

**Rule 15c2-11
Information and Disclosure Statement
For the Fiscal Quarter Ended March 31, 2008**

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

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

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

May 12, 2008

Table of Contents

	Page
Introduction	1
Recent Developments and Significant Matters	1
Risk Factors	8
Forward Looking Statements	14
ITEM (i): The exact name of the issuer and its predecessor (if any).....	15
ITEM (ii): The address of its principal executive offices	15
ITEM (iii): The state and date of incorporation, if it is a corporation.....	15
ITEM (iv): The exact title and class of each class of securities outstanding	15
ITEM (v): The par or stated value of the security	16
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	16
ITEM (vii): The name and address of the transfer agent.....	16
ITEM (viii): The nature of the issuer's business	16
ITEM (ix): The nature of products or services offered	18
ITEM (x): The nature and extent of the issuer's facilities	18
ITEM (xi): The name of the chief executive officer and members of the board of directors.....	20
ITEM (xii): issuer's most recent balance sheet and profit and loss and retained earnings statements.....	21
ITEM (xiii): Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence	21
ITEM (xiv): Whether broker or dealer or any associated person is affiliated, directly or indirectly with the issuer	21
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	21
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.....	21
Information Concerning the Stockholders and the Common Stock	21

Selected Financial Data 23

Certifications 24

Consolidated Financial Report - Unaudited Exhibit A

Management's Discussion and Analysis Exhibit B

Introduction

The information contained in this Information and Disclosure Statement ("Statement") has been prepared to fulfill the requirements of Rule 15c2-11(a)(5) under the Securities Exchange Act of 1934, as amended, and provides certain additional supplemental information. Although this Statement relates to the three month period ended March 31, 2008, it should be read in conjunction with the Information and Disclosure Statements for the year ended December 31, 2007.

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

Ormet's only operating unit during the first three months of 2008 was the aluminum smelter located in Hannibal, Ohio. During the first three quarters of 2007, Ormet produced aluminum and aluminum billet products. On October 17, 2007, in accordance with its previous announcement, the Company curtailed its billet casting operations located at the Hannibal, Ohio facility due to market conditions. During 2006 the Company produced alumina, but the alumina operations were curtailed in the fourth quarter of 2006 and no alumina was produced during 2007. The Company periodically reviews the status of the curtailed facilities to determine if it is financially feasible to reopen, sell or otherwise dispose of them. The Company's marine terminal located in Burnside, LA has been classified as a discontinued operation and reflected in the Company's balance sheet as held for sale (see the attached Exhibit A).

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

For information concerning the Company's Common Stock, see the information under the caption **Information Concerning the Stockholders and the Common Stock** beginning on page 21.

Recent Developments and Significant Matters

Tolling Agreement

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

Management Team

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

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

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

Employment Agreements for Management Team

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

Amendment to Credit Agreement

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

Convertible Senior Subordinated Secured Notes and Warrants

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

principal amount is due in full at maturity (November 1, 2010), together with any accrued but unpaid interest, subject to the holder's right of conversion. The notes bear interest, at the Company's option, of 10% payable in cash or 15% (payable 3% in cash and 12% payment-in-kind), payable quarterly. To date, the Company has been paying interest exercising the PIK option but no assurance can be given that the Company will not pay only cash interest in the future. In connection with the issuance of the notes, the Company issued warrants to purchase 2,333,333 shares of common stock of the Company to the private investors at an exercise price of \$3 per share (subject to adjustment pursuant to the anti-dilution provisions of the warrants). The warrants are immediately exercisable and expire on November 1, 2011. The notes are subordinated in right of payment to indebtedness under the Company's credit agreement, including reimbursement obligations with respect to the letter of credit issued to support supplemental loans under the credit agreement. The notes are secured by a junior lien on the same collateral which secures the loans under the Company's credit agreement, covering substantially all of the assets of the Company and its subsidiaries. The notes are not redeemable at the option of the Company prior to maturity.

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

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

Stock Option Plan

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

Sale of Common Stock

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

Sale of Common Stock Options

On July 13, 2007, the Company and various parties entered into certain option agreements whereby such parties paid \$12,675,000 (net of expenses to the Company) for options for an aggregate of one million shares of common stock at an exercise price of \$10.00 per share (subject to adjustment). As contemplated by

a modification to the Company's collective bargaining agreement with the United Steelworkers, the Company used the net proceeds of the option sales to satisfy in full the contribution obligation to the Hourly VEBA Benefit Trust (see "Satisfaction of Obligation to Hourly VEBA Benefit Trust" below). These options are exercisable at any time prior to their expiration on June 1, 2011.

2007 Sales of Assets

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

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

Suspension of Billet Casting Operations

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

Restart of Aluminum Smelter in Hannibal, Ohio

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

Contract for Aluminum Products

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

Supply Agreements for Alumina

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

Pension Funding Waiver Granted/ Quarterly Pension Contribution

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

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

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

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

Satisfaction of Obligation to Hourly VEBA Benefit Trust

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

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

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

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

plan covering International Longshoremen Association members. The curtailment of operations at the marine terminal triggered a withdrawal liability under the multi-employer pension fund. The Company has been notified in 2008 that the withdrawal liability is \$1.8 million and has requested the supporting documentation.

Supply Agreement for Carbon Anodes

The Company entered into a series of contractual arrangements to obtain a sufficient supply of carbon anodes for its 2007 production levels. For 2008, the Company believes that adequate supply contracts have been obtained; although at significant increases in price from 2007 levels. The Company is exploring options to procure another reliable source of supply at reduced costs.

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 with AEP through September 30, 2007 to secure the Company's payment obligations to AEP. In addition, the Company prepays its estimated monthly power bill three business days in advance of the first and fifteenth of each month.

On May 1, 2008, Ohio Governor Ted Strickland signed into law a critical piece of legislation. The new law outlines a comprehensive, long-term plan to ensure Ohio has reliable and affordable electric power. The critical elements of the legislation and enabling regulatory authority of the Public Utility Commission (PUCO) is as follows:

- Authority for job retention and economic development contracts; defined as a reasonable arrangement in the law.
- A utility has the ability to recover lost revenues, if any, resulting from this reasonable arrangement.
- The starting point for the reasonable arrangement is the applicable tariff rate.
- Authority over the contract development process.

Over the next several months, the Public Utility Commission will develop specific rules needed to put the new law into action. We will begin negotiations of a long-term power supply agreement later this year. There can be no assurance that the Company will be able to obtain new electricity rates on better terms than those provided for by its current contract with AEP.

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 (appx. 84,800 metric tons) that the customer was contractually obligated to purchase from the Company at a fixed price of \$521 per metric ton. 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. Since initiation of the arbitration process, the Company and customer have made several requests to hold the arbitration 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 arbitration against the customer. The Arbitral Tribunal subsequently granted these requests, the last of which placed the arbitration proceedings in abeyance through June 6, 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. On April 4, 2008 the Reorganized Debtors filed a Joint Motion with the Official Committee of Unsecured Creditors seeking a Final Decree Order of the Bankruptcy Court to close the chapter 11 cases (the "Final Decree Motion"). The deadline for parties to object to the Final Decree Motion has expired. As of the date of this filing, the following two objections were filed in response to the Final Decree Motion: (1) the State of Ohio Department of Taxation and (2) Jeffery Butler. The Reorganized Debtors have tentatively resolved the objection by the State of Ohio Department of Taxation and expect same to be summarily withdrawn. The remaining objection arises from a claim dispute with a former employee and the Reorganized Debtors anticipates the dispute to be resolved in their favor at a hearing scheduled for resolution of same on May 23, 2008. Thereafter, the Reorganized Debtors anticipate the entry of a Final Decree Order.

The resolution of the majority of the claims on January 22, 2008 with the receipt of the order from the Bankruptcy Court disposing of a substantial portion of the asbestos and hearing loss claims resulted in a distribution of almost 640,000 shares. Their remains approximately 47,982 reserved shares of common stock representing eleven unresolved claims which will be distributed to the Company's pre-petition creditors in accordance with the predecessor company's Plan of Reorganization when finalized.

Risk Factors

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

Risks Related to Our Business

The Company has a history of losses and negative cash flows from operations, and may not become profitable.

The Company emerged from bankruptcy in April 2005 and has a history of losses. For the year ended December 31, 2007, the Company had a net loss of approximately \$111.4 million and negative cash flows from operations of approximately \$120.1 million. For the year ended December 31, 2006, the Company had a net loss of approximately \$74.1 million and negative cash flows from operations of approximately \$77.1 million. There can be no assurance that the Company will be able to achieve and maintain profitability in the near future, or at all, or that the Company will be able to generate positive cash flows from operations. The Company may need to raise additional funds in order to fund the ongoing operations, and the Company can not assure you that it will be able to raise any needed funds or that any such required funds, if available, will be available to the Company on reasonable terms. Ormet is exploring alternatives to eliminate a potential \$15 million liquidity shortfall in the second half of 2008. Alternatives such as monetizing working capital, raising new debt, additional equity or contributing equity to the pension plans are all under review.

As a result of our recent tolling agreement with Glencore, substantially all of our aluminum production for the remainder of 2008 and all of 2009 is committed to Glencore at specified tolling fees. As a result, our ability to be profitable and generate positive cash flows during these periods is highly dependent on our ability to manage our expenses. These include costs for electricity and carbon anodes, both of which are significant and can be volatile, in addition to our labor costs, debt expense, pension and VEBA funding obligations and other considerable obligations. As a result of the tolling agreement, our exposure to costs of alumina, which is

the key raw material used in the production of aluminum and ordinarily one of our most significant expenses, has been mitigated for the remainder of 2008 and 2009.

