) upon its emergence from bankruptcy on April 1, 2005; accordingly, similar financial information is available only for the nine-month period ended December 31, 2005.

ITEM (xiv): Whether broker or dealer or any associated person is affiliated, directly or indirectly with the issuer.

To be answered by broker/dealer.

ITEM (xv): Whether the quotation is being published or submitted on behalf of any other broker or dealer, and, if so, the name of such broker or dealer.

To be answered by broker/dealer.

ITEM (xvi): Whether the quotation is being submitted or published directly or indirectly on behalf of the issuer, or any director, officer or any person, directly or indirectly the beneficial owner of more than 10 percent of the outstanding units or shares of any equity security of the issuer, and, if so, the name of such person, and the basis for any exemption under the Federal securities laws for any sales of such securities on behalf of such person.

To be answered by broker/dealer.

Information Concerning the Stockholders and the Common Stock

Common Stock

As of November 2, 2007, there were approximately 192 stockholders of record of common stock, plus a number of beneficial owners whose shares are held in street name. The Company's major stockholders of record, individually owning more than 3% of the outstanding shares as of November 2, 2007 include Corriente Master Fund LP., Delta Offshore Ltd. (including Traftlet Delta Funds), M. Gardiner & Co., Plainfield Direct LLC and affiliates, Schultze Master Fund Ltd., UBS Willow Fund LLC and Wayzata Recovery Fund LLC. These shareholders collectively own 36.5% of the outstanding shares.

As of November 2, 2007, there were 17,818,618 shares of common stock outstanding. An additional 690,000 shares of common stock are reserved for settlement of the outstanding disputed creditor claims in the bankruptcy, and any shares remaining after such settlement will be distributed to the pre-petition creditors.

The Company has reserved 1.5 million shares of common stock for equity grants under its Stock Option Plan. As of November 2, 2007, the Company has issued options to the senior management team and board of directors for 560,000 shares of common stock under the Stock Option Plan.

Various third parties hold options to purchase an aggregate of one million shares of common stock at an exercise price of \$10.00 per share. The options are immediately exercisable and expire on June 1, 2011. These options are not part of the Company's Stock Option Plan.

On November 1, 2007 the Company issued warrants to a group of private investors to purchase 2,333,333 shares of common stock of the Company (subject to certain anti-dilution provisions) in combination with the issuance of \$35.0 million of senior subordinated secured notes to those investors. The warrants are exercisable immediately at a price of \$3 per share and expire in four years.

Liquidity Risks-Restrictions on Transfer

Holders of common stock (a) who are deemed to be "underwriters" as defined in subsection 1145(b) of the U.S. Bankruptcy Code ("Bankruptcy Code"), (b) who may be deemed to be "underwriters" or "affiliates" of the Company within the meaning of the Securities Act of 1933, as amended, ("Securities Act") and/or (c) who acquired shares in the Company's December 2006 private stock offering_or May 2007 private placement, will be unable to offer or sell their shares except pursuant to an effective Registration Statement or an available exemption from registration under the Securities Act and under equivalent state securities or "blue sky" laws.

No Assurance that a Public Market for the Common Stock Will Develop

Common Stock issued in the Company's December 2006 private stock offering_or May 2007 private placement, was not registered under the Securities Act or under any other securities laws. Accordingly, in the absence of such registration, this common stock may be offered or sold only pursuant to an exemption from the registration requirements of the Securities Act and similar provisions of applicable state securities laws or pursuant to an effective Registration Statement.

Our common stock is not listed on any major stock exchange, NASDAQ or other public trading market, and the Company cannot predict whether our common stock will be so listed or, if listed, whether the Company will be able to satisfy the applicable listing criteria to remain listed on an ongoing basis in the future. However, the National Association of Securities Dealers, Inc. has given limited authorization to one broker-dealer to enable such broker-dealer to submit and publish quotations with respect to our common stock on the over-the-counter "Pink Sheets" (www.pinksheets.com, symbol ORMT). There is currently no public market for our common stock and the Company cannot predict if or the extent to which investor interest in the Company will lead to the development of a trading market for our common stock or how liquid that market might become.

Uncertainty of and Fluctuations in Trading Prices

As there is currently no public trading market for the Common Stock, there can be no assurance as to the development of any market, or the liquidity of any market that may develop, for the common stock or the ability of the holders to sell their Common Stock. The prices at which shares of the common stock may trade, whether by way of the "Pink Sheets" or in any other public trading market that may develop, cannot be predicted and will not necessarily be related to the Company's book value, net worth or any other established criteria of value. Furthermore, the Company's financial results and the trading prices of the common stock may fluctuate substantially in the future.

No Anticipated Payment of Dividends

Since its emergence from bankruptcy on April 1, 2005, the Company has not declared or paid any dividends on the Common Stock. The Company's credit agreement restricts the Company's ability to pay dividends. The Company does not anticipate paying any dividends on the common stock in the foreseeable

future. Any future payment of dividends, or other distributions to stockholders, would require the Company to accelerate certain payments to the Hannibal Hourly VEBA Benefit Trust, and to provide certain collateral for its remaining VEBA Benefit Trust funding obligations.

Registration Rights Agreement

The Company is party to a registration rights agreement, dated February 22, 2007, (the "Agreement") with a number of eligible stockholders. Among other things, the Agreement provides the parties thereto (including their transferees) with the right to make two demands that their sales of "registrable shares" (as defined in the Agreement) be registered under applicable Federal securities laws through the filing of a registration statement with the U.S. Securities and Exchange Commission. No demands may be made prior to November 1, 2007, with the first demand requiring at least 13% of the aggregate number of issued and outstanding shares of common stock of the Company and that the demand be for a number of such shares having a market value of at least \$20 million. The second demand would require at least 5% of the aggregate number of issued and outstanding shares of common stock of the Company with such shares having a market value of at least \$10 million. In the event of a demand, subject to restrictions in the Agreement, the other parties to the Agreement may be able to register their shares for resale as well.

The registration rights under the Agreement are transferable in connection with a sale of Company common stock. To facilitate such transfers, the Company has agreed to make available to parties to the Agreement and their prospective transferees certain information relating to the Company as may be necessary to enable the party to make sales of Company common stock pursuant to Rule 144A under the Securities Act of 1933.

A copy of the Agreement is available on the Company's website, www.ormet.com. The description of the Agreement provided in this Statement is provided for convenience only and the rights of parties to the Agreement are governed by the actual terms of the Agreement.

Selected Financial Data

The following table presents selected financial data as to continuing operations for the nine month period ended September 30, 2007 and for the twelve-month period ended December 31, 2006. All data for 2007 is derived from the consolidated financial statements which are set forth in the Consolidated Financial Report, attached as Exhibit A.

	Nine Month Period Ended September 30, 2007 ⁽¹⁾	Twelve-Month Period Ended December 31, 2006 ⁽¹⁾
Net Sales from Continuing Operations	\$335.6	\$247.8
Total Assets	\$305.5	\$282.1
Operating Income (Loss)	\$(24.8)	(\$71.7)
Long-Term Obligations	\$140.9	\$134.3
Income (Loss) from Continuing Operations	\$(44.9)	(\$72.9)
Income (Loss) from Continuing Operations per common share ⁽²⁾	\$(2.62)	(\$46.02)

⁽¹⁾ In millions except for per share data.

