FILE

112

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the Application of Ormet Primary Aluminum Corporation for Approval of a Unique Arrangement with Ohio Power Company and Columbus Southern Power.	:	Case No. 09-119-EL-AEC

- - -

PROCEEDINGS

before Mr. Gregory Price, Hearing Examiner, at the Public Utilities Commission of Ohio, 180 East Broad Street, Room 11-F, Columbus, Ohio, called at 9:00 a.m. on Thursday, April 30, 2009.

- - -

VOLUME I

- - -

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HARBOR intelligence

aluminum market analysis & price outlook intelligence

Aluminum Technicals in Bullish Mode; We See Prices Closing at $2,000 by Year-End

Aluminum Price Outlook

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April '09

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ORMET Ex. 9

summary

1 **Aluminum prices have hit bottom and are no longer in bearish mode.** LME aluminum prices hit bottom in February (at $1,280 per mton=58 cent/lb) and have now complete a typical formation associated with trend reversals (head & shoulders, increasing volume and bullish daily signal). We shouldn't expect prices to touch new lows or even fall below $1,370 per mton (62 cent/lb). Bullish factors playing in the market have increased considerably and now outnumber ongoing bearish factors by a wide margin.

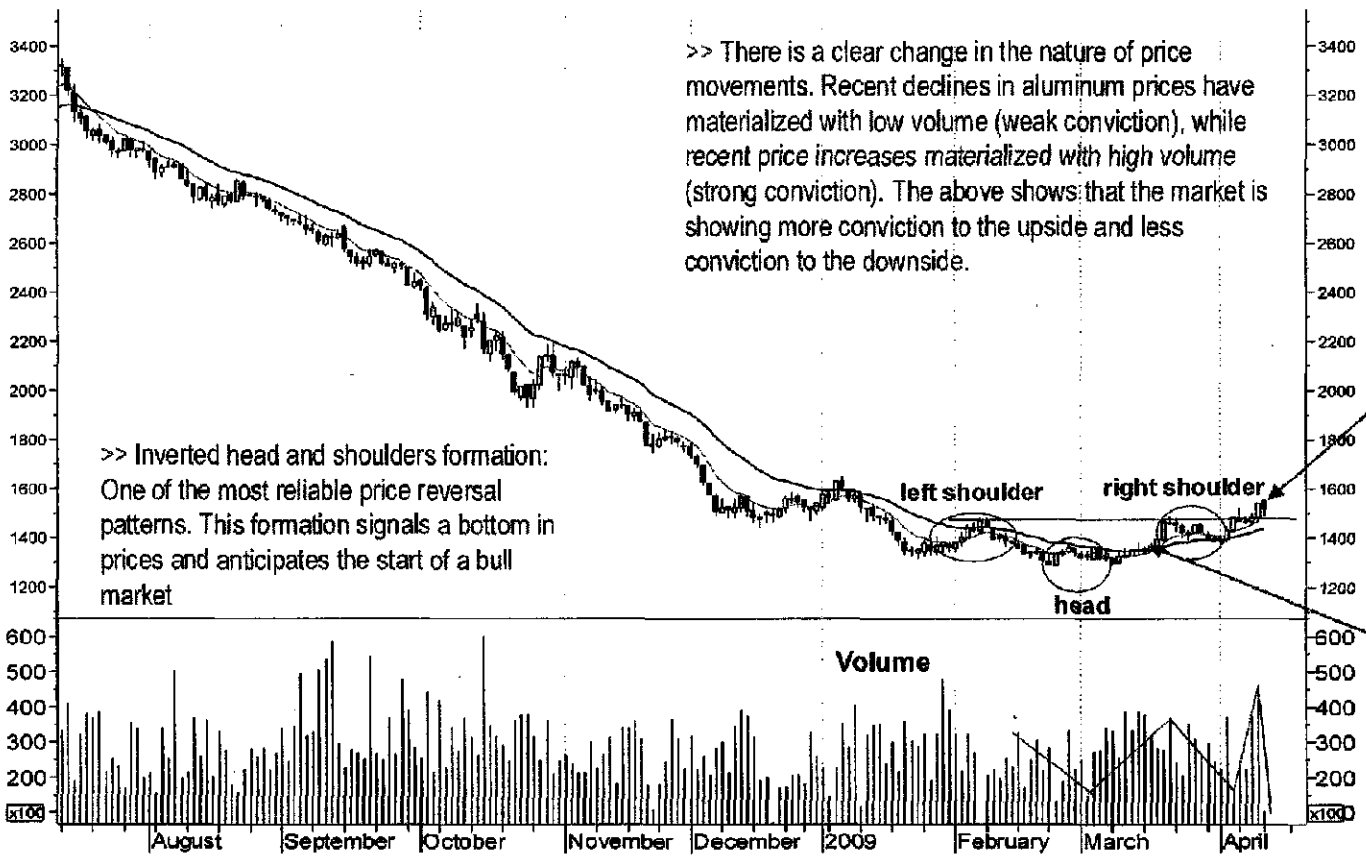
2 ***Aluminum market sentiment now on bullish mode* while consensus continues to upgrade its '10 price forecasts.** Our proprietary Aluminum Market Sentiment Index has entered bullish territory and is at its highest level since Sep '08. Furthermore, consensus continues to expect higher aluminum prices in the next quarters and next year. Consensus expects prices to average around $1,737 per mton (79 cent/lb) in the IVQ'09, while its'10 price forecast increased in April to $2,490 per mton (113 cent/lb) from an average March forecast of $2,047 per mton (93 cent/lb), a noteworthy increase of $443 per mton (20 cent/lb). Meanwhile, more than 60% of the analysts that updated their '10 aluminum price forecasts in Mar-Apr '09 expect prices to average above $2,000 per mton (91 cent/lb) next year.

3 **We see prices closing the year near $2,000 per mton (90 cents/lb).** Aluminum prices have completed a clear inverted head and shoulders technical formation, which tends to be typical pattern of trend reversal that that suggest we are no longer in bearish mode. This confirms that prices indeed hit bottom in February and that a strong recovery is due to take place in the mid and longer-term. We expect aluminum prices to range-trade mainly between $1,370-1,600 per mton (62-73 cent/lb) in the short-term and then head toward $2,000 per mton (91 cent/lb) by the end of the year and higher in '10. The LME option market has a similar view, believing prices will not fall below $1,200 per mton (55 cent/lb) and will close the year near $2,000 per mton (91 cent/lb).

Aluminum prices show a typical pattern of trend reversal (inverted head & shoulders with increased volume) that suggest we are no longer in bearish mode

ALUMINUM PRICE TECHNICALS

(daily data, $/per mton)



Prices have breakout the inverted head and shoulders neckline. High volume in breakout, and low volume in subsequent price declines are a strong confirmation.

For the first time since last August, price moving averages signal daily bullish mode (as 8 days MA=red crosses over 23 days=blue)

HARBOR Intelligence

Apr 2009

Bullish factors are rapidly increasing and intensifying for short, mid & long term, while bearish factors are falling considerably

HARBOR`s VIEW OF THE FACTORS AFFECTING PRICES:

Bullish factors increasing for short, mid and long run:

A) Fear levels continue to fall, at 37 from 90 in IVQ 08
B) The dollar has peaked and is falling sharply in context of unprecedented low interest rates in the US
C) Speculators are exiting short positions and entering long positions (volume and open interest confirms this)
D) Global daily aluminum demand bottomed in Dec 08, and is up 15% so far this year
E) Global aluminum inventories peaked last February in terms of weeks of consumption and are falling since March
F) Technical indicators show trend reversal patterns
G) Output cuts and compliance continue to accelerate
H) China's plan to buy 0.80-3.5 million tons to help support industry
I) Daily oversupply has fallen to lowest level since last August
J) Capex in aluminum expansion projects is down 35%, few expansions are expected in next two years
K) Unprecedented capital injections to the global financial system, strong global fiscal spending and stimulus plans, near record low global interest rates
L) Sharpest global aluminum demand deviation vs long term trend
M) Strong underlying aluminum demand growth from emerging countries leaded by China
N) Aluminum undervaluation vs rest of base metals, most substitute materials and energy prices
O) Higher structural opex and capex costs
P) *Expectations of structural gains of the yuan vs the US dollar*
Q) Insufficient global energy supplies
R) More than 70% of global aluminum output is under water in a full cost basis
S) A reversion in the SHFE-LME aluminum price spread from negative to positive and growing to record levels
T) Strong restocking needs
U) Our proprietary Aluminum Market Sentiment Index is now in bullish mode for the first time since Sep '08
V) Chalco, Non-Chalco, China import, Australia fob and India Fob alumina spot prices are increasing
W) Aluminum demand in the US is no longer falling

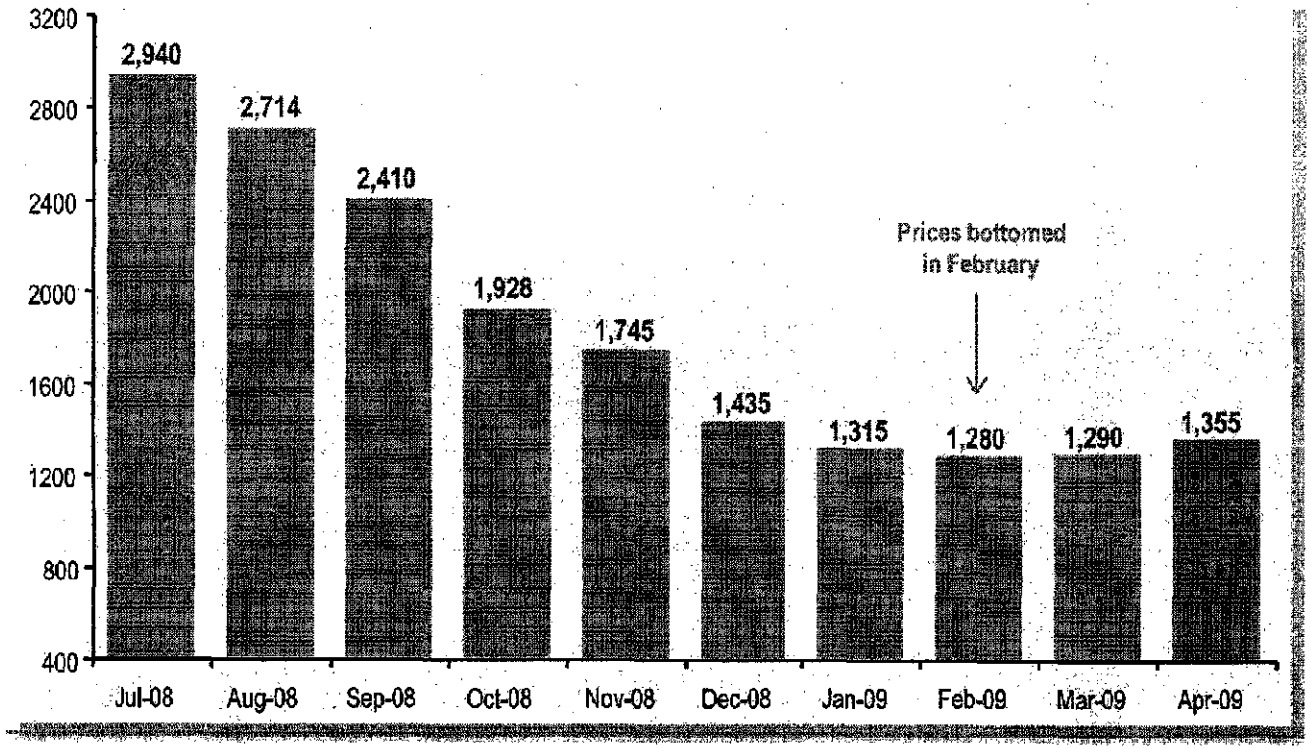
Bearish factors pressuring down prices are falling in number and intensity:

A) Aluminum market continues to experience daily oversupply
B) Aluminum demand contraction still present in Europe and Japan
C) Global visible inventory levels have increased from 3.25 weeks in IIQ `07 to around 8.3 weeks in Mar 09
D) Risk aversion is still above normal levels
E) Insufficient meaningful output cuts in China and the Western World
F) Global interest rates continue to fall

Aluminum prices bottomed in February…

LOWEST LME 3M ALUMINUM PRICE SEEN IN EACH MONTH*

(monthly data; $/mton)



* The lowest intraday price level seen during each month.

Source: HARBOR intelligence

... while prices are recovering at a faster pace than before

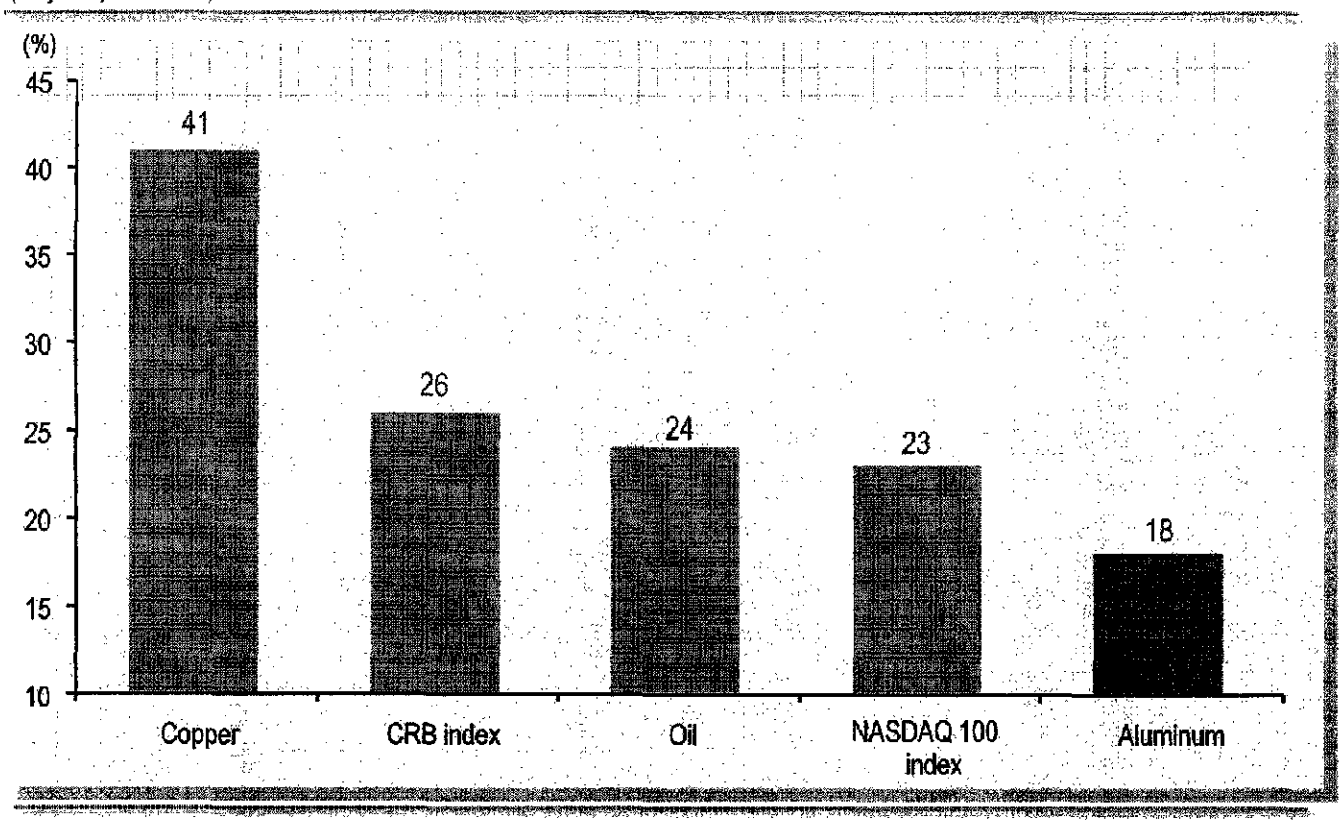
>> TIME IT TOOK ALUMINUM PRICES TO REACH $1,500 PER MTON AFTER BEING AT AROUND $1,200 PER MTON

Feb '99: $1,200	7 months →	**Sep '99: $1,500**
Nov '01: $1,256	23 months →	**Oct '03: $1,500**
Feb '09: $1,280	**1.5 months** →	**Apr '09: $1,500**

Aluminum prices have bounced & underperformed in a context of price reversal in the commodity and equity complex

ALUMINUM PRICE PERFORMANCE VS OTHER ASSETS SINCE MARCH '09

(daily data; % increase)

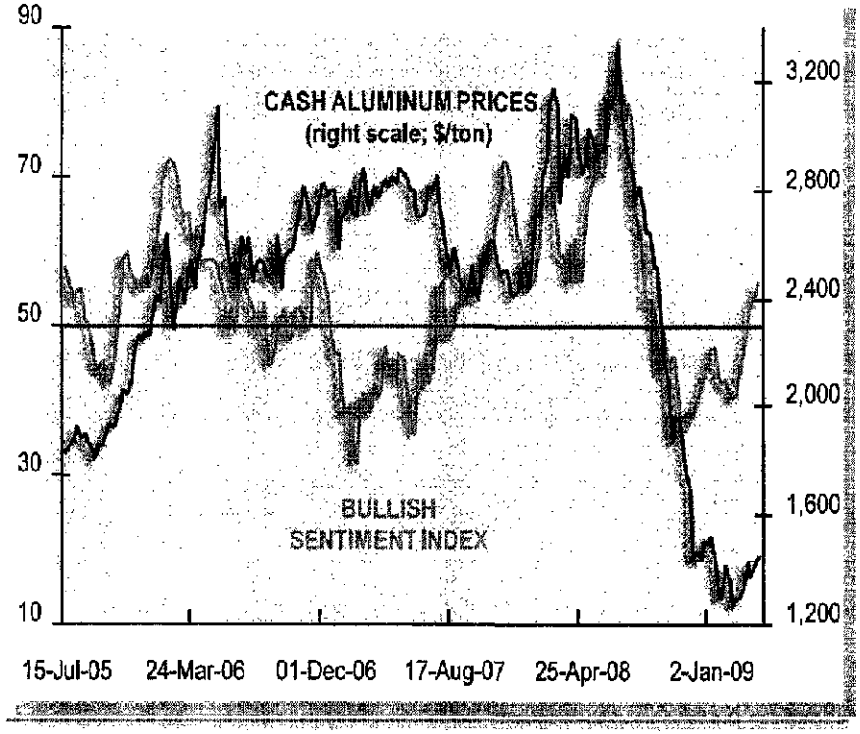


Source: HARBOR intelligence

Market sentiment has turned bullish for the first time since Sep '08...