The Company has a substantial amount of debt.

As of May 5, 2008, the Company had \$52.3 million in debt and letters of credit outstanding under its existing credit agreement and \$36.8 million face amount outstanding in convertible senior subordinated secured notes. All of this debt will mature in 2010. Interest expense during 2007 was approximately \$10 million and is expected by us to be higher in 2008. There can be no assurance that the Company will be able to continue to service its existing debt. In addition, if the Company is unable to comply with its debt service obligations or covenants under its outstanding debt, our outstanding debt could be accelerated.

The Company has substantial retiree pension obligations.

The Company had a total under-funded pension liability of approximately \$122.7 million as of December 31, 2007. As a result of the Pension Protection Act of 2006, and taking into account the Company's recent IRS waiver, the Company has made pension plan contributions for calendar year 2007 of approximately \$22.5. For the next four 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 \$38.2 million including a \$3.0 million additional contribution required as part of the 2006 deferral negotiations with the PBGC, \$27.9 million, \$33.8 million and \$24.0 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. If the Company defaults in its agreement with respect to the under-funded pension liability, the unpaid amount of this liability of approximately \$33.8 million may be accelerated and become immediately due.

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

The Company has approximately \$64.2 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 2006 collective bargaining agreements with the United Steelworkers, 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). During 2007, the collective bargaining agreement was amended and up to \$7.1 million of the scheduled 2008 Company contributions, including profit sharing, to the Hannibal Hourly VEBA Benefit Trust were deferred and will be made during 2010 and 2011. In addition, the Company agreed to pay additional monies during 2010 and 2011 based on the escalation of 125,000 shares of Ormet stock value over \$15 per share as measured on December 31, 2009. 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 totaled approximately \$732,000. The Company may terminate the monthly contributions to the Salary and Other Retiree VEBA Benefit Trust with respect to salaried retirees at any time. 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.

Our Tolling Agreement established the tolling rates for the remainder of 2008 and for all of 2009. This means that we will not benefit from any future increases in the market price for aluminum during the term of the Tolling Agreement.

As a result of the tolling agreement the Company entered into in April 2008, substantially all of its aluminum production for the remainder of 2008 and all of 2009 is committed to Glencore. Under the tolling arrangement, the Company will receive ongoing tolling fees as Ormet converts alumina into aluminum for Glencore under the agreement. The Company had previously entered into pre-pricing agreements with Glencore providing for the sale to Glencore of substantially all of Ormet's finished product for 2008 and a portion of 2009 at prices generally reflective of the market prices for aluminum on the London Metal Exchange at the time the respective pre-pricing agreements were entered into, less a customary discount, and our tolling fees with Glencore generally reflect the pricing provided for by these agreements. While our tolling arrangement ensures that we have a committed source for aluminum during the remainder of 2008 and during 2009, market prices for aluminum have increased significantly from levels existing at the time we previously entered into the pre-pricing agreements for our 2008 and 2009 aluminum production. We have not benefited from these increases and will not benefit in 2008 or 2009 if there are increases in aluminum prices. Pre-pricing agreements were in place for substantially all of Ormet's 2008 finished goods production and approximately 23% of Ormet's 2009 finished goods production by the end of January 2008. Pre-pricing agreements with Glencore for the remaining approximately 77% of Ormet's 2009 finished goods production were in place by March 12, 2008.

The Company continues to incur costs associated with the curtailed Burnside, Louisiana alumina plant and the idled Marine Terminal which is held for sale.

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 continues 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, 2007. The Company is a party to a multi-employer pension plan covering International Longshoremen Association members. As a result of the curtailment of operations at the marine terminal adjacent to the alumina plant, the Company is subject to a withdrawal liability. The Company received a letter dated April 9, 2008 from the International Longshoremen's Association, AFL-CIO, Pension, Welfare, Vacation and Holiday Funds stipulating a withdrawal liability of \$1.8 million to be paid in thirteen quarterly payments plus interest. The first payment is due sixty days after the notification letter and the Company has ninety days to ask for a review of the amount, identify inaccuracy in the determination of the amount and furnish any additional relevant information.

The Company is considering selling or leasing the marine terminal. We can not give assurance that we will be able to sell or lease this facility or otherwise monetize these assets or, if successful, the value we might realize in respect of such transactions. In 2007, we recognized an impairment charge of approximately \$22.4 million in respect of our Burnside alumina facility. In 2006, we recognized an impairment charge of approximately \$10 million in respect of the Burnside marine terminal, and an additional impairment charge of approximately \$2.6 million in 2007.

Our inability to reduce our electricity costs may have a significant adverse effect on our ability to improve our profitability and cash flows.

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 with AEP through September 30, 2007 to secure the

Company's payment obligations to AEP. In addition, the Company prepays its estimated monthly power bill three business days in advance of the first and fifteenth of each month.

On May 1, 2008, Ohio Governor Ted Strickland signed into law a critical piece of legislation. The new law outlines a comprehensive, long-term plan to ensure Ohio has reliable and affordable electric power. The critical elements of the legislation and enabling regulatory authority of the Public Utility Commission (PUCO) is as follows:

- Authority for job retention and economic development contracts; defined as a reasonable arrangement in the law.
- A utility has the ability to recover lost revenues, if any, resulting from this reasonable arrangement.
- The starting point for the reasonable arrangement is the applicable tariff rate.
- Authority over the contract development process.

Over the next several months, the Public Utility Commission will develop specific rules needed to put the new law into action. We will begin negotiations of a long-term power supply agreement later this year. There can be no assurance that the Company will be able to obtain new electricity rates on better terms than those provided for by its current contract with AEP.

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 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. 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. In addition, there can be no assurance that required capital expenditures will be permitted under the Company's debt agreements. 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.

Our debt agreements impose restrictions that may limit our ability to raise new capital, finance future operations or engage in business activities that may be in our interest.

The Company's credit agreement, as well as the Company's reimbursement agreement with the letter of credit provider under the supplemental loan facility portion of the credit agreement and the Company's convertible senior subordinated secured notes, contain significant covenants that restrict our ability to, among other things, refinance existing debt, incur additional debt and raise new equity, pay dividends, make investments, enter into transactions with affiliates, merge or consolidate with other entities and sell assets. Additionally, we are required to comply with certain financial covenants, including monthly EBITDA targets. A breach of any of these covenants could result in a default under our debt agreements, which could allow the lenders to declare all amounts outstanding immediately due and payable and could trigger cross-defaults resulting in additional debts becoming due. If we are unable to repay outstanding borrowings when due, our lenders will have the right to proceed against the collateral securing their debt. 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 our debt agreements.

Our high level of debt could:

- result in our inability to comply with the financial and other restrictive covenants in our debt agreements, 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 and liquidity;
- 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 principal payments on our debt when they come due, thereby reducing the availability of our cash flow for working capital, capital investments and other business activities;
- limit our ability to obtain additional debt or equity 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.

Our outstanding convertible senior subordinated secured notes are not redeemable by us at our option prior to maturity.

To the extent the Company raises new equity capital, our stockholders may experience significant dilution.

To the extent we seek to raise additional equity capital in the future, our stockholders may experience significant dilution. Among other things, in addition to dilution resulting generally from the issuance of additional shares, our outstanding convertible senior subordinated notes and related warrants contain anti-dilution provisions that generally will be triggered, among other circumstances, if we issue common equity (including common stock or convertible securities, warrants or other rights to acquire common stock, subject to certain exceptions) at a price that is below the conversion price on the notes (currently \$15 per share) or the exercise price of the related warrants (currently \$3 per share), or if we issue common equity at a price less than the then current market price. In the event of an issuance below the current conversion price of the convertible notes or the warrant exercise price, the conversion price or warrants exercise price, as the case may be, generally will be subject to reduction to the price at which the new common equity is issued. The adjustment in respect of sales at below market prices is a weighted average formula. If either adjustment is triggered, the conversion price or warrant exercise price, as the case may be, will be lowered and the number of shares issuable under the notes or warrants will be increased. If both adjustments are triggered, the anti-dilution provisions provide for us to make the adjustment most favorable to the holders of the convertible notes or warrants, as the case may be. We currently have \$35 million in outstanding principal amount of convertible notes. The related warrants are for approximately 2.33 million shares. The last reported price of our common stock on the Pink Sheets on May 5, 2008 was \$6.35 per share. The operation of the anti-dilution provisions in the convertible notes and warrants could trigger substantial additional dilution if we issue new equity.

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

All of the Company's aluminum production for the remainder of 2008 and for 2009 is committed to a single customer, Glencore, as a result of the Company's recent tolling agreement with Glencore. There can be no assurance that, in the future, 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. The Company entered into an agreement with the EPA on December 5, 2007 where we would provide immediately a LC for \$600,000 with additional LC's issued over the next two years aggregating \$3.4 million to support the Company's ability to fund the super-fund liability. The Company is currently in discussions with the EPA to amend the 1994 consent decree to reflect the agreement. 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.

There is no active public market for our common stock, and we are not subject to the reporting obligations of the Securities Exchange Act of 1934.

Our common stock is not listed on any stock exchange. We have never conducted a public offering registered under the Securities Act of 1933, and our common stock is not registered under the Securities Exchange Act of 1934. As a result, we are not subject to the reporting requirements applicable to such companies, such as the requirement that SEC reporting companies file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K or the SEC's proxy rules. While we do make certain information available on an annual and quarterly basis, this information is significantly less than the information required of SEC reporting companies. In addition, unlike SEC reporting companies, we are not subject to most of the provisions of the Sarbanes-Oxley Act. While some of our common stock trades over the counter in the public market and quotes can be obtained through the "Pink Sheets", trading is infrequent and the market highly illiquid. We cannot predict if or the extent to which an active trading market might develop for our common stock or how liquid that market might become.

