

**Quarterly Information and Disclosure Statement
For the Period Ended June 30, 2006**

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THIS QUARTERLY INFORMATION AND DISCLOSURE STATEMENT HAS BEEN PREPARED TO UPDATE AND SUPPLEMENT THE INFORMATION AND DISCLOSURE STATEMENT FOR THE FISCAL YEAR (NINE MONTHS) ENDED DECEMBER 31, 2005 AND THE QUARTERLY INFORMATION AND DISCLOSURE STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND SHOULD BE READ IN CONJUNCTION THEREWITH. 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 QUARTERLY INFORMATION AND DISCLOSURE STATEMENT HAS NOT BEEN FILED BY THE COMPANY WITH THE SEC, THE NASD OR ANY OTHER REGULATORY AGENCY.

August 16, 2006

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Introduction

The information contained in this Quarterly Information and Disclosure Statement has been prepared to update and supplement the Information and Disclosure Statement for the Fiscal Year (Nine Months) Ended December 31, 2005 and the Quarterly Information and Disclosure Statement for the Three Months Ended March 31, 2006 and should be read in conjunction therewith.

Ormet Corporation directly owns 100% of the equity interests of its operating subsidiaries (Ormet Primary Aluminum Corporation, Ormet Aluminum Mill Products Corporation, Ormet Railroad Corporation (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.

Ormet normally produces alumina, aluminum and aluminum billet products. However, the production of aluminum was curtailed in January 2005 due to the high cost of electricity and a strike by the hourly employees. Ormet is continuing to assess various strategies and opportunities for a new supply agreement for electric power and has recently resolved all of its labor disputes. Since the production of aluminum remains curtailed, this Quarterly Information and Disclosure Statement focuses primarily on the Company's current business operations - alumina and aluminum billet products.

On December 20, 2005, the Company sold (a) most of its rolling mill assets and related equipment in Hannibal, Ohio (excluding real property), (b) its Bens Run recycling facility and operations in Friendly, West Virginia (including real property), and (c) its Specialty Blanks facility and operations in Terre Haute, Indiana (including real property), all to Aleris International, Inc. As a result, the Company is no longer in any of those businesses. The proceeds from the sale were \$126.6 million. They were used primarily to reduce the outstanding debt obligations under the revolving credit facility, to pay transaction costs and to pay employee severance costs. The remaining proceeds were used for general corporate purposes and to repay the Company's prior term note obligations (the Company's credit facility was amended and restated on April 18, 2006, as more fully described below under the caption "Amended and Restated Credit Facility" under "Recent Developments"). In connection with the cessation of the Company's rolling mill operation, the Company's pension obligations were increased by \$12.2 million to reflect the impact of the shut-down pension obligations. In a separate transaction in the fourth quarter of 2005, the Company sold the balance of its rolling mill assets to Noranda, Inc. for \$3 million. In March 2006, Aleris approached the Company seeking a reduction in the value of the working capital assets it acquired, and a corresponding adjustment to the purchase price. The Company does not expect any such adjustment to have a material effect on its financial condition, results of operations or cash flows.

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

Recent Developments

Impact of Recent Alumina Price Decline

Since June 30, 2006, prices for alumina have declined significantly. The Company's average selling price for alumina for the first quarter of 2006 was \$445 per metric ton and it increased to \$505 per metric ton in the second quarter. Based on recently published information in the American Metal Market, we believe the average selling price for the third quarter will be substantially lower. While only a limited number of sales transactions have been reported, one recent transaction has been quoted at a price of \$280 per metric ton. This price is below the current cost of production at the Company's alumina plant in Burnside, LA and may result in curtailment of production if prices remain at these lower levels. During

previous periods of low prices in the alumina price cycles, the Company has curtailed and restarted the Burnside plant on several different occasions. In addition, since the Company has derived over two-thirds of its net sales and substantially all of its operating income from sales of alumina, the recent price decline will adversely affect the Company's consolidated net revenues and operating income.

Customer Breach of Alumina Sales Contract

The Company was advised recently by one of its international customers that this customer would not take delivery of the remainder of the alumina (90,000 metric tons) that it was contractually obligated to purchase from the Company for \$521 per metric ton. While the Company has undertaken to find other customers for this alumina, it is unlikely that the Company will be able to sell this alumina at this contract price due to changing market conditions (see "Impact of Recent Alumina Price Decline" above). Consequently, consolidated net revenues and operating income will be adversely affected by this event. The Company is attempting to negotiate a settlement with this customer and is preparing for legal action in the event that these negotiations fail to resolve this matter. Due to the uncertainty of the amount of these damages and possible collection issues, the Company has not recorded any receivable amount on its balance sheet.