HARBOR'S ALUMINUM BULLISH MARKET SENTIMENT INDEX VS ALUMINUM LME CASH

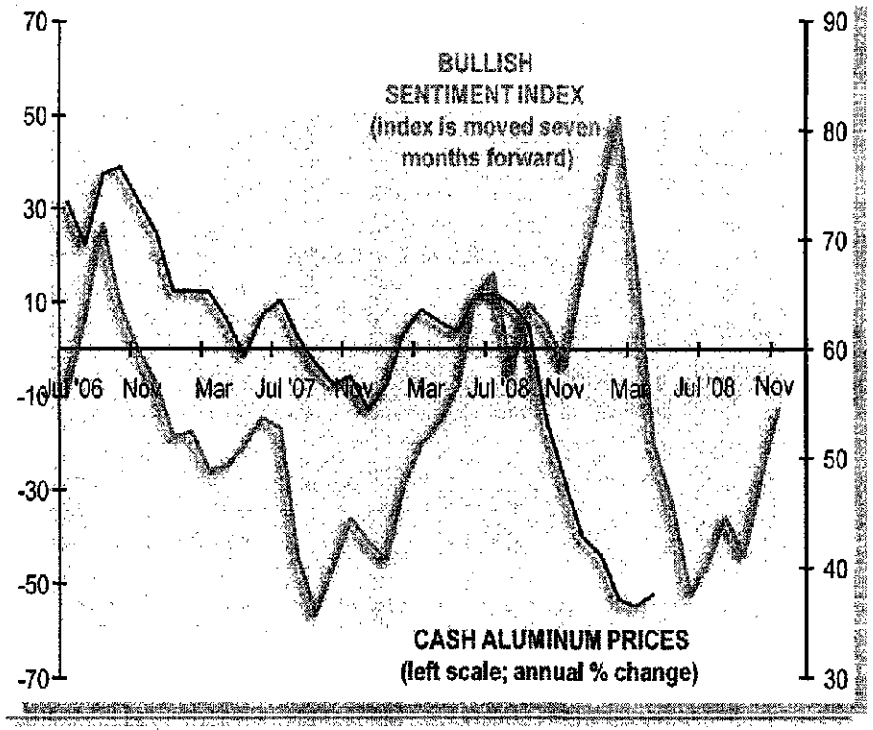
(bullish comments as % of total analysts comments in previous eight weeks)



Source: HARBOR intelligence

HARBOR'S ALUMINUM BULLISH MARKET SENTIMENT INDEX AS LEADING INDICATOR

(bullish comments as % of total analyst comments in previous eight weeks)

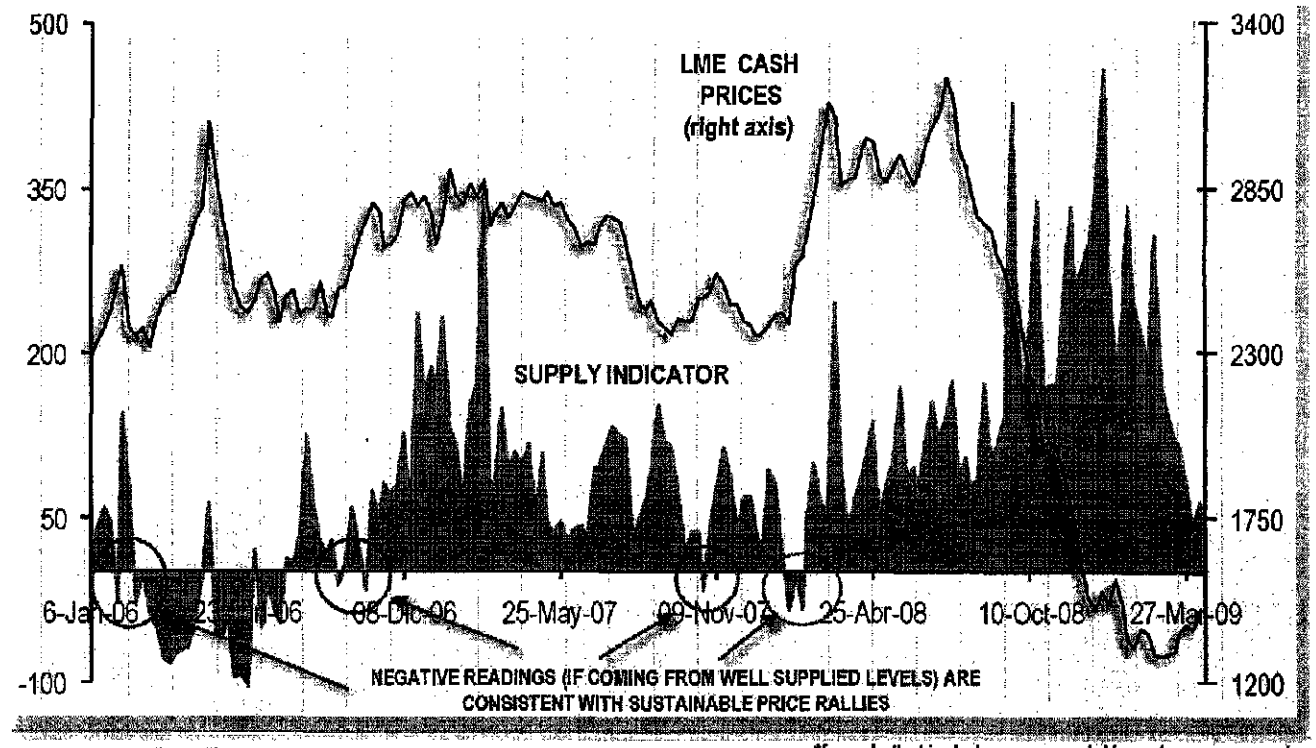


Source: HARBOR intelligence

...the daily oversupply has fallen to lowest level since last August

ALUMINUM CASH PRICES VS HARBOR'S ALUMINUM WELL SUPPLIED INDICATOR LEVEL*

(four week average; $/ton)



Source: HARBOR intelligence

*formula that includes commercial inventory movements, forward curve, regional premiums, alumina price trends, SHFE-LME price spread among others

HARBOR intelligence

Consensus continues to expect higher aluminum prices in next quarters

ALUMINUM LME CASH QUARTERLY PRICE FORECASTS

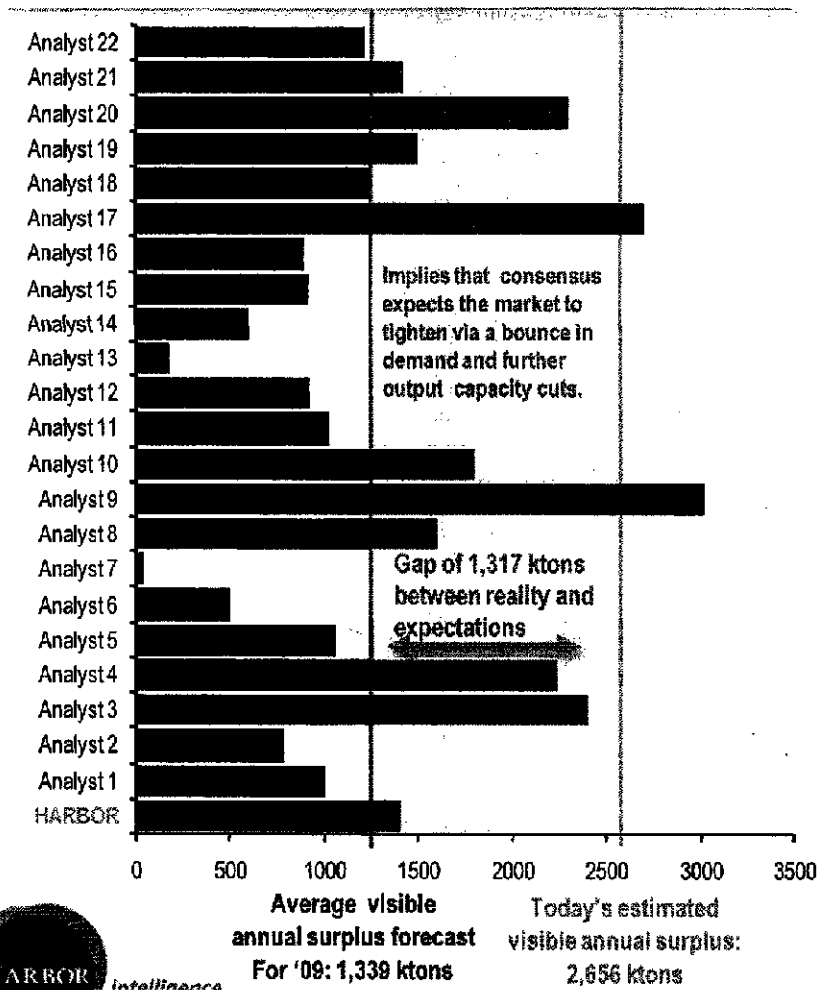
	Analyst		2009			
			1Q	2Q	3Q	4Q
Apr'09	HARBOR Realistic	(60% in '09)	1,359	1,547	1,750	1,967
Apr'09	HARBOR Downside	(30% in '09)	1,359	1,390	1,467	1,600
Apr'09	HARBOR Upside	(10% in '09)	1,359	1,717	2,067	2,465
Mar'09	Analyst 1		1,359	1,400	1,350	1,600
Mar'09	Analyst 2		1,359	1,300	1,450	1,600
Feb'09	Analyst 3		1,359	1,653	1,874	1,874
Feb'09	Analyst 4		1,359	1,500	1,550	1,600
Feb'09	Analyst 5		1,359	1,477	1,521	1,609
Feb'09	Analyst 6		1,359	1,500	1,550	1,600
Feb'09	Analyst 7		1,359	1,475	1,525	1,600
Feb'09	Analyst 8		1,359	1,433	1,344	1,367
Jan'09	Analyst 9		1,359	1,609	1,543	1,895
Dec'08	Analyst 10		1,359	1,653	1,873	1,873
Dec'08	Analyst 11		1,359	1,380	1,420	1,500
	Analyst s Average		1,359	1,509	1,606	1,737

Source: HARBOR intelligence with internal database

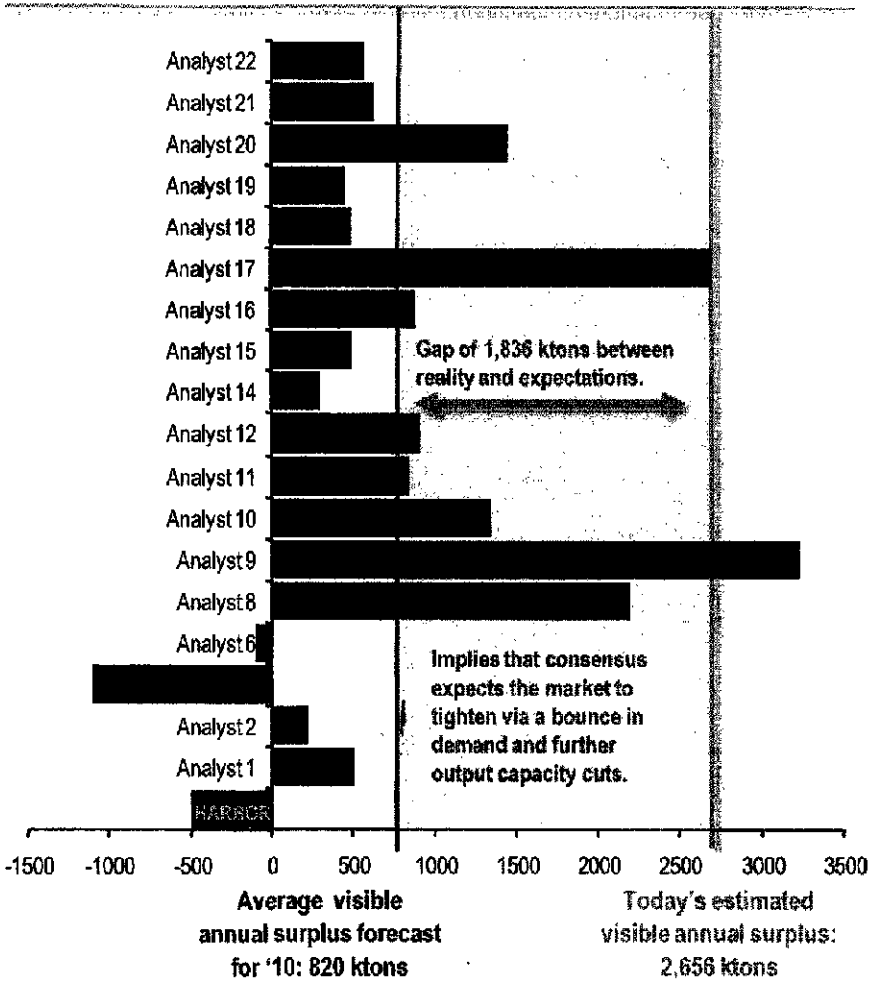
Analysts continue to expect higher prices in IIH'09

Analysts continue to believe that market will tighten (at the margin) this year and next as they expect a bounce in demand and further output cuts to materialize…

ANALYSTS' 09 AVERAGE MARKET BALANCE FORECASTS MADE DURING DEC '08-APR '09
(ktons)



ANALYSTS' 10 MARKET BALANCE FORECASTS MADE DURING DEC '08-APR '09
(ktons)



HARBOR intelligence

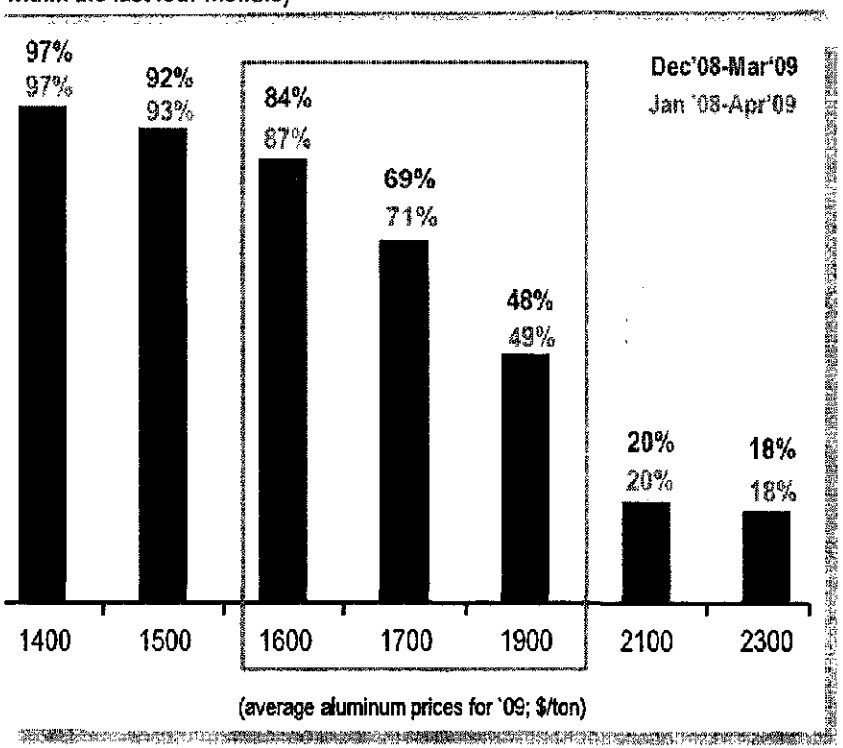
Apr 2009

...while more than 60% of them expect prices to average above $2,000 per mton next year

FORECASTS UPDATED WITHIN THE LAST FOUR MONTHS

WHAT ARE ANALYSTS EXPECTING FOR `10

(% of analysts expecting prices to average higher than specified price level; from our database of 62 analysts that have updated their price forecasts **within the last four months**)

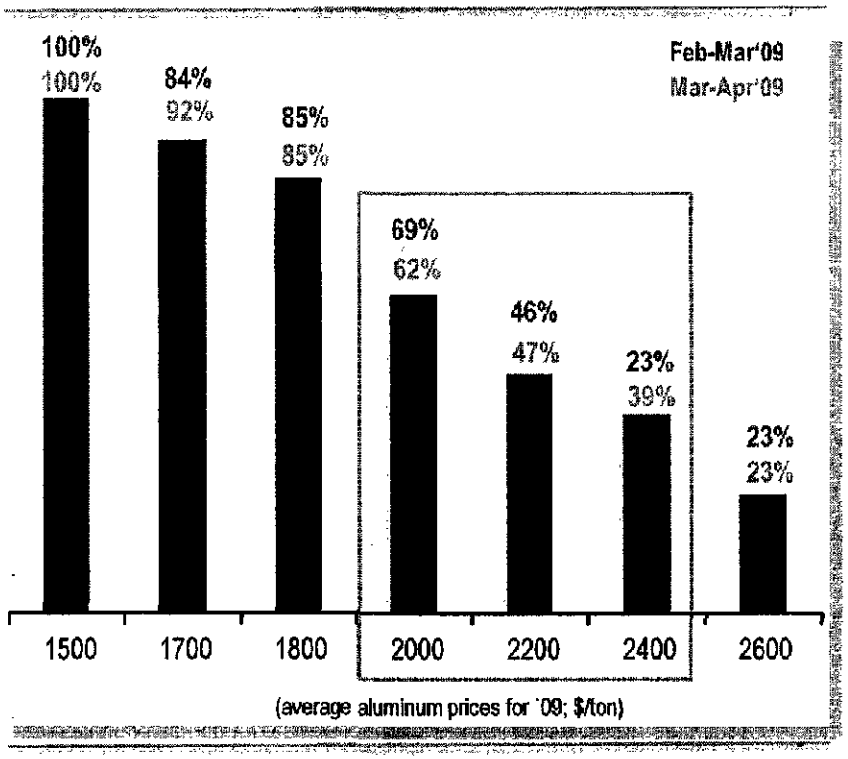


Source: HARBOR intelligence with internal database

FORECASTS UPDATED IN MAR-APR '09

WHAT ARE ANALYSTS EXPECTING FOR `10

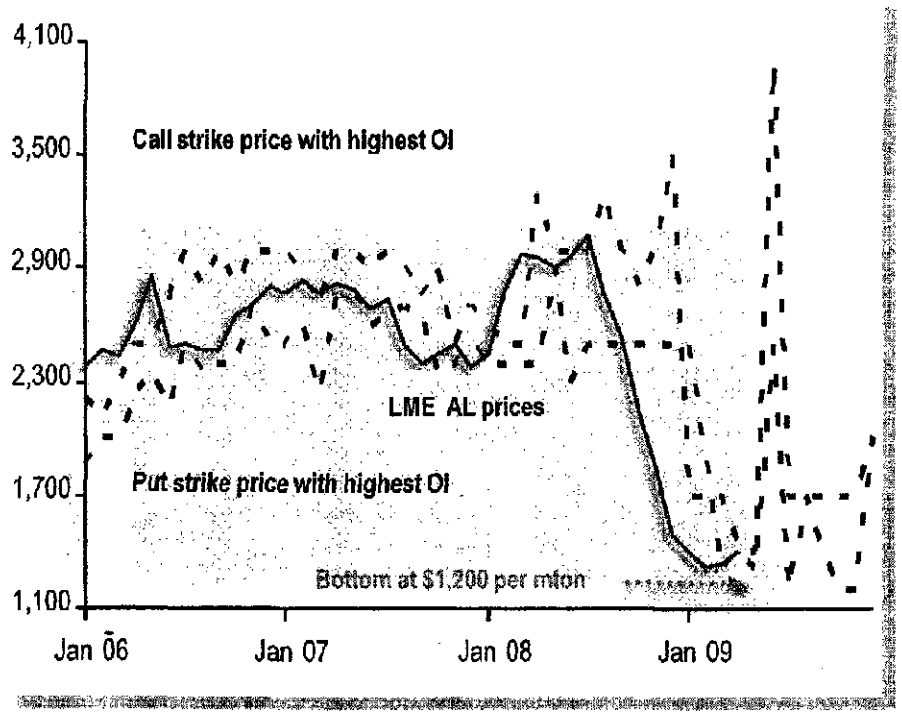
(% of analysts expecting prices to average higher than specified price level; from our database of **14** analysts that have updated their price forecasts **in Mar-Apr '09**)



Source: HARBOR intelligence with internal database

The option market continues to see strong support at $1,200 per mton (54 cent/lb) and prices closing the year close to $2,000 per mton (91 cent/lb)

LME ALUMINUM CASH PRICE vs STRIKE PRICE WTH HIGHEST OPEN INTEREST (OI)
(dlls/mtons)



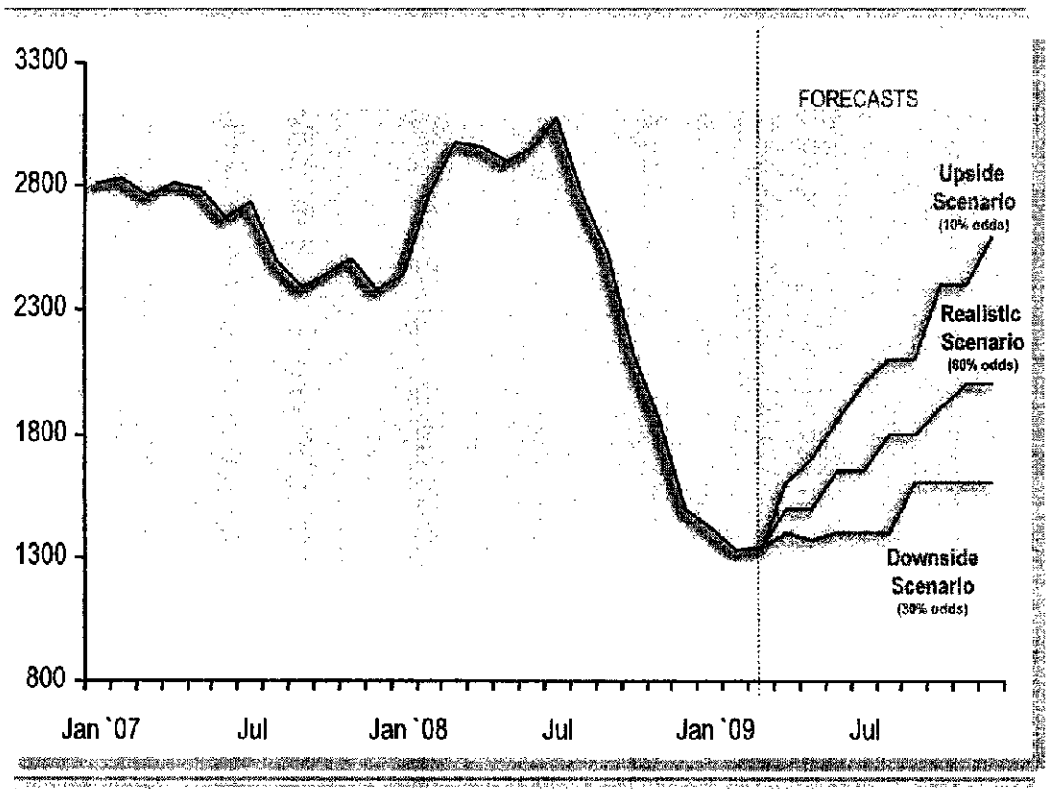
Source: HARBOR intelligence with LME data