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 first quarter of 2008, daily cash prices on the LME fluctuated from a high of \$1.440 to a low of \$1.070 per pound. Entering into the tolling agreement has established set tolling rates for the remainder of 2008 and 2009, which will not be effected by fluctuations prices in alumina or aluminum.

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. . Entering into the tolling agreement has established set tolling rates for the remainder of 2008 and 2009, which will not be effected by fluctuations prices in alumina or aluminum.

Forward Looking Statements

This Statement contains forward-looking statements that can 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, financial results, liquidity and capital needs, 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 the other disclosures contained in this Statement. Given the significant uncertainties and risks to which the Company is subject (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 April 25, 2008, 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 April 25, 2008, 18,458,379 shares of common stock were issued and outstanding. An additional 47,982 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 April 30, 2008, the Company has issued options to the senior management team and board of directors for 566,000 shares of common stock under the Stock Option Plan. The Company has reserved 1.5 million shares of common stock for equity grants under its Stock Option Plan. As of April 30, 2008 the Company has issued options to the senior management team and board of directors for 566,000 shares of common stock under the Stock Option Plan. In addition, in May 2008, the Company's board of directors approved additional option grants for senior management, as part of an annual compensation review conducted with the assistance of a nationally recognized compensation consultant, relating to an aggregate of 550,000 additional shares; these options will have a three year vesting period and an exercise price that will be set at the per share fair market value of the Company's common stock based on an averaging period that is subsequent to the issuance of this Statement. Also in May 2008, as part of a redesigned non-executive directors compensation program conducted with the assistance of a nationally recognized compensation consultant, which redesign was intended to significantly reduce

the cash component of the compensation, the Company's board of directors approved the grant of restricted stock units for non-employee directors, having a value of \$700,000 in the aggregate (with the number of restricted stock units to be set by reference to the per share fair market value of the Company's common stock based on an averaging period that is subsequent to the issuance of this Statement), as part of a non-executive directors compensation program.

Third parties hold options to purchase one million shares of common stock at an exercise price of \$10.00 per share (subject to adjustment), 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 convertible senior subordinated secured notes to those investors. The warrants are exercisable immediately at a price of \$3 per share (subject to adjustment) and expire on November 1, 2011. The senior subordinated secured notes are convertible into common stock at a \$15/share conversion price (subject to certain anti-dilution provisions). The anti-dilution provisions of the notes and the warrants provide for adjustments for common stock dividends, subdivisions and combinations of our outstanding common stock, cash dividends and distributions of assets, certain dilutive issuances and certain fundamental changes such as a merger or consolidation or a sale of substantially all of our assets. Among other things, the anti-dilution provisions generally will be triggered if we issue common equity (including common stock or convertible securities, warrants or other rights to acquire common stock, subject to certain exceptions) at a price that is below the conversion price of the notes or the exercise price of the warrants, or if we issue common equity at a price less than the then current market price. In the event of an issuance below the current conversion price of the notes or the warrant exercise price, the conversion price or warrant exercise price, as the case may be, generally will be subject to reduction to the price at which the new common equity is issued. The adjustment in respect of sales at below market prices is a weighted average formula. If either adjustment is triggered, the conversion price or warrant exercise price, as the case may be, will be lowered and the number of shares issuable under the notes or warrants will be increased. If both of these adjustments are triggered, the anti-dilution provisions provide for us to make the adjustment most favorable to the holders of the convertible notes or warrants, as the case may be.

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 2007, the Company successfully restarted all six of its aluminum producing potlines. As of April

25, 2008 there are approximately 956 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 alumina 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 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 prices as published by LME. The Company's selling prices for its aluminum billet products was 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 paid approximately \$50.60 per megawatt hour for its electricity in 2007. The Company is subject to a contract rate of \$49.50 in 2008 per megawatt hour. Prior to January 1, 2009, the Company will have to enter into a new contract with AEP, under the recently passed legislation to purchase its annual requirements for electricity in 2009 and beyond. As a result of the Company's recent tolling agreement with Glencore, the Company is not exposed to further fluctuations in alumina prices for the remainder of 2008 and 2009 since under the toll the Company will be converting alumina owned by Glencore into aluminum finished product.

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.

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

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

The aluminum market continues to be driven by multiple influences. The major factors are oil prices, higher production costs, the influence of the investor community in the commodities markets, the devaluation of the US dollar, and supply and demand.

Demand for aluminum continues to be driven by China. In 1999, China was 12% of world demand. This has increased to 33% in 2007. However, China is still relatively low in aluminum consumption per capita (9 kg/capita vs. 31.7 kg/capita in the United States in 2007). The per capita consumption in China is expected to grow to 19 kg/capita by 2012. China's needs are driven by infrastructure, transportation, and packaging.

Longer term increased demand for aluminum is expected to be driven by global growth in China, Brazil, India and Russia. Demand growth in Europe and Japan is projected at a rate needed just to sustain mature economies. United States demand is anticipated to be sluggish in 2008 but better than 2007. After averaging 3.12 cts/lb for 2007, the United States Midwest premium averaged 3.85 cts/lb for the first quarter of 2008, rising each month in the quarter. This premium has further strengthened in April 2008.

The 2008 supply has been impacted by disruptions in South Africa, Brazil and Tajikistan with a loss of production of over 620,000 tonnes for the entire year. A surplus is still expected in the second half of 2008 as new smelters ramp up. The rate of increase in smelter production has flattened and is expected to decline in 2009. At 6 to 7% compounded growth rate of global aluminum consumption into the future, the equivalent of seventy-five (75) to ninety-five (95) 400,000 tonnes smelters will be needed over the next 10 years mostly coming from Greenfield expansions.

The capital costs and time needed to build new bauxite mines, alumina refineries and smelters is rising. Also, the availability of lower cost stranded power is becoming more and more limited.

Costs to produce bauxite, alumina and aluminum continue to escalate as upward pressures from multiple sources work their way through the production chain. The most obvious is the cost of power to produce the actual aluminum, especially in Western Europe and China, where government support of aluminum plants is ending. The cost to produce alumina as a world average has doubled since 2004. Also, fuel cost effect the cost of delivering all materials to a plant such as bauxite, alumina and carbon.

Anode costs are four times higher now than 5 years ago. Currently, the Chinese merchant anode market is stable to declining modestly. However, the increased strength of the Yuan is impacting imported anodes.

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 which are all pledged under our banking agreements:

Facilities

Name	Location	Operational	Approximate Production Capacity (in metric tons)	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 and idled on December 31, 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 can produce approximately 260,000 metric tons 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 to full-scale operations with all six potlines operating. 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 intermediate term supply contract for electric power in November 2006. This power contract allows the Company to purchase all of its electricity at fixed prices for 2007 and 2008 and the new Legislation will allow us to negotiate competitive contracts for a number of years commencing January 1, 2009. 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. With all six potlines fully operational, production volumes are expected by us to generally average between 21,000 and 22,000 metric tons per month. During the remainder of 2008 and all of 2009, production capacity at the Hannibal facility is expected to be dedicated to the production of aluminum pursuant to our tolling arrangement with Glencore.

- ***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 tons of smelter-grade alumina when operating at full capacity. Burnside Alumina Refinery operations were curtailed in the fourth quarter of 2006.

- ***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, and were idled effective December 31, 2007 with the asset being held for sale.

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
Benjamin Duster	
Robert Prusak	
David L. Robertson	
Michael F. Tanchuk	President and Chief Executive Officer

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.

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.

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

Our directors are elected annually. 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. Two directors, Ken

Campbell and Peter Cecchini, have resigned from the Board of Directors of the Company since the stockholders meeting.

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 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 three months ended March 31, 2008.

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 2007 and 2006 financial statements are included in the Information and Disclosure Statement for each respective period, 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 May 6, 2008, there were approximately 213 stockholders of record of common stock, plus a number of beneficial owners whose shares are held in street name. To the Company's knowledge, the Company's major stockholders of record individually owning more than 5% of the outstanding shares as of May 6, 2008 includes Cobalt Partners LP (Including Shares held by Cobalt Offshore Fund LTD), Corriente Master Fund LP, and UBS Willow Fund LLC. These shareholders collectively own 27.6% of the outstanding shares.

As of April 30, 2008, there were 18,458,389 shares of common stock outstanding. An additional 47,982 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 April 30, 2008, the Company has issued options to the senior management team and board of directors for 566,000 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 (subject to adjustment). 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 convertible senior subordinated secured notes to those investors. The warrants are exercisable immediately at a price of \$3 per share and expire on November 1, 2011. The senior subordinated secured notes are convertible into common stock at a \$15/share conversion price (subject to certain anti-dilution provisions).

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"), (c) who acquired shares in the Company's December 2006 or May 2007 private placements or in any other private placement or (d) who acquire such common stock upon conversion of convertible notes or exercise of options or warrants, 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 (including, if available, Rule 144 and Rule 144A) and under equivalent state securities or "blue sky" laws. Generally, a holder of common stock that represents in writing to the Company that such holder (a) was not an affiliate of the Company at any time during the three months preceding a sale and (b) has beneficially owned the common stock proposed to be sold for at least one year, is entitled to freely sell such common stock pursuant to Rule 144.

