

**Quarterly Information and Disclosure Statement
For the Three Months Ended March 31, 2006**

**(Update and Supplement to Rule 15c2-11 Information
and Disclosure Statement dated June 28, 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 (DATED JUNE 28, 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 STATEMENT HAS NOT BEEN FILED BY THE COMPANY WITH THE SEC, THE NASD OR ANY OTHER REGULATORY AGENCY.

June 28, 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 (dated June 28, 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 on January 31, 2005 due to the increased cost of electricity and a strike by the hourly employees. Accordingly, this Quarterly Statement focuses on the Company's current businesses - 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 reduce its term note obligations, to pay transaction costs, and to pay employee severance costs. The remaining proceeds will be used for general corporate purposes and obligations and to repay the balance of the Company's 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 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 any of them. This Quarterly 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

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 \$15,000,000) and a \$15 million term loan that amortizes on a five-year schedule. The total amended credit facility provides for available funding to the Company of \$60 million. 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").

Ruling from the Public Utilities Commission of Ohio (PUCO)

As a result of a complaint that Ormet filed with the PUCO in August 2005 related to access to electric power for its aluminum smelter in Hannibal, Ohio, 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 its initial ruling on this matter on June 14, 2006. As a result of this ruling, additional hearings will be scheduled to determine if the electric service territory for the Hannibal smelter will be revised and to determine if the Company will be able to receive tariff-based electric power at large industrial user rates from an alternative supplier. Prior to January 1, 2000, the Hannibal smelter received its electric power from AEP's Ohio Power Company.

Ormet and USW Reach Tentative Agreement

The Company recently announced that it has reached new tentative labor agreements with the United Steelworkers which represents the hourly employees at the facilities in Hannibal, Ohio and Burnside, Louisiana. While the Company did not release the full details of the labor agreements, several noteworthy elements of the new agreements were revealed including signing bonuses, wage increases and profit sharing. These new agreements cover the aluminum reduction facility in Hannibal, Ohio, the alumina refinery in Burnside, Louisiana, and the aluminum rolling mill operations in Hannibal, Ohio (which was closed on December 20, 2005). In addition, the Company and the USW have agreed that all bankruptcy-related claims and litigation matters will be resolved as part of this comprehensive settlement. (For further information, see the press release on the Company's website at www.ormet.com.)

Sale of Former Headquarters Office Building

The Company has entered into an agreement to sell its former headquarters office building in Wheeling, West Virginia. The sale is expected to close on June 30, 2006. The proceeds of \$3.5 million will be used to reduce the Company's term note obligations.

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.
- The Company's current level of indebtedness, retiree health and life obligations and pension plan obligations (due to the significantly underfunded status of the pension plan) limit cash available for other purposes, such as investment in the business and the payment of dividends.

- 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, ratification of a new collective bargaining agreement with the hourly workers at the facility and the projected prices of aluminum and alumina. Access to a reliable supply of cost-effective electric power continues to be 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 it 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 "Ruling from the Public Utilities Commission of Ohio (PUCO)" under "Recent Developments" on page 2 of this Quarterly 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.
- 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 prices for alumina, operating margins could be materially impacted if the Company experiences lower selling prices or lower volumes for its alumina.
- 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 "Information" 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 December 31, 2005, 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 and Mellon HBV. On a combined basis, MatlinPatterson and Mellon HBV, and their respective affiliates own a majority of the currently outstanding shares of the Common Stock.

Liquidity Risks-Restrictions on Transfer

Holders of Common Stock who are deemed to be "underwriters" as defined in subsection 1145(b) of the U.S. Bankruptcy Code ("Bankruptcy Code"), or 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") will be unable to offer or sell their shares except pursuant to an effective Registration Statement or an available exemption from registration under the Securities Act and under equivalent state securities or "blue sky" laws. Shares of Common Stock are subject generally to certain Drag Along Rights and certain voting rights, both of which are outlined in the Stockholders Agreement and in the Amended and Restated Certificate of Incorporation (by which all stockholders are bound).

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

The issuance of the Common Stock was not registered under the Securities Act or under any other securities laws. Accordingly, in the absence of such registration, the Common Stock may be offered or sold only pursuant to an exemption from the registration requirements of the Securities Act and similar provisions of applicable state securities laws or pursuant to an effective Registration Statement. The Company has no present intention to apply for such listings.

The Company's Common Stock is not listed on any stock exchange, NASDAQ or other public trading market, and the Company cannot predict whether the 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.

There is currently no public market for the Common Stock and the Company cannot predict the extent to which investor interest in the Company will lead to the development of a trading market for the Common Stock or how liquid that market might become. The Company therefore can give no assurance as to the liquidity of any market that may develop for the Common Stock. The Company understands that application is proposed to be made to the National Association of Securities Dealers, Inc. by a broker-dealer so as to enable the broker-dealer to submit and publish quotations on the Common Stock, but the Company can give no assurance that a public market will develop.

Uncertainty of and Fluctuations in Trading Prices

As there is currently no public market for the Common Stock, there can be no assurance as to the development of any market or 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 trade in any public 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


The Company did not declare or pay dividends in 2005 on the Common Stock. The Company's revolving credit facility restricts the ability to pay dividends. The Company does not anticipate paying any dividends on the Common Stock in the foreseeable future.