Date	Strike Price with highest OI Call	Put	LME AL cash (monthly average)
Jan'08	2,600	2,400	2,441
Feb	2,500	2,400	2,774
Mar	2,500	2,400	2,981
Apr	3,300	2,400	2,962
May	3,000	2,900	2,903
Jun	3,000	2,300	2,956
Jul	3,000	2,500	3,075
Aug	3,300	2,500	2,763
Sept	3,000	2,500	2,526
Oct	2,800	2,500	2,120
Nov	3,000	2,500	1,852
Dec	3,500	2,500	1,491
Jan'09	1,700	2,500	1,414
Feb	1,700	1,900	1,329
Mar	1,700	1,300	1,335
Apr	1,400	1,400	1,403
May	1,400	1,300	
Jun	4,000	2,500	
Jul	1,700	1,200	
Aug	1,700	1,700	
Sept	1,700	1,400	
Oct	1,700	1,200	
Nov	1,700	1,200	
Dec	2,000	2,000	

We believe that we have seen the bottom and that prices will close the year near $2,000 per mton

HARBOR ALUMINUM CASH PRICE FORECAST*

(LME Cash Price; $/ton)



Source: HARBOR intelligence

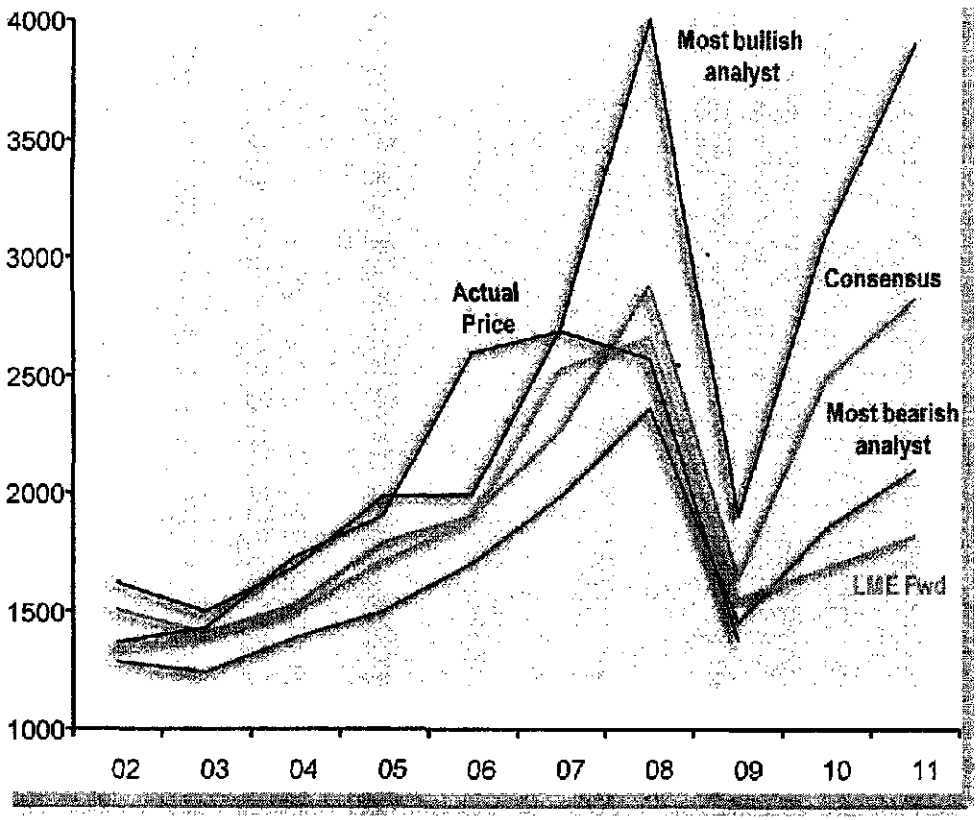
* HARBOR calculates monthly forecasts from annual forecasts

	Upside Scenario	Realistic Scenario	Downside Scenario
Jan `08	**2441**	**2441**	**2441**
Feb	**2774**	**2774**	**2774**
Mar	**2981**	**2981**	**2981**
Apr	**2962**	**2962**	**2962**
May	**2903**	**2903**	**2903**
Jun	**2956**	**2956**	**2956**
Jul	**3075**	**3075**	**3075**
Aug	**2763**	**2763**	**2763**
Sep	**2525**	**2525**	**2525**
Oct	**2120**	**2120**	**2120**
Nov	**1852**	**1852**	**1852**
Dec	**1496**	**1496**	**1496**
Jan `09	**1414**	**1414**	**1414**
Feb	**1329**	**1329**	**1329**
Mar	**1335**	**1335**	**1335**
Apr	1600	1496	1400
May	1700	1496	1370
Jun	1852	1650	1400
Jul	2000	1650	1400
Aug	2100	1800	1400
Sep	2100	1800	1600
Oct	2400	1900	1600
Nov	2400	2000	1600
Dec	2600	2000	1600
`08	2,571	2,571	2,571
`09	1,903	1,656	1,454

HARBOR intelligence

Hedging today (see FWD curve) implies buying below consensus forecasts, most bearish analyst forecast, and HARBOR's forecasts

FORECAST HISTORY* VS ACTUAL ALUMINUM PRICE
($/ton)



	Most Bearish	Most Bullish	Consensus	Actual Price	Fwd curve
'02	1285	1620	1503	**1366**	1333
'03	1235	1499	1407	**1428**	1389
'04	1383	1683	1519	**1722**	1488
'05	1499	1984	1788	**1900**	1708
'06	1698	1990	1905	**2590**	1875
'07	1984	2700	2269	**2682**	2522
'08	2350	4000	2874	**2567**	2653
'09	1454	1903	1634	**1368**	1551
'10	1850	3100	2490		1680
'11	2100	3900	2825		1814

Source: HARBOR intelligence with internal database

*forecast made on Dec of the prior year

ALUMINUM LME CASH ANNUAL PRICE FORECASTS BY ANALYST

	`09	`10	`11	`12
AVERAGE FORECAST (forecast updated Apr '09)	1634	2490	2825	3033
LOWEST FORECASTED PRICE (forecast updated Apr '09)	1454	1850	2100	2000
HIGHEST FORECASTED PRICE (forecast updated Apr '09)	1903	3100	3900	4400
AVERAGE OF THOSE EXPECTING HIGHER PRICES (forecast updated Apr '09)	1753	2490	3350	4400
AVERAGE OF THOSE EXPECTING LOWER PRICES (forecast updated Apr '09)	1455	NA	2100	2350
BEST 10 ANALYSTS in '08	1595	1918	2654	2558
BEST 5 ANALYSTS in '01-'08	1596	2252	2841	3106
HARBOR Upside (10% chance in '09-'12)	1903	3100	3900	4400
HARBOR Realistic (60% chance in '09-'12)	1656	2700	2800	2700
HARBOR Downside (30% chance in '09-'12)	1415	2300	2100	2000
PREDOMINANT FORECAST	1635	2418	2829	3054

Source: HARBOR intelligence with internal database

ANALYSTS' ALUMINUM LME ANNUAL CASH PRICE FORECASTS AND RANKINGS

Forecast ranking*								Avg Forecast Error **		Analyst	2009		2010		2011	
											($/mton)	(cent/lb)	($/mton)	(cent/lb)	($/mton)	(cent/lb)
2001	2002	2003	2004	2005	2006	2007	2008									
2	9	5	18	9	1	15	1	7.3	Mar'09	Analyst 1	1425	65	1738	79	2500	113
NR	NR	10	3	12	2	34	2	8.2	Mar'09	Analyst 2	1256	57	1940	88	2756	125
NR	8	NR	11	24	13	6	3	8.4	Mar'09	Analyst 3	1650	75	2060	93		
NR	NR	NR	NR	NR	NR	13	4		Jan'09	Analyst 4	1900	86	1798	82	2800	127
NR	NR	NR	NR	NR	NR	NR	5		Mar'09	LME Options Market	1750	79				
5	NR	7	16	27	27	36	6	12.6	Jan'09	Analyst 5	1839	83	2243	102		
6	1	3	7	29	1	33	7	8.5	Apr'09	**HARBOR Realistic (60% chance in '09)**	**1656**	**75**	**2700**	**123**	**2800**	**127**
NR	NR	NR	17	NR	3	19	8		Jan'09	Analyst 6	1609	73	1807	82		
NR	NR	NR	12	5	18	29	9	12.0	Jan'09	Analyst 7	1322	60	1322	60	3086	140
NR	7	16	NR	34	NR	NR	10	7.1	Jan'09	Analyst 8	1543	70	1653	75	1984	90
NR	NR	NR	NR	NR	NR	NR	11		Mar'08	Analyst 9	2800	127	2425	110	2425	110
NR	NR	14	NR	33	NR	NR	12		Jan'09	Analyst 10	1383	63	1470	67	2600	118
NR	NR	NR	NR	NR	NR	NR	13		Apr'09	**HARBOR Downside (30% chance in '08)**	**1454**	**66**	**2300**	**104**	**2100**	**95**
9	9	11	8	4	4	5	14	8.9	Apr'09	Analyst 11	1455	66	1850	104	2500	113
NR	NR	NR	NR	NR	NR	NR	15		Jan'09	Analyst 12	1719	78	2164	98		
2	20	4	16	37	15	27	16	11.7	Dec'08	Analyst 13	1638	74				
NR	NR	NR	NR	7	28	NR	17		Jan'09	Analyst 14	1300	59				
12	NR	NR	NR	15	14	10	18	10.2	Feb'09	Analyst 15	1383	63	1543	70	1742	79
NR	NR	NR	NR	NR	NR	NR	19		Jan'08	Analyst 16	2315	105				
1	7	13	13	38	6	4	20	7.8	Apr'09	**HARBOR Upside (10% chance in '09)**	**1903**	**86**	**3100**	**141**	**3900**	**177**
NR	NR	12	9	8	29	32	21	13.6	Mar'09	Analyst 17	1425	65	3199	145		
NR	NR	NR	NR	NR	NR	NR	22		Jan'09	Analyst 18	1256	57	1498	68		
8	NR	NR	4	14	11	23	23	12.6	Mar'09	Analyst 19	1499	68	2094	95	2865	130
NR	14	9	5	10	17	35	24	11.5	Jan'09	Analyst 20	1463	66	1849	84	2491	113
10	NR	2	6	13	5	14	25	12.4	Mar'09	Analyst 21	1470	64	1543	70	2468	112
NR	10	8	10	26	21	2	26	12.2	Feb'09	Analyst 22	1700	75	2000	90	2400	110
NR	NR	NR	NR	NR	NR	NR			Apr'09	Analyst 23	1700	77	2500	113		
NR	NR	NR	NR	NR	NR	12			Mar'09	Analyst 24	1433	65	1984	90		
NR	NR	NR	NR	NR	NR	NR			Mar'09	Analyst 25	1800	82				
NR	NR	NR	NR	NR	NR	NR			Feb'09	Analyst 26	1653	75	2094	95		
NR	NR	NR	NR	NR	NR	NR			Feb'09	Analyst 27	1736	79	1984	90	2425	110

* Annual rankings means how accurate was the analyst to predict average prices for that year at the end of the previous year. If ranking reads 1, it means it was the most accurate analyst in predicting that year s average price. Ranking was made by HARBOR intelligence.

**We only included the average forecast error (% deviation of forecast vs actual price) of those analysts that we have at least three years of history.

ANALYSTS' ALUMINUM LME ANNUAL CASH PRICE FORECASTS AND RANKINGS

Forecast ranking*							Avg Forecast Error **	Analyst		2009 ($/mton)	2009 (cent/lb)	2010 ($/mton)	2010 (cent/lb)	2011 ($/mton)	2011 (cent/lb)
NR	NR	NR	NR	NR	NR	NR		Feb'09	Analyst 28	1455	66	1897	77		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 29	1400	64	1500	68		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 30	1713	78				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 31	1410	64	2314	105		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 32	1433	65	1609	73	2400	109
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 33	1729	78	2299	104		
NR	NR	NR	NR	31	NR	21		Jan'09	Analyst 34	1499	68				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 35	1408	64	2314	109		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 36	1200	54				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 37	1929	88				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 38	1543	70	1763	80		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 39	1380	63				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 40	1653	75	1962	89	2424	110
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 41	1653	75	1873	85		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 42	1609	73	1609	73		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 43	1653	75	1984	90	2685	130
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 44	1600	73				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 45	2074	94				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 46	1543	70				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 47	1609	73	1631	74		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 48	1382	62				
4	3	1	1	11	10	22	9.0	Jan'09	Analyst 49	1543	70	1873	85	2204	100
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 50	1763	80	2093	95		
NR	NR	NR	NR	28	22	9	9.0	Jan'09	Analyst 51	2229	101				
NR	NR	NR	NR	2	20	1		Jan'09	Analyst 52	2314	105	2865	130		
NR	NR	NR	NR	35	12	NR	18.3	Jan'09	Analyst 53	1763	80	1984	90	2425	110
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 54	1675	76	1999	91		
NR	NR	NR	NR	6	19	33		Jan'09	Analyst 55	1322	60	1543	70		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 56	1543	70	1653	75		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 57	1550	70				
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 58	1433	65	1653	75		
NR	NR	NR	NR	NR	NR	NR		Jan'09	Analyst 59	1565	71	1895	86		

* Annual rankings means how accurate was the analyst to predict average prices for that year at the end of the previous year. If ranking reads 1, it means it was the most accurate analyst in predicting that year s average price. Ranking was made by HARBOR intelligence.

** We only included the average forecast error (% deviation of forecast vs actual price) of those analysts that we have at least three years of history.

Source: HARBOR intelligence with internal database

HARBOR's MONTHLY ALUMINUM PRICE FORECAST IN VARIOUS CURRENCIES

(EUROS AND YENS)

FORECAST IN EUROS €

	Upside Scenario	Realistic Scenario	Downside Scenario
Jan `08	1,659	1,659	1,659
Feb	1,881	1,881	1,881
Mar	1,920	1,920	1,920
Apr	1,879	1,879	1,879
May	1,866	1,866	1,866
Jun	1,899	1,899	1,899
Jul	1,951	1,951	1,951
Aug	1,848	1,848	1,848
Sep	1,758	1,758	1,758
Oct	1,596	1,596	1,596
Nov	1,456	1,456	1,456
Dec	1,105	1,105	1,105
Jan `09	1,065	1,065	1,065
Feb	1,038	1,038	1,038
Mar	1,021	1,021	1,021
Apr	1,135	1,045	893
May	1,231	1,074	893
Jun	1,494	1,213	915
Jul	1,613	1,213	903
Aug	1,750	1,304	972
Sep	1,750	1,304	1,111
Oct	2,000	1,357	1,111
Nov	1,846	1,429	1,111
Dec	2,000	1,429	1,111
`08	1,735	1,735	1,735
`09	1,495	1,208	1,012

FORECAST IN YENS ¥

	Upside Scenario	Realistic Scenario	Downside Scenario
Jan `08	259,844	259,844	259,844
Feb	287,899	287,899	287,899
Mar	300,395	300,395	300,395
Apr	304,109	304,109	304,109
May	302,754	302,754	302,754
Jun	315,849	315,849	315,849
Jul	328,564	328,564	328,564
Aug	302,245	302,245	302,245
Sep	269,140	269,140	269,140
Oct	212,233	212,233	212,233
Nov	179,237	179,237	179,237
Dec	136,256	136,256	136,256
Jan `09	127,684	127,684	127,684
Feb	123,331	123,331	123,331
Mar	130,456	130,456	130,456
Apr	154,875	140,000	118,750
May	176,000	152,250	125,000
Jun	203,720	173,250	130,000
Jul	230,000	181,500	136,500
Aug	249,900	205,200	152,600
Sep	254,100	208,800	177,600
Oct	292,800	222,300	179,200
Nov	295,200	236,000	180,800
Dec	319,800	236,000	180,800
`08	266,544	266,544	266,544
`09	213,156	178,064	146,893

Source: HARBOR intelligence

OCC Ex. 1

ATTACHMENT A

April 16, 2009

Contact Info:
Linda King
412-428-0050 or 412-296-2284

Ormet Commences Legal Actions Against Glencore to Enforce Rights Under Tolling Agreement

Hannibal, OH – Ormet Corporation ("Ormet") announced today that it has commenced legal action against Glencore Ltd. ("Glencore") to enforce Ormet's contract rights under its tolling agreement with Glencore. Ormet filed an action with the United States District Court for the Southern District of Ohio seeking a preliminary injunction against Glencore to prevent the interruption of alumina deliveries as required under the tolling agreement.

In its filing with the Court, Ormet argues that the failure to prevent Glencore from breaking its contractual obligations to deliver all of the alumina as provided for in the tolling agreement could force Ormet to shut down operations, threatening the jobs of approximately 1,000 active employees and retiree benefits for approximately 3,000 former employees. At the same time, Ormet has made a demand for arbitration against Glencore in accordance with the dispute resolution provisions of the tolling agreement.

Alumina is the principal component in the manufacture of aluminum. All of Ormet's aluminum production capacity is currently dedicated to the production of aluminum for Glencore under the tolling agreement. If Glencore does not continue shipping alumina and otherwise performing its obligations under the tolling agreement, Ormet's operations will be seriously affected. Prior to taking the actions announced today, Ormet had sought to resolve the dispute with Glencore amicably.

Commented Mike Tanchuk, Chief Executive Officer of Ormet, "Unfortunately, notwithstanding our long and positive relationship with Glencore and significant efforts on our part to resolve this issue without resorting to legal action, Glencore has decided not to honor its contractual obligations to Ormet. Glencore's position is without merit. Having enjoyed the substantial benefit of pricing terms under the tolling agreement for many months, Glencore no longer wishes to fulfill its contractual obligations now that aluminum prices have declined. Rather than honoring its obligations, Glencore is attempting to use

its size, market position and significant financial resources relative to Ormet to force upon Ormet unjustified material changes to Glencore's obligations under the tolling agreement. Glencore's wrongful use of force majeure is nothing more than a way to try to escape a binding contract that it no longer finds desirable."

ABOUT ORMET: Headquartered in Hannibal, Ohio, Ormet Corporation is a major U.S. producer of aluminum. Ormet employs approximately 1,000 people from across Monroe County, Southeastern Ohio, and parts of West Virginia. Its aluminum smelter has an annual aluminum production capacity of approximately 266,000 metric tons.

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This press release contains forward-looking statements within the meaning of the federal securities laws. Such statements are based on current expectations, and the actual results and the timing of certain events could differ materially from those projected in or contemplated by these forward-looking statements due to a number of factors. Readers are cautioned that litigation is highly uncertain, and Ormet may or may not prevail in its legal actions against Glencore. Ormet's tolling agreement with Glencore currently accounts for substantially all of Ormet's aluminum production and revenue, and is on pricing terms more favorable than Ormet believes could be currently obtained by it in light of current market prices for aluminum and significantly reduced global aluminum demand given current worldwide economic conditions. In addition, current market prices for aluminum are such that Ormet believes it would be unable to profitably operate its business currently if the tolling agreement were terminated and Ormet were to begin producing aluminum for customers at current market prices. Readers are cautioned that Ormet's business is subject to numerous significant risks and uncertainties in addition to those discussed above.

For more information, visit Ormet's website at www.ormet.com.

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO OHIO CONSUMERS' COUNSEL DISCOVERY REQUESTS FIRST SET CASE NO. 09-119-EL-AEC

REQUEST FOR PRODUCTION OF DOCUMENTS

RPD-4. Please provide a copy of all documents, communications, and information that were used to respond to OCC Interrogatory No. 6.

RESPONSE:

See the Companies' response to OCC Interrogatory No. 6.

SUPPLEMENTAL RESPONSE:

See the attached 4 pages that support the Supplemental Response to OCC Int. 6

Prepared by: Counsel
Supplement Prepared by: D.M. Roush

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO OHIO CONSUMERS' COUNSEL
DISCOVERY REQUESTS
FIRST SET
CASE NO. 09-119-EL-AEC

INTERROGATORY REQUEST

INT-6 Please identify the amount of delta revenues expected to be produced on a yearly basis by the unique arrangement proposed in the Application. Pease provide an explanation regarding the calculation of the delta revenues that would be produced by this unique arrangement – please include all assumptions made, and all rate comparisons, including schedules, and riders that are components of the delta revenue calculation provided in response to the preceding interrogatory.

RESPONSE:

The Companies have not identified the amount of delta revenues expected to be produced on a yearly basis by the unique arrangement proposed in the Application.

SUPPLEMENTAL RESPONSE:

Assuming full production, and a $38/MWH charge to Ormet the delta revenues from June through December 2009 would be $16,587,162. Over that same time period, assuming the shut down of two potlines and a $34/MWH charge to Ormet, the delta revenues would be $18,729,288.