⁽²⁾ Ten-for-one stock split effective as of February 20, 2007.

Certifications

I, Michael F. Tanchuk, President and Chief Executive Officer, hereby certify that:

1. I have reviewed this Information and Disclosure Statement;
2. Based on my knowledge, this Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the context of such statements, not misleading with respect to the period covered by this Statement;
3. Based on my knowledge, the consolidated financial statements and other financial information included in this Statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented.

Date: November 16, 2007

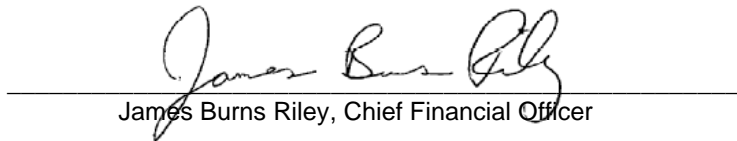


Michael F. Tanchuk, President and Chief Executive Officer

I, James Burns Riley, Chief Financial Officer, hereby certify that:

1. I have reviewed this Information and Disclosure Statement;
2. Based on my knowledge, this Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the context of such statements, not misleading with respect to the period covered by this Statement;
3. Based on my knowledge, the consolidated financial statements and other financial information included in this Statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented.

Date: November 16, 2007



James Burns Riley, Chief Financial Officer

Exhibit A

**ORMET CORPORATION
CONSOLIDATED BALANCE SHEET
(000's omitted)**

	(Unaudited)	
	<u>9/30/2007</u>	<u>12/31/2006</u>
ASSETS		
Cash	\$ 5,416	\$ 31,906
Restricted Cash	150	150
Accounts Receivable		
Trade	20,109	17,082
Other	119	1,491
Inventories (Note 2)	104,952	80,820
Prepaid Expenses and Other Current Assets	<u>10,170</u>	<u>6,885</u>
Total Current Assets	140,916	138,334
Property and Equipment	100,436	94,419
Goodwill	26,529	26,529
Intangible Assets, Net	1,165	1,183
Assets Held for Sale	-	4,424
Other Assets (Note 3)	<u>36,457</u>	<u>17,239</u>
TOTAL ASSETS	<u>\$ 305,503</u>	<u>\$ 282,128</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts Payable	\$ 15,374	\$ 22,843
Bank Line of Credit (Note 4)	74,070	42,246
Current Portion of Long Term Debt (Note 5)	5,000	-
Accrued and Other Current Liabilities		
Accrued Compensation	5,007	6,599
Accrued Interest	1,126	344
Postretirement Obligations (Note 8)	8,073	8,636
Pension Obligations (Note 7)	35,983	50,300
Other Accrued Liabilities	<u>8,048</u>	<u>7,788</u>
Total Current Liabilities	152,681	138,756
Long Term Debt (Note 5)	9,417	-
Other Long-term Liabilities:		
Pension Obligations (Note 7)	70,364	68,527
Postretirement Obligations (Note 8)	56,317	60,040
Other Liabilities	4,784	5,768
STOCKHOLDERS' EQUITY	<u>11,940</u>	<u>9,037</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 305,503</u>	<u>\$ 282,128</u>

Exhibit A

ORMET CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
(000's omitted)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net Sales from Continuing Operations	\$ 130,549	\$ 37,841	\$ 335,559	\$ 206,782
Cost of Sales				
Production	125,641	47,457	319,352	206,912
Special VEBA Contribution Expense	12,675	-	12,675	-
Restart Expenses	<u>1,205</u>	<u>-</u>	<u>13,572</u>	<u>-</u>
Total Cost of Sales	<u>139,521</u>	<u>47,457</u>	<u>345,602</u>	<u>206,912</u>
Gross (Loss)	(8,972)	(9,616)	(10,040)	(130)
Operating Expenses	<u>6,102</u>	<u>24,452</u>	<u>27,468</u>	<u>35,675</u>
Operating (Loss)	(15,076)	(34,068)	(37,508)	(35,805)
Nonoperating (Income) Expenses				
Other (Income) Expense, Net	1,845	(1,045)	3,083	(1,875)
Interest Expense	<u>2,649</u>	<u>861</u>	<u>6,914</u>	<u>2,873</u>
Total Nonoperating (Income) Expenses	<u>4,494</u>	<u>(184)</u>	<u>9,997</u>	<u>998</u>
Income (Loss) Before Income Tax	(19,568)	(33,884)	(47,505)	(36,803)
Income Tax Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (19,568)</u>	<u>\$ (33,884)</u>	<u>\$ (47,505)</u>	<u>\$ (36,803)</u>

Exhibit A

ORMET CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)
(000's omitted)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2006	\$ 17	\$ 118,600	\$ (109,469)	\$ (111)	\$ 9,037
Comprehensive Loss:					
Net Loss	-	-	(47,505)	-	(47,505)
Minimum Pension Liability Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Loss	<u>-</u>	<u>-</u>	<u>(47,505)</u>	<u>-</u>	<u>(47,505)</u>
Compensation Expense Recognized	-	6,946	-	-	6,946
Stock Option Grants		1,367			1,367
Issuance of Common Stock	<u>2</u>	<u>42,093</u>	<u>-</u>	<u>-</u>	<u>42,095</u>
Balance September 30, 2007	<u>\$ 19</u>	<u>\$ 169,006</u>	<u>\$ (156,974)</u>	<u>\$ (111)</u>	<u>\$ 11,940</u>

Exhibit A

ORMET CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
(000's omitted)

	<u>Nine Months Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Net Loss	\$ (47,505)	\$ (36,803)
Adjustments to Reconcile Net Loss to Net Cash Used:		
Depreciation and Amortization	4,145	9,335
Bad Debt Expense	798	2,414
(Gain) Loss on Asset Sale	(196)	222
Amortization of Deferred Financing Costs	3,779	2,547
Net change in:		
Trade Accounts Receivable	(2,507)	7,113
Inventory	(24,132)	(19,189)
Prepaid Expenses	(3,261)	2,483
Other Assets	(23,013)	3,165
Accounts Payable	(7,467)	(12,918)
Other Liabilities	(1,252)	(10,519)
Pension and Other Postretirement	(17,016)	(975)
Net Cash Used in Operating Activities	<u>(117,627)</u>	<u>(53,125)</u>
Cash Flows from Investing Activities		
Proceeds from Asset Sales	10,340	3,893
Capital Spending	(15,849)	(1,610)
Net Cash Used in Investing Activities	<u>(5,509)</u>	<u>2,283</u>
Cash Flows from Financing Activities		
Proceeds (Payment) of Long Term Debt - Net	14,417	(16,692)
Proceeds from Bank Line of Credit – Net	31,824	20,931
Proceeds from Issuance of Equity Interests	50,405	-
Net Cash Provided by Financing Activities	<u>96,646</u>	<u>4,239</u>
Net (Decrease) Increase in Cash	<u>(26,490)</u>	<u>(46,603)</u>
Cash – Beginning of Period	32,056	50,832
Cash - End of Period	<u>\$ 5,566</u>	<u>\$ 4,229</u>

Prior period amounts have been reclassified for comparability.