New Collective Bargaining Agreements

On June 30, 2006, the Company announced that it had reached a series of tentative agreements with the United Steelworkers to resolve all outstanding issues between the parties.

On July 9, 2006, members of United Steelworkers Local 14465 voted to ratify a new collective bargaining agreement, effective June 1, 2006, at Ormet's alumina facility in Burnside, Louisiana. This new labor agreement runs through December 31, 2009 and provides for various changes including pay raises, signing bonuses, revisions to healthcare benefits and pension benefits, quarterly profit-sharing payments and continuation of supplemental unemployment benefits. The Company's contractual obligations for retiree healthcare benefits were modified as part of this new agreement and Ormet agreed to begin making monthly cash contributions to a new Burnside Hourly VEBA Benefit Trust for healthcare and death benefits for current and future hourly retirees starting on January 1, 2007 and continuing through December 31, 2010.

On July 16, 2006, members of United Steelworkers Local 5724 voted to ratify a new collective bargaining agreement, officially ending a strike that lasted nearly 20 months at Ormet's aluminum smelter in Hannibal, Ohio. This new labor agreement is effective June 1, 2006 and runs through December 31, 2009. It provides for various changes including pay raises, signing bonuses, revisions to healthcare benefits and pension benefits, quarterly profit-sharing payments and continuation of supplemental unemployment benefits. As part of the overall settlement, Ormet agreed to extend the period for monthly cash contributions to the Hannibal Hourly VEBA Benefit Trust for healthcare and death benefits for current and future retirees until May 31, 2018, and to provide the VEBA Trust with either an option for 10% of the equity outstanding immediately post-ratification based on a 1,000,000 shares of stock and a \$100 per share strike price or payment of the option value upon a change in control or an IPO. If neither a change in control nor an IPO occurs by 2011, then Ormet will be required to make, starting in 2011, additional payments equal to the value of this option spread over a period of years. The Company also agreed to make certain accelerated payments and provide collateral to the Hannibal Hourly VEBA Benefit Trust in the event there are any cash distributions to its equity holders. Subsequent to ratification of this contract, sixty-five members of United Steelworkers Local 5724 returned to work to staff the billet production activities at the Hannibal facility. As a consequence, the salaried employees who had previously supported the operations of the billet production activities were either laid off or terminated.

On July 25, 2006, the USW also agreed to the terms of the effects bargaining agreement in connection with the shutdown of the Ormet aluminum rolling mill in Hannibal, Ohio. This agreement will

result in payments of approximately \$2 million dollars to affected employees, covering vacation, severance and other amounts subject to the execution of a separation agreement and release.

Settlement of USW Bankruptcy Claims and Litigation Matters

On July 25, 2006, the Company entered into an agreement with the United Steelworkers to settle all of the USW claims and other litigation matters related to Ormet's bankruptcy filing, and subsequent implementation of its approved Joint Plan of Reorganization as of April 1, 2005. As a result of this settlement, the USW will withdraw all of its bankruptcy related claims and all related grievances and litigation matters will be settled and/or withdrawn. If the settlement is approved by the U.S. Bankruptcy Court, the revised estimate of total unsecured claims to be discharged by Ormet will be approximately \$350 million (reduced from \$502 million), and, accordingly, Ormet will distribute additional shares of Common Stock to its pre-petition creditors in the same proportion as the amount of each of such creditor's approved claim. A total of approximately 281,000 additional shares of Common Stock will be issued, leaving approximately 71,000 shares to be issued pending resolution of the remaining disputed bankruptcy claims. Additional information related to Ormet's bankruptcy proceeding is available in the Debtor's Joint Plan of Reorganization and Disclosure Statement for Debtor's Joint Plan of Reorganization, dated October 1, 2004 on the Company's website.

Amended and Restated Credit Facility

On April 18, 2006, the Company entered into an Amended and Restated Credit Facility with its lenders. The amended agreement includes a \$45 million revolving line of credit (including a sub-limit for letters of credit in the aggregate amount not to exceed \$15 million) and a \$15 million term loan that amortizes on a five-year schedule. The credit 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. At the Company's option, advances can be made as either a "Base Rate Advance" or a "LIBOR Rate Advance" that accrues interest at the prime rate plus 150 to 250 basis points or LIBOR rate plus 200 to 300 basis points, respectively, depending on the average net availability for the most recently ended three-month period. The facility is also subject to various loan covenants including a minimum level of net worth and a fixed charge coverage ratio that is measured quarterly. The amended credit facility also requires certain adjustments in the borrowing base calculation to reserve for funding of future pension plan obligations. The Company's borrowing availability under its amended revolving credit facility (up to a maximum of \$45 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 facility and after adjustments for any outstanding loan balance and for any outstanding letters of credit. Also on April 18, 2006, the Company repaid its outstanding term notes which had been held by MatlinPatterson Global Opportunities Partners II, L.P. and certain of its affiliates (together, "MatlinPatterson") and Mellon HBV SPV LLC ("Mellon HBV"). An increase of \$2 million in the borrowing base reserves commenced on July 1, 2006 and will continue to increase by \$2 million per month in each succeeding month through September 30, 2007, in anticipation of a \$35 million payment to the Ormet Pension Plan.