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

Neither the common stock issued in the Company's December 2006 or May 2007 private placements, nor the Company's convertible notes and related warrants (which were also sold in a private placement), was 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 (including, if available, Rule 144 and Rule 144A) and similar provisions of applicable state securities laws or pursuant to an effective Registration Statement.

Our common stock is not listed on any stock exchange, 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. While some of our common stock trades over the counter in the public market and quotes can be obtained through the "Pink Sheets", trading is infrequent and the market highly illiquid. We cannot predict if or the extent to which an active trading market might develop for our common stock or how liquid that market might become.

Uncertainty of and Fluctuations in Trading Prices

As there is currently no active 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 and other debt agreements restrict 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 provide a promissory note, with collateral, to the Hannibal Hourly VEBA Benefit Trust.

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, beginning November 1, 2007, 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. A first demand pursuant to these registration rights requires at least 13% of the aggregate number of issued and outstanding shares of common stock of the Company to demand registration and the demand must be for a number of shares having a market value of at least \$20 million. A second demand would require at least 5% of the aggregate number of issued and outstanding shares of common stock of the Company 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. No demand has been made to-date.

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 three month period ending March 31, 2008 and the twelve-month period ended December 31, 2007. All data is derived from the consolidated financial statements which are set forth in the Consolidated Financial Report, attached as Exhibit A.

In millions except for per share data	Three Month Period Ended March 31, 2008	Year Ended December 31, 2007
Net Sales from Continuing Operations	\$162.3	\$449.7
Total Assets	\$272.3	\$256.9
Operating Income (Loss)	\$13.8	\$(84.2)
Long-Term Obligations	\$219.8	\$228.9
Income (Loss) from Continuing Operations	\$5.0	\$(96.1)
Income (Loss) from Continuing Operations per common share	\$.56	\$(5.55)

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 circumstances under which such statements were made, 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: May 12, 2008

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 circumstances under which such statements were made, 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: May 12, 2008

James Burns Riley, Chief Financial Officer

Exhibit A
ORMET CORPORATION
CONSOLIDATED BALANCE SHEET
(000's omitted)

	(Unaudited)	
	<u>3/31/2008</u>	<u>12/31/2007</u>
ASSETS		
Cash	\$ 2,830	\$ 2,310
Restricted cash	150	150
Accounts receivable		
Trade	18,122	16,366
Other	164	87
Inventories (Note 2)	108,527	97,933
Prepaid Expense and Other Current Assets (Note 5)	<u>35,465</u>	<u>37,225</u>
Total current assets	165,258	154,071
Property and Equipment (Note 3)	53,855	49,931
Goodwill	42,284	42,284
Intangible Assets, net (Note 4)	485	414
Assets Held for Sale (Note 14)	3,025	3,025
Other Assets (Note 5)	<u>7,417</u>	<u>7,185</u>
TOTAL ASSETS	<u>\$ 272,324</u>	<u>\$ 256,910</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	\$ 11,187	\$ 13,205
Bank line of credit (Note 6)	73,279	56,040
Current portion of term debt (Note 7)	5,000	5,000
Accrued and other current liabilities		
Accrued compensation	7,369	8,120
Accrued interest	659	826
Postretirement obligations (Note 12)	2,340	2,340
Other accrued liabilities	<u>11,344</u>	<u>11,025</u>
Total current liabilities	111,178	96,556
Long Term Debt (Note 7)	38,359	38,057
Other Long-term Liabilities:		
Pension obligations (Note 11)	113,074	122,732
Postretirement obligations (Note 12)	62,263	61,887
Other liabilities	6,097	6,193
STOCKHOLDERS' DEFICIT	<u>(58,647)</u>	<u>(68,515)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 272,324</u>	<u>\$ 256,910</u>

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

	Three Months Ended	
	3/31/2008	3/31/2007
Net Sales from Continuing Operations	\$162,276	\$50,443
Cost of Sales		
Production	142,721	51,471
Restart expenses	-	8,067
Total cost of sales	<u>142,721</u>	<u>59,538</u>
Gross Profit (Loss)	19,555	(9,095)
Operating Expenses	<u>5,796</u>	<u>10,953</u>
Operating Income (Loss)	13,759	(20,048)
Nonoperating (Income) Expenses		
Other (income) expense, net	(84)	74
Interest expense	<u>3,869</u>	<u>1,754</u>
Total Nonoperating Expenses	<u>3,785</u>	<u>1,828</u>
Income (Loss) Before Income Tax	9,974	(21,876)
Income Tax Expense	<u>-</u>	<u>-</u>
Income (Loss) From Continuing Operations	9,974	(21,876)
Loss From Discontinued Operations	<u>(620)</u>	<u>(2,015)</u>
Net Income (Loss)	<u>\$ 9,354</u>	<u>\$ (23,891)</u>
Shares outstanding:		
Average during period	17,819	9,279
As of March 31	17,819	9,279
Net income (loss) per share	\$.53	\$(2.57)

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, 2007	\$ 19	\$ 175,843	\$ (220,867)	\$ (23,510)	\$ (68,515)
Comprehensive income:					
Net income	-	-	9,354	-	9,354
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive Income	<u>-</u>	<u>-</u>	<u>9,354</u>	<u>-</u>	<u>9,354</u>
Stock option grants (Note 20)	<u>-</u>	<u>514</u>	<u>-</u>	<u>-</u>	<u>514</u>
Balance March 31, 2008	<u>\$ 19</u>	<u>\$ 176,357</u>	<u>\$ (211,513)</u>	<u>\$ (23,510)</u>	<u>\$ (58,647)</u>

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

	Three Months Ended March 31,	
	2008	2007
Cash Flows from Operating Activities		
Net income/(loss)	\$ 9,354	\$ (23,891)
Adjustments to Reconcile Net Loss to Net Cash Used:		
Depreciation and Amortization	2,387	1,233
Bad Debt Expense	-	647
Deferred/Non-cash Interest	1,675	-
Stock Option Compensation Expense	514	-
Amortization of Deferred Financing Costs	1,424	1,420
Net change in:		
Trade Accounts Receivable	(1,832)	(19,426)
Inventory	(10,594)	(25,490)
Accounts Payable	(2,018)	7,014
Pension and Other Postretirement	(9,315)	(363)
All Other Items	1,143	(12,136)
Net Cash Used in Operating Activities	(7,262)	(70,992)
Cash Flows from Investing Activities		
Capital Spending	(6,382)	(4,324)
Net Cash Used in Investing Activities	(6,382)	(4,324)
Cash Flows from financing activities		
(Payments) Proceeds of long term loan	(1,250)	25,000
Debt issuance costs	(1,825)	(5,501)
Proceeds from bank line of credit – Net	17,239	31,050
Net cash provided by financing activities	14,164	50,549
Net (decrease) increase in cash	520	(24,767)
Cash - beginning of period	2,460	32,056
Cash - end of period	\$ 2,980	\$ 7,289

Prior period amounts have been reclassified for comparability.

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

Note 1 - Nature of Business and Significant Accounting Policies

Ormet Corporation (the "Company" or the "Successor Company") is a manufacturing company that produces alumina, aluminum, and aluminum billet products and operates a bulk marine terminal. During 2008 the Company is producing and selling aluminum sow. During 2007, the Company produced and sold aluminum and aluminum billet products while the bulk marine terminal and alumina operations were curtailed. Operations at the bulk marine terminal were idled in 2007 and are part of discontinued operations. Property and equipment for the terminal are classified as held for sale.

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 accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements reflect activity of the Company for the three month periods ended March 31, 2008 and 2007 and as of March 31, 2008 and December 31, 2007.

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 the Company's purchasing card program.

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 \$1,048 at March 31, 2008 and December 31, 2007.

Changes in the Company's allowance for doubtful accounts are as follows:

	<u>3/31/2008</u>	<u>12/31/2007</u>
Beginning balance	\$ 1,048	\$ 191
Bad debt expense	-	688
Accounts recovered (written off)	<u>-</u>	<u>169</u>
Ending balance	<u>\$ 1,048</u>	<u>\$ 1,048</u>

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

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

Property and Equipment - Property and equipment at March 31, 2008 and December 31, 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 54 months for potlines, 7-10 years for equipment and 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 (see Note 3 and 14).

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 (See Note 4). 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 three month period ended March 31, 2008 or the year ended December 31, 2007. It is reasonably possible that management's estimate of the carrying amount of goodwill could change in the near term.

Accounts Payable - Included in accounts payable at March 31, 2008 and December 31, 2007 are approximately \$1,501 and \$1,451, respectively, 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 - Balance sheet amounts for discontinued operations are reclassified from their historical presentation in the consolidated balance sheet and reflected as assets and liabilities held for sale, recorded at an amount equal to the lower of carrying value or fair value. If the carrying value is in excess of fair value, a loss is recognized (See Note 14). Fair value is estimated based on all available information, with competitive bids and appraisals considered as being most indicative of fair value.

Discontinued operations, including any gain or loss on sale of assets, are reported separately in the consolidated statement of operations for the period presented. See Note 14 for additional disclosure.

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

Reclassifications - Certain line items on the 2007 statements been reclassified to

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

conform with the 2008 presentation.

Comprehensive Income (Loss) - Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income (loss). Certain changes in assets and liabilities, however, such as amounts related to defined benefit and other postretirement plans, are reported as a direct adjustment to stockholders' equity. Such items, along with net income or loss, are considered components of other comprehensive income (loss).

Accumulated other comprehensive loss at March 31, 2008 and December 31, 2007 is comprised of pension benefit net loss in the amount of \$21,918 and prior service cost of \$1,592.

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.