Exhibit A

Ormet Corporation Notes to Consolidated Financial Statements For the Nine Month Period Ended September 30, 2007

Note 1 - Nature of Business and Significant Accounting Policies

Ormet Corporation (the "Company" or the "Successor Company") is a manufacturing company that produces aluminum and aluminum billet products and operates a bulk marine terminal. During first nine months of 2007, the Company continued with the operation and restart of its aluminum smelter in Ohio and the alumina plant in Louisiana remains idle. As described in Note 17, in December 2005, the Company sold its operations that produced flat-rolled and coated aluminum products, aluminum blanks and rims, and its aluminum recycling facility and exited these businesses. Ormet Corporation (the "Predecessor Company") filed for protection under Chapter 11 of the U.S. Bankruptcy Code on January 30, 2004. The Successor Company, also named Ormet Corporation, emerged from Chapter 11 bankruptcy protection on April 1, 2005.

Basis of Presentation - The consolidated financial statements include the accounts of Ormet Corporation and its wholly owned subsidiaries. All significant intercompany accounts, balances, and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared on the basis of generally accepted accounting principles (GAAP) and reflect fresh start adjustments per American Institute of Certified Public Accountants' Statement of Position 90-7 (SOP 90-7), *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code* as of April 1, 2005. The consolidated financial statements reflect activity of the Company for the nine month period ended September 30, 2007 and September 30, 2006 and the three month periods ending September 30, 2007 and September 30, 2006, respectively.

Cash Equivalents - The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash represents amounts restricted as collateral for certain outstanding letters of credit.

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All accounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts was \$914,000 at September 30, 2007.

Inventory - Inventory is stated at the lower of cost or market, with cost determined on the first-in, first-out (FIFO) method.

Property and Equipment - Property and equipment were restated to fair market value as of April 1, 2005. Property and equipment at September 30, 2007 are reported net of accumulated depreciation and amortization. Additions and improvements are recorded at cost. Maintenance and repairs are charged to operations as incurred. Depreciation expense is provided principally using the straight-line method over the estimated useful lives of the various assets, ranging from 7 years for equipment to 25 years for buildings and improvements. The carrying value of property and equipment is reviewed for impairment when events or circumstances indicate that the carrying value may not be fully recoverable.

Goodwill and Intangible Assets - The carrying value of intangible assets with a finite useful life is reviewed for impairment when events or changes in circumstances indicate that the carrying value of the intangible assets may not be fully recoverable. Recoverability is determined based on an estimate of the expected future undiscounted cash flows of the intangible assets.

Goodwill represents the enterprise value of the Company in excess of the fair value of the net assets at the date the Company exited bankruptcy and implemented fresh start accounting. Goodwill is not amortized, but rather is assessed at least on an annual basis for impairment. No impairment charge was recognized for the nine month period ended September 30, 2007. It is reasonably possible that management's estimate of the carrying amount of goodwill could change in the near term.

Exhibit A

Accounts Payable - Included in accounts payable at September 30, 2007 are approximately \$2.0 million of outstanding checks.

Revenue Recognition - Revenue from the sale of products is recognized when both the risk of loss and title pass to the customer, which, in most cases, coincides with shipment of the related product. Revenue from services is recognized when the performance of service is complete.

Discontinued Operations - Discontinued operations, including any gain or loss on sale, are reported separately in the consolidated statement of operations for the period presented.

Shipping and Handling Costs - Shipping and handling costs are recognized as a component of costs of sales as they are incurred.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards - The Company is required to adopt FAS 158 Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans and recognize the funded status of its defined benefit postretirement plan and to provide the required disclosures as of the end 2007. The Company will provide the appropriate accounting treatment and disclosures in the 2007 year end financial statements.

Note 2 - Inventory

Inventory consists of the following (dollars in thousands):

	9/30/2007	12/31/2006
Raw materials	\$ 59,044	\$ 57,492
Work in progress	17,057	12,652
Finished goods	21,886	3,678
Supplies and other	6,965	6,998
Total inventory	<u>\$ 104,952</u>	<u>\$ 80,820</u>

Note 3 - Other Assets

In connection with the Company's 2006 power supply contract, the Company is obligated to maintain a deposit at the utility equal to one hundred thirty percent of the subsequent month's projected electric bill.

In December 2006, the Company temporarily curtailed operations at its Burnside, Louisiana alumina plant, reduced operations at the marine terminal facilities and reclassified certain inventories associated with the alumina operation of \$10.2 million from current assets to other long-term assets. These assets will remain classified as long term until such time as a final decision is made to change Burnside's status from being temporarily curtailed.

Deferred finance charges represent legal, consulting, and financial costs associated with debt financing reported net of accumulated amortization. Such charges are amortized over the respective terms of related debt agreements and any unamortized amounts are charged to expense when an obligation is refinanced. As a result of the Company's credit facilities (see Note 4), the Company incurred and capitalized \$6.4 million of expenses associated with this financing and amortized previously deferred financing fees of \$3.8 million.

Exhibit A

Summary of other assets (dollars in thousands):

	<u>9/30/2007</u>	<u>12/31/2006</u>
Power contract deposits	\$ 22,000	\$ 5,000
Inventory and supplies	9,946	10,170
Deferred financing costs	4,509	1,931
Other	<u>2</u>	<u>138</u>
Total other assets	<u>\$ 36,457</u>	<u>\$ 17,239</u>

Note 4 - Credit Agreement

As of December 31, 2006 the company had a revolving line of credit for loans and letters of credit in the aggregate amount not to exceed \$50 million, subject to a formula based on accounts receivable, inventory, and reserves for 2007 pension payments. The facility was collateralized by substantially all assets of the Company. At the Company's option, advances under the revolving line of credit were made as either a "prime rate advance" or a "LIBOR rate advance" that accrued interest at the prime rate plus 75 basis points or LIBOR rate plus 250 basis points, respectively, depending on the average net availability for the most recently ended three-month period (effective rate of 9.0 percent at December 31, 2006). The Company also paid an unused line of credit fee equal to 0.375 percent of the unused available borrowings. The available borrowings under the credit agreement were reduced by outstanding letters of credit of \$4.1 million. The Company had restricted cash of \$150,000 securing other outstanding obligations.

On February 14, 2007, the Company entered into a new senior secured credit agreement that included a term loan of \$25 million and a revolving credit agreement of up to \$100 million (including a sub-limit for letters of credit in the aggregate amount not to exceed \$15 million), which was subsequently reduced to \$75 million in connection with the supplemental agreement described below. The new credit agreement matures on February 28, 2010 and bears interest based upon a matrix-pricing grid that defines interest rate margins based on the average net availability for the most recently ended three-month period. At the Company's option, advances can be made as either a "base rate advance" or a "LIBOR rate advance" that accrues interest at the prime rate plus 150 to 250 basis points or LIBOR rate plus 250 to 350 basis points, respectively, depending on the average net availability for the most recently ended three-month period. The facility is also subject to various loan covenants including minimum EBITDA targets and production targets that are measured monthly on a rolling three-month basis. The credit agreement also requires certain adjustments in the borrowing base calculation to reserve for the funding of pension plan obligations in 2007 and subsequent years. The total reserves as of September 30, 2007 were \$35 million of which \$30 million was associated with pension payment reserves. The Company's borrowing availability under the revolving credit agreement (up to a maximum of \$75 million) is based on specific formulas set forth in the agreement including a percentage of eligible accounts receivable and an overall percentage of inventory based on specific percentages for various categories of inventory. The Company's net borrowing availability is determined after adjustments for various reserves as specified in the credit agreement and after adjustments for any outstanding loan balance and for any amounts outstanding under letters of credit. The \$25 million term loan requires monthly payments of principal in the amount of \$417,000 commencing on May 1, 2007.