As of June 30, 2006, the Company was in compliance with the covenants under the Amended and Restated Credit Facility. However, as a result of the contract breach by a major customer and lower alumina prices, the Company's future compliance with the covenants under this credit facility may be jeopardized and the Company's borrowing base under this credit facility may be temporarily reduced. See the information under the captions "Impact of Recent Alumina Price Decline" and "Customer Breach of Alumina Sales Contract."

Recent Rulings from the Public Utilities Commission of Ohio (PUCO)

In August 2005, Ormet filed a complaint with the PUCO requesting to transfer its electric service territory and to access the "large-user industrial tariff rate" (GS-4) that is available from AEP's Ohio Power Company for its aluminum smelter in Hannibal, Ohio. Subsequently, the PUCO conducted an

administrative hearing in February 2006. This hearing provided a forum to address issues related to the electric supply capabilities and obligations of Ormet's current provider - South Central Power Company. The PUCO issued a favorable ruling to the Company on June 14, 2006 and indicated in its findings that the Company's current electricity provider was not providing "physically adequate service". On August 9, 2006 the PUCO denied the objections to its initial ruling that were filed by AEP's Ohio Power Company and several other parties. The next round of hearings is now scheduled on October 4, 2006 to determine if a different electric utility should be required to provide electricity for the Hannibal smelter and potentially to determine if the tariff-based rates for large industrial users are applicable to the Company. Prior to January 1, 2000, the Hannibal smelter received its electric power from AEP's Ohio Power Company.

Praxair Litigation

On July 27, 2006, Praxair, Inc., a supplier of nitrogen products to the Company, filed a breach of contract action in the Court of Common Pleas in Cuyahoga County (Cleveland, Ohio) alleging that the Company is in breach of both a Nitrogen Agreement and a Liquid Supply Agreement. These agreements related to the Company's rolling mill in Hannibal, Ohio, which was closed in 2005 in conjunction with the sale of the rolling mill assets and related equipment to Aleris. Management believes that this litigation will not have a material adverse effect on the Company's financial condition.

Potential Impact of New Pension Legislation

As of December 31, 2005, the Company disclosed in its audited financial statements that the minimum pension plan contributions for 2006, 2007 and 2008 were projected to be \$0, \$35 million, and \$12 million, respectively. As a result of the new Pension Protection Act of 2006, the Company's minimum pension plan contributions for 2006, 2007 and 2008 are now projected to be \$0, \$32 million, and \$20 million, respectively. In conjunction with these changes, the Company plans to apply for a waiver from the IRS to spread the 2007 contribution over a period of five years. However, the new pension legislation may adversely affect the Company's ability to obtain such waiver.

Sale of Former Headquarters Office Building in Wheeling, West Virginia

On June 30, 2006, the Company completed the sale of its former headquarters office building in Wheeling, West Virginia. The sale proceeds of \$3.5 million were used to reduce the Company's outstanding term note obligations. Pursuant to the Amended and Restated Credit Agreement with its lenders, the mandatory principal payments of \$750,000 due on June 30, 2006 and September 30, 2006 were paid in full and the remaining proceeds were applied to the final balloon payment due on April 1, 2009.

New Employment Agreement

On August 2, 2006, the Company entered into an Employment Agreement with Ken Campbell, its President and Chief Executive Officer. This Employment Agreement provides for a base salary and bonus payments, as well as payments for meeting specific performance objectives (including payments tied to certain events and the future valuation of the Company's Common Stock).

Resignation of Officer

Norman E. Damron, Vice President, Metal Procurement and Hannibal Operations, resigned from the Company, effective as of September 22, 2006.

Risk Factors

- The Company's primary products, alumina and aluminum billet products, are commodities or, in the case of aluminum billet products, derived from a commodity (aluminum). The cyclical nature of both the overall alumina industry and the overall aluminum industry may cause significant

variability in the Company's earnings and cash flows. (See the information under the caption "Impact of Recent Alumina Price Decline" under "Recent Developments" on page 1 of this Quarterly Information and Disclosure Statement.)