Stock Option Plan - The Company applies the recognition and measurement provisions of SFAS 123 to account for employee stock compensation costs, which is referred to as the fair value method. Compensation cost is measured based on the fair value of the equity instruments issued to employees and board of directors. Compensation costs charged to operations was \$514 for the three month period ended March 31, 2008. There was no stock option expense during the three month period ended March 31, 2007.

The fair value of each option grant is estimated on the date of grant using the Black Scholes option valuation model. See Note 20 for the weighted average assumptions.

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

Note 2 - Inventory

Inventory consists of the following, stated net of obsolescence reserves:

	<u>3/31/2008</u>	<u>12/31/2007</u>
Raw materials	\$ 74,816	\$ 61,005
Work in progress	19,964	17,979
Finished goods	8,707	13,597
Supplies and other -Net of obsolescence reserves of \$3,276 and \$3,310 as of 03/31/08 and 12/31/07, respectively	<u>5,040</u>	<u>5,352</u>
Total Inventory	<u>\$ 108,527</u>	<u>\$ 97,933</u>

Changes in the Company's obsolescence reserves are as follows:

	<u>3/31/2008</u>	<u>12/31/2007</u>
Balance at beginning of year/period	\$ 3,310	\$ 2,248
Increase (Decrease) in Reserve	(34)	11,879
Balance transferred to other assets	<u> </u>	<u>(10,817)</u>
Balance at end of year/period	<u>\$ 3,276</u>	<u>\$ 3,310</u>

Note 3 - Property and Equipment

Major classes of property and equipment are summarized as follows:

	<u>3/31/2008</u>	<u>12/31/2007</u>
Land and land improvements	\$ 3,716	\$ 3,716
Buildings and improvements	8,074	8,074
Machinery and equipment	54,566	48,687
Construction in progress	<u>824</u>	<u>407</u>
Total cost	67,180	60,884
Accumulated depreciation	<u>13,325</u>	<u>10,953</u>
Net property and equipment	<u>\$ 53,855</u>	<u>\$ 49,931</u>

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

Depreciation and expense was \$2,372 and \$1,197 for the three month periods ended March 31, 2008 and 2007, respectively. Depreciation expense for discontinued operations of \$679 is included in the three month period ended March 31, 2007.

Note 4 - Intangible Assets

Intangible assets of the Company are summarized as follows:

	3/31/2008		12/31/2007	
	Gross Carry Amount	Accumulated Amortization	Gross Carry Amount	Accumulated Amortization
Amortized intangible assets -				
License agreements	\$ 608	\$ 123	\$ 522	\$ 108

Amortization expense for intangible assets totaled approximately \$15 and \$36 for the three months period ended March 31, 2008 and 2007, respectively. During 2007, the Company also recognized an impairment charge of \$739 related to curtailing operations at the Burnside Alumina facility and no longer having the ability to utilize a previously capitalized license agreement. The impairment charge is included in cost of sales.

Estimated amortization expense for the years ending December 31 are as follows:

Estimated amortization expense	
2008	69
2009	70
2010	70
2011	70
2012	55
Thereafter	112
	\$ 446

Note 5 - Other Assets

Deferred finance charges represent legal, consulting, and financial costs associated with debt financing. 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. The Company expensed \$1,424 and \$1,420 of deferred financing costs previously capitalized in the three month periods ended March 31, 2008 and 2007, respectively. The Company also incurred \$1,825 and \$5,501 of additional deferred financing charges in the three month periods ended March 31, 2008 and 2007, respectively.

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

In December 2006, the Company curtailed operations at its Burnside, Louisiana alumina production and marine terminal facilities and reclassified certain inventories associated with this operation of \$10,170 from current assets to other long-term assets. Both reclassifications have been treated as noncash events in the consolidated statement of cash flows. As of December 31, 2007, the Company increased its inventory reserve to equal the total balance of inventory and supplies held at the two Burnside facilities. This was done in conjunction with the continued curtailment of the Burnside Alumina facility and transfer of the Marine Terminal facility to assets held for sale.

In connection with the Company's power supply contract which covers 2007 and 2008, the Company is obligated to maintain a deposit at the utility equal to 130 percent of the subsequent month's projected electric bill. The deposits are refundable in late 2008. Additionally, the Company is required to prepay its power supply semi-monthly; three business days in advance of the first and fifteenth of each month.

The schedule below details prepaid expenses, other current assets and other assets at March 31, 2008 and December 31, 2007, respectively.

	<u>3/31/2008</u>	<u>12/31/2007</u>
Power contract deposits	\$ 22,000	\$ 22,000
Prepaid power	9,474	10,369
Prepaid raw materials	772	3,419
Other	<u>3,219</u>	<u>1,437</u>
Total prepaid expense and other current assets	<u>\$ 35,465</u>	<u>\$ 37,225</u>
Deferred financing costs	\$ 6,647	\$ 6,246
Other	<u>770</u>	<u>939</u>
Total other assets	<u>\$ 7,417</u>	<u>\$ 7,185</u>

Note 6 - Credit Facilities

During 2007, the Company entered into a new senior secured credit facility and amended the new agreement four times. The terms, as of March 31, 2008, include a term loan of \$25 million (See Note 7) and a revolving credit facility and a \$50 million sub-facility, which may be borrowed when the borrowing base-supported revolving loans are not available. The revolving credit facility loan limit is the lesser of \$100 million or \$125 million less the outstanding term loan and the sub-facility obligations. The supplemental loan sub-facility is supported by a \$50 million standby letter of credit issued by a third-party bank. When the standby letter of credit was initially issued it was based on the credit of an affiliate of certain stockholders. This standby letter of credit has a monthly maintenance fee of 4.25 percent per annum. Interest on the Company's reimbursement obligations if the letter of credit is drawn is required to be paid based on

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

the monthly LIBOR plus 1000 basis points. The sub-facility is subject to various crossdefault provisions and other inter-creditor provisions.

The credit facility 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 100 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 (an effective rate of 7.01 and 7.42 percent at March 31, 2008 and December 31, 2007, respectively). The Company also pays a monthly unused revolving credit facility fee equal to .375 percent per annum. The facility is also subject to various loan covenants including minimum EBITDA targets and production targets that are measured monthly. The credit facility 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 facility 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, adjusted for various reserves for any outstanding loan balance and for any amounts outstanding under letters of credit. At March 31, 2008, outstanding borrowings on the revolving credit facility totaled \$73,279.

The credit facility also provides for the issuance of letters of credit, with a maximum of \$10,000. The fee for such letters of credit is 3.25 percent per annum. For the three month period ended March 31, 2008 and the year ended December 31, 2007, the available borrowings under the credit agreement were reduced by outstanding letters of credit of \$4,011 and \$4,111, respectively. The Company had restricted cash of \$150 securing other outstanding obligations.

On August 31, 2007 and on September 28, 2007, the Company reported to the bank that it was out of compliance with the EBITDA covenant for the July 2007 and August 2007 reporting periods, respectively. The bank granted forbearance to the Company on the EBITDA covenant through October 2007. Amendment No. 4 to the credit facility, dated November 1, 2007, waived the EBITDA covenant measurement until March 31, 2008.

On January 23, 2008, the Pension Benefit Guaranty Corporation (PBGC) entered into an Intercreditor Agreement with the bank to satisfy one of the funding waiver requirements inherent in the agreement between the Internal Revenue Service and the Company to defer contributions to the Company's defined benefit pension plan (See Note 11). The intercreditor agreement, among other provisions, granted the PBGC a lien on certain assets and properties to secure the funding waiver.

On March 28, 2008, the Company entered into the sixth amendment of the loan agreement. Under this agreement, the supplemental loan maturity date was extended to

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

March 30, 2009. As a result of the amendment, the \$50,000 letter of credit securing the supplemental loan was also extended to April 30, 2009.

On April 14, 2008 and April 30, 2008, the Company and its credit lenders executed the seventh and eighth amendments, respectively, to the loan and security agreement, which reinstates the EBITDA and production compliance covenants for the term of the loan and security agreement. In addition, the maximum credit limit was reduced to \$65,000 and the reserves totaling \$20,000 were released or eliminated.

Note 7 - Note Payable

Long-term debt is as follows:

	<u>3/31/2008</u>	<u>12/31/2007</u>
Note payable to a bank in monthly installments of \$417 plus interest at 1 percent above the prime rate or LIBOR plus 3.25 percent (an effective rate of 6.37 and 8.33 percent at March 31, 2008 and December 31, 2007, respectively) with the remaining outstanding balance due February 2010. The note is collateralized by substantially all assets of the Company and is a part of the credit facilities disclosed in Note 8.	\$ 11,917	\$ 13,166
Senior subordinated convertible secured notes payable to a group including a stockholder of the Company. See further description below	31,443	29,891
Total	43,360	43,057
Less Current Portion	5,000	5,000
Long-term portion	\$ 38,360	\$ 38,057

As of March 31, 2008, the balance of the above debt matures as follows:

The balance of the above debt matures as follows:

2008	\$ 3,750
2009	5,000
2010	34,610
Total	\$ 43,360

Interest expense for the three month periods ended March 31, 2008 and 2007 was \$3,869 and \$1,568, respectively.