On March 16, 2007, the Company entered into Amendment No. 1 to the Loan and Security Agreement. This additional credit facility was obtained to support incremental working capital needs of the business during the restart process for the aluminum smelter. The amendment included an increase in the revolving credit agreement to \$125 million which was accomplished by reducing the base facility to \$75 million and adding a new sub-facility of \$50 million for supplemental loans, which may be borrowed when borrowing base-supported revolving loans are not available. This supplemental loan sub-facility is supported by a \$50 million standby letter of credit issued by a third-party bank originally based on the credit of an affiliate of certain stockholders. Subsequently, the position of the affiliate of certain stockholders was assumed by a new financial institution, and the original letter of credit was replaced by a letter of credit issued by the new financial institution. A corresponding reimbursement agreement between the Company and the new financial institution will remain in place until March 30, 2008. If the letter of credit is drawn to pay the supplemental loans

Exhibit A

under the sub-facility at maturity, the Company's reimbursement obligation to the new financial institution will mature in February 2010. Interest is based upon a matrix-pricing grid that defines interest rate margins based on the average net availability for the most recently ended three-month period. At the Company's option, advances can be made as either a "base rate advance" or a "LIBOR rate advance" that accrues interest at the prime rate plus 150 to 250 basis points or LIBOR rate plus 250 to 350 basis points, respectively, depending on the average net availability for the most recently ended three-month period while the letter of credit remains in place. The Company will also pay a monthly maintenance fee of 4.25 percent per annum on the outstanding amount of the letter of credit. Interest on the Company's reimbursement obligations if the letter of credit is drawn is required to be paid based on the monthly LIBOR plus 900 basis points. This supplemental loan sub-facility is also subject to various cross-default provisions and other inter-creditor provisions. The letter of credit may be terminated after December 31, 2007 if the Company is able to demonstrate that its average excess availability under the borrowing base exceeds \$20 million for 30 consecutive days.

On April 24, 2007, the Company and its lender entered into Amendment No. 2 to the Loan and Security Agreement. This amendment provided certain changes in the EBITDA covenants and other modifications related to certain liens that may be granted to the PBGC.

On June 5, 2007, the Company and its lender entered into Amendment No. 3 to the Loan and Security Agreement.

Note 5 - Note Payable

Senior secured note payable, due in sixty monthly principal payments of \$417,000, plus interest at variable rates per annum, through February 28, 2011. Substantially all assets of the Company collateralize this loan. The outstanding balance as of September 30, 2007 is as follows (dollars in thousands):

Current portion	\$ 5,000
Long-term portion	<u>9,417</u>
Total	<u>\$ 14,417</u>

The principal payments commenced on May 1, 2007. In addition to the required monthly payments, the Company also paid down the principal by \$8.5 million from the proceeds of assets sold through September 2007.

Note 6 - Self-insurance

The Company is partially self-insured for health, medical, dental, vision, prescription drug, and workers' compensation for the benefit of substantially all employees. Health and medical protection in excess of a minimum specific self-insured amount is provided under a group health and medical reinsurance policy. The maximum specific liability for health and medical for the Company is \$225,000 per employee. The maximum specific liability for workers' compensation for the Company is \$1.0 million per employee. The contingent liability of the Company for additional claims for which it would be liable, before the reinsurance policy pays claims, is deemed immaterial.

Note 7 - Retirement Plan

The Company maintains three defined benefit plans under a single master trust that cover substantially all existing employees as of December 31, 2006. The plan covering salaried employees generally provides benefits based on years of credited service and average earnings. Plans covering hourly employees generally provide benefits based on years of service and a specific benefit amount. As of April 1, 2005, the Company recorded its entire unfunded pension obligation \$120.0 million as a liability on its balance sheet. All plans used December 31, 2006 as the measurement date. The Company funds the plans in a range defined by the minimum and maximum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA). As a result of the under-funded status of the pension plan of \$120.0 million, the expected pension plan funding obligations in 2007 are \$50.3 million; including a catch-up payment of \$33.8 million; subject to ongoing negotiations with the PBGC.

Exhibit A

On February 9, 2007, the Company submitted an application to the IRS and the PBGC seeking approval to defer and amortize the \$33.8 million payment over a period of five years. On August 23, 2007 the IRS granted the waiver for the 2006 plan year. The waiver included the following conditions, all of which the Company has complied with or agrees to comply with:

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

The Company's lenders and the PBGC have continued to negotiate terms of an appropriate subordination agreement providing for the subordination of the PBGC lien to the existing liens held by the lenders. The Company's credit agreement contemplates such a lien up to a maximum amount of \$35 million, subject to approval by the lenders and execution of acceptable intercreditor agreements. If the PBGC demands a lien in excess of \$35 million, there can be no assurance that the lenders would grant an increase to the maximum lien amount identified in the credit agreement.

Through October 2007, the Company has made all required payments into the pension plans in accordance with the IRS pension funding waiver. These payments totaled \$22.5 million.

As a result of the negotiations of the new collective bargaining agreements in 2006, these defined benefit plans for hourly employees were closed to new participants as of June 1, 2006. Existing participants of the plan at June 1, 2006 will continue to earn credited years of service; however, the benefit rate in effect at June 1, 2006 will remain unchanged for future years.

In addition, effective July 1, 2006, all hourly employees were eligible to participate in a USW sponsored multiemployer defined benefit pension plan. As a result, the Company is obligated to make monthly contributions to this plan based on the number of hours worked by its hourly employees. As of September 30, 2007, the Company had expensed \$1.0 million for these benefits and subsequently paid the balance to the trust in 2007. While contributions are based on an employee's contributory hours, federal laws impose certain contingent liabilities on contributors to multiemployer plans such as this. In the event of withdrawal from the plan and under certain other conditions, a contributor to a multiemployer pension plan may be liable to the plan in accordance with formulas established by law. The relative position of the Company, other contributors, plan assets, and accumulated benefits has not been determined; therefore, the contingent liability, if any, is not determinable.

Note 8 - Postretirement Health Plan

The predecessor company maintained retiree health care and death benefit plans for substantially all retired employees that, in general, paid for a percentage of medical benefits subject to certain deductibles. These plans were unfunded. On June 1, 2005, the Company implemented two new plans which cover all salaried and hourly employees except for hourly employees at its Burnside, Louisiana marine terminal and alumina production facilities, which remained under the old plan. During 2006, the Company renegotiated its union agreements and simultaneously settled the disputed health care claims in the bankruptcy court. Based on these agreements, the Company will make fixed periodic contributions into two Voluntary Employee Benefit Association (VEBA) trusts for its retired hourly and salary employees. Payments on behalf of the Hannibal, Ohio hourly retirees will continue through May 31, 2018, while payments on behalf of the Burnside, Louisiana hourly retirees commenced on January 1, 2007 and continue through December 31, 2010. The Company also agreed to make quarterly profit-sharing contributions to the hourly VEBA Trust and to make a payment to the hourly VEBA Trust if a sale of the Company occurs or if the Company's stock is listed on a national exchange. The Company's sole postretirement benefit obligation is to fund the VEBAs

Exhibit A

described above.