- The Company's current level of indebtedness and its required funding obligations for retiree healthcare and death benefits and its projected contributions to its underfunded pension plan limit the amount of cash available for other purposes, such as investment in the business and the payment of dividends. (See the information under the caption "Potential Impact of New Pension Legislation" under "Recent Developments" on page 4 of this Quarterly Information and Disclosure Statement.)
- As a result of increased electricity costs starting on January 1, 2005, and the work stoppage that began on November 22, 2004, the Company decided to curtail the operations of its aluminum smelter in Hannibal, Ohio in January 2005. The Company's ability to restart the aluminum smelter is dependent upon the availability and cost of electric power and the projected prices of aluminum and alumina. Access to a reliable supply of cost-effective electric power continues to be a significant issue for the Company. The Company is currently engaged in an administrative review process at the Public Utilities Commission of Ohio in an effort to gain access to electric power at the same tariff rates as other large industrial users in Ohio. However, there can be no assurance that Ormet will be able to obtain a supply contract for electric power on an economical basis that will allow it to restart the smelter. (See the information under the caption "Recent Rulings from the Public Utilities Commission of Ohio (PUCO)" under "Recent Developments" on page 3 of this Quarterly Information and Disclosure Statement.)
- The loss of sales to a major customer for any of the Company's products could adversely affect the sales, earnings and cash flows of the Company. (See the information under the caption "Customer Breach of Alumina Sales Contract" under "Recent Developments" on page 2 of this Quarterly Information and Disclosure Statement.)
- The Company could suffer losses due to a temporary or prolonged interruption of the supply of electrical power and/or natural gas to its facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters (such as the hurricanes experienced in the Gulf of Mexico from July through October 2005) or other catastrophic events.
- Due to potentially volatile changes in the selling prices for alumina, operating margins could be materially impacted if the Company experiences lower selling prices or lower volumes for its alumina. (See the information under the caption "Impact of Recent Alumina Price Decline" under "Recent Developments" on page 1 of this Quarterly Information and Disclosure Statement.)
- The worldwide production capacity of alumina is continually changing. Various competitors of the Company recently announced their intentions to increase capacity which, if it occurs, could adversely affect the operating margins, earnings and cash flows of the Company.
- Changes in the relative cost of bauxite, electricity and natural gas could significantly affect the operating margins, earnings and cash flows of the Company.

- The Company is subject to a variety of environmental laws and regulations. The current cost of compliance with such laws and regulations has not had a material adverse effect upon the Company. Compliance in the future with such laws and regulations, however, could require the Company to incur substantial expenditures, and there can be no assurance that future capital expenditures and costs for compliance with such laws and regulations will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.
- The Company's principal operating facilities are over 45 years old. As a result, the Company may be required to make significant capital investments in order to maintain competitive production levels at these facilities. The Company's capital expenditure plans include 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 working capital facility limit the Company's ability to make capital expenditures. In any event, there can be no assurance that the Company will have sufficient resources available to make any capital expenditures that may be required or that additional financing, if needed, will be available on acceptable terms.

Forward Looking Statements

This Quarterly Statement contains forward-looking statements that may be identified by their use of words like "anticipates," "believes," "estimates," "expects," "hopes," "targets," "should," "will," "will likely result," "forecast," "outlook," "projects" or other words of similar meaning. All statements that address the Company's expectations or projections about the future, including statements about the Company's strategy for growth, cost reduction goals, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on the Company's estimates, assumptions and expectations of future events, 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 Developments," and "Risk Factors," those discussed in the Notes to Consolidated Financial Statements which are a part of the Consolidated Financial Statements (attached as Exhibit A) and in Management's Discussion and Analysis (attached as Exhibit B), and those identified elsewhere in this Quarterly 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 report are based on information available to the Company on the date hereof; however, the Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. When reading any forward-looking statements, the reader should consider the risks and uncertainties referenced above as well as those described in the Company's Joint Plan of Reorganization and the related Disclosure Statement. Given these uncertainties and risks, (a) the reader should not place undue reliance on these forward-looking statements and (b) our future results could differ materially from our current results and from those anticipated in our forward-looking statements.

Information Concerning the Stockholders and the Common Stock

Common Stock

As of June 30, 2006, there were approximately 150 stockholders of the Common Stock, which includes a number of beneficial owners whose shares are held in street name. The Company's major shareholders include MatlinPatterson Global Opportunities Partners II, L.P and Mellon/HBV SPV LLC. On a combined basis, MatlinPatterson Global Opportunities Partners II, L.P. and Mellon/HBV SPV LLC, and their respective affiliates, own a majority of the currently outstanding shares of the Common Stock. As various bankruptcy claims are resolved and approved by the U.S. Bankruptcy Court, additional shares