Prepared by: Counsel
Supplement Prepared by: D.M. Roush

		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
kWh		372,953,401	385,246,208	385,246,208	373,118,574	384,424,135	372,229,847	384,498,535	
ESP Rate Billing									
$	Gen	$12,950,978	$13,247,858	$13,247,858	$12,956,704	$13,219,631	$12,925,891	$13,222,186	
	Trans	$1,863,143	$1,896,373	$1,896,373	$1,863,969	$1,892,326	$1,859,529	$1,892,692	
	Dist	$1,780,274	$1,828,543	$1,828,543	$1,781,061	$1,824,648	$1,776,826	$1,825,000	
	Total	$16,594,395	$16,972,773	$16,972,773	$16,601,734	$16,936,605	$16,562,246	$16,939,878	
$/MWh	Gen	$34.73	$34.39	$34.39	$34.73	$34.39	$34.73	$34.39	
	Trans	$5.00	$4.92	$4.92	$5.00	$4.92	$5.00	$4.92	
	Dist	$4.77	$4.75	$4.75	$4.77	$4.75	$4.77	$4.75	
	Total	$44.49	$44.06	$44.06	$44.49	$44.06	$44.49	$44.06	
$38 /MWh Dollar Rate Billing									
$	Gen	$10,528,812	$10,914,440	$10,914,440	$10,533,476	$10,891,144	$10,508,379	$10,893,252	
	Trans	$1,863,143	$1,896,373	$1,896,373	$1,863,969	$1,892,326	$1,859,529	$1,892,692	
	Dist	$1,780,274	$1,828,543	$1,828,543	$1,781,061	$1,824,648	$1,776,826	$1,825,000	
	Total	$14,172,229	$14,639,356	$14,639,356	$14,178,506	$14,608,117	$14,144,734	$14,610,944	
$/MWh	Gen	$28.23	$28.33	$28.33	$28.23	$28.33	$28.23	$28.33	
	Trans	$5.00	$4.92	$4.92	$5.00	$4.92	$5.00	$4.92	
	Dist	$4.77	$4.75	$4.75	$4.77	$4.75	$4.77	$4.75	
	Total	$38.00	$38.00	$38.00	$38.00	$38.00	$38.00	$38.00	
ESP Delta Revenue (ESP Rate - $38 /MWh Requested Rate)									
		$2,422,166	$2,333,417	$2,333,417	$2,423,228	$2,328,488	$2,417,512	$2,328,934	**$16,587,162**

Billing Determinants / CSP / OPCo

Month	KW	OP KW	KVA	OP KVA	KWH	CSP Total Bill	CSP Gen	CSP Trans	CSP Dist	OPCo Total Bill	OPCo Gen	OPCo Trans	OPCo Dist
Jun-09	261,612		264,254		186,476,701	$8,778,861	$6,670,839	$951,024	$1,154,998	$7,817,534	$6,280,138	$912,119	$625,279
Jul-09	261,517		264,159		192,623,104	$9,009,231	$6,846,673	$988,829	$1,168,729	$7,972,542	$6,401,184	$929,543	$641,814
Aug-09	261,517		264,159		192,623,104	$9,008,231	$6,846,673	$988,829	$1,168,729	$7,972,542	$6,401,184	$929,543	$641,814
Sep-09	261,727		264,371		188,388,287	$8,780,738	$6,673,785	$951,445	$1,155,509	$7,820,996	$6,282,920	$912,523	$625,553
Oct-09	260,959		263,595		192,212,069	$8,981,073	$6,832,105	$984,766	$1,164,200	$7,955,532	$6,387,525	$927,590	$640,447
Nov-09	261,104		263,741		188,114,924	$8,759,878	$6,667,937	$940,178	$1,152,780	$7,802,370	$6,267,986	$910,290	$624,088
Dec-09	261,010		263,644		192,249,298	$8,932,807	$6,633,425	$964,953	$1,154,429	$7,957,071	$6,388,761	$927,739	$640,571

CSP

Month	Demand First 3,000 Gen.	Demand First 3,000 Dist.	Demand Over 3,000 Gen.	Demand Over 3,000 Dist.	Demand OP Excess Gen.	Energy Gen.	Energy Dist.	Customer Dist.	Base Bill Gen.	Base Bill Dist.
Jun-09	$35,004	$1,995	$1,286,938	$173,734	$0	$0	$70,854	713.41	$1,321,942	$247,397
Jul-09	$35,004	$1,995	$1,286,468	$173,671	$0	$0	$75,283	713.41	$1,321,472	$249,677
Aug-09	$35,004	$1,995	$1,286,468	$173,671	$0	$0	$75,283	713.41	$1,321,472	$249,672
Sep-09	$35,004	$1,995	$1,287,514	$173,813	$0	$0	$70,888	713.41	$1,322,518	$247,398
Oct-09	$35,004	$1,995	$1,283,691	$173,298	$0	$0	$73,137	713.41	$1,318,695	$249,141
Nov-09	$35,004	$1,995	$1,284,412	$173,393	$0	$0	$70,817	713.41	$1,319,416	$246,918
Dec-09	$35,004	$1,995	$1,283,943	$173,330	$0	$0	$73,151	713.41	$1,318,947	$246,199

CSP Riders

Month	Gross Rec. Credit Gen.	Gross Rec. Credit Dist.	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	MP Lt. Termin.	PAR	TCRR Demand	TCRR Energy	Gen Cost Recov.	Fuel Adj. Clause	Enh. Serv. Reliab.	gridSMART
Jun-09	$0	$0	$1,084	$33,973	$0.0895000	$0	$0	$0	$0	$0	$0	$831,583	$22,916	$0	$465,408	$484,615	$0	$5,348,900	$9,490	$8,544
Jul-09	$0	$0	$1,084	$35,090	$0.0895000	$0	$0	$0	$0	$0	$0	$858,803	$23,673	$0	$466,240	$500,589	$0	$5,525,201	$9,567	$8,822
Aug-09	$0	$0	$1,084	$35,090	$0.0895000	$0	$0	$0	$0	$0	$0	$858,803	$23,673	$0	$466,240	$500,589	$0	$5,525,201	$9,567	$8,822
Sep-09	$0	$0	$1,084	$33,985	$0.0895000	$0	$0	$0	$0	$0	$0	$821,961	$22,928	$0	$466,616	$484,830	$0	$5,351,287	$9,464	$8,547
Oct-09	$0	$0	$1,084	$35,022	$0.0895000	$0	$0	$0	$0	$0	$0	$857,170	$23,623	$0	$465,345	$499,521	$0	$5,513,411	$9,547	$8,804
Nov-09	$0	$0	$1,084	$33,907	$0.0895000	$0	$0	$0	$0	$0	$0	$829,890	$22,874	$0	$465,904	$483,675	$0	$5,338,520	$9,462	$8,527
Dec-09	$0	$0	$1,084	$35,029	$0.0895000	$0	$0	$0	$0	$0	$0	$857,336	$23,627	$0	$465,336	$499,617	$0	$5,514,470	$9,549	$8,808

CSP Rates

Month	Demand First 3,000 Gen.	Demand First 3,000 Dist.	Demand Over 3,000 Gen.	Demand Over 3,000 Dist.	Demand OP Excess Gen.	Energy Gen.	Energy Dist.	Customer Dist.
Jun-09	$11.668	$0.665	$4.926	$0.665		$0	$0.0003805	$713.41
Jul-09	$11.668	$0.665	$4.926	$0.665		$0	$0.0003805	$713.41
Aug-09	$11.668	$0.665	$4.926	$0.665		$0	$0.0003805	$713.41
Sep-09	$11.668	$0.665	$4.926	$0.665		$0	$0.0003805	$713.41
Oct-09	$11.668	$0.665	$4.926	$0.665		$0	$0.0003805	$713.41
Nov-09	$11.668	$0.665	$4.926	$0.665		$0	$0.0003805	$713.41
Dec-09	$11.668	$0.665	$4.926	$0.665		$0	$0.0003805	$713.41

CSP Rider Rates

Gross Rec. Credit Gen. (X Base Gen)	Gross Rec. Credit Dist. (X Base Dist.)	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	MP Lt. Termin.	PAR (x Base Gen)	TCRR Demand	TCRR Energy	Gen Cost Recov. (x Base Gen)	Fuel Adj. Clause	Enh. Serv. Reliab. (X Base Dist.)	gridSMART (X Base Dist.)
0	0	$0.0013130	$0.0001830	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0044585	$0.0001229	0	$1.785	$0.0025968	0	$0.0286840	0.0383147	0.0345344
0	0	$0.0013130	$0.0001830	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0044585	$0.0001229	0	$1.785	$0.0025968	0	$0.0286840	0.0383147	0.0345344
0	0	$0.0013130	$0.0001830	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0044585	$0.0001229	0	$1.785	$0.0025968	0	$0.0286840	0.0383147	0.0345344
0	0	$0.0013130	$0.0001830	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0044585	$0.0001229	0	$1.785	$0.0025968	0	$0.0286840	0.0383147	0.0345344
0	0	$0.0013130	$0.0001830	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0044585	$0.0001229	0	$1.785	$0.0025968	0	$0.0286840	0.0383147	0.0345344
0	0	$0.0013130	$0.0001830	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0044585	$0.0001229	0	$1.785	$0.0025968	0	$0.0286840	0.0383147	0.0345344
0	0	$0.0013130	$0.0001830	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0044585	$0.0001229	0	$1.785	$0.0025968	0	$0.0286840	0.0383147	0.0345344

OPCo

Month	Demand Gen.	Demand Dist.	Energy Gen.	Energy Dist.	Customer Dist.	Base Bill Gen.	Base Bill Dist.
Jun-09	$2,578,490	$112,493	$93,015	$65,497	$535	$2,672,504	$178,518
Jul-09	$2,578,580	$112,452	$96,080	$67,649	$535	$2,674,640	$180,636
Aug-09	$2,578,580	$112,452	$96,060	$67,649	$535	$2,674,640	$180,636
Sep-09	$2,580,632	$112,543	$93,056	$65,520	$535	$2,673,688	$178,597
Oct-09	$2,573,097	$112,212	$95,475	$67,605	$535	$2,668,633	$180,252
Nov-09	$2,574,485	$112,275	$92,834	$65,364	$535	$2,667,319	$178,173
Dec-09	$2,573,555	$112,234	$95,994	$67,618	$535	$2,669,449	$180,287

OPCo Riders

Month	Gross Rec. Credit Gen.	Gross Rec. Credit Dist.	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	TCRR Demand	TCRR Energy	Gen Cost Recov.	Fuel Adj. Clause	Enh. Serv. Reliab.
Jun-09	$0	$0	$883	$31,207	$0.0895000	$0	$0	$0.00	$0	$0	$0	$401,338	$370,337	$532,793	$0	$3,607,634	$13,233
Jul-09	$0	$0	$883	$32,240	$0.0895000	$0	$0	$0.00	$0	$0	$0	$414,883	$379,200	$550,343	$0	$3,726,544	$13,491
Aug-09	$0	$0	$883	$32,240	$0.0895000	$0	$0	$0.00	$0	$0	$0	$414,883	$379,200	$550,342	$0	$3,726,544	$13,491
Sep-09	$0	$0	$883	$31,221	$0.0895000	$0	$0	$0.00	$0	$0	$0	$401,513	$375,505	$533,019	$0	$3,608,232	$13,338
Oct-09	$0	$0	$883	$32,171	$0.0895000	$0	$0	$0.00	$0	$0	$0	$413,879	$376,391	$549,169	$0	$3,718,982	$13,463
Nov-09	$0	$0	$883	$31,146	$0.0895000	$0	$0	$0.00	$0	$0	$0	$400,557	$376,601	$531,749	$0	$3,600,635	$13,307
Dec-09	$0	$0	$883	$32,177	$0.0895000	$0	$0	$0.00	$0	$0	$0	$413,759	$378,484	$549,278	$0	$3,719,312	$13,465

OPCo Rates

Month	Demand Gen.	Demand Dist.	Demand OP Excess Gen.	Energy Gen.	Energy Dist.	Customer Dist.
Jun-09	$9.86	$0.43		$0.0004966	$0.0003512	$535
Jul-09	$9.86	$0.43		$0.0004966	$0.0003512	$535
Aug-09	$9.86	$0.43		$0.0004966	$0.0003512	$535
Sep-09	$9.86	$0.43		$0.0004966	$0.0003512	$535
Oct-09	$9.86	$0.43		$0.0004966	$0.0003512	$535
Nov-09	$9.86	$0.43		$0.0004966	$0.0003512	$535
Dec-09	$9.86	$0.43		$0.0004966	$0.0003512	$535

OPCo Rider Rates

Gross Rec. Credit (X Base Gen)	Gross Rec. Credit (X Base Dist.)	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	TCRR Demand	TCRR Energy	Gen Cost Recov. (x Base Gen)	Fuel Adj. Clause	Enh. Serv. Reliab. (X Base Dist.)
0	0	$0.0010601	$0.0001681	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0193463	0.0748878
0	0	$0.0010601	$0.0001681	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0193463	0.0748878
0	0	$0.0010601	$0.0001681	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0193463	0.0748878
0	0	$0.0010601	$0.0001681	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0193463	0.0748878
0	0	$0.0010601	$0.0001681	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0193463	0.0748878
0	0	$0.0010601	$0.0001681	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0193463	0.0748878
0	0	$0.0010601	$0.0001681	$0.0895000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0193463	0.0748878

		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
kWh		256,054,201	264,450,368	264,450,368	256,219,374	263,628,295	255,330,647	263,702,695	
ESP Rate Billing									
$	Gen	$8,897,939	$9,100,269	$9,100,269	$8,903,666	$9,072,042	$8,872,853	$9,074,597	
	Trans	$1,279,156	$1,301,756	$1,301,756	$1,279,981	$1,297,709	$1,275,542	$1,298,075	
	Dist	$1,223,210	$1,256,143	$1,256,143	$1,223,997	$1,252,247	$1,219,762	$1,252,600	
	Total	$11,400,305	$11,658,167	$11,658,167	$11,407,644	$11,621,999	$11,368,156	$11,625,272	
$/MWh	Gen	$34.75	$34.41	$34.41	$34.75	$34.41	$34.75	$34.41	
	Trans	$5.00	$4.92	$4.92	$5.00	$4.92	$5.00	$4.92	
	Dist	$4.78	$4.75	$4.75	$4.78	$4.75	$4.78	$4.75	
	Total	$44.52	$44.08	$44.08	$44.52	$44.08	$44.52	$44.08	
$34 /MWh Dollar Rate Billing									
$	Gen	$6,203,477	$6,433,414	$6,433,414	$6,207,480	$6,413,406	$6,185,939	$6,415,217	
	Trans	$1,279,156	$1,301,756	$1,301,756	$1,279,981	$1,297,709	$1,275,542	$1,298,075	
	Dist	$1,223,210	$1,256,143	$1,256,143	$1,223,997	$1,252,247	$1,219,762	$1,252,600	
	Total	$8,705,843	$8,991,313	$8,991,313	$8,711,459	$8,963,362	$8,681,242	$8,965,892	
$/MWh	Gen	$24.23	$24.33	$24.33	$24.23	$24.33	$24.23	$24.33	
	Trans	$5.00	$4.92	$4.92	$5.00	$4.92	$5.00	$4.92	
	Dist	$4.78	$4.75	$4.75	$4.78	$4.75	$4.78	$4.75	
	Total	$34.00	$34.00	$34.00	$34.00	$34.00	$34.00	$34.00	
ESP Delta Revenue (ESP Rate - $34 /MWh Requested Rate)									
		$2,694,462	$2,666,855	$2,666,855	$2,696,185	$2,658,637	$2,686,914	$2,659,380	**$18,729,288**

Month	KW	OP KW	KVA	OP KVA	KWH	CSP Total Bill	CSP Gen	CSP Trans	CSP Dist	OPCo Total Bill	OPCo Gen	OPCo Trans	OPCo Dist
Jun-09	179,612		181,426		128,027,101	$6,032,700	$4,586,259	$652,933	$793,508	$5,367,805	$4,311,880	$626,223	$429,702
Jul-09	179,517		181,330		132,225,184	$6,185,042	$4,706,207	$663,675	$815,158	$5,473,125	$4,394,082	$638,061	$440,983
Aug-09	179,517		181,330		132,225,184	$6,185,042	$4,706,207	$663,675	$815,158	$5,473,125	$4,394,082	$638,061	$440,983
Sep-09	179,727		181,540		126,108,887	$6,036,578	$4,580,204	$663,365	$794,019	$5,371,068	$4,314,482	$626,627	$429,978
Oct-09	178,959		180,787		131,814,144	$6,165,863	$4,691,640	$661,612	$812,831	$5,458,116	$4,380,402	$630,997	$436,617
Nov-09	179,104		180,913		127,885,324	$6,015,785	$4,573,356	$651,068	$791,271	$5,352,441	$4,290,498	$624,453	$426,491
Dec-09	178,810		180,618		131,851,348	$6,167,617	$4,692,959	$661,799	$812,880	$5,457,855	$4,381,838	$636,278	$438,740

CSP

Month	Demand First 3,000 Gen.	Demand First 3,000 Dist.	Demand Over 3,000 Gen.	Demand Over 3,000 Dist.	Demand OP Excess Gen.	Energy Gen.	Energy Dist.	Customer Dist.	Base Bill Gen.	Base Bill Dist.
Jun-09	$35,004	$1,995	$478,925	$118,652	$0	$0	$49,714	713.41	$913,929	$170,076
Jul-09	$35,004	$1,995	$479,456	$118,580	$0	$0	$50,312	713.41	$913,480	$171,810
Aug-09	$35,004	$1,995	$479,456	$118,580	$0	$0	$50,312	713.41	$913,480	$171,810
Sep-09	$35,004	$1,995	$479,302	$118,731	$0	$0	$48,766	713.41	$914,508	$170,185
Oct-09	$35,004	$1,995	$475,679	$118,215	$0	$0	$50,156	713.41	$910,893	$171,079
Nov-09	$35,004	$1,995	$476,400	$118,312	$0	$0	$48,577	713.41	$911,404	$169,397
Dec-09	$35,004	$1,995	$475,931	$118,248	$0	$0	$50,189	713.41	$910,936	$171,127

CSP Riders

Month	Gross Rec. Credit Gen.	Gross Rec. Credit Dist.	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	MP LL Termin.	PAR	TCRR Demand	TCRR Energy	Gen Cost Recov.	Fuel Adj. Clause	Enh. Serv. Reliab.	gridSMART
Jun-09	$0	$0	$1,084	$23,377	$0.0665000	$0	$0	$0	$0	$0	$0	$578,837	$15,735	$0	$320,217	$332,717	$0	$3,672,329	$8,517	$5,873
Jul-09	$0	$0	$1,084	$24,045	$0.0665000	$0	$0	$0	$0	$0	$0	$569,856	$16,250	$0	$320,048	$343,627	$0	$3,782,747	$6,578	$5,926
Aug-09	$0	$0	$1,084	$24,045	$0.0665000	$0	$0	$0	$0	$0	$0	$569,856	$16,250	$0	$320,048	$343,627	$0	$3,782,747	$6,578	$5,926
Sep-09	$0	$0	$1,084	$23,282	$0.0665000	$0	$0	$0	$0	$0	$0	$571,305	$15,745	$0	$320,423	$332,831	$0	$3,674,696	$8,531	$5,877
Oct-09	$0	$0	$1,084	$23,979	$0.0665000	$0	$0	$0	$0	$0	$0	$587,825	$16,200	$0	$319,063	$342,539	$0	$3,780,957	$6,539	$5,906
Nov-09	$0	$0	$1,084	$23,210	$0.0665000	$0	$0	$0	$0	$0	$0	$569,324	$15,680	$0	$318,312	$331,777	$0	$3,681,952	$6,490	$5,857
Dec-09	$0	$0	$1,084	$23,878	$0.0665000	$0	$0	$0	$0	$0	$0	$587,991	$16,205	$0	$319,143	$342,665	$0	$3,782,024	$8,557	$5,910

CSP Rates

Month	Demand First 3,000 Gen.	Demand First 3,000 Dist.	Demand Over 3,000 Gen.	Demand Over 3,000 Dist.	Demand OP Excess Gen.	Energy Gen.	Energy Dist.	Customer Dist.
Jun-09	$11.664	$0.665	$4.828	$0.665		$0	$0.0003805	$713.41
Jul-09	$11.664	$0.665	$4.828	$0.665		$0	$0.0003805	$713.41
Aug-09	$11.664	$0.665	$4.828	$0.665		$0	$0.0003805	$713.41
Sep-09	$11.664	$0.665	$4.828	$0.665		$0	$0.0003805	$713.41
Oct-09	$11.664	$0.665	$4.828	$0.665		$0	$0.0003805	$713.41
Nov-09	$11.664	$0.665	$4.828	$0.665		$0	$0.0003805	$713.41
Dec-09	$11.664	$0.665	$4.828	$0.665		$0	$0.0003805	$713.41