The VEBA trustees are responsible for providing various medical benefit options and determining co-payment requirements as well as death benefits for Ormet retirees. The Company recorded the estimate of its obligation to fund the VEBA contributions at the fresh start date in the amount of \$67.7 million. As of December 31, 2006, the estimated obligation was \$68,676,000. The Company expects to contribute \$8.6 million to the VEBA trusts in 2007.

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

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

Note 9 - Contingencies

In 1998, the predecessor company reached agreements with the U.S. Environmental Protection Agency and the Ohio Environmental Protection Agency under which the predecessor company had been remediating a contaminated groundwater site located in the state of Ohio. In connection with the remediation, the Company has estimated and recorded remediation costs, including estimated future maintenance and operating costs, of approximately \$3.6 million as of September 30, 2007.

Various lawsuits, claims, and proceedings have been or may be instituted or asserted against the Company, including those pertaining to environmental, product liability, labor, safety, and health matters, including significant asbestos claims. Management believes that the disposition of any such matters will not have a material effect on the Company's financial condition or will be covered by insurance except for approximately \$250,000.

In December 2006, the Company curtailed operations at its alumina plant in Burnside, Louisiana and reduced the operations of the marine terminal facilities. The Company has estimated and accrued supplemental unemployment obligations owed to the furloughed employees of the Burnside alumina and marine terminal facilities of approximately \$1.6 million as of September 30, 2007. The Company is a party to a multi-employer pension plan covering International Longshoremen Association members. If the marine terminal facility either completely curtails or substantially curtails operations the Company would be subject to a partial withdrawal liability.

Exhibit A

The predecessor company was a party to a series of rate filings by American Electric Power (AEP) with the Federal Energy Regulatory Commission (FERC) that could result in significant financial obligations of up to \$6.1 million for the Company in 2007. The AEP rate filings and related issues are currently being contested by the Company and other affected entities in hearings at the FERC. At the present time, the Company has been granted a temporary waiver related to the payment of these potential contingent liabilities related to Seams Elimination Cost Adjustments (SECA) charges payable to AEP and others. Settlement discussions and FERC hearings are currently ongoing.

One of the Company's international customers advised the Company in June 2006 that it would not take delivery of the remainder of the alumina (approximately 84,800 metric tonnes) that the customer was contractually obligated to purchase from the Company at a fixed price of \$521 per metric tonne. Attempts to negotiate a settlement with this customer were unsuccessful and an arbitration process before the International Court of Arbitration of the International Chamber of Commerce has commenced. The Company's claim for monetary damages is in excess of \$27 million (the "Claim") and was summarized and submitted to the Arbitral Tribunal on September 17, 2007. Given the uncertainty related to the arbitration process, the Company has not recorded any receivable amount on its balance sheet relative to the Claim. The customer has asserted a counterclaim (the "Counterclaim") against the Company for monetary damages in excess of \$1.8 million. While the Counterclaim is subject to ongoing evaluation, the Company presently denies any liability relating thereto. On October 30, 2007, the Company and the customer jointly requested that the arbitration process being held in abeyance while the Company challenges a preliminary injunction order entered by the High Court of Gujarat, India on July 24, 2007, which order directed the Company to refrain from proceeding with the arbitration process against the customer. By letter dated November 1, 2007, the Arbitral Tribunal granted the Company's and customer's joint request. As such, the arbitration proceedings are currently in abeyance through January 11, 2008.

Note 10 - Capital Stock

Common stock consists of 51,000,000 authorized shares of stock, of which 50,000,000 are designated as common stock, \$.001 par value per share, and 1,000,000 of which are designated preferred stock, no par value per share. As of September 30, 2007, there were 17,818,618 shares of common stock issued and outstanding. There are no shares of preferred stock issued and outstanding.

During 2007, the Company amended an officer's employment agreement to provide a payment of approximately 360,000 shares of stock upon termination without cause or resignation for good reason - the original employment agreement called for a similar cash payment contingent upon a change of control or initial public offering. At the time of the amendment, the officer was two-thirds vested in this benefit. The Company has recorded compensation expense in the first nine months of 2007 based on the vesting schedule and current market value of the stock.

On April 4, 2007, the Company's Board of Directors adopted a stock option plan. Under the plan, 1.5 million shares of the Company's common stock are reserved for the grant of stock options to eligible directors, officers, employees, consultants and key non-employees to provide such individuals with an opportunity to obtain or increase an equity interest in the Company, to benefit from the appreciation in the value of the Company's Common Stock, and as an incentive to such persons to promote the success of the Company. The stock option plan is administered by the compensation committee of the board of directors. The Company's stockholders approved the stock option plan at the annual meeting held on July 27, 2007. Through September 30, 2007 option grants of 560,000 shares have been made, which vest over a three year period. Compensation expense of \$1.4 million has been recognized through the first nine months of 2007.

Exhibit A

Note 11 – Income Taxes

As a result of the operating losses that occurred in the nine month period ended September 30, 2007, the Company did not record any tax expense or tax benefit. As of December 31, 2006, the Company has approximately \$44.6 million of net operating losses to carry-forward and apply to income tax payments in future years. The Company recorded certain valuation reserves and, as a result, no deferred tax assets or deferred tax liabilities are reflected on the balance sheet as of September 30, 2007.

A change of control as defined in section 382 of the IRC took place in the second quarter of 2007. The Company is determining the limitation on utilizing the NOL's and anticipates that it will be in the \$20 to \$30 million range per annum.

Note 12 – Subsequent Events

On November 1, 2007, the Company sold and issued \$35.0 million of senior subordinated secured notes due 2010 to a group of private investors. The notes are convertible at any time in whole or in part at the option of the holders into common stock of the Company at \$15.00 per share (subject to certain anti-dilution provisions). A balloon payment is due at maturity (November 1, 2010) for the principal balance plus accrued but unpaid interest, subject to the holders right of conversion. The notes bear interest, at the Company's option, of 10% payable in cash or 15% (payable 3% in cash and 12% payment in kind), payable quarterly. In addition, the Company issued warrants to the private investors (subject to certain anti-dilution provisions) to purchase 2,333,333 shares of common stock of the Company at an exercise price of \$3 per share. The warrants are immediately exercisable and expire in four years. The notes are fully and unconditionally guaranteed by certain domestic subsidiaries of the Company and are junior only to the obligations owed to the Company's lender (or its successor) under its commercial credit agreement. The notes will rank senior in right of payment to all existing and future unsecured indebtedness of the Company and senior in liquidation to all equity securities of the Company. The Company's obligations to the holders of the notes are secured by a second priority lien on substantially all of the assets of the Company.

On November 1, 2007, the Company and its lender entered into Amendment No. 4 to the Loan and Security Agreement which, among other thing, waives the Company's compliance with the EBITDA covenant from July 31, 2007 through March 30, 2008, revises the Company's required production levels of molten aluminum and documents the consent of the lender to the Company's issuance of \$35 million of senior subordinated secured notes due 2010.

On November 9, 2007, the Company received a demand letter from counsel to a 4.6% shareholder, pursuant to 8 Del. C. Section 220 for inspection of books, records and documents associated with the recently completed senior subordinated secured note sale. The Company intends to fully comply the laws and rights of the shareholder pertaining to this demand letter.