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

On November 1, 2007, the Company obtained senior subordinated convertible notes payable with a face amount of \$35,000, which matures and is due in full on November 1, 2010. One of the Company's stockholders purchased approximately \$15,000 of the \$35,000 in notes issued. At the Company's option, interest accrues and is payable quarterly in cash at the rate of 10 percent per annum or at 15 percent per annum with 3 percent payable in cash and 12 percent accrued and added to the unpaid principal. This note is collateralized by a second priority interest in the collateral of the credit facility described above. The Company has selected the 15 percent option for each interest payment to-date. The note payable is convertible at any time at the option of the debt holders into common shares of the Company at \$15.00 per share, subject to certain anti-dilution provisions. Additionally, the note was issued with detachable warrants to purchase 2,333 common shares of the Company at an exercise price of \$3.00 per share, subject to certain significant anti-dilution provisions. The warrants are immediately exercisable and expire on November 1, 2010. The fair value of the warrants, \$6,115, was recorded in stockholders' equity at the date the note payable was issued. The fair value of the warrants represent a discount to the note which will accrete at a rate of 6.32 percent per annum compounded monthly over the three year life of the notes. The effective interest rate on the discounted value of the notes was 24.52 percent per annum as of March, 31, 2008 and December 31, 2007.

Note 8 - Lease Obligations

The Company has executed various operating lease agreements for computer equipment, office equipment, and barge fleeting rights. During the three month periods ended March 31, 2008 and 2007, the Company charged approximately \$216 and \$289, respectively, to lease expense under these agreements.

The future minimum lease payments under operating leases are as follows:

Years Ending December 31	Amount
2008	\$ 413
2009	334
2010	206
2011	209
Total	\$ 1,162

Note 9 - 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 approximated \$225 per employee. The

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

maximum specific liability for workers' compensation for the Company approximated \$1,000 per claimant. 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 10 - Contingencies

In 1998, the Predecessor Company reached agreements with the U.S. Environmental Protection Agency (USEPA) and the Ohio Environmental Protection Agency under which the Predecessor Company had been remediating a contaminated groundwater site located in the state of Ohio. On December 5, 2007, the Company and the USEPA reached agreement regarding financial assurance concerning the 1995 Consent Decree. This agreement requires that the Company establish an irrevocable letter of credit of \$600 by December 21, 2007; an increase in the letter of credit by a minimum of \$300 to be provided on or before December 21, 2008 and finally an additional \$2,500 maximum increase in the letter of credit to a total of \$3,400 no later than December 21, 2009. During the three month periods ended March 31, 2008 and 2007, the Company paid \$102 and \$239, respectively, in remediation costs. The estimated liability at March 31, 2008 and December 31, 2007 is \$3,396 and \$3,450, respectively. The Company is currently evaluating alternative remediation methodologies which, in the opinion of management, could result in a reduction of future remediation costs. The Company believes the remaining amount is sufficient to satisfy its future obligations for maintenance and operating costs.

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 \$1,150, which has been recorded as a liability as of March 31, 2008 and December 31, 2007.

In December 2006, the Company temporarily idled its alumina plant in Burnside, Louisiana and reduced the operations of the Marine Terminal facilities. The Burnside Alumina plant remains idled and the Marine Terminal facilities have been classified as held for sale at December 31, 2007. The Company estimated and accrued in 2007 and 2006 supplemental unemployment obligations owed to furloughed employees of the Burnside Alumina and Marine Terminal facilities of approximately \$601 and \$4,000, respectively. Other contract settlement costs of approximately \$87 and \$130 were also accrued in 2007 and 2006, respectively. The outstanding balance for these obligations was \$1,373 and \$1,824 as of March 31, 2008 and December 31, 2007, respectively.

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 financial obligations of up to \$6,100 for the Company. The AEP rate filings and related issues are currently being contested by the Company and other affected

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

entities in hearings at the FERC. On August 10, 2006, an administrative law judge ("ALJ") appointed by FERC ruled in favor of the Company's objection to the AEP rate filings related to the payment of these potential contingent liabilities related to Seams Elimination Cost Adjustments (SECA) charges payable to AEP and others. The FERC must approve the decision by the ALJ, but has not yet done so. If the FERC approves the ALJ's decision in whole, Ormet's obligation for any incremental payments for the SECA will be eliminated.

In June 2006, the Company was advised by one of its international customers that they would not take delivery of alumina that it was contractually obligated to purchase from the Company in July and August 2006. As a result of this breach and the concurrent decline in alumina prices, the Company was forced to sell this alumina at significantly lower prices. The Company has initiated legal action to recover monetary damages from this customer. Due to the uncertainty of the amount and timing of the recovery of these damages, the Company has not recorded a receivable related to this matter in its consolidated financial statements.

In 2007, the Company filed a business interruption claim as a result of an interruption in its alumina supply due to a hurricane. The claim is for the resulting covered costs and lost revenue incurred in excess of the Company's deductible. Due to the uncertainty of the amount and timing of the recovery of this claim, the Company has not recorded a receivable related to this matter in its consolidated financial statements.

Note 11 - Retirement Plan

The Company maintains three defined benefit plans under a single master trust that cover substantially all existing employees as of December 31, 2007 and 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. All plans used December 31, 2007 and 2006 as measurement dates. 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 negotiations of the new collective bargaining agreement in 2006, the Burnside and Hannibal Hourly defined benefit plans were closed to new participants as of June 1, 2006. Existing hourly 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. The salaried plan was closed to new participants as of April 15, 2007.

In addition, effective July 1, 2006, all hourly employees were eligible to participate in a USWA 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. While contributions are based on an employee's contributory hours, federal laws impose certain contingent liabilities on

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

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.

In 2007, the Company recorded a \$2,912 expense to provide for the withdrawal liability from a multi-employer pension plan associated with the International Longshoremen's Association (ILA) at the Burnside Terminal facility. The ILA notified the Company of this liability; however, negotiations have not yet commenced to determine the payment schedule. The Company expects to pay a negotiated amount over approximately five years.

The accumulated benefit obligation for all defined benefit pension plans was \$420,912 and \$404,247 at December 31, 2007 and 2006, respectively.

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$1 and \$80, respectively.

The overall expected rate of return on plan assets represents a weighted-average composite rate based on the historical rates of returns of the respective asset classes adjusted for anticipated market movements.

The goals of the investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Company, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and assures timely payment of retirement benefits. The target allocation range of percentages for each major category of plan assets are as follows:

Equity securities	60%-70%
Debt securities	27%-37%
Alternative investments	5%-10%
Cash equivalents	0%-5%

Contributions

The Company contributed \$10,545 to the plan during the three month period ended March 31, 2008. The Company expects to contribute \$38,292 to its pension plan in 2008.

All contributions to the Plan are made by the Company. The Company contributes such amounts, as determined on an actuarial basis, to provide the Plan with assets sufficient to meet the projected benefits to be paid to plan participants. No participant

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

contributions are permitted. The IRS has granted the Company a waiver of the minimum funding standard for the plan year ended December 31, 2006 subject to the following conditions:

- Collateral be provided to the Plan in a form acceptable to the PBGC (See Note 6).
- The Company must make a contribution to the Plan in an amount equal to the missed required quarterly payment due April 15, 2007 for the plan year ended December 31, 2007. In accordance with this condition, the Company contributed \$8,587 on September 24, 2007.
- With the quarterly contribution due on October 15, 2007 of \$7,483, the Company will make all required quarterly contributions to the Plan in a timely fashion while the Plan is subject to a waiver of the minimum funding standard.
- The Company must also make contributions to the Plan in amounts sufficient to meet the minimum funding requirements for the Plan for plan years 2007 through 2011, without applying for a waiver of the minimum funding standard. The Company contributed \$22,452 to its pension plans in 2007 and \$10,545 in 2008 through March 31, 2008..
- The Company must provide to the PBGC a copy of any ruling requests it makes under section 412(f)(1) of the Code.

The Company requested, in connection with this waiver, to make additional contributions for the 2006 plan year in the amount necessary to amortize the funding waiver over a five-year period for the plan years ending December 31, 2007 through December 31, 2011. The Company has been making payments in accordance with the terms of the waiver.

Note 12 - Postretirement Health Plan

On June 1, 2005, the Company implemented two new plans which covered all salaried and hourly employees except for hourly employees at its Burnside, Louisiana alumina production facility which remained under a previously established plan. During 2006, the Company renegotiated its union agreements and simultaneously settled the disputed certain health care related claims in the bankruptcy court. The hourly Burnside alumina production facility employees began coverage under the new plan effective January 1, 2007. Based on these agreements, the Company is required to make fixed periodic contributions into two Voluntary Employee Benefit Association (VEBA) trusts for its retired hourly and salary employees.

Company contributions to the Hannibal, Ohio hourly and salaried VEBAs are required through May 31, 2018. During 2007, the collective bargaining agreement was amended and the scheduled 2008 Company contributions to the Hannibal Hourly Trust were deferred and will be made during 2010 and 2011. Company contributions to the

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

Burnside, Louisiana hourly VEBA commenced on January 1, 2007 and will continue through December 31, 2010. The Company had also agreed to make a payment to the hourly VEBA Trust if a sale of the Company occurred or if the Company's stock was listed on a national exchange.

On July 17, 2007, the Company settled this provision by contributing the net proceeds of \$12,675 from the sale of 1,000,000 common stock options at an option price of \$10.00 per share to the Hannibal Hourly VEBA. The Company's sole remaining postretirement benefit obligation is to fund the VEBAs as described above.

As of March 31, 2008 and December 31, 2007, the estimated obligation of the Hourly VEBA was \$57,005 and \$56,519, respectively. The Company expects to contribute \$1,440 in 2008

As of March 31, 2008 and December 31, 2007, the estimated obligation of the Salary VEBA was \$7,598 and \$7,708, respectively. The Company expects to contribute \$900 in 2008 to the Salary VEBA trusts.