CSP Rider Rates

Month	Gross Rec. Credit Gen. (X Base Gen)	Gross Rec. Credit Dist. (X Base Dist.)	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	MP LL Termin.	PAR (x Base Gen)	TCRR Demand	TCRR Energy	Gen Cost Recov. (x Base Gen)	Fuel Adj. Clause	Enh. Serv. Reliab. (X Base Dist.)	gridSMART (X Base Dist.)
Jun-09	0	0	$0.0013130	$0.0001830	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0044595	$0.0001229	0	$1.765	$0.0025988	0	$0.0286840	0.0383187	0.0345344
Jul-09	0	0	$0.0013130	$0.0001830	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0044595	$0.0001229	0	$1.765	$0.0025988	0	$0.0286840	0.0383187	0.0345344
Aug-09	0	0	$0.0013130	$0.0001830	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0044595	$0.0001229	0	$1.765	$0.0025988	0	$0.0286840	0.0383187	0.0345344
Sep-09	0	0	$0.0013130	$0.0001830	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0044595	$0.0001229	0	$1.765	$0.0025988	0	$0.0286840	0.0383187	0.0345344
Oct-09	0	0	$0.0013130	$0.0001830	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0044595	$0.0001229	0	$1.765	$0.0025988	0	$0.0286840	0.0383187	0.0345344
Nov-09	0	0	$0.0013130	$0.0001830	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0044595	$0.0001229	0	$1.765	$0.0025988	0	$0.0286840	0.0383187	0.0345344
Dec-09	0	0	$0.0013130	$0.0001830	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0044595	$0.0001229	0	$1.765	$0.0025988	0	$0.0286840	0.0383187	0.0345344

OPCo

Month	Demand Gen.	Demand Dist.	Energy Gen.	Energy Dist.	Customer Dist.	Base Bill Gen.	Base Bill Dist.
Jun-09	$1,778,870	$77,233	$63,980	$44,983	$535	$1,834,830	$122,731
Jul-09	$1,778,540	$77,192	$65,954	$46,437	$535	$1,835,860	$124,166
Aug-09	$1,778,540	$77,192	$65,954	$46,437	$535	$1,835,860	$124,166
Sep-09	$1,772,112	$77,285	$63,901	$44,992	$535	$1,836,013	$122,810
Oct-09	$1,764,817	$76,952	$65,749	$46,290	$535	$1,830,366	$123,780
Nov-09	$1,765,965	$77,015	$63,679	$44,836	$535	$1,829,645	$122,345
Dec-09	$1,765,035	$76,974	$65,767	$46,398	$535	$1,830,803	$123,615

OPCo Riders

Month	Gross Rec. Credit Gen.	Gross Rec. Credit Dist.	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	TCRR Demand	TCRR Energy	Gen Cost Recov.	Fuel Adj. Clause	Enh. Serv. Reliab.
Jun-09	$0	$0	$643	$21,381	$0.0665000	$0	$0	$0.00	$0	$0	$0	$275,540	$259,437	$365,790	$0	$2,478,851	$9,186
Jul-09	$0	$0	$643	$22,087	$0.0665000	$0	$0	$0.00	$0	$0	$0	$284,876	$260,380	$377,781	$0	$2,555,068	$9,274
Aug-09	$0	$0	$643	$22,087	$0.0665000	$0	$0	$0.00	$0	$0	$0	$284,575	$260,380	$377,781	$0	$2,555,068	$9,274
Sep-09	$0	$0	$643	$21,395	$0.0665000	$0	$0	$0.00	$0	$0	$0	$275,716	$260,665	$366,022	$0	$2,478,446	$9,172
Oct-09	$0	$0	$643	$22,016	$0.0665000	$0	$0	$0.00	$0	$0	$0	$283,890	$259,481	$376,806	$0	$2,550,116	$9,245
Nov-09	$0	$0	$643	$21,321	$0.0665000	$0	$0	$0.00	$0	$0	$0	$274,761	$259,791	$364,753	$0	$2,469,852	$9,141
Dec-09	$0	$0	$643	$22,024	$0.0665000	$0	$0	$0.00	$0	$0	$0	$283,770	$259,584	$376,712	$0	$2,550,838	$9,247

OPCo Rates

Month	Demand Gen.	Demand Dist.	Demand OP Excess Gen.	Energy Gen.	Energy Dist.	Customer Dist.
Jun-09	$9.86	$0.43		$0.0004888	$0.0003612	$535
Jul-09	$9.86	$0.43		$0.0004888	$0.0003612	$535
Aug-09	$9.86	$0.43		$0.0004888	$0.0003612	$535
Sep-09	$9.86	$0.43		$0.0004888	$0.0003612	$535
Oct-09	$9.86	$0.43		$0.0004888	$0.0003612	$535
Nov-09	$9.86	$0.43		$0.0004888	$0.0003612	$535
Dec-09	$9.86	$0.43		$0.0004888	$0.0003612	$535

OPCo Rider Rates

Month	Gross Rec. Credit (X Base Gen)	Gross Rec. Credit (X Base Dist.)	USF < 833,000	USF > 833,000	Advanced Ener. Fund (EEF)	Prop. Tax Credit	Muni Inc. Tax Gen.	Muni Inc. Tax Dist.	Franchise Tax Gen.	Franchise Tax Dist.	Reg Asset Charge	POLR Charge	TCRR Demand	TCRR Energy	Gen Cost Recov. (x Base Gen)	Fuel Adj. Clause	Enh. Serv. Reliab. (X Base Dist.)
Jun-09	0	0	$0.0010801	$0.0001661	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0183463	0.0746876
Jul-09	0	0	$0.0010801	$0.0001661	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0183463	0.0746876
Aug-09	0	0	$0.0010801	$0.0001661	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0183463	0.0746876
Sep-09	0	0	$0.0010801	$0.0001661	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0183463	0.0746876
Oct-09	0	0	$0.0010801	$0.0001661	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0183463	0.0746876
Nov-09	0	0	$0.0010801	$0.0001661	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0183463	0.0746876
Dec-09	0	0	$0.0010801	$0.0001661	$0.0665000	$0	$0	$0	$0	$0	$0	$0.0021522	$1.45	$0.0028571	0	$0.0183463	0.0746876

INT-7. Referring to page 4, paragraph 6 of the Application and the statement "Ormet supports large legacy costs": please:

a. identify all the "large legacy costs ";

b. provide a description of each cost; and

c. and the amount of each cost.

RESPONSE: a. Please see table below.

b. Please see table below.

c. Please see table below.

Ormet Corporation
Legacy Costs
($ in thousands)

Below are the Ormet legacy costs which included defined benefit pension, retiree healthcare provided through Voluntary Employee Beneficiary Association ("VEBA") and environmental superfund liability. As of December 31, 2008, Ormet's liability for these costs totaled $289 million. Cash cost over the next five years is estimated at $241 million

	As Of 12/31/2008
Pensions	
Under Funded Status	$ 220,841
	As Of 12/31/2008
VEBA	
Liability	$ 64,988
	As Of 12/31/2008
Environmental Liability	
CERCLA Site - Hannibal Ohio	$ 3,134

Prepared by: Tommy Temple, Vice President Alumina and Engineering Dated: 4/3/09

LONDON METAL EXCHANGE
THE WORLD CENTRE FOR NON-FERROUS METAL TRADING

13.54 (local) 27 Apr 2009

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Primary Aluminium

Welcome to the **Primary Aluminium** hub page. In this useful section of the site you will find information relating to the LME's largest traded contract. For convenience, settlement prices, opening stocks and the forward price curve for Aluminium are detailed below. From this page you can also navigate to the Primary Aluminium contract specification, details of the Aluminium committee members, consumption and production information, and current listed brands.

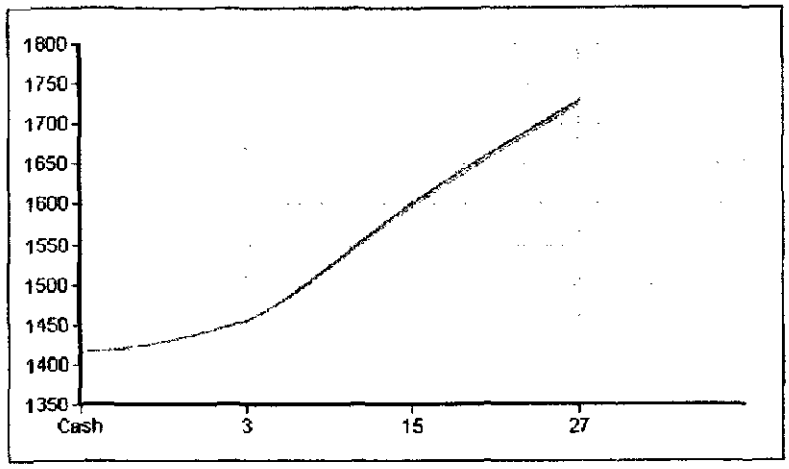
LME Official Prices (US$/tonne) for 24 Apr 2009 (Data >1 day old)

	ALUMINIUM
CASH BUYER	1,416.00
CASH SELLER & SETTLEMENT	1,416.50
3-MONTHS BUYER	1,454.50
3-MONTHS SELLER	1,455.50
15-MONTHS BUYER	1,597.00
15-MONTHS SELLER	1,602.00
27-MONTHS BUYER	1,725.00
27-MONTHS SELLER	1,730.00

LME Official Opening Stock (in tonnes)

DATE	ALUMINIUM
24 Apr 2009 (Data >1 day old)	3691700

LME Official Prices Curve



bid price

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LONDON METAL EXCHANGE

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solving for LME-Cirion $38.43 power + current cost estimates and "0" FCFF Cash Flow

$ 2725/hour power

Ormet

Income Statement Forecast $(000)

	2010 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2010
Net Sales	$ 46,857	$ 42,321	$ 46,801	$ 45,379	$ 46,890	$ 45,112	$ 46,598	$ 46,595	$ 45,339	$ 46,905	$ 45,453	$ 46,906	$ 551,156
Cost Of Sales													
Reduction	38,444	35,321	38,500	37,530	38,664	37,715	39,267	39,284	38,281	39,397	38,449	39,713	460,565
Cast House Conversion													-
Profit Sharing			2,457			1,555			1,418			1,446	6,876
Restart/Adjustment													-
All other Costs	1,027	967	1,000	1,017	1,030	990	997	997	996	1,056	1,035	1,056	12,172
Total Cost Of Sales	39,471	36,288	41,957	38,547	39,694	40,261	40,264	40,281	40,695	40,453	39,484	42,216	479,613
Gross Profit	7,386	6,033	4,844	6,832	7,196	4,851	6,334	6,314	4,644	6,452	5,969	4,690	71,543
SG&A	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	20,832
Amortization	294	1,032	92	92	92	92	92	92	92	92	92	92	2,246
Total below Gross Costs	2,030	2,768	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	23,078
Operating Income	5,356	3,265	3,016	5,004	5,368	3,023	4,506	4,486	2,816	4,624	4,141	2,862	48,465
Interest Expense/Fees	944	7,635	680	686	675	664	669	657	646	650	638	626	15,170
Other (Income) Expense	22	14	6	6	7	9	9	9	13	18	22	20	155
Income (Loss)< Taxes	4,389	(4,384)	2,330	4,311	4,686	2,351	3,828	3,819	2,158	3,956	3,480	2,216	33,141
Disc Ops	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Tax Provision (Benefit)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	**$ 4,289**	**$ (4,484)**	**$ 2,230**	**$ 4,211**	**$ 4,586**	**$ 2,251**	**$ 3,728**	**$ 3,719**	**$ 2,058**	**$ 3,856**	**$ 3,380**	**$ 2,116**	**$ 31,941**
EBITDA Calculation													
Net Income	$ 4,289	$ (4,484)	$ 2,230	$ 4,211	$ 4,586	$ 2,251	$ 3,728	$ 3,719	$ 2,058	$ 3,856	$ 3,380	$ 2,116	$ 31,941
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	944	7,635	680	686	675	664	669	657	646	650	638	626	15,170
Amortization	294	1,032	92	92	92	92	92	92	92	92	92	92	2,246
Depreciation	1,454	1,508	1,561	1,615	1,669	1,723	1,777	1,833	1,888	1,943	1,999	2,054	21,024
Bad Debt Reserve	20	20	20	20	20	20	20	20	20	20	20	20	240
Loss (Gain) - Asset Sale													-
Stock Option Accounting	254	254	254	254	254	254	254	254	254	254	254	254	3,048
Non-Recurring	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	**$ 7,255**	**$ 5,965**	**$ 4,837**	**$ 6,879**	**$ 7,296**	**$ 5,004**	**$ 6,540**	**$ 6,575**	**$ 4,957**	**$ 6,815**	**$ 6,383**	**$ 5,163**	**$ 73,668**

OEG Exh 7

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Balance Sheet Forecast $(000)

	12/31/2009	1/31/2010	2/28/2010	3/31/2010	4/30/2010	5/31/2010	6/30/2010	7/31/2010	8/31/2010	9/30/2010	10/31/2010	11/30/2010	12/31/2010
Cash (Incl In-Transit)	$ 33,632	$ 33,281	$ 54,009	$ 52,169	$ 52,947	$ 49,813	$ 48,061	$ 50,325	$ 47,237	$ 42,339	$ 34,531	$ 32,386	$ 40,744
Restricted cash	150	150	150	150	150	150	150	150	150	150	150	150	150
Accounts receivable, net	19,029	15,778	12,720	17,164	9,844	14,311	17,153	11,272	15,684	8,354	12,842	15,815	9,896
Inventories	57,816	59,475	59,475	60,472	60,472	60,472	61,745	61,745	61,745	64,215	64,215	64,215	65,041
Prepaid expenses and other current assets	1,914	1,634	4,254	3,990	3,710	3,782	3,502	3,223	2,943	2,663	2,383	2,103	1,823
Total current assets	112,541	110,318	130,608	133,965	127,124	128,528	130,612	126,716	127,760	117,721	114,122	114,669	117,654
Property, plant and equipment	65,346	65,441	65,482	65,470	65,404	65,283	65,109	64,957	64,749	64,486	64,168	63,795	63,366
Goodwill, net	42,284	42,284	42,284	42,284	42,284	42,284	42,284	42,284	42,284	42,284	42,284	42,284	42,284
Intangible assets, net	308	302	296	290	284	278	272	266	260	254	248	242	236
Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,077	2,450	4,699	4,588	4,477	4,366	4,255	4,144	4,033	3,922	3,811	3,700	3,589
TOTAL ASSETS	$ 222,556	$ 220,795	$ 243,370	$ 246,597	$ 239,572	$ 240,740	$ 242,532	$ 238,367	$ 239,086	$ 228,667	$ 224,633	$ 224,690	$ 227,129
LIABILITIES AND STOCKHOLDERS' EQUITY													
Current Liabilities:													
Current portion, Term debt	$ -	$ -	$ 17,004	$ 17,004	$ 17,004	$ 17,004	$ 17,004	$ 17,004	$ 17,004	$ 17,004	$ 17,004	$ 17,004	$ 17,004
Revolving debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	34,472	34,278	32,832	34,263	33,798	34,278	33,855	34,340	34,337	33,795	34,283	33,818	34,285
Accrued benefits	9,442	9,554	9,666	10,935	8,654	6,309	7,976	8,088	6,645	8,175	8,287	6,981	8,539
Accrued interest/fees	872	1,263	872	872	872	872	872	872	872	872	872	872	872
Accrued other current liabilities	9,464	9,464	9,464	9,464	9,464	9,464	9,464	9,464	9,464	9,464	9,464	9,464	9,464
Pension obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
Post retirement obligations (VEBA)	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	10,346
Total current liabilities	66,034	66,343	81,622	84,322	81,576	79,711	80,955	81,552	80,106	81,094	81,694	79,923	80,510
Long Term Debt	53,329	53,531	67,996	66,579	65,162	63,745	62,328	60,911	59,494	58,077	56,660	55,243	53,826
Pension obligations	121,137	114,862	115,162	115,312	108,675	108,975	109,125	102,488	102,788	91,177	84,540	84,840	84,990
Post retirement obligations (VEBA)	49,445	48,755	48,065	47,375	46,685	45,995	45,305	44,615	43,925	43,235	42,545	41,855	42,603
Other liabilities	8,470	8,620	6,070	6,070	6,070	6,070	6,070	6,070	6,070	6,070	6,070	6,070	6,070
TOTAL LIABILITIES	298,415	292,111	318,915	319,658	308,168	304,496	303,783	295,636	292,383	279,652	271,508	267,931	267,999
STOCKHOLDERS' EQUITY													
Common stock	19	19	19	19	19	19	19	19	19	19	19	19	19
Paid-in capital	182,239	182,493	182,747	183,001	183,255	183,509	183,763	184,017	184,271	184,525	184,779	185,033	185,287
Retained earnings-Beginning of Year	(225,702)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)	(174,607)
Net Income Current Year	51,096	4,289	(194)	2,036	6,247	10,833	13,084	16,812	20,530	22,588	26,444	29,824	31,941
Accumulated other comprehensive income	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)	(83,510)
TOTAL STOCKHOLDERS' EQUITY	(75,859)	(71,315)	(75,545)	(73,061)	(68,595)	(63,756)	(61,251)	(57,269)	(53,296)	(50,985)	(46,875)	(43,241)	(40,870)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 222,556	$ 220,795	$ 243,370	$ 246,597	$ 239,572	$ 240,740	$ 242,532	$ 238,367	$ 239,086	$ 228,667	$ 224,633	$ 224,690	$ 227,129

Ormat
Cash Flow $(000)

	2010 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2010
Proceeds From Operating													
Net Income (Loss)	$ 4,289	$ (4,484)	$ 2,230	$ 4,211	$ 4,586	$ 2,251	$ 3,728	$ 3,719	$ 2,058	$ 3,856	$ 3,380	$ 2,116	$ 31,941
Plus Non-Operating & Non Cash Items:													
Depreciation	1,454	1,508	1,561	1,615	1,669	1,723	1,777	1,833	1,888	1,943	1,999	2,054	21,024
Compensation Exp. - Options	254	254	254	254	254	254	254	254	254	254	254	254	3,048
Deferred Interest Expense	352	2,504	-	-	-	-	-	-	-	-	-	-	2,856
(Gain) Loss on Asset Sales													-
Debt Prepayment Fees		5,039											5,039
Amortization Of Financing Fees	294	1,032	92	92	92	92	92	92	92	92	92	92	2,246
Net	6,643	5,853	4,138	6,173	6,601	4,320	5,851	5,897	4,291	6,145	5,725	4,516	66,153
Decrease (Increase) In Working Capital													
A/R	3,251	3,058	(4,464)	7,340	(4,467)	(2,842)	5,881	(4,412)	7,330	(4,488)	(2,972)	5,919	9,133
A/P	(194)	(1,446)	1,431	(465)	480	(423)	485	(3)	(542)	488	(465)	467	(187)
Inventory	(1,659)	-	(997)	-	-	(1,273)	-	-	(2,470)	-	-	(926)	(7,225)
All other Current Items	783	(2,899)	1,533	(2,001)	(2,417)	1,947	391	(1,163)	1,810	392	(1,026)	1,838	(812)
Net Change In Working Capital	2,180	(1,287)	(2,497)	4,874	(6,404)	(2,591)	6,757	(5,579)	6,128	(3,608)	(4,463)	7,398	909
All Other Operating	(7,632)	(3,571)	(521)	(7,308)	(371)	(521)	(7,308)	(371)	(12,282)	(7,308)	(371)	(521)	(48,085)
Total Operations Cash Flow	1,191	995	1,120	3,739	(174)	1,208	5,300	(52)	(1,863)	(4,771)	891	11,394	18,977
Proceeds From Investing													
CAPX	(1,543)	(1,543)	(1,543)	(1,543)	(1,543)	(1,543)	(1,619)	(1,619)	(1,619)	(1,619)	(1,619)	(1,619)	(18,972)
Proceeds From Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Investing Cash Flow	(1,543)	(1,543)	(1,543)	(1,543)	(1,543)	(1,543)	(1,619)	(1,619)	(1,619)	(1,619)	(1,619)	(1,619)	(18,972)
Proceeds From Financiang													
Net Increase (Decrease) In RCF	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) LT Debt	-	29,615	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	15,445
Financing & Debt Prepayment Fees		(8,339)											(8,339)
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Total From Financing	-	21,276	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	7,106
Net Cash Flow	**(352)**	**20,728**	**(1,840)**	**779**	**(3,134)**	**(1,752)**	**2,264**	**(3,088)**	**(4,899)**	**(7,807)**	**(2,145)**	**8,358**	**7,111**
Cash Beginning	33,782	33,431	54,159	52,319	53,097	49,963	48,211	50,475	47,387	42,489	34,681	32,536	33,782
Cash Ending	**$ 33,431**	**$ 54,159**	**$ 52,319**	**$ 53,097**	**$ 49,963**	**$ 48,211**	**$ 50,475**	**$ 47,387**	**$ 42,489**	**$ 34,681**	**$ 32,536**	**$ 40,894**	**$ 40,894**
Fee Cashflow													$5

Free Cash Flow
$5,000

IEU-Ohio Ex 1

Rule 15c2-11
Information and Disclosure Statement
For the Fiscal Year Ended December 31, 2008

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

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 SECURITIES AND EXCHANGE COMMISSION (SEC), THE FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) OR ANY OTHER REGULATORY AGENCY.

April13, 2009

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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 year ended December 31, 2008, it should be read in conjunction with the Information and Disclosure Statements for the year ended December 31, 2007, the three month period ended March 31, 2008 the six month period ended June 30, 2008, and nine month period ended September 30, 2008. 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 Corporation is a major producer of primary aluminum in the United States. Its aluminum smelter, located in Hannibal, Ohio, is capable of producing 265,000 tons of aluminum per year. The Company also owns an alumina refinery located in Burnside, Louisiana, which is currently idled. When operating, the alumina refinery is capable of producing 540,000 tons of smelter grade alumina per year. Ormet Corporation directly owns 100% of the equity interests of its subsidiaries (Ormet Primary Aluminum Corporation, Ormet Aluminum Mill Products Corporation, Specialty Blanks Holding Corporation, Ormet Railroad Corporation (inactive), 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.

