



What is our strategy in upstream operations?

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Preliminary Matters

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.
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Company Focus

- Reduce raw material costs
 - Alumina
 - Anodes
- Continue to improve productivity of smelter
- Manage metal price risk

Company Focus

- Grow profitably upstream
 - Bauxite
 - Higher cost smelters
 - Alumina refineries
- Use unique skills to grow
 - Adapting to change
 - Metal risk control
 - Improve operations of older assets
 - Government relations to obtain attractive support incentives
 - Sound and realistic union relations

Leverage to Aluminum Prices

High LME Price Environments

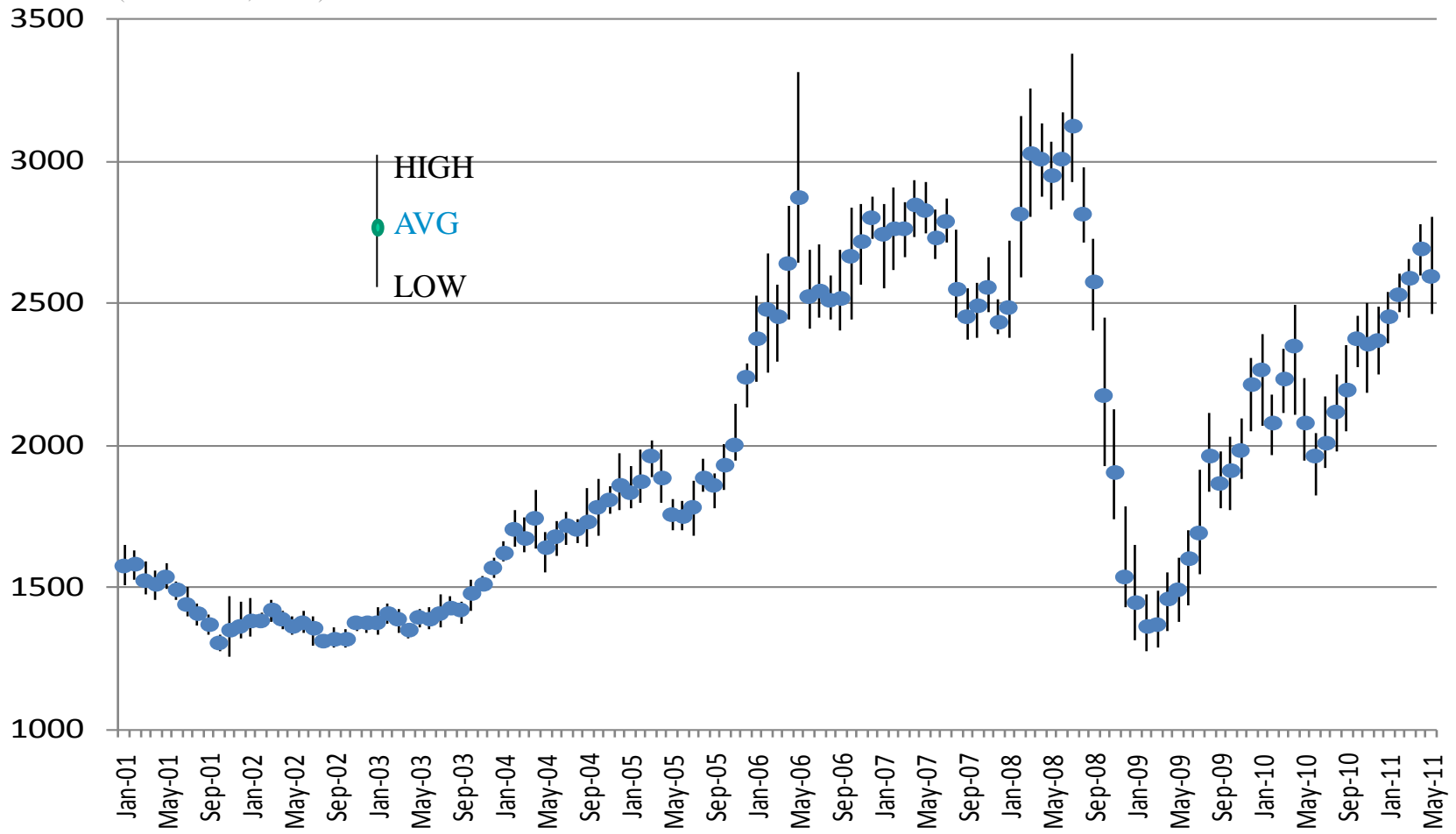
- \$100/MT = ~\$23mm EBITDA delta
- Flexibility to hedge through physical contracts
- Power contract based on average LME
- Operate 6 pot lines
 - Increased annual production from 180,000 MT to 270,000 MT

Difficult LME Price Environments

- Reduce production
- Up to \$60 million in reduced power costs
- Anode pricing and alumina costs decline
- Workforce reduction
- Defer non-essential maintenance and relines
- Put in place tolling agreements

Price volatility increased considerably since 2005

LME 3M AVERAGE MONTHLY PRICE VS HIGH AND LOW
(2001-2011; \$/ton)



Source: HARBOR Intelligence with LME data

Ormet's Metal Risk Strategy

- Only product is commodity metal
- Clearly understand financial targets and goals
- Protect downside risk
- Forward pre-pricing arrangements and/or put strategies and collars depending on market
- No margin requirements due to physical contracts
- Quick market decisions – nimble strategic committee
- Size provides opportunity to hedge up to full production
- 2009 - 2011 performance positively impacted

Ormet Performance vs. Market

MITIGATED RISK



Source: Bloomberg, London Metals Exchange Primary Aluminum 3-month forward contract (realized prices)

Understanding the Market

- Closely follow short term trends
 - Technicals
 - Market sentiment
 - Financial flows
 - Seasonality
- Watch macro trends
 - Political
 - Middle East
 - Chinese government approach to growth and currency
 - Energy
 - Euro/Dollar
 - The unexpected i.e. Japan

Understanding the Market

- Be on the ground in regions that affect you
- Prepare for rapid change
- Embrace and use the volatility
- Don't forget the past
- Don't get greedy
- Accept that no one really knows what future will be

What we have learned????

- Need to be flexible and nimble to react quickly to change
- Actively manage cash and suppliers terms – never forget the basics
- Always improve operations
- Manage enterprise risk
- Accept mistakes and get stronger
- Don't let egos get in the way and always fight internal bureaucracy
- Grow smart
- Do what you say

Thank You