For further information concerning the Company, its operations and its plans, see the information under the caption "Recent Developments and Significant Events".

Exhibit B

Management's Discussion and Analysis

Management's Discussion and Analysis

Note: The Results of Operations for the nine month period ended September 30, 2007 are not comparable to the Results of Operations for the nine month period ended September 30, 2006 due to the significant differences in the fundamental business. During the nine month period ended September 30, 2007, the Company was continuing the process of fully restarting its aluminum smelter in Hannibal Ohio and the Company was not operating its alumina plant in Burnside Louisiana. During the nine month period ended September 30, 2006, the Company was operating its alumina plant in Burnside, Louisiana and was not operating its aluminum smelter in Hannibal Ohio. Accordingly, the Company is providing separately the Results of Operations for the nine month period ended September 30, 2007 and the Results of Operations for the nine month period ended September 30, 2006, both of which follow.

Results of Operations for the Nine Month Period ended September 30, 2007

Net Sales from Continuing Operations: Net sales from continuing operations for the nine month period ended September 30, 2007 were \$335.6 million. Net sales of billet products for the period totaled \$77.9 million including sales to billet tolling customers of \$5.3 million. Net sales of aluminum ingot/sow for the period totaled \$213.0 million. Sales of excess alumina and bauxite for the period totaled \$40.9 million, net sales at the marine terminal totaled \$2.1 million and other miscellaneous sales totaled \$1.6 million. During the nine month period, average selling prices for billet products (excluding tolling) were \$1.39 per pound (\$3,056 per metric tonne) and average selling prices for aluminum ingot/sow were \$1.19 per pound (\$2,623 per metric tonne).

Total shipments of aluminum billet products for the nine months ended September 30, 2007 were approximately 37,244 metric tonnes including shipments of billet products for tolling customers of 13,480 metric tonnes. Total shipments of aluminum ingot/sow for the nine month period ended September 30, 2007 were approximately 81,443 metric tonnes. Total shipments of excess alumina to third parties for the nine month period were approximately 51,768 metric tonnes and shipments of bauxite totaled approximately 557,634 metric tonnes.

Gross Profit (Loss): For the nine month period ended September 30, 2007, the Company incurred an operating gross loss from continuing operations of \$10.0 million. During this period, the Company's financial performance was adversely affected by one-time costs incurred to restart the aluminum smelter of \$13.6 million and a \$12.7 million cost of VEBA contributions (plus expenses) associated with stock options sold.

Operating Expenses: Operating expenses for the nine month period ended September 30, 2007 totaled \$27.5 million. This total included all of the selling, general and administrative expenses required to manage and support the Company's operations and the costs related to the general corporate affairs of the Company. During this nine month period, these expenses also included one-time employment-related expenses.

Operating Loss: For the nine month period ended September 30, 2007, the Company incurred an operating loss of \$37.5 million from continuing operations.

Income Tax Provision: As a result of the operating losses that occurred in the nine month period ended September 30, 2007, the Company did not record any tax expense or tax benefit. As of December 31, 2006, the Company has approximately \$44.6 million of net operating losses to carry-forward and apply to income tax payments in future years. The Company recorded certain valuation reserves and, as a result, no deferred tax assets or deferred tax liabilities are reflected on the balance sheet as of September 30, 2007. A change of control as defined in section 382 of the IRC took place in the second quarter of 2007. The Company is determining the limitation on utilizing the NOL's and anticipates that it will be in the \$20 to \$30 million range per annum.

Exhibit B

Income (Loss) Per Share: The average number of shares of common stock issued and outstanding during the first nine months of 2007 was 17,145,132 shares. The total number of issued and outstanding shares of common stock at September 30, 2007, was 17,818,618 shares. The resulting loss from continuing operations for the nine month period was \$2.62 per share, which includes the \$13.0 million charge for the contribution to the VEBA and \$13.6 million for restart expenses (\$1.55/share total).

Liquidity and Capital Resources

Sources and Uses of Cash: The net cash used by operating activities was \$104.0 million for the nine month period ended September 30, 2007. Net cash was reduced by the net losses of \$47.5 million and the overall increases in net working capital, including increases in accounts receivable of \$2.5 million, increases in inventory of \$24.1 million, increases in deposits and prepayments to the electric utility of \$22.0 million, increases in deferred financing costs of \$3.8 million, a decrease in trade accounts payable of \$7.5 million, and reduction in pension and postretirement benefits of \$17.0 million. Net cash used in investing activities for the nine month period was \$5.5 million after \$10.3 million in net proceeds from the sale of a crane barge at the Burnside marine terminal and rolling mill land and buildings at Hannibal, Ohio and was directly related to the relining of certain "pots" at the aluminum smelter in Ohio and an environmental remediation project at the Louisiana facilities. Net cash flows from financing activities during the nine month period resulted in new sources of cash of \$83.0 million, including additions to equity of \$50.4 million (principally from the May 3, 2007 stock and July 13, 2007 option sales), advances under the revolving credit agreement of \$31.8 million and the term loan of \$14.4 million.

For the nine month period year ended September 30, 2007, the cash balances of the Company decreased by \$26.5 million to a total of \$5.6 million.

Liquidity: As of September 30, 2007, the ongoing sources of liquidity for the Company are existing cash balances, cash flows from continuing operations, and available borrowings under the revolving credit agreement. The \$125 million credit agreement, as more fully described below, includes a \$50.0 million sub-facility for supplemental loans that is supported by a \$50 million standby letter of credit from a third-party financial institution. As of September 30, 2007, outstanding borrowings under the revolving credit agreement were \$74.1 million; outstanding letters of credit under the revolving credit agreement were \$3.5 million. As of November 2, 2007, the outstanding loan balance was \$66.4 million, outstanding letters of credit under the revolving credit agreement were \$3.5 million and remaining availability was \$5.4 million.

Primary uses of cash are for funding restart expenses, deposits and prepayments for electricity, increases in working capital to support the aluminum smelter operations and certain capital expenditures for the aluminum smelter. In 2007, cash will also be used to make payments to the Ormet pension plan and for contractual payments to the VEBA Benefit Trusts. No income tax payments are contemplated for 2007 based on the availability of \$44.6 million in net operating losses from 2006 that may be used to offset taxable income in 2007 and subsequent years. A change of control as defined in section 382 of the Internal Revenue Code occurred in the second quarter. The Company is determining the limitation on utilizing the net operating losses and anticipates that it will be in the \$20 to \$30 million range per annum.

During the nine month period ended September 30, 2007, the Company used \$5.4 million to make required contributions to the Hourly VEBA Benefit Trust for its retirees, and \$0.7 million to make discretionary payments to the Salary VEBA Trust. On February 9, 2007, the Company submitted an application to the IRS and the PBGC seeking approval to defer and amortize the \$33.8 million payment over a period of five years. On August 23, 2007 the IRS granted the waiver. The waiver included the following conditions, all of which the Company has complied with or agrees to comply with:

1. collateral be provided to the pension plan in a form acceptable to the PBGC;
2. within 30 days of the waiver letter, the Company must make a contribution to the pension plan for the missed April 2007 payment, plus applicable interest;

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3. beginning with the payment due on October 15, 2007, the Company must make the required quarterly contributions in a timely fashion and must make contributions to meet the minimum funding requirements without applying for a waiver of the minimum funding standard; and
4. the Company must provide to the PBGC a copy of any ruling requests it makes under section 412(f)(1) of the Internal Revenue Code.