Ormet's only operating unit during 2008 was the aluminum smelter located in Hannibal, Ohio. During the first three quarters of 2007, Ormet produced aluminum sow and aluminum billet products. On October 17, 2007, the Company curtailed its billet casting operations located at the Hannibal, Ohio facility due to market conditions. Alumina operations were curtailed and production ceased in the fourth quarter of 2006. 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 has not made a final determination of the disposition of the alumina refining and billet casting operations at this time due to a very fluid market. 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, Note 14).

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 Senior Subordinated Secured Notes due 2010 and related warrants, the Company's Subordinated Term Note and related warrants, issued September 3, 2008, 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, are all provided in the "Investors" section of the Company's website, www.ormet.com.

For information concerning the Company's Common Stock, see the information under the caption **Information Concerning the Stockholders and the Common Stock** beginning on page 28.

Significant Matters

Tolling Agreement

On May 5, 2008, the Company and Glencore, Ltd. (Glencore), an international trading company headquartered in Switzerland, entered into a tolling agreement for 2008 (retro-active to April 1, 2008) and 2009. Under the tolling agreement, all of the production from the Company's smelting operation in Hannibal, Ohio is 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 and associated with the Company's alumina supply for 2008 and an aluminum sales agreement and pre-pricing agreements that were in place for 2008 and 2009. Glencore also agreed to purchase from the Company for the balance of 2008 alumina, which the Company was under contract to purchase from a third party.

Amendments 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 five additional amendments added in 2008. All amendments have been posted in the "Investors" section of the Company's website, www.ormet.com.

Senior Subordinated Secured Notes and Warrants

On November 1, 2007, the Company sold and issued $35 million of Senior Subordinated Secured Notes due 2010 to a group of private investors. Currently, at least one of the holders also 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 15% 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 2.3 million 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 were immediately exercisable and expire on November 1, 2011. On the issue date of November 1, 2007, the warrants and notes had an aggregate issue price of $6.1 million and $28.9 million, respectively. The effective interest rate on the discounted value of the notes was 24.56 percent per annum as of December 31, 2008 and 24.52 percent per annum as of December 31, 2007.

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 by 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 the Company's 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 the Company's assets. Among other things, the anti-dilution provisions generally will be triggered if the Company were to 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 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 the Company to make the adjustment most favorable to the holder of the notes or warrants, as the case may be.

Shareholder Demand Letter

On November 9, 2007, the Company received a demand letter from counsel to a 4.6% shareholder, pursuant to Section 220 of the Delaware General Corporation Law, for inspection of books, records and documents associated with the Senior Subordinated Secured Note sale. The Company is cooperating as requested.

Subordinated Term Note and Warrants

On September 3, 2008, the Company issued a $10 million Subordinated Term Note to a private investment fund, which fund is also a shareholder. The interest on the note accrues and is payable on the maturity date, which is November 30, 2010. The lender and the Company agreed to subordinate this debt to the Company's senior credit agreement of February 14, 2007, pursuant to a subordination agreement (Amendment No. 9 to the credit facility) executed between all concerned parties on September 3, 2008. In conjunction with the new Subordinated Term Note, the lender was issued warrants for up to 600,000 shares, exercisable anytime at $15 per share, on or before November 1, 2011, subject to anti-dilution provisions similar to those provided by the warrants issued in the Company's $35 million November 2007 financing. The fair value of the warrants, $278,000, was recorded as additional paid in capital as of the date the note was issued. The fair value of the warrants represent a discount to the loan under the subordinated note which will accrete at a rate of 1.24 percent per annum compounded monthly over the two year life of the loan. The effective interest rate on the discounted value of the term note was 19.74 percent per annum as of December 31, 2008.

Stock Option Plan and Non-Executive Compensation

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. Option grants to senior management and directors during 2007 totaled

550,000 and 16,000 option shares, respectively. The Company's stockholders approved the stock option plan at the annual meeting held on July 27, 2007.

In May 2008, the Company's Board of Directors approved 560,000 additional option grants for senior management, as part of an annual compensation review conducted with the assistance of a nationally recognized compensation consultant. These options will have a three year vesting period and an exercise price of $7.58 based on the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008. This grant brought the total number of options granted under the option plan to approximately 1.1 million shares, as of December 31, 2008.

Also in May 2008, as part of a redesigned non-employee directors compensation program developed with the assistance of a nationally recognized compensation consultant, which redesign was intended to significantly reduce the cash component of the director's compensation, the Company's Board of Directors approved the grant of 102,242 restricted stock units for non-employee directors, having a value of $0.8 million in the aggregate (with the number of restricted stock units to be set by reference to a per share price of $7.58, which was the average closing price per share of the Company's common stock from May 19, 2008 through May 23, 2008). Vesting of these restricted units is 50% on May 23, 2009, with the remainder vesting on May 23, 2010.

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 agreement whereby such parties paid $12.7 million (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 Hannibal, OH Hourly Voluntary Employee Benefit Association (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.

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 December 22, 2008 the Company sold approximately 300 acres of vacant land at the curtailed Burnside alumina facility for $9 million. The sale of the land will not interfere with any potential restart of the alumina facility. The

$8.5 million cash proceeds were used to immediately pay down a portion of the supplemental loan amount outstanding on the Loan and Security Agreement resulting in a corresponding increase in liquidity.

On February 10, 2009, the Company signed a letter of intent to sell the Burnside, LA marine terminal facility, including 297 acres of land subject to a 90 day due diligence period. It is contemplated that the sale arrangement will require the buyer to provide access and material handling services to the Company at reasonably negotiated rates should alumina production resume at the Burnside plant. No assurance can be given as to when this transaction will be completed, if at all.

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 notified its insurance carrier of the business interruption insurance claim during the third quarter of 2007. During the second quarter of 2008 the carrier granted a claim amounting to $4.4 million which was then recorded and categorized in the prepaid expenses and other current assets line on the Consolidated Balance Sheet and a reduction to cost of sales on the Consolidated Statement of Operations. The Company received the proceeds of the claim on July 9, 2008. The Company commenced the restart of the sixth and final potline on November 28, 2007.

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 April 2008 tolling agreement with Glencore, the Company's 2008 alumina supply agreement with Glencore was superseded and Glencore 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.

The Company has been notified by Glencore of the planned temporary shutdown of certain alumina refining facilities that are suppliers to Glencore. Glencore maintains that the planned temporary shutdown constitutes a force majeure as defined in the tolling agreement. The Company vigorously disagrees with that conclusion and has communicated to Glencore that under the tolling agreement Glencore must utilize other commercially available means to fulfill Glencore's contractual obligation to supply alumina in order to maintain full operations of the potlines through December 31, 2009. The Company will pursue all legal remedies to enforce the terms of the contract.

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 Pension Benefit Guaranty Corporation (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:

- collateral be provided to the pension plan in a form acceptable to the PBGC;
- within 30 days of the waiver letter, the Company was required to make a contribution to the pension plan for the missed April 2007 payment, plus applicable interest;
- 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
- 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 Company's 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 reduce the Company's borrowing availability under its credit facility were eliminated. 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, application of an IRS excise tax 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 (Voluntary Employee Beneficiary Association) 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 subsequently 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 contributed 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 significantly curtailed the level of operations of its adjacent Marine Terminal. On May 17, 2007, the Company sold a crane associated with the Burnside Marine Terminal for $6.5 million. Effective December 31, 2007 the Company made the decision to idle the facility and put it up for sale, and recorded the facility as an asset as held for sale in the financial statements. As noted in the Sale of Assets section above, the Company signed a letter of intent to sell the remainder of the terminal on February 10, 2009. It is contemplated that the sale arrangement in the letter of intent will require the buyer to provide access and material handling services to the Company at reasonably negotiated rates should alumina production resume at the Burnside plant.

The collective bargaining agreement between the Company and the General Longshore Workers International Longshoreman's Association (ILA) expired on September 30, 2007. The Company and ILA had agreed to an extension of this agreement until December 31, 2007. The Company is a party to a multi-employer pension plan covering ILA members. The curtailment of operations at the Marine Terminal triggered a withdrawal liability under the multi-employer pension fund. An accrual of $2.2 million was recorded at the close of the 2007 fiscal year. The Company was notified in 2008 that the withdrawal liability is $1.8 million and made the appropriate adjustment of the accrual to discontinued operations. During the second quarter of 2008 the Company began to make quarterly payments of $150,945 to amortize the liability over the next 13 quarters including principal and interest.

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 and 2008 production levels. For the year ended December 31, 2008 annual average consumed anode costs increased by approximately 38.6% from 2007, rising to $818 from $590 per metric ton delivered to Hannibal. In addition, on July 31, 2008, the Company was notified of the cancellation by the Chinese government, effective August 1, 2008, of a 13% export tax rebate on some raw materials, high energy and high pollution products, including anodes. This increase will be applicable to anode purchases in 2009.

Moderation of crude prices and changes in market conditions during the fourth quarter of 2008 have mitigated the effect of the cancellation of the export tax rebate at least for the first quarter of 2009, as one supplier in China has offered anode prices lower than what was paid in the second half of 2008. Additionally, prices for the fourth quarter 2008 declined slightly from the amounts paid from late second through third quarter of 2008. During the fourth quarter, one supplier extended credit terms to net fifteen days after bill of lading date versus previously requiring prepayment of 60% prior to vessel loading with the balance due within 5 days of the bill of lading date. However, there is no assurance that the trend of lower costs will continue beyond the first fiscal quarter of 2009.

Supply Agreement for Electricity

On November 8, 2006, the Company entered into a new agreement with American Electric Power Corporation (AEP) 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 were made with AEP to secure the Company's payment obligations. The agreement also requires the Company to prepay its estimated monthly power bill in advance of the first and fifteenth of each month.

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

On August 20, 2008, PUCO filed the proposed rules; public comments were to be received by September 9, 2008. On September 17, 2008 PUCO adopted and sent the proposed rules to the Joint Committee on Agency Rule for review. The final finding and adoption occurred on November 5, 2008. On December 5, 2008, application for a rehearing was filed by a group of utility companies and granted by PUCO. Despite the granting of the rehearing, the implementation of the rules is currently in effect

On July 31, 2008, AEP filed their three-year Electric Security Plan (ESP) requesting a 15% per year rate increase. AEP's proposal is to recover costs including fuel used, cost of electricity purchased wholesale, costs of emission allowances and potential federally mandated carbon taxes. On December 19, 2008, PUCO extended AEP's current rates until the final PUCO ruling on the ESP which occurred on March 18, 2009.

The Company began negotiations of a long-term power supply agreement with AEP during the third quarter of 2008, and the existing agreement expired on December 31, 2008, without a new agreement in place. On January 8, 2009, PUCO granted the Company the applicable large industrial rate currently in effect (retroactive to January 1, 2009)

until AEP and the Company finalize a new electricity supply agreement. The interim rate resulted in a rate reduction of approximately 24.5% from the expired contract rate. On February 17, 2009, The Company filed an application with the PUCO requesting approval of a new long term power contract with AEP Ohio. Under the terms of the proposed contract, Ormet would pay a fixed all-in rate of $38/mWh for the year 2009 and would pay a LME-Indexed rate to be determined annually for the years 2010-2018. Ormet is currently paying $38.43/mWh as an interim rate. In addition, the new contract would allow for the return of $7 million held by AEP as a deposit and the granting of standard credit terms of 21 days as compared to Ormet prepaying for electricity to be consumed twice a month. AEP supports this proposal on the condition that it can recover from other customers any revenue lost due to the agreement. . On April 10, 2009 Ormet amended its filing to provide for a reduced rate of $34/ mWh for the period in 2009 if it becomes unable to obtain raw materials in sufficient quantities to continue operations at full capacity. The legislation outlined above supports approval of such special arrangements in order to maintain and protect jobs in the region. This new contract will help provide the necessary cash flow to sustain operations at its Hannibal Facilities and to pay its required legacy pension costs. Although we cannot predict the outcome, we expect that the PUCO will issue an order by the middle of the second quarter 2009.

Status of Customer Breach of Alumina Sales Contract

In 2006 an international customer advised the Company that it would not take delivery of the remainder of the alumina (approx. 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 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 was made on January 30, 2009) and the international arbitration proceedings are currently in abeyance until May 4, 2009.

During the third quarter 2008 there was a series of court dates scheduled in the High Court of Gujarat to hear the Company's challenge, pursuant to a Supreme Court of India order (May 2008) that there be an expeditious resolution of the Company's challenge. The High Court judges have stated that they are aware that their final ruling is immediately appealable to the Supreme Court of India, and they have proceeded with a high degree of deliberation. The final hearing was completed in late December 2008. The judge indicated that he was addressing the same point of law in several other cases, so he deemed it appropriate to conclude those hearings before ruling on the Company's challenge. The hearings in those cases are now complete. At this time, the parties are waiting for the judge to issue a final ruling on the Company's challenge.

Status of Remaining Bankruptcy Claims

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"). Two objections were filed in response to the Final Decree Motion: (1) the State of Ohio Department of Taxation and (2) Jeffery Butler, a former employee ("Butler"). The Reorganized Debtors resolved the objection by the State of Ohio Department of Taxation and it was summarily withdrawn. The remaining objection arises from a claim dispute with Butler. The Court rejected the claim and entered the Final Decree on June 6, 2008 and the case was closed on June 10, 2008. Shortly thereafter, the case was reopened to address an appeal filed by Butler relating to the rejection of his claim. The Butler appeal proceeded before the U.S. District Court, Southern District of Ohio where the court ruled in favor of Ormet, upholding the decision of he Bankruptcy Court denying Butler's claim Currently, Butler has filed a Notice of Appeal of the District Court's decision with the 6th Circuit Court of Appeals.

On January 22, 2008 an order from the Bankruptcy Court approved a settlement which disposed of nearly all of the asbestos and hearing loss claims against the Company and resulted in a distribution of approximately 640,000 shares of the Company's stock. There remain reserved shares of common stock allocated to six unresolved asbestos/hearing loss claims (the claimant's of which are all believed to be deceased individuals). If the ownership of these remaining claims cannot be determined, a supplemental objection will be filed with the Bankruptcy Court seeking expungment of these claims. In addition, shares relating to the claim of Butler are being held pending resolution of the appeal.

Risk Factors

These Risk Factors should be read in conjunction with **Significant Matters, Forward Looking Statements, Consolidated Financial Statements, Management's Discussion and Analysis and the other information contained in this Statement**.

Risks Related to the Company's Business

The Company is currently dependent on a single customer, Glencore, for substantially all of its aluminum production and revenue.

Substantially all of the Company's aluminum production for the remainder of 2009 is committed to a single customer as a result of the Company's tolling agreement with Glencore, and the Company currently derives substantially all of its revenue from tolling fees paid by Glencore under the tolling agreement. The Company has been notified by Glencore of the planned temporary shutdown of certain alumina refining facilities that are suppliers to Glencore. Glencore maintains that the planned temporary shutdown constitutes a force majeure as defined in the tolling agreement. The Company vigorously disagrees with that conclusion and has communicated to Glencore that under the tolling agreement Glencore must utilize other commercially available means to fulfill Glencore's contractual obligation to supply alumina in order to maintain full operations of the potlines through December 31, 2009. The Company will pursue all legal remedies to enforce the terms of the contract. There can be no assurance that the Company's current dependence on Glencore for substantially all of its aluminum production and revenue or its current disagreement with Glencore will not adversely affect the Company. In addition, 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 would have an adverse effect on revenues, earnings and cash flows of the Company.

Recent declines in published aluminum prices on the LME if sustained for the duration of 2009 could have an adverse effect on the Company's ability to operate profitably.

The continued decline in aluminum LME pricing (or even sustaining the current and forward curve pricing) could have an adverse effect on the ability of the Company to operate profitably. The Company may not be able to be profitable after the expiration of the tolling agreement on December 31, 2009 if these conditions remain in effect. In addition, the current LME prices could have an adverse effect on the Company's customers, which could adversely affect our relationships and/or the amount of business we may be able to do with them.

The Hannibal, OH collective bargaining agreement expires on December 31, 2009.

The ability to negotiate a new labor agreement or extend the current agreement is a prerequisite in order for the Company to continue operations beyond December 31, 2009.

The Company has a history of losses and negative cash flows from operations.

The Company emerged from bankruptcy on April 1, 2005 and has a history of losses. For the year ended December 31, 2008, the Company has incurred a net loss of approximately $5.1 million and positive free cash flows (from operations and investing activities combined) of approximately $13.8 million. For the year ended December 31, 2007, the Company had a net loss of approximately $111.4 million and negative free cash flows of approximately $131.3 million. For the year ended December 31, 2006, the Company had a net loss of approximately $74.1 million and negative free cash flows of approximately $79.4 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 continue to generate positive free cash flows.

As a result of the Company's tolling agreement with Glencore, substantially all of the Company's aluminum production from April 1, 2008 through December 31, 2009 is committed to Glencore at specified tolling fees. As a result, the Company's ability to be profitable and generate positive cash flows during these periods is highly dependent on the Company's ability to realize revenues under the tolling agreement and manage its expenses. The Company's expenses include costs for electricity and carbon anodes, which are significant costs and can be volatile, in addition to the Company's labor costs, debt expense, pension and VEBA funding obligations and other considerable obligations. As a result of the tolling agreement, the Company's exposure to costs of alumina, which is the key raw material used in the production of aluminum and ordinarily one of the Company's most significant expenses, was mitigated for the most of 2008 and all of 2009.

For a discussion of the Company's current plans and assumptions with respect to execution of its plan, see Note 21 to the Company's consolidated financial statements included in this Statement. While the Company believes its plans and assumptions are reasonable, there can be no assurance that the Company's assumptions will prove to be correct or that the Company will be able to successfully execute on its plans.

The Company has a substantial amount of debt.

As of December 31, 2008, the Company had $57.9 million in debt and letters of credit outstanding under its existing credit agreement and $50.3 million face amount outstanding in Senior Subordinated Secured and Subordinated Term Notes. The credit agreement matures in February, 2010; the Term Notes mature in November, 2010 and there is no assurance the Company will be able repay or refinance the debt as it comes due. Interest expense (including discontinued operations) was $14.8 million and $ 10.0 million in 2008 and 2007, respectively. 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, the Company's outstanding debt could be accelerated.

The Company has substantial retiree pension obligations.

The Company had a total under-funded pension liability of approximately $220.8 million and $122.7 million as of December 31, 2008 and December 31, 2007, respectively. As a result of the Pension Protection Act of 2006, and taking into account the Company's recent IRS funding waiver, the Company made pension plan contributions for calendar year 2008 and 2007 of approximately $38.2 and $22.5 million, respectively. For the next four calendar years 2009, 2010, 2011 and 2012, the pension plan contributions, including both payments in respect of the waived amount and regularly scheduled payments in such years, are estimated to be $28.9 million, $51.6 million, $41.7 million and $38.0 million, respectively. The funding for each prospective year may be influenced by the value of the trust assets and future benefit obligations may be impacted by the recent dramatic decline in equity markets. These required pension contributions limit the Company's ability to employ its cash for other purposes, and will increase investment risk for holders of the Company's Common Stock.

Significant declines in the financial markets as of December 31, 2008 have resulted in accelerated funding of obligations as the Ormet Pension Plan is classified as "at risk", based on the funding criteria established in the Pension Protection Act of 2006 requiring contributions in excess of those normally mandated by statute. There has been a continuation of the decline in the financial markets from the beginning of 2009 to date.

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

As of December 31, 2008, the Company has approximately $58.5 million in contractual obligations to make monthly payments to two separate VEBA Benefit Trusts for the benefit of eligible hourly 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 hourly 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 hourly 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 has a liability of $6.5 million as of December 31, 2008, to the salary VEBA Trust and continues to make monthly contributions to fund healthcare and death benefits at its sole discretion for eligible current and future salaried retirees and for eligible hourly retirees at Iuka, Mississippi and Jackson, Tennessee, and for their eligible spouses and dependents. For fiscal year 2008, these contributions totaled $900,000. The Company may terminate the monthly contributions to the salary and other retiree VEBA Benefit Trust with respect to salaried retirees at any time. However, the Company's current intention is to continue funding the salary VEBA through May, 2018. The Plan Administrator for the *Salaried and Other Retiree Group Benefit* Plan is responsible for establishing the program of benefits and for determining the amount of the monthly contributions required from participating retirees under the Plan.

The Company's Tolling Agreement established the tolling rates for the remainder of 2008 and for all of 2009, and these tolling rates will not be affected by changes in the market price for aluminum during the term of the tolling agreement.