Certifications

I, Ken Campbell, President and Chief Executive Officer, hereby certify that:

1. I have reviewed this Quarterly Information and Disclosure Statement;
2. Based on my knowledge, this Quarterly Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the context of such statements, not misleading with respect to the period covered by this Quarterly Statement;
3. Based on my knowledge, the consolidated financial statements included in this Quarterly 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: June 28, 2006




Ken Campbell, President and Chief Executive Officer

I, John W. Teitz, Executive Vice President and Chief Financial Officer, hereby certify that:

1. I have reviewed this Quarterly Information and Disclosure Statement;
2. Based on my knowledge, this Quarterly Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the context of such statements, not misleading with respect to the period covered by this Quarterly Statement;
3. Based on my knowledge, the consolidated financial statements included in this Quarterly 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: June 28, 2006



John W. Teitz, Executive Vice President and Chief Financial Officer

Consolidated Financial Statements

ORMET CORPORATION

CONSOLIDATED BALANCE SHEET

For the three-month period ended March 31, 2006

(000's omitted)

	(Unaudited)	
	3/31/2006	12/31/2005
ASSETS		
Cash	\$ 21,942	\$ 49,519
Restricted cash	17	1,313
Accounts receivable	40,907	31,131
Inventories (Note 2)	50,832	53,546
Prepaid expenses and other current assets	9,793	10,066
Total current assets	<u>123,491</u>	<u>145,575</u>
Property and Equipment	109,245	112,444
Goodwill	26,529	26,529
Intangible Assets, net	1,545	1,695
Assets Held for Sale	8,028	8,028
Other Assets (Note 3)	<u>24,371</u>	<u>26,269</u>
TOTAL ASSETS	<u><u>\$ 293,209</u></u>	<u><u>\$ 320,540</u></u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Accounts payable	\$ 17,619	\$ 34,808
Current portion of notes payable	7,970	7,970
Accrued and other current liabilities	11,425	10,953
Accrued compensation	7,876	11,324
Postretirement obligation	8,000	8,000
Total current liabilities	<u>52,890</u>	<u>73,055</u>
Notes Payable	19,924	19,924
Other Long-term Liabilities		
Pension obligations	117,235	117,092
Postretirement obligations	69,256	70,692
Other liabilities	4,647	4,799
STOCKHOLDERS EQUITY	<u>29,257</u>	<u>34,978</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u><u>\$ 293,209</u></u>	<u><u>\$ 320,540</u></u>

ORMET CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
For the three-month period ended March 31, 2006
(000's omitted)

	<u>3/31/2006</u>
Net sales from continuing operations	\$ 79,444
Cost of sales	<u>80,715</u>
Gross profit	(1,271)
Operating expenses	<u>4,083</u>
Operating (loss) income	(5,354)
Nonoperating (income) expenses	
Other (income) expense, net	(675)
Interest expense	<u>1,042</u>
Total nonoperating (income) expenses	367
(Loss) income before income tax	(5,721)
Income tax expense (recovery)	<u>-0-</u>
Net (loss) income	<u>\$ (5,721)</u>

ORMET CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
For the three month-period ended March 31, 2006
(000's omitted)

		2006
Cash flows from operating activities		
Net (loss) income	\$	(5,721)
Adjustments to reconcile net loss to net cash used:		
Depreciation and amortization		3,598
Net change in:		
Accounts receivable		(9,776)
Inventory		2,714
Prepaid expenses		273
Other Assets		1,898
Accounts payable		(17,189)
Accrued compensation and other current liabilities		(2,976)
Other liabilities		(152)
Pension and other postretirement benefits		(1,293)
Net cash provided (used) by operating activities		(28,624)
Cash flows from investing activities		
Capital expenditures		(249)
Net cash provided (used) by investing activities		(249)
Cash flows from financing activities		
Net change of revolving debt		
Repayment of term debt		
Net cash provided by financing activities		-0-
Net increase(decrease) in cash		(28,873)
Cash - beginning of period		50,832
Cash - end of period	\$	21,959

Ormet Corporation
Notes to Consolidated Financial Statements
For the three-month period ended March 31, 2006

1. Basis of Presentation

The unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial statements. In the opinion of management, these financial statements include all material adjustments, including normal recurring accruals and estimates, considered necessary for a fair presentation of the results of operations for the three-month period ended March 31, 2006.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as additional information becomes available.

2. Inventories

Inventories are stated at the lower of cost or market, with cost of inventories valued under the first-in, first-out (FIFO) inventory method. Total inventory at March 31, 2006, included:

	<i>(in thousands of dollars)</i>
Raw Material	\$ 15,508
Work-In-Process	12,726
Finished Goods	11,405
Supplies and Other Inventory	11,193
Total Inventory	<u>\$ 50,832</u>

3. Other Assets

Other assets at March 31, 2006, included:

	<i>(in thousands of dollars)</i>
Deferred Financing Costs	\$ 3,000
Inventory (Idle Facility)	21,209
Other	162
Total Other Assets	<u>\$ 24,371</u>