Expenses associated with the above described VEBAs totaled \$965 and \$1,339 for the three month periods ended March 31, 2008 and 2007, respectively.

Note 13 - Income Taxes

Deferred tax liabilities result principally from accelerated methods of depreciation and other asset basis differences resulting from fresh start accounting. Deferred tax assets result from recognition of expenses for financial reporting purposes that are not deductible for tax purposes until paid. Also included with deferred tax assets are federal income tax net operating losses and charitable contribution carryforwards of approximately \$143,578 as of March 31, 2008 that are available to offset future taxable income. The availability of the net operation loss is limited under the Internal Revenue Code Section 382 due to a change in control that occurred in May 2007. Net operating losses of \$97,965 are subject to an annual Section 382 limitation of approximately \$12,585. The adjustments of prior year estimates and other represent reductions in tax attributes as a result of cancellation of indebtedness income being discharged effective January 1, 2006 as a result of exiting bankruptcy. Valuation allowances of \$127,537 and \$130,812 have been recognized at March 31, 2008 and December 31, 2007, respectively, to reduce the deferred tax assets principally due to the uncertainty of realizing their benefit.

The Company analyzed the impact of FASB Interpretation No. 48 (FIN 48), and determined it did not impact current and deferred income tax expense for 2007 or previous years open to audit with the various taxing jurisdictions including 2004, 2005 and 2006.

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

Note 14 - Discontinued Operations

In 2007, the Company discontinued operations at its Marine Terminal facility. The Company estimated the fair value of the Marine Terminal facility, based upon recent appraisals, was less than the carrying value. Accordingly, the Company recognized an impairment charge of \$2,610. The charge is included in discontinued operations for the year ended December 31, 2007. Property and equipment with a net book value of \$3,025 was considered held for sale and reclassified from property and equipment.

Note 15 - Supplemental Cash Flow Information

Cash paid for interest totaled \$1,681 and \$1,036 for the three month periods ended March 31, 2008 and 2007, respectively.

Note 16 - Fair Value of Financial Instruments

At March 31, 2008 and December 31, 2007, the Company had financial instruments that were valued as follows:

Short-term Financial Instruments - The fair values of short-term financial instruments, including cash, restricted cash, trade accounts receivable and payable, other receivables, and accrued liabilities approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments.

Line of Credit and Note Payable - Based on borrowing rates currently available to the Company, the carrying value of lines of credit and long-term debt approximates fair value.

Note 17 - Capital Stock

At December 31, 2005, common stock consisted of 5,000,000 authorized shares of \$.01 par value stock. As of December 31, 2005, there were 927,874 shares issued and outstanding.

During 2006, the Company completed a common stock offering resulting in the issuance of an additional 625,000 shares for \$47,821. This amount is net of issuance costs paid in cash. Additionally, in connection with this offering, the Company issued 31,250 shares to two stockholders as consideration pursuant to a standby and commitment agreement between the Company and stockholders. As of December 31, 2006, there were 1,584,124 shares issued and outstanding.

On February 22, 2007, the Company entered into a registration rights agreement (the "Agreement") with the MatlinPatterson Stockholders and affiliates of Fursa Alternative Strategies LLC (the "Fursa Stockholders"). Other stockholders who are currently unable to freely sell all of their shares of the Company in ordinary market transactions became party to the Agreement by delivering an executed joinder agreement to the

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

Company within 45 days of the date of the Agreement.

In connection with their entry into the Agreement, the MatlinPatterson Stockholders and the Fursa Stockholders executed a stockholder action by written consent to delete from the Company's Certificate of Incorporation the rights in favor of the MatlinPatterson Stockholders to "drag-along" other stockholders of the Company in certain transactions entered into by the MatlinPatterson Stockholders. This change became effective on March 13, 2007 upon filing of a certificate of amendment with the Delaware Secretary of State. In addition, the MatlinPatterson Stockholders irrevocably waived their "drag-along" rights under the Company's stockholders agreement with respect to any stockholders of the Company other than the Fursa 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 SEC. The first demand requires at least 13 percent of the aggregate number of shares of common stock of the Company and that the demand be for a number of shares having a market value equal to at least \$20 million. The second demand requires at least 5 percent of the aggregate number of shares of common stock of the Company and have a market value equal to 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 in the Agreement 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. The Company has been advised by certain of its affiliated stockholders that they intend to make such sales in reliance on Rule 144A. There was no demand for registration as of December 31, 2007.

On May 3, 2007, the Company completed a private placement of 1,600,000 shares of common stock to a group of institutional buyers and funds at a price of \$19.00 per share. Proceeds amounted to approximately \$29,180 net of expenses.

During 2007, the Company amended an officer's employment agreement to provide a payment of 365,630 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. Subsequently, the officer resigned for good cause and the Company recorded compensation expense in the first quarter of 2007 of approximately \$6,950 based on the vesting schedule and current market value of the stock.

During 2007, the board of directors approved a ten-for-one split of the Company's common stock. Each share of the Company's outstanding common stock, par value \$.01 per share, converted to 10 shares of common stock, par value \$.001 per share.

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

The Company also issued 11,758 shares of its common stock to certain Board of Directors. These shares were in addition to the shares received under the Company's stock option plan (See Note 20). Compensation expense amounted to approximately \$235.

At March 31, 2008, common stock consists of 50,000,000 authorized shares of \$.001 par value stock of which there were 17,818,628 shares issued and outstanding. The Company also has authorized 1,000,000 shares of preferred stock with no par value. There was no outstanding preferred stock..

Note 18 - Subsequent Events

The Company has entered into a toll processing agreement with an effective date of April 1, 2008. Generally, the Company's smelting operation in Hannibal, Ohio will be dedicated to producing aluminum sow from Glencore supplied alumina through December 31, 2009. In addition Glencore has purchased, as of the effective date, substantially all of the Company's then existing inventory of alumina, molten aluminum and finished goods. Glencore will also purchase the 2008 remaining alumina to be supplied by contract by a third party. The tolling contract supersedes contracts that the Company and Glencore are parties to associated pre-priced sales contract, alumina supply arrangement and aluminum sales agreement.

Note 19 - Change in Accounting Principle - Adoption of FAS 158

During the year ended December 31, 2007, the Company adopted the provisions of FASB Statement No. 158 (FAS 158), *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, an amendment of FASB Statements No. 87, 88, 106 and 132 (R). FAS 158 changes the accounting for defined benefit pension and postretirement plans by requiring that the full over- or under-funded status of a defined benefit plan be recognized as an asset or liability. For defined benefit pension plans, the funded status of the plan is the difference between the projected benefit obligation (PBO) and the fair value of plan assets. For all other postretirement benefit plans the funded status is the difference between the accumulated postretirement benefit obligation (ABO) and the fair value of plan assets.

The adoption of FAS 158 as of December 31, 2007 resulted in a decrease to stockholders' equity and accumulated other comprehensive loss of \$4,060.

The incremental effect of applying FAS 158 on individual line items in the balance sheet as of December 31, 2007 are as follows:

Exhibit A
Ormet Corporation
Notes to Financial Statements – Unaudited
March 31, 2008
(\$000)

	Before Application of FAS 158	Adjustments	After Application of FAS 158
Liability for pension and postretirement benefits	\$ 118,672	\$ 4,060	\$ 122,732
Accumulated other comprehensive loss	(19,450)	(4,060)	(23,510)
Total stockholders' equity	(64,457)	(4,060)	(68,517)

Note 20 - Stock Option Plan

During 2007, the Company adopted a stock-based compensation plan for certain employees. Under the plan, the Company may grant options for up to 1,500,000 shares of common stock. The maximum term of the options is 10 years from the date of grant and they vest either immediately or over a three-year period (see details below).

The fair value of each option award is estimated on the date of grant using a Black Scholes option valuation model that uses the weighted average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable companies. As the Company has no historical data, management has concluded to use a safe harbor methodology to estimate the option exercise within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The weighted-average grant-date fair value of options granted during 2007 was \$22.74. As of March 31, 2008 and December 31, 2007, there was \$3,592 and \$4,106, respectively, of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a period of two years. The Company incurred compensation costs of \$514 during the three month period ended March 31, 2008. There was no stock option expense in the three month period ended March 31, 2007.

EXHIBIT B

Management's Discussion and Analysis

Results of Operations for the three months ended March 31, 2008

Net Sales from Continuing Operations: Net sales from continuing operations for the three month period ending March 31, 2008 were \$162.3 million compared to \$50.4 million for the same period in 2007. The near full operation of the smelter in Hannibal, OH during the 2008 period was the principal cause of the \$111.9 million increase in total sales. Overall aluminum sow sales increased to \$154.9 million versus \$20.2 million in 2007; volume (60,115 metric tons in 2008 vs 7,412 metric tons in 2007) accounted for approximately \$143.3 million of the \$134.7 million increase. While a decline in the average sow selling price of \$144/metric ton accounted an \$8.7 decrease. The remaining \$22.9 million decrease in total net sales was mainly a result of the absence of billet sales in 2008 (\$29.7 million), partially offset by an increase in miscellaneous other sales of \$6.9 million. During the three month period the monthly average cash settlement price on the LME including the midwest premium was \$1.28 per pound (\$2,828/metric ton) and \$1.30 per pound (\$2,871/metric ton) in 2008 and 2007, respectively.

Gross Profit: The gross profit for the three month period ending March 31, 2008 was \$19.6 million compared to a gross loss of \$9.1 million for the same period in 2007. Increased sow margin of \$19.7 million and absence of the 2007 restart expenses of \$8.1 million were partially offset by loss \$1.2 million of 2007's billet margin. All other costs favorably affected the margin change by \$2.1 million.