As a result of the tolling agreement the Company entered into on May 5, 2008, substantially all of its aluminum production from April1, 2008 through December 31, 2009 is committed to Glencore. Under the tolling arrangement, the Company is entitled to 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 during the duration of the tolling agreement 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 the Company's tolling fees with Glencore generally reflect the pricing provided for by these agreements. The Company's tolling arrangement is intended to ensure that a committed outlet for aluminum production exists during 2009. While market prices have recently decreased significantly from levels existing at the time the Company previously entered into the pre-pricing agreements for its 2008 and 2009 aluminum production, to the extent market prices change from such levels, fluctuations in metal prices do not affect the tolling rate. Pre-pricing agreements with Glencore for the approximately all of Ormet's 2009 finished goods production was 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 2008 to the extent such furloughed employees remained unemployed and qualified for these benefits. In 2007, the Company recognized an impairment charge of approximately $22.4 million regarding the Burnside alumina facility.

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

incurred a withdrawal liability of $1.8 million to be paid in thirteen quarterly payments plus interest. The Company made the first payment on June 9, 2008.

On February 10, 2009, the Company signed a letter of intent to sell the Burnside, LA marine terminal facility, including 297 acres of land subject to a 90 day due diligence period. It is contemplated that the sale arrangement will require the buyer to provide access and material handling services to the Company at reasonably negotiated rates should alumina production resume at the Burnside plant. No assurance can be given as to when this transaction will be completed, if at all.

If the Company is unable to reduce its electricity costs, that will have a significant, adverse effect on its ability to improve profitability and cash flows.

The current power agreement in force with AEP Corporation for the supply of electric power to the aluminum smelter in Hannibal, Ohio, requires the Company prepay its estimated monthly power bill in advance of the first and fifteenth of each month. In addition, AEP retains a $7 million deposit. There currently is no commitment to return the remaining $7 million held as a deposit or grant the Company ordinary credit terms.

The Company began negotiations of a long-term power supply agreement during the third quarter of 2008, and the agreement expired on December 31, 2008, without a new agreement in place. On January 8, 2009, PUCO granted the Company the applicable large industrial rate currently in effect (retroactive to January 1, 2009) until AEP and the Company finalize a new electricity supply agreement. The interim rate resulted in a rate reduction of approximately 24.5% from the expired contract rate. On February 17, 2009, The Company filed an application with the PUCO requesting approval of a new long term power contract with AEP Ohio. Under the terms of the proposed contract, Ormet would pay a fixed all-in rate of $38/mWh for the year 2009 and would pay a LME-indexed rate to be determined annually for the years 2010-2018. AEP supports this proposal on the condition that it can recover from other customers any revenue lost due to the agreement. The legislation passed in Ohio outlined under the Supply Agreement for Electricity above, supports approval of such special arrangements in order to maintain and protect jobs in the region. While this new contract would help provide needed cash flow to sustain operations at its Hannibal Facilities and to pay its required legacy pension costs, there is no assurance of the contract being approved as submitted, or if the savings will be realized as anticipated. In addition, adverse scenarios in other risk areas could neutralize any benefits from a new power agreement.

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. In addition, temporary or prolonged interruptions could be experienced due to upgrade, maintenance, and/or capital infrastructure improvements of the AEP electrical distribution and transmission system. The Company works closely with AEP to minimize risk of interruption and establish contingency options when feasible.

The Company purchases 100% of its anodes from third parties, who are located offshore, and pricing is subject to raw material price and currency fluctuations.

Since the restart of the Hannibal smelter, all anodes purchased by the Company have been from offshore facilities (primarily from suppliers located in China). Currently, some of the pricing agreements provide for adjustments for raw materials and currency fluctuations. During the year of 2008, these pricing changes resulted in a significant increase in the Company's anode costs. In addition, on July 31, 2008, the Company was notified of the cancellation by the Chinese government, effective December 31, 2008, of a 13% export tax rebate on some raw materials, high energy and high pollution products, including anodes. The Company is currently working with its Chinese suppliers in an effort to mitigate the net cost impact of this change. During the fourth quarter, one supplier extended credit terms to net fifteen days after bill of lading date versus previously requiring prepayment of 60% prior to vessel loading with the balance due within 5 days of the bill of lading date. Although recent moderation of crude oil prices and changes in market conditions has allowed the Company to negotiate lower anode prices for the balance of the fourth quarter 2008 and the first quarter of 2009, the Company's anode costs increased significantly in 2008 compared to prior historical levels.

The elimination of the Chinese export tax rebate and a failure to negotiate lower anode prices could have an adverse effect on the Company's results of operations, financial condition and liquidity if it is unable to mitigate the effect with its suppliers, locate lower cost sources of supply of anodes and/or raise further capital. In addition, weakening of the dollar against the Chinese Yuan may lead to even significantly higher anode costs.

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

The Company's capital expenditure plans for 2009 include annual costs of relining up to seventeen 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 over 50 years old. As a result, the Company may be required to make capital investments in order to maintain competitive production levels at these facilities.

The Company's debt agreements impose restrictions that may limit the ability to raise new capital, finance future operations or engage in business activities that may be in the Company's 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 Senior Subordinated Secured Notes, and the Company's Subordinated Term Note contain significant covenants that restrict the Company's 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, the Company is required to comply with certain financial covenants, including EBITDA targets. A breach of any of these covenants could result in a default under these 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 the Company is unable to repay outstanding borrowings when due, the lenders will have the right to proceed against the

collateral securing their debt. The Company may also be prevented from taking advantage of business opportunities that arise because of the limitations imposed on the Company' by the restrictive covenants under these debt agreements.

The Company's high level of debt and the terms of this debt could:

- result in the inability to comply with the financial and other restrictive covenants in the debt agreements, which, among other things, limit the 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 an adverse effect on the Company's operations and liquidity;

- increase the Company's vulnerability to adverse industry and general economic conditions;

- require the Company to dedicate a substantial portion of cash flow from operations to make principal payments on the debt when due, thereby reducing the availability of cash flow for working capital, capital investments and other business activities;

- limit the Company's ability to obtain additional debt or equity financing to fund future working capital, capital investments and other business activities;

- limit the Company's ability to refinance indebtedness on terms that are commercially reasonable or at all;

- expose the Company to the risk of interest rate fluctuations to the extent it pays interest at variable rates on the debt;

- limit the Company's flexibility to plan for, and react to, changes in the Company's business and industry; and

- place the Company at a competitive disadvantage relative to its less leveraged competitors.

Volatile conditions in the global capital and credit markets could adversely affect our business, as well as the industries of our customers.

Severe reductions in the availability and cost of credit, and volatility in the capital and credit markets, could adversely affect the business and economic environment in which we operate and the profitability of our business. Moreover, the current worldwide financial crisis has reduced the availability of liquidity and credit to fund or support the continuation and expansion of our business operations. Many lenders and institutional investors have reduced and, in some cases, ceased to provide funding to borrowers. Continued disruption in the U.S. and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

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

To the extent the Company seeks to raise additional equity capital in the future, the Company's stockholders may experience significant dilution. Among other things, in addition to dilution resulting generally from the issuance of additional shares, the Company's outstanding senior subordinated notes and outstanding warrants contain anti-dilution provisions that generally will be triggered, among other circumstances, if common equity (including common stock or convertible securities, warrants or other rights to acquire common stock, subject to certain exceptions) is issued 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 common equity is issued at a price less than the then current market price. The warrants issued in connection with the Company's recent subordinated debt financing, which have an exercise price of $15 per share, contain similar anti-dilution provisions. In the event of an issuance below the current conversion price of the notes or the warrant exercise prices, the conversion price or warrant exercise prices, as the case may be, generally will be subject to reduction to the price at which the new common equity is issued. This is known as a 'full ratchet' adjustment. 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 the Company to make the adjustment most favorable to the holders of the notes or warrants, as the case may be. The Company currently has $40.3 million face amount in outstanding Senior Subordinated Secured Notes, and $10.6 million in a Subordinated Term Note. The related warrants are for approximately 2.93 million shares. The warrants issued in connection with the Company's recent subordinated debt financing are for 600,000 shares. The last reported price of the Company's common stock on the Pink Sheets on January 30, 2009 was $0.35 per share. The operation of the anti-dilution provisions in the notes and warrants could trigger substantial additional dilution if new equity is issued.

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

The Company's operations are regulated under a number of Federal, state and local environmental laws and regulations, which govern, among other things, the discharge of pollutants 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 the Company's 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 and state laws and regulations impose liability on current or previous facility owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the facility. Liability may be imposed without regard to legality of the original actions and without regard to whether the Company knew of, or was responsible for, the presence of such hazardous or toxic substances, and it 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 an agreement in the form of a consent decree with the U.S. Environmental Protection Agency in 1995 under which the Company will continue to conduct appropriate remediation of a previously contaminated site on its smelter property at 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 the Company would provide by December 27, 2007 a Letter of Credit (LC) for $0.6 million with additional LC's issued over the next two years aggregating $3.4 million by December 31, 2009, to support the Company's ability to fund the super-fund liability. The issuance of the additional LC's can be accelerated based on the average quarterly prime aluminum LME cash seller and settlement price if the LME price exceeds certain thresholds. Consequently, the average second and third quarter 2008 LME price required the Company to issue an additional LC amounting to $0.6 million on July 30, 2008 and $0.3 million on October 31, 2008. The Company and the EPA agreed during the fourth quarter 2008 to amend the 1995 consent decree to reflect the December, 2007 agreement. The new order was published in the Federal Register on December 9, 2008 and entered by the presiding Federal judge on March 11, 2009. 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 the Company's common stock and the Company is not subject to the reporting obligations of the Securities Exchange Act of 1934.

The Company's common stock is not listed on any stock exchange. A public offering registered under the Securities Act of 1933 has never been made by the Company and the Company's common stock is not registered under the Securities Exchange Act of 1934. As a result, the Company is 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 comply with the SEC's proxy rules. While certain information is 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, the Company is not subject to most of the provisions of the Sarbanes-Oxley Act. While some of the Company's 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. The Company cannot predict if or the extent to which an active trading market might develop for the Company's common stock or how liquid that market might become.

Because our shares may be "penny stocks," you may have difficulty selling them in the secondary trading market. Federal regulations under the Securities Exchange Act of 1934 regulate the trading of so-called "penny stocks," which are generally defined as any security not listed on a national securities exchange or NASDAQ, priced at less than $5.00 per share and offered by an issuer with limited net tangible assets and revenues. Since our common stock currently is quoted on Pink sheets (which is not a securities exchange) at less than $5.00 per share, our shares are "penny stocks" and may not be quoted unless a disclosure schedule explaining the penny stock market and the risks associated therewith is delivered to a potential purchaser prior to any trade.

In addition, because our common stock is not listed on any national securities exchange and currently is quoted at and trades at less than $5.00 per share, trading in our common stock is subject to Rule 15g-9 under the Securities Exchange Act. Under this rule, broker-dealers must take certain steps prior to selling a "penny stock," which steps include:

1. obtaining financial and investment information from the investor;

2. obtaining a written suitability questionnaire and purchase agreement signed by the investor; and

3. providing the investor a written identification of the shares being offered and the quantity of the shares.

If these penny stock rules are not followed by the broker-dealer, the investor has no obligation to purchase the shares. The application of these comprehensive rules will make it more difficult for broker-dealers to sell our common stock and our shareholders, therefore, may have difficulty in selling their shares in the secondary trading market."

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," "likely," "result," "forecast," "outlook," "projects," "plans," "may," "could" 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) the Company's future results could differ materially from the Company's current results and from those anticipated in the Company's forward-looking statements. Furthermore, the reader is advised to consult any additional disclosures the Company makes in quarterly and annual 15c2-11 reports and current reports and disclosures available on the Company's website, under the Investor's link at http://www.ormet.com.

Market and Industry Data

Market and industry data used throughout this document, including information relating to the Company's relative position in the industries in which it operates, is based on the good faith estimates of management upon their review of independent industry publications and other publicly available information. Although the Company believes that the third party sources relied upon by management in making such estimates are reliable, it cannot guarantee the accuracy or completeness of this information, and this information has not been independently verified.

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
http://www.ormet.com.

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 December 31, 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 January 30, 2009, 18,461,952 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.

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. Option grants to senior management and directors during 2007 totaled 550,000 and 16,000 option shares, respectively. The Company's stockholders approved the stock option plan at the annual meeting held on July 27, 2007.

On November 1, 2007 the Company issued warrants to a group of private investors to purchase up to 2.3 million shares of common stock of the Company (subject to certain anti-dilution provisions) in combination with the issuance of $35 million of Senior Subordinated Secured Notes to those investors. The warrants are exercisable immediately at a price of $3 per share (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 the Company's 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 the Company's assets. Among other things, the anti-dilution provisions generally will be triggered if common equity (including common stock or convertible securities, warrants or other rights to acquire common stock, subject to certain exceptions) is issued at a price that is below the conversion price of the notes or the exercise price of the warrants, or if common equity is issued 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. This is known as a 'full ratchet' adjustment. 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 the Company to make the adjustment most favorable to the holders of the notes or warrants, as the case may be.

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.

In May 2008, the Company's Board of Directors approved 560,000 of additional option grants under the Company's stock option plan, for senior management, as part of an annual compensation review conducted with the assistance of a nationally recognized compensation consultant. These options will have a three year vesting period and an exercise price of $7.58 based on the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008.

Also in May 2008, as part of a redesigned non-employee directors compensation program developed with the assistance of a nationally recognized compensation consultant, which redesign was intended to significantly reduce the cash component of the director's compensation, the Company's Board of Directors approved the grant of 102,242 restricted stock units for non-employee directors, having a value of $0.7 million in the aggregate (with the number of restricted stock units to be set by reference to the per share price of $7.58 which was the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008). Vesting of these restricted units is 50% on May 23, 2009, with the remainder vesting on May 23, 2010.

On September 3, 2008, the Company issued warrants to a private investment fund, which is also a shareholder, for up to 600,000 shares at an exercise price of $15 per share in conjunction with the borrowing of a $10 million loan under a Subordinated Term Note issued to the same investor. These warrants, which contain anti-dilution provisions similar to those contained in the warrants issued by the Company in November 2007, are exercisable immediately and expire on November 1, 2011.

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 February 20, 2009 there are approximately 1,018 pots (out of a total of 1,032 pots) producing molten aluminum at the Company's aluminum smelter in Hannibal, Ohio, which is the second largest smelter operating in the United States. With the restart of the Hannibal smelter, the Company is now operating one of just twelve producing 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 ingot/sow 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 aluminum.

The principal customers for the Company's aluminum ingot/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 and alumina are primarily determined by global supply and demand and other competitive factors. The Company's selling prices for aluminum ingot/sow are generally based on the prices as published

by the London Metals Exchange (LME). 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 and a contract rate of $49.50 per megawatt hour in 2008. On January 8, 2009, PUCO granted the Company the applicable large industrial rate currently in effect, (retroactive to January 1, 2009) until AEP and the Company finalize a new electricity supply agreement. The interim rate resulted in a rate reduction of approximately 24.5% from the expired contract rate. As a result of the Company's tolling agreement with Glencore, the Company is not exposed to further fluctuations in alumina prices for the remainder of 2009 since under the toll the Company will be converting alumina owned by Glencore into aluminum finished product. Escalation in carbon anode costs during the second and third quarter of 2008 had a significant effect on the Company's productions costs. Consumed anode prices for the year ended December 31, 2008 increased 38.6% from $590 per metric ton delivered in 2007 to $818 per metric ton delivered for the year 2008.

The Company's primary competitors in the primary aluminum ingot 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 from April1, 2008 through December 31, 2009, will be dedicated to producing aluminum sow from Glencore supplied alumina, pursuant to which the Company receives 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 superseded contracts that the Company and Glencore were parties to associated with the Company's alumina supply for 2008 and aluminum sales agreement and pre-pricing 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 was purchasing in 2008 under contract from a third party.

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

Overview of the Industry

Aluminum prices as of mid February 2009 had fallen to the lowest level in seven years. Industry sources have estimated that approximately 75% of smelters worldwide are losing money at today's prices even with reduced operating costs. Massive production cuts have been announced and many already implemented. About 6.4 million metric tons of aluminum and 17.4 million metric tons of alumina cuts have been announced with the majority to date in China.

Many smelter expansions and greenfield projects have been delayed or cancelled from the 2010-12 timeframe for about 3 years on average. We believe this should have a significant impact on pricing once demand stabilizes.

Currently, the weakness in demand continues to outpace the production cuts so LME inventory levels have risen to over 3 million metric tons. However, the impact on metal inventories resulting from the large amount of production cuts is expected to be seen later this year. The major determinant of timing will be, of course, demand.

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 the Company's 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 sqf.

- **Hannibal Facility**

The Hannibal facility, encompassing 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 (currently idle) utilizes two casting units for producing conventional extruded aluminum billet products up to 300 inches in length and 7-15 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 263,000 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 resumed to full-scale operations in November 2007 with all six potlines operating.

Approximately 869 hourly workers and 165 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 allowed the Company to purchase all of its electricity at fixed prices for 2007 and 2008 and the new Legislation provides the Company the opportunity 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 the Company to generally average between 21,000 and 22,000 metric tons per month. From April 1, 2008 through December 31, 2009, production capacity at the Hannibal facility is dedicated to the production of aluminum pursuant to the Company's tolling arrangement with Glencore.

- **Burnside Alumina Refinery**

The Burnside refinery is situated on approximately 2,200 acres adjacent (prior to the proposed Marine Terminal sale) 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.

On February 10, 2009, the Company signed a letter of intent to sell the Terminal facility, including 297 acres of land subject to a 90 day due diligence period. It is contemplated that the sale arrangement will require the buyer to provide access and material handling services to the Company at reasonably negotiated rates should alumina production resume at the Burnside plant. No assurance can be given as to when this transaction will be completed, if at all.

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
Nicholas Burakow	Member of the Audit and Strategy Committees
Benjamin Duster	Chairman of the Audit Committee, member of the Compensation Committee
Robert Prusak	Chairman of the Strategy Committee, member of the Audit Committee
David L. Robertson	Chairman of the Compensation Committee
Michael F. Tanchuk	President and Chief Executive Officer, member of the Strategy Committee

Jeffrey Marshall – Mr. Marshall has been a director since April 1, 2005. Mr. Marshall has been chairman of the board since September 27, 2007, a position he previously held from 2005 through May 2007. Mr. Marshall is the chairman of Smith Marshall, a strategic consultancy partnership, and Lakefield College School Foundation. He is a member of the board of directors of Brand Energy, Inc. where he serves on the audit committee, Catalyst Paper Corporation where he serves on the audit committee and the Neenah Foundry Company, where he also serves on the audit committee.

Dr. Nicholas Burakow – Dr. Burakow has been a director since November 6, 2008. He holds a Ph.D. in economics from the University of Notre Dame and is the Executive Vice President and Chief Financial Officer of Kaiser Group Holdings, Inc., engineering and consulting firm. Prior to joining Kaiser, Dr. Burakow served for twelve years in the U.S. Department of State's Foreign Service where his last position was Director for Monetary Affairs. Dr. Burakow has been a senior officer of Kaiser and its predecessors for more than 20 years. Dr. Burakow is also the President of Global Trade and Invest, Inc., an international trade and consulting firm that he co-founded to engage in international trading activities and to provide consulting assistance to companies doing business internationally.

Benjamin Duster - Mr. Duster has been a director since November 6, 2007, and currently serves as the Chairman of the audit committee. Mr. Duster is currently the Executive Director of Watermark Advisors, an FNRA 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 seventeen 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 Paper Corporation, serving as chairman of the compensation committee, RCN Corporation, serving as chairman of the audit committee.

Robert Prusak – Mr. Prusak has been a director since July 6, 2007 and is currently on a leave of absence. Mr. Prusak serves on the audit committee and is the Chairman of the strategy 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 assumed operational responsibility for Glencore's alumina/aluminum group of industrial assets, including plants in the US, 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 office 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. 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 at Alcoa, as well as Reynolds Metals Company and Inland Steel Company.

The Company's directors are elected annually.

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

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' Deficit and the Consolidated Statement of Cash Flows as of and for the year ended December 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 consolidated 2008 and 2007 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).

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 December 31, 2008, there were less than 200 stockholders of record of common stock. Of the Company's 18,461,952 shares outstanding, a very large percentage (78.0%) is held in "street" name. As a result, the identity of many of the beneficial owners of our common stock and their holdings are not known to the Company.

As of December 31, 2008, there were 18,461,952 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 December 31, 2008, the Company has issued options to the senior management team, other employees and board of directors totaling 1,260,000 shares of common stock under the Stock Option Plan.

The Company's Board of Directors approved in May 2008, the grant of 102,242 restricted stock units for non-employee directors, having a value of $0.7 million in the aggregate (with the number of restricted stock units set by reference to the per share price of $7.58 that was the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008). Vesting of these restricted units is 50% on May 23, 2009, with the remainder vesting on May 23, 2010.

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 up to 2,333,333 shares of common stock of the Company (subject to certain anti-dilution provisions) in combination with the issuance of $35.0 million of Senior Subordinated Secured Notes to those investors. The warrants are exercisable immediately at a price of $3 per share and expire 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).

On September 3, 2008, the Company issued warrants to a private investment fund, which is also a shareholder, to purchase up to 600,000 shares at an exercise price of $15 per share in conjunction with the borrowing of a $10 million

loan under a Subordinated Term Note issued to the same investor group. These warrants are exercisable immediately and expire on November 1, 2011.