The Company's lenders and the PBGC have continued to negotiate terms of an appropriate subordination agreement providing for the subordination of the PBGC lien to the existing liens held by the lenders. The Company's credit agreement contemplates such a lien up to a maximum amount of \$35 million, subject to approval by the lenders and execution of acceptable intercreditor agreements. If the PBGC demands a lien in excess of \$35 million, there can be no assurance that the lenders would grant an increase to the maximum lien amount identified in the credit agreement.

Through October 2007, the Company has made all required payments into the pension plans in accordance with the IRS pension funding waiver. These payments totaled \$22.5 million.

On February 14, 2007, the Company entered into a new senior secured credit agreement that included a new term loan of \$25 million and a new revolving credit agreement of up to \$100 million (including a sub-limit for letters of credit in the aggregate amount not to exceed \$15 million), which was subsequently reduced to \$75 million in connection with the supplemental facility described in the next paragraph. The new credit agreement matures on February 28, 2010. The new credit agreement bears interest based upon a matrix-pricing grid that defines interest rate margins based on the average net availability for the most recently ended three-month period. At the Company's option, advances can be made as either "Base Rate Advances" or "LIBOR Rate Advances" that accrue interest, respectively, at the prime rate plus 150 to 250 basis points or at the LIBOR rate plus 250 to 350 basis points, depending on the average net availability for the most recently ended three-month period. The facility is also subject to various loan covenants including minimum EBITDA targets and production targets that are measured monthly on a rolling three-month basis. The credit agreement also requires certain adjustments in the borrowing base calculation to reserve for the funding of pension plan obligations in 2007 and subsequent years. The Company's borrowing availability under the revolving credit agreement (up to a maximum of \$75 million) is based on specific formulas set forth in the agreement as a percentage of eligible accounts receivable and an overall percentage of inventory based on specific percentages for various categories of inventory. The Company's net borrowing availability is determined after adjustments for various reserves as specified in the credit agreement and after adjustments for any outstanding loan balance and for any amounts outstanding under letters of credit. The \$25 million term loan requires monthly payments of principal in the amount of \$417 thousand commencing on May 1, 2007.

On March 16, 2007, the Company entered into an amendment to its senior secured credit facility that included an increase in the revolving credit agreement to \$125 million accomplished by adding a new sub-facility of \$50 million for supplemental loans, which may be borrowed when borrowing base-supported revolving loans are not available. This supplemental loan sub-facility is supported by standby letters of credit originally issued by a third-party bank on behalf of an affiliate of certain stockholders. Subsequently, the position of the affiliate of certain stockholders was assumed by a new financial institution, and the original letter of credit was replaced by a letter of credit issued by the new financial institution. A corresponding reimbursement agreement between the Company and new financial institution will remain in place until March 30, 2008. The reimbursement agreement governs the Company's obligations to reimburse amounts drawn under such letters of credit (the proceeds of which would be used to pay off supplemental loans, if any). The supplemental loan sub-facility and the reimbursement agreement will remain in place until March 30, 2008. If the letters of credit are drawn to pay the supplemental loans under the sub-facility, the Company's reimbursement obligation to the new financial institution is scheduled to mature in February 2010. The new sub-facility bears interest based upon a matrix-pricing grid that defines interest rate margins based on the average net availability for the most recently ended three-month period. Interest on the Company's reimbursement obligations if the letters of credit are drawn is required to be paid based on the monthly LIBOR rate plus 900 basis points. This supplemental loan sub-facility is also subject to various cross default provisions and other inter-creditor provisions. The letters of credit may be terminated after December 31, 2007 if the Company is able to demonstrate that its

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average excess availability under the borrowing base exceeds \$20 million for thirty consecutive days. This additional credit agreement was needed to support the incremental working capital needs of the business during the restart process for the aluminum smelter.

On November 1, 2007, the Company and its lenders entered into Amendment No. 4 to the Loan and Security Agreement which, among other things, waives the Company's compliance with the EBITDA covenant from July 31, 2007 through March 30, 2008, revises the Company's required production levels of molten aluminum and documents the consent of the lenders to the Company's issuance of \$35.0 million of senior subordinated secured notes due 2010. On November 9, 2007, the Company received a demand letter from counsel to a 4.6% shareholder, pursuant to 8 Del. C. Section 220 for inspection of books, records and documents associated with the recently completed senior subordinated secured note sale. The Company intends to fully comply with the laws and rights of the shareholder pertaining to this demand letter.

Capital Expenditures: The Company spent \$15.8 million on capital expenditures for the nine month period ended September 30, 2007. These capital expenditures were incurred at the facilities in Burnside, Louisiana and at the aluminum smelter in Hannibal Ohio. As a result of the restart of the aluminum smelter, capital expenditures for 2007 (including pot relining) will be approximately \$20 million. The revolving credit agreement limits the Company's ability to make capital expenditures at its facilities in the future based on the projected amounts in the credit agreement.

Market Risks and Commodity Prices

The Company is exposed to market price fluctuations for several major commodities that it sells and/or purchases including its aluminum ingot and billet products, alumina, carbon anodes, electricity and natural gas. In order to mitigate some of the volatility of these commodities, the Company enters into various contractual agreements for the sale and/or purchase of these items in future periods of generally less than twelve months. The Company has a contract for all of its electricity for 2007 and 2008 at fixed prices and a contract for the supply of all of its alumina requirements for 2007 at fixed prices. The Company continues to evaluate the risks associated with these commodities and will adjust the level of its forward sale and/or purchase commitments to extent possible.

Interest Rates

The Company's primary interest bearing debt obligations at September 30, 2007 are borrowings under its revolving credit agreement and its term loan. Since the interest rates on the revolving credit agreement and the term loan are based on a monthly floating rate of interest, future increases in interest rates may subject the Company to additional interest expense with respect to these borrowings. Interest expense on the amounts outstanding under the revolving credit agreement and the term loan are calculated monthly at variable rates and are based on incremental margins over the monthly LIBOR Rate or the Prime Rate, as defined in the revolving credit agreement. During the third quarter interest rates approximated 8.8% per annum. At September 30, 2007, the Company had \$88.5 million of variable rate borrowings. During 2007, the Company may be subject to additional interest costs based on changes in the monthly LIBOR Rate or the Prime Rate. The Company will continue to evaluate various strategies for hedging its interest rate risk. The Company's primary financial instruments are cash and short-term investments, including cash in bank accounts.

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Results of Operations for the Nine-Month Period ended September 30, 2006

Net sales: Net sales for the nine months ended September 30, 2006 were \$206.8 million. Net sales of alumina totaled \$116.1 million for the nine-month period ended September 30, 2006. During this period, the Company experienced significant reductions in the selling prices of its alumina and reductions in the volumes of alumina sales. Various production problems were also encountered at its Burnside alumina plant during the first half of 2006, primarily due to the unfavorable mix of raw materials. For the nine-month period ended September 30, 2006, billet sales totaled \$81.3 million, and included billet-tolling revenues of \$7.0 million. Net revenues at the marine terminal totaled \$9.4 million for the nine-month period.