Operating Expenses: Operating expenses for the three month period ending March 31, 2008 totaled \$5.8 million, a \$5.2 million improvement compared to the same period in 2007. Absence of the 2007 one-time employment-related expense of \$5.0 million was the principal cause of the improvement.

Operating Profit: For the three month period ended March 31, 2008, the Company reported a \$13.8 million operating profit compared to an operating loss of \$20.0 million in the same period of 2007.

Income Tax Provision: As a result of the net operating loss carry-forward, the Company did not record any tax expense or tax benefit. As of March 31, 2008, the Company has approximately \$143.5 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 a result of a change of control, as defined in Section 382 of the Internal Revenue Code (IRC), which took place in May 2007, net operating losses of \$98.0 million are subject to an annual Section 382 limitation of approximately \$12.6 million.

Discontinued Operations: The cost of \$.6 million for the three month period ended March 2008 reflects reductions in Marine Terminal cost when compared to the \$2.0 million cost for the same period in 2007.

Income (Loss) Per Share: The average number of shares of common stock issued and outstanding during the three month period ended March 31, 2008 was 17,818,628 shares. The resulting net income from continuing operations for the period was \$.53 per share compared to a loss for the same period of 2007 of \$(2.57) per share.

Liquidity and Capital Resources

Sources and Uses of Cash: The net cash used by operating activities was \$7.3 million for the three month period ended March 31, 2008. Net cash was reduced by working capital increases (inventory of \$10.6 Million and trade accounts receivable and payable totaling \$3.8 million) and pension and VEBA funding requirements (net of accrued expenses) totaling \$9.3 million. These operating uses of cash were partially offset sources of cash from net income of \$15.3 million after elimination of non-cash charges to net

EXHIBIT B

income of \$5.9 million. Net cash used in investing activities was \$6.4 million and was directly related to the relining of certain “pots” at the aluminum smelter in Ohio. Net cash flows from financing activities resulted in new sources of cash of \$14.2 million, principally reflecting advances under the revolving credit agreement of \$17.2 million, offset by term loan repayment of \$1.2 million and debt issuance costs of \$1.8 million.

The cash balance of the Company at March 31, 2008 increased by \$.5 million from the balance at December 31, 2007 to a total of \$3.0 million.

Liquidity. 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 Company's 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 March 31, 2008, outstanding borrowings under the revolving credit agreement were \$73.3 million; outstanding letters of credit under the revolving credit agreement were \$4.0 million. As of May 5, 2008, the outstanding loan balance was \$48.3 million, outstanding letters of credit under the revolving credit agreement were \$4.0 million and remaining availability was \$12.7 million.

Primary uses of cash are for funding the aluminum smelter operations, including raw material purchases, electricity costs (including maintenance of deposits and prepayments for electricity), increases in working capital, capital expenditures, labor costs and funding of the Ormet pension plan and contractual payments to the VEBA Benefit Trusts. No income tax payments are contemplated for 2008 based on the availability of \$152.9 million in net operating losses from 2007 that may be used to offset taxable income in 2008 and subsequent years. As a result of a change of control, as defined in Section 382 of the IRC, which took place in May 2007, net operating losses of \$98.0 million are subject to an annual Section 382 limitation of approximately \$12.6 million.

During first three months of 2008, the Company used \$.4 million to make required contributions to the Hourly VEBA Benefit Trust for its retirees, and \$.2 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 Company's required pension plan deficit reduction contribution of \$33.8 million 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;
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 agreed to terms of an appropriate subordination agreement providing for the subordination of the PBGC lien to the existing liens held by the lenders. The Intercreditor Agreement was concluded in January 2008.

Through April 30, 2008, the Company has made all required payments into the pension plans in accordance with the IRS pension funding waiver. These payments total \$40.5 million since the date of the waiver application.

EXHIBIT B

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 below. The revolving credit limit was further reduced to \$65 million in April 2008. The credit agreement matures on February 28, 2010. 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 three-month period. At the Company's option, advances can be made as either "Base Rate Advances" or "LIBOR Rate Advances" that accrue interest at the prime rate plus 150 to 250 basis points or at the LIBOR rate plus 250 to 350 basis points, respectively. The facility is also subject to various loan covenants including minimum EBITDA targets and production targets that are measured monthly. 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 \$65 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 \$25.0 million term loan requires monthly payments of principal in the amount of \$.4 million commencing on May 1, 2007. In April 2008, the Company repaid the outstanding term loan portion of the facility.

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, a new financial institution assumed the position of the affiliate of certain stockholders, 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 was entered in to. 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 were originally to remain in place until March 30, 2008, but were subsequently extended to March 30, 2009. 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 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 1000 basis points. This supplemental loan sub-facility is also subject to various cross default provisions and other inter-creditor provisions. 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 credit facility which, among other thing, waived the Company's compliance with the EBITDA covenant from July 31, 2007 through March 30, 2008, revised the Company's required production levels of molten aluminum and documented the consent of the lenders to the Company's issuance of \$35.0 million of convertible senior subordinated secured notes due 2010. Amendment No. 5 contemplated the settlement with the PBGC while Amendment 6 allowed for an extension of the time to provide audited statements. Amendment No. 7 to the credit facility extended the maturity date of the supplemental loan portion of the credit facility by one year, to March 30, 2009. Amendment No. 8 reduced the revolving credit facility portion of the credit agreement to \$65 million while eliminating \$20 million of reserves. Amendment No. 8 also reinstated minimum EBITDA

EXHIBIT B

and minimum molten aluminum production maintenance covenants. All amendments to the credit facility have been posted on the Company's website.

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 is providing information in response to this request.

Capital Expenditures: The Company spent \$6.4 million on capital expenditures during the three months ended March 31, 2008. These capital expenditures were incurred at the aluminum smelter in Hannibal Ohio. As a result of the restart of the aluminum smelter, capital expenditures for 2008 (including pot relining) are estimated to be approximately \$16.2 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 product, alumina, carbon anodes and electricity. In order to mitigate some of the volatility of these commodities, the Company often 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. The Company routinely evaluates the risks associated with the commodities it sells and/or purchases and adjusts the level of its forward sale and/or purchase commitments and takes other measures it deems appropriate, extent possible. As a result of the recent tolling agreement with Glencore, the Company's production capacity for the remainder of 2008 and for 2009 is committed to converting alumina provided by Glencore into aluminum finished product. The tolling arrangement supersedes the Company's alumina supply contract with Glencore for 2008 and previous agreements of the Company with Glencore to sell Glencore the Company's aluminum finished product production in 2008 and 2009. In addition, in connection with the tolling arrangement, Glencore has agreed to purchase from the Company during 2008 alumina which the Company is purchasing under contract with a third party.

Interest Rates

The Company's primary interest bearing debt obligations at March 31, 2008 are borrowings under its revolving credit agreement, including the term loan, and interest associated with the senior subordinated secured notes. 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. The effective rate was 7.42 percent at December 31, 2007. At the Company's option, the senior subordinated secured note interest accrues and is payable quarterly in cash at the rate of 10 percent per annum or at 15 percent per annum with 3 percent payable in cash and 12 percent accrued and added to the unpaid principal. The first two payments of interest under the senior subordinated secured note were paid 12 percent PIK and 3 percent cash. At March 31, 2008, the Company had \$85.2 million of variable rate borrowings. During 2008, 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.

EXHIBIT B

Note: The Results of Operations for the three months ended March 31, 2007 are not comparable to the Results of Operations for the three months ended March 31, 2006 due to the significant differences in the fundamental business of the Company. During 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 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 the Results of Operations for the three months ended March 31, 2007 separately.

Results of Operations for the Three Month Period ended March 31, 2007

Net Sales from Continuing Operations: Net sales from continuing operations for the three month period ended March 31, 2007 were \$50.4 million. Net sales of billet products for the period totaled \$30.0 million including sales to billet tolling customers of \$2.6 million. Net sales of aluminum ingot/sow for the period totaled \$20.2 million and other miscellaneous sales totaled \$0.3 million. During the three-month period, average selling prices for billet products (excluding tolling) were \$1.41 per pound (\$3,108 per metric ton) and average selling prices for aluminum ingot/sow were \$1.23 per pound (\$2,720 per metric ton).

Total shipments of aluminum billet products for the period ended March 31, 2007 were approximately 15,300 metric tons including shipments of billet products for tolling customers of 6,500 metric tons. Total shipments of aluminum ingot/sow for the period ended March 31, 2007 were approximately 7,400 metric tons.

Gross Loss: For the three month period ended March 31, 2007, the Company incurred an operating loss from continuing operations of \$9.1 million. During this period, the Company's financial performance was adversely affected by the one-time costs incurred to restart the aluminum smelter of \$8.1 million and slightly higher operating costs due to the partial operation (three potlines) of the aluminum smelter during this period.

Operating Expenses: Operating expenses for the three month period ended March 31, 2007 totaled \$10.9 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 three month period, these expenses also included the one-time employment related expenses of \$5.0 million.

Operating Loss: For the three month period ended March 31, 2007, the Company incurred an operating loss of \$20.0 million from continuing operations and \$2.0 million loss from discontinued operations.

Income Tax Provision: As a result of the operating losses that occurred in the three month period ended March 31, 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 March 31, 2007.

Loss Per Share: The total number of issued and outstanding shares of Common Stock at March 31, 2007, was 15,841,230 shares (after the ten-for-one stock split on February 20, 2007) and the resulting loss per share from continuing operations for the three-month period was \$1.38.