Total shipments of alumina for the nine months ended September 30, 2006 were approximately 258,000 metric tonnes. Total shipments of aluminum billet products for the nine months were approximately 90 million pounds and included approximately 38 million pounds of billet products for tolling customers.

Gross Profit(Loss): For the nine months ended September 30, 2006, the Company incurred an overall gross profit (loss) of (\$0.1 million). The alumina plant realized a gross profit of \$13.3 million for the nine-month period prior to a lower of cost or market adjustment of (\$17.3 million) for its alumina inventory. The loss related to the Hannibal business units for the nine-month period was (\$9.9 million) and the loss related to the marine terminal for the nine-month period was (\$3.5 million).

Operating Expenses: Operating expenses for the nine months ended September 30, 2006 totaled \$18.4 million. This total included all of the selling, general and administrative expenses required to manage and support the Company's operating facilities and the costs related to the general corporate affairs of the Company. During this period, the Company incurred incremental costs associated with the new collective bargaining agreements with the hourly employees at the facilities in Hannibal, Ohio and Burnside, Louisiana of \$2.6 million and one-time charges for a bankruptcy filing by a billet customer of \$2.2 million. Various legal expenses were also incurred related to the contested matters at the Federal Energy Regulatory Commission and at the Public Utilities Commission of Ohio and various legal, professional and investment banking costs were incurred for financing related activities.

Operating (Loss) Income: For the nine months ended September 30, 2006, the Company incurred an operating loss of (\$36.8 million). Depreciation and amortization for the period totaled \$9.3 million. The Company also had a lower of cost or market inventory adjustment of \$17.3 million.

Income tax provision: The Company did not record any provision for federal or state income tax expense for the nine months ended September 30, 2006. The Company filed its consolidated federal tax return for the period ended December 31, 2005 as of September 15, 2006. Various state income tax returns were filed as of October 15, 2006.

Loss per share: Based on the number of issued and outstanding shares of common stock at September 30, 2006, (647,018 shares) and the resulting net loss of (\$36,803), the loss per share for the nine-month period ended September 30, 2006 was (\$56.88).

Liquidity and Capital Resources

Sources and Uses of Cash: The net cash used by operating activities was (\$50.1 million) for the nine-month period ended September 30, 2006. The net cash used in operations was negatively affected by the recent operating losses and the net changes in working capital (including increases in inventory and reductions in accounts payable and accrued compensation) during the nine-month period ended September 30, 2006. Net cash provided by investing activities for the nine-month period ended September 30, 2006 was approximately \$2.5 million and is directly related to the sale of various assets including property in Wheeling, WV for \$3.6 million and offset by capital expenditures. Net cash provided by financing activities during the nine-month period ended September 30, 2006 was \$1.0 million and is related to the pay-off of the previous term loan, increases in the revolving loan balance and the reclassification of notes payable from long-term to

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current. Overall cash balances decreased by \$46.6 million during the nine-month period ended September 30, 2006.

Liquidity. The principal sources of liquidity for the Company are cash flows from operations and available borrowings under the Amended and Restated Credit Facility entered into with various lenders on April 18, 2006. As of September 30, 2006, outstanding borrowings under the revolving credit agreement were \$20.9 million and outstanding letters of credit under the revolving credit agreement were \$4.1 million. As a result of the recent decline in market prices for alumina and the related operating losses, the Company received formal notice from its lenders as of September 7, 2006 regarding certain "Material Adverse Events", including the contract breach by a major customer. The lenders have reserved their rights pursuant to the terms of the Amended and Restated Credit Agreement and are continuing to fund the daily operations of the Company at their sole discretion.

The Amended and Restated Credit Facility originally included a \$45 million revolving line of credit (including a sub-limit for letters of credit in the aggregate amount not to exceed \$15 million) and a \$15 million term loan that amortizes on a five-year schedule with quarterly payments of \$0.75 million and a balloon payment at maturity on April 1, 2009. As a result of a recent amendment to this agreement on November 1, 2006, the total borrowings under the revolving line of credit are now limited to \$32.5 million (including outstanding letters of credit) and the term loan balance is now \$11.5 million. The credit agreement bears interest based upon a matrix-pricing grid that defines interest rate margins based on the average net availability for the most recently ended six-month period. At the Company's option, advances can be made as either a "Base Rate Advance" or a "LIBOR Rate Advance" that accrue interest at the prime rate plus 150 to 250 basis points or LIBOR rate plus 200 to 300 basis points, respectively, depending on the average net availability for the most recently ended six-month period. The facility is also subject to various loan covenants including a minimum level of net worth and a fixed charge coverage ratio that is measured on a quarterly basis. The amended credit agreement also requires certain adjustments in the borrowing base calculation to reserve for funding of future pension plan obligations. The Company's borrowing availability under its amended revolving credit agreement is based on formulas set forth in the amended agreement as a specific percentage of eligible accounts receivable and an overall percentage of inventory based on specific percentages for various categories of inventory. The Company's net borrowing availability is determined after reductions for various reserves as specified in the credit agreement (including pension payment reserves) and after adjustments for any outstanding loan balance and for any outstanding letters of credit.

As of September 30, 2006, the Company was not in compliance with its covenants under the Amended and Restated Credit Facility. Subsequently, Amendment Number 1 to the Amended and Restated Credit Agreement was executed on November 1, 2006. This Amendment reduced the total amount available for the Company to borrow under the revolving credit agreement to \$32.5 million (including letters of credit).

Principal uses of cash are for purchases of raw materials, natural gas, operating supplies, payments of payroll and related taxes and benefits, payments of interest on the outstanding debt, the funding of capital expenditures, pension contributions, retiree healthcare contributions, working capital and other general corporate requirements.

On November 1, 2006, the Company entered into a new financing agreement with its two largest shareholders (MatlinPatterson and Mellon/HBV) acting as the lenders to provide immediate access to the initial funding needed to commence the restart activities at its aluminum smelter. The amount of this new financing is limited to \$15.7 million and provides the lenders with a second lien on substantially all of the assets of the Company. The use of proceeds from this "bridge loan" are limited to expenditures related to the restart of the aluminum smelter. Interest on this loan accrues at an annual rate of 15.4% and this loan matures on April 30, 2007. At maturity, this loan will be converted in to equity pursuant to a stock rights offering or repaid from new secured debt financing that the Company expects to complete in the near future.

As a result of the underfunded status of the Ormet Pension Plan, the Company will be required to make a deficit reduction contribution for the 2006 plan year on or before September 15, 2007. Based on the

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current calculations, pension plan contributions of approximately \$33.8 million will be required in 2007. Recently enacted pension reform legislation may affect the amounts required for pension contributions in subsequent years, and are currently projected at \$20 million in 2008 and \$11 million in 2009. The Company intends to apply to the Internal Revenue Service for a waiver of its 2007 pension contribution in order to spread this payment over five years. The Company will also continue to make monthly contributions to various VEBA Benefit Trusts to subsidize a portion of the healthcare costs of its hourly and salary retirees. These payments approximate \$8.0 million annually and for the Hannibal hourly retirees these payments extend through 2018.

Capital Expenditures: The Company incurred capital expenditures of approximately \$1.7 million for the nine-month period ended September 30, 2006 and \$0.8 million for the three-month period then ended. The majority of these capital expenditures were related to production equipment at the alumina plant in Burnside, Louisiana. The revolving credit agreement limits the Company's ability to make capital expenditures at its facilities.