Upon the occurrence of "change in control" default or prepayment events specified in the Company's credit agreement, the Company's senior subordinated secured notes, and the Company's subordinated term note, the holders of our indebtedness may require the Company to immediately repurchase or repay that debt on less than favorable terms and these defaults could trigger cross-defaults under other agreements which result in additional debts and other obligations (including pension obligations) becoming due. Additionally, certain of the Company's material contracts provide for termination or other penalties in the event of a change in control of the Company. If a change of control is triggered under these agreements, it could have an adverse effect on the Company. For purposes of certain of our agreements, a change of control could be triggered by beneficial ownership of as little as 35% of our common stock, calculated in accordance with the relevant agreements.

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 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 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, the common stock and the Company's other securities 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.

The Company's common stock is not listed on any stock exchange, and the Company cannot predict whether the Company's 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 the Company's 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. The Company cannot predict if or the extent to which an active trading market might develop for the Company's 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.

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 as of or for the years ended December 31, 2008, 2007 and 2006. 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	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Net sales from continuing operations	$549.6	$449.7	$236.0
Total assets	$221.6	$256.9	$282.1
Operating income (loss)	$ 11.4	$ (84.2)	$ (58.1)
Long-term obligations	$328.7	$228.9	$193.3
Loss from continuing operations	$ (3.7)	$ (96.1)	$ (59.0)
Loss from continuing operations per common share	$ (0.20)	$(5.60)	$ (3.72)
Net loss per common share	$ (0.28)	$(6.49)	$ (4.67)

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: April 13, 2009

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: April 13, 2009

James Burns Riley, Chief Financial Officer

Exhibit A

Ormet Corporation

Consolidated Financial Report

December 31, 2008

Exhibit A

Ormet Corporation

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Exhibit A

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
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plantemoran.com

Independent Auditor's Report

To the Board of Directors
Ormet Corporation

We have audited the accompanying consolidated balance sheet of Ormet Corporation as of December 31, 2008 and 2007 and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years ended December 31, 2008, 2007, and 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ormet Corporation at December 31, 2008 and 2007 and the consolidated results of its operations and its cash flows for the years ended December 31, 2008, 2007, and 2006, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the consolidated financial statements, 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), as of December 31, 2007.

Plante & Moran, PLLC

April 10, 2009

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Exhibit A

Ormet Corporation

Consolidated Balance Sheet

($000s omitted)

	December 31, 2008	December 31, 2007
Assets		
Current Assets		
Cash	$ 2,006	$ 2,310
Restricted cash (Note 6)	150	150
Accounts receivable:		
Trade	13,269	16,366
Other	39	87
Inventory (Note 2)	80,791	97,933
Prepaid expenses and other current assets (Note 5)	17,781	37,224
Total current assets	114,036	154,070
Property and Equipment - Net (Note 3)	58,569	49,931
Goodwill (Note 1)	42,284	42,284
Intangible Assets (Note 4)	380	414
Assets Held for Sale (Note 14)	3,016	3,025
Other Assets (Note 5)	3,345	7,185
Total assets	$ 221,630	$ 256,909
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	$ 22,755	$ 13,212
Bank line of credit (Note 6)	48,079	56,040
Current portion of notes payable (Note 7)	-	5,000
Accrued and other current liabilities:		
Accrued compensation	6,050	8,120
Accrued interest	1,005	826
Postretirement obligations (Note 12)	8,340	2,340
Other accrued liabilities	10,067	11,019
Total current liabilities	96,296	96,557
Long-term Debt - Net of current portion (Note 7)	46,144	38,057
Other Liabilities		
Pension obligations (Note 11)	220,841	122,732
Postretirement obligations (Note 12)	56,648	61,887
Other liabilities (Notes 10 and 11)	5,092	6,193
Stockholders' Deficit	(203,391)	(68,517)
Total liabilities and stockholders' deficit	$ 221,630	$ 256,909

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements.

Exhibit A

Ormet Corporation

Consolidated Statement of Operations

($000s omitted)

	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Net Sales from Continuing Operations	$ 549,626	$ 449,688	$ 235,967
Cost of Sales			
Production	522,085	463,518	259,583
Restart expenses	-	14,092	7,678
Total cost of sales	522,085	477,610	267,261
Gross (Loss) Profit	27,541	(27,922)	(31,294)
Operating Expenses (Income)			
General and administrative expenses	24,401	56,281	26,765
(Gain) loss on sale of property	(8,270)	-	222
Total operating expenses	16,131	56,281	26,987
Operating Income (Loss)	11,410	(84,203)	(58,281)
Nonoperating Income (Expenses)			
Interest expense	(14,571)	(9,989)	(2,846)
Other income (expense)	(502)	(1,912)	1,651
Total nonoperating expenses	(15,073)	(11,901)	(1,195)
Loss - Before income taxes	(3,663)	(96,104)	(59,476)
Income Tax Recovery (Note 13)	-	-	(500)
Loss from Continuing Operations	(3,663)	(96,104)	(58,976)
Discontinued Operations			
Loss from discontinued operations (Note 14)	(1,422)	(15,554)	(15,080)
Gain on sale of property and equipment	-	259	-
Net Loss	$ (5,085)	$ (111,399)	$ (74,056)

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements.

Ormet Corporation

Consolidated Statement of Stockholders' Equity (Deficit)

($000s omitted)

	Common Stock	Common Stock Warrants	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance - January 1, 2006	$ 10	$ -	$ 70,786	$ (35,413)	$ (405)	$ 34,978
Comprehensive income (loss):						
Net loss	-	-	-	(74,056)	-	(74,056)
Minimum pension liability adjustment	-	-	-	-	294	294
Total comprehensive loss						(73,762)
Issuance of common stock (Note 17)	7	-	47,814	-	-	47,821
Balance - December 31, 2006	17	-	118,600	(109,469)	(111)	9,037
Comprehensive loss:						
Net loss	-	-	-	(111,399)	-	(111,399)
Minimum pension liability adjustment	-	-	-	-	(19,339)	(19,339)
Total comprehensive loss						(130,738)
Adjustment to initially apply SFAS No. 158 (Note 1)	-	-	-	-	(4,060)	(4,060)
Issuance of common stock (Note 17)	1	-	36,364	-	-	36,365
Compensation expense (Note 18)	-	-	2,089	-	-	2,089
Issuance of stock warrants (Note 7)	-	6,115	-	-	-	6,115
Issuance of stock option (Note 12)	-	-	12,675	-	-	12,675
Balance - December 31, 2007	18	6,115	169,728	(220,868)	(23,510)	(68,517)
Comprehensive income (loss):						
Net loss	-	-	-	(5,085)	-	(5,085)
Prior service cost - Defined benefit pension plan (Note 11)	-	-	-	-	80	80
Net loss - Defined benefit pension plan (Note 11)	-	-	-	-	(132,996)	(132,996)
Total comprehensive loss						(138,001)
Issuance of common stock (Note 17)	-	-	21	-	-	21
Issuance of stock warrants (Note 7)	-	278	-	-	-	278
Compensation expense (Note 18)	-	-	2,828	-	-	2,828
Balance - December 31, 2008	$ 18	$ 6,393	$ 172,577	$ (225,953)	$ (156,426)	$ (203,391)

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements.

Exhibit A

Exhibit A

Ormet Corporation

Consolidated Statement of Cash Flows

($000s omitted)

	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Cash Flows from Operating Activities			
Net loss	$ (5,085)	$ (111,399)	$ (74,056)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization	11,573	17,623	14,201
Bad debt (recovery) expense	(41)	688	2,061
Impairment of fixed assets	144	25,023	10,000
Deferred interest expense	7,007	1,005	-
Stock-based compensation expense	-	7,185	-
Compensation expense related to options	2,828	2,089	-
Amortization of deferred financing costs	5,880	5,005	4,563
(Gain) loss on sale of property and equipment	(8,270)	(259)	222
Net change in:			
Accounts receivable	3,186	1,432	10,497
Inventory	17,142	(17,113)	(16,235)
Prepaid expenses and other	20,381	(15,969)	(1,793)
Accounts payable	9,548	(9,936)	(11,965)
Accrued liabilities and other	(4,355)	5,664	(6,577)
Pensions and postretirement	(34,046)	(23,943)	(7,986)
Net cash provided by (used in) operating activities	25,892	(112,905)	(77,068)
Cash Flows from Investing Activities			
Purchase of property and equipment	(21,065)	(21,405)	(5,679)
Proceeds from disposition of property and equipment	9,011	6,481	3,395
Proceeds from disposal of assets held for sale	-	3,859	-
Cash paid for intangible assets	(36)	(121)	-
Net cash used in investing activities	(12,090)	(11,186)	(2,284)
Cash Flows from Financing Activities			
Proceeds from note payable	9,722	53,885	-
Payments on note payable	(13,166)	(11,833)	(27,894)
Debt issuance costs	(2,978)	(9,321)	(1,597)
Net (payments on) proceeds from bank line of credit	(7,962)	13,794	42,246
Proceeds from issuance of equity interests	-	29,180	47,821
Proceeds from issuance of stock warrants	278	6,115	-
Proceeds from issuance of stock option	-	12,675	-
Net cash (used in) provided by financing activities	(14,106)	94,495	60,576
Net Decrease in Cash	(304)	(29,596)	(18,776)
Cash - Beginning of year	2,460	32,056	50,832
Cash - End of year	$ 2,156	$ 2,460	$ 32,056

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements.

Exhibit A

Ormet Corporation

Notes to Consolidated Financial Statements
December 31, 2008, 2007, and 2006
($000s omitted)

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 primarily produced and sold aluminum sow. During 2007, the Company produced and sold aluminum sow and aluminum billet products while the bulk marine terminal and alumina operations were curtailed. The aluminum billet production was also curtailed in the last quarter of 2007. During 2006, the Company produced and sold alumina and aluminum billet products and operated a bulk marine terminal. Restart expenses on the consolidated statement of operations represent expenses incurred in restarting operations from a plant shut-down in 2004. Ormet Corporation (the "Predecessor Company") filed for protection under Chapter 11 of the U.S. Bankruptcy Code on January 30, 2004. The Successor Company, also named Ormet Corporation, emerged from Chapter 11 bankruptcy protection on April 1, 2005.

Basis of Presentation - The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) and 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 reflect activity of the Company for the years ended December 31, 2008, 2007, and 2006.

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 $578 and $1,048 at December 31, 2008 and 2007, respectively.

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

	2008	2007
Balance at beginning of year	$ 1,048	191
Bad debt (recovery) expense	(41)	688
Accounts recovered (written off)	(429)	169
Balance at end of year	$ 578	$ 1,048

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

Ormet Corporation

Notes to Consolidated Financial Statements
December 31, 2008, 2007, and 2006
($000s omitted)

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment at December 31, 2008 and 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 Notes 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 is not amortized, but rather is assessed at least on an annual basis for impairment. No impairment charge was recognized for the years ended December 31, 2008, 2007 or 2006. 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 December 31, 2008 and 2007 are approximately $1,013 and, $1,451, respectively, of outstanding checks.

Revenue Recognition - The Company recognizes revenue from the sale of primary aluminum and tolling fees the Company earns from smelting alumina supplied by a customer, Glencore. Revenue from the sale of primary aluminum is recognized when title, ownership, and risk of loss passes to the customer in accordance with contract terms, the price to the customer is fixed or determinable, and collectability is reasonably assured.

The Company recognizes revenue from its tolling conversion operations when the toll conversion process is complete in accordance with contract terms (i.e., when the customer's alumina has been converted into aluminum, cast, palletizes, and weighed for shipment to the customer), the price to the customer is fixed or determinable, and collectivity is reasonably assured.

Ormet Corporation

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Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 and 2006 consolidated financial statements have been reclassified to conform with the 2008 presentation.

Credit Risk, Major Customers, Suppliers, and Labor Concentrations - Sales are to various third parties, including aluminum products to manufacturing and distribution companies located principally in the United States, and to international trading companies. The Company extends trade credit to its customers on terms that are generally practiced in the industry.

Information with respect to significant customers is as follows:

	Number of Significant Customers	Revenues from Customers During the Year	Accounts Receivable from Customers at End of Year
Year ended December 31, 2008	1	$ 519,852	$ 11,870
Year ended December 31, 2007	4	380,313	14,784
Year ended December 31, 2006	2	181,902	12,168

During 2008, 2007, and 2006, sales to a single customer, Glencore, included in the significant customers above, amounted to approximately $520,000, $300,000, and $88,000, respectively. As of December 31, 2008 and 2007, accounts receivable outstanding with Glencore included in the significant customers above, amounted to approximately $11,870 and $10,700, respectively.

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 1 - Nature of Business and Significant Accounting Policies (Continued)

On November 9, 2006, the Company entered into a fixed price contract with Glencore for the supply of virtually all of its 2007 alumina requirement. The total payment for material received in 2007 was approximately $92,000. As of December 31, 2007, there were no accounts payable to Glencore. The Company initially entered into supply contracts with two suppliers, one of which was Glencore, for its 2008 alumina requirements. Each supplier had approximately 50 percent of the total requirement. Pricing was based on thirteen and eighty-five one-hundreds percent of the average cash settlement price for high grade aluminum as listed on the London Metal Exchange (LME) for the month of shipment, FOB Burnside, Louisiana. Based on the 2007 LME for high grade aluminum, the estimated total value was approximately $190,000.

During January and February 2008, the Company entered into a pre-priced (forward) sales contracts with Glencore for approximately 70 percent of the February through December estimated 2008 production and 46 percent of the estimated 2009 production, respectively. The Company had 2008 alumina contracts that were tied to a percentage of the LME and reflected approximately 28 percent of the cost of goods sold. These contracts fixed the base price of aluminum at the forward curve pricing at the time the contracts were executed for a fee.

Subsequently, the Company entered into a toll processing agreement with an effective date of April 1, 2008. As a result, the Company's smelting operation in Hannibal, Ohio is dedicated to producing aluminum sow from Glencore supplied alumina through December 31, 2009. In addition, Glencore purchased, as of the effective date, substantially all of the Company's then existing inventory in alumina, molten aluminum, and finished goods. Glencore also purchased alumina to be supplied to the Company, as described above, by contract during 2008. The tolling agreement supercedes contracts that the Company and Glencore were parties to associated with the aforementioned pre-priced sales contracts, alumina supply agreement, and aluminum sales agreement.

Approximately 75 percent of the Company's workforce is covered under a collective bargaining agreement expiring December 31, 2009.

Cash Concentration - The Company maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk related to cash.

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 December 31, 2008 and 2007 is comprised solely of a defined benefit pension adjustment of $156,426 and $23,510, respectively.

As of 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 to FASB Statements No. 87, 88, 106, and 132(R). The statement changes the accounting for defined benefit pension and postretirement plans by requiring that the full over- or underfunded status of a defined benefit plan be recognized as an asset or liability. For defined benefit pension plans, the funded stats 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 resulted in an adjustment of $4,060 to accumulated other comprehensive loss, stockholders deficit, and the liability for pension benefits.

Accumulated other comprehensive loss at December 31, 2006 is comprised solely of a minimum pension liability adjustment of $111 (see Note 11).

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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Stock Option and Restricted Stock Unit Plans - The Company applies the recognition and measurement provisions of SFAS 123(R) 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 the board of directors. Compensation costs charged to operations totaled $2,828 and $2,089 in 2008 and 2007, respectively. There was no compensation cost charged in 2006.

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The fair value of each option grant and restricted stock unit is estimated on the date of grant using the Black Scholes option valuation model. See Note 18 for the weighted average assumptions for 2008 and 2007.

Recent Accounting Pronouncement - In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157 (SFAS 157), *Fair Value Measurements*. SFAS 157 defines fair value and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The provisions of SFAS 157 are effective for financial assets and liabilities for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2, which defers the effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Adoption of the current provisions has had no impact on the consolidated financial statements, and the Company is currently evaluating the impact, if any, of the deferred provisions of SFAS 157 on the Company's consolidated financial statements.

Note 2 - Inventory

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

	2008	2007
Raw materials	$ 69,132	$ 61,005
Work in progress	4,492	17,979
Finished goods	1,738	13,597
Supplies and other - Net of obsolescence reserves of $3,620 and $3,310 in 2008 and 2007, respectively	5,429	5,352
Total inventory	$ 80,791	$ 97,933

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

	2008	2007
Balance at beginning of year	$ 3,310	$ 2,248
Additional reserve	310	11,879
Balance transferred to other assets	-	(10,817)
Balance at end of year	$ 3,620	$ 3,310

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 3 - Property and Equipment

Major classes of property and equipment are summarized as follows:

	2008	2007
Land and land improvements	$ 3,232	$ 3,716
Buildings and improvements	8,567	8,074
Machinery and equipment	68,861	48,687
Construction in progress	215	407
Total cost	80,875	60,884
Accumulated depreciation	22,306	10,953
Net property and equipment	$ 58,569	$ 49,931

Depreciation expense was $11,503, $16,733, and $13,689 for the years ended December 31, 2008, 2007, and 2006, respectively. These amounts include depreciation expense for discontinued operations of $4, $2,151, and $2,773 for the years ended December 31, 2008, 2007, and 2006, respectively.

In 2008, the Company sold a portion of unused land at the Burnside Alumina facility for $8,872. The land had a carrying value of $586.

In 2007, the Company estimated the fair value of the Burnside Alumina facility, based upon recent appraisals, was less than the carrying value. Accordingly, the Company recognized an impairment charge of $22,413. The charge is included in operating expenses for the year ended December 31, 2007.

Note 4 - Intangible Assets

Intangible assets of the Company are summarized as follows:

	2008		2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets -				
License agreements	$ 558	$ 178	$ 522	$ 108

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 4 - Intangible Assets (Continued)

Amortization expense for intangible assets totaled approximately $70, $890, and $512 for the years ended December 31, 2008, 2007, and 2006, 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:

2009	$ 71
2010	71
2011	71
2012	55
2013	37
Thereafter	75
Total	$ 380

Note 5 - Other Assets

Deferred finance charges represent legal, consulting, and financial costs associated with debt financing reported. Such charges are amortized over the respective terms of related debt agreements and any unamortized amounts are charged to expense when an obligation is refinanced. As a result of an early repayment of a term note in 2008, refinancing the line of credit agreement in 2007 and 2006 (see Note 6), and a reduction in the Company's borrowing capacity in 2008 and 2006, the Company expensed $1,962, $994, and $3,370 of deferred financing costs previously capitalized in 2008, 2007, and 2006, respectively, and recognized amortization expense of $3,918, $4,013, and $1,193 in 2008, 2007, and 2006, respectively. The Company also paid $2,978, $9,321, and $1,597 of additional deferred financing charges in 2008, 2007, and 2006, respectively.

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. 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.

Ormet Corporation

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Note 5 - Other Assets (Continued)

In connection with the Company's power supply contract which covered 2006, 2007, and 2008, the Company was obligated to maintain a deposit at the utility equal to 130 percent of the subsequent month's projected electric bill. On August 27, 2008, the Company agreed to drop a pending Public Utility Commission of Ohio (PUCO) filing where the Company had requested relief from two rate surcharges previously imposed by American Electric Power (AEP) in exchange for return of $15,000 of the $22,000 deposit held by AEP. The $15,000 was received by the Company on August 29, 2008. Additionally, the Company is required to prepay its power supply semimonthly; 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 December 31, 2008 and 2007:

	2008	2007
Power contract deposits	$ 7,000	$ 22,000
Prepaid power	7,567	10,369
Prepaid raw materials	65	3,419
Other	3,149	1,436
Total prepaid expenses and other current assets	$ 17,781	$ 37,224
Deferred financing costs, net of accumulated amortization of $5,899 and $4,013 in 2008 and 2007, respectively	$ 3,345	$ 6,246
Other	-	939
Total other assets	$ 3,345	$ 7,185

Exhibit A

Ormet Corporation

Notes to Consolidated Financial Statements
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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 December 31, 2007 include a term loan of $25,000 (see Note 7), a revolving credit facility, and a $50,000 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 $100,000 or $125,000 less the outstanding term loan and the subordinated note obligations. The supplemental loan sub-facility is supported by a $50,000 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 the monthly LIBOR plus 1,000 basis points. The sub-facility is subject to various cross-default provisions and other intercreditor provisions.

The revolving 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 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 4.25 percent and 7.42 percent at December 31, 2008 and 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 December 31, 2008 and 2007, outstanding borrowings on the revolving credit facility totaled $48,079, and $56,040, respectively.

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 years ended December 31, 2008 and 2007, the available borrowings under the credit agreement were reduced by outstanding letters of credit of $5,083 and $4,111, respectively, and the Company had restricted cash of $150 securing other outstanding obligations.

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 6 - Credit Facilities (Continued)

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 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. If the letter of credit is drawn upon, a term note will be created with the letter of credit issuer and will be due February 14, 2010.

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 dated February 14, 2007, which reinstates the EBITDA and production compliance covenants for the term of the loan and security agreement. In addition, the maximum credit limit is reduced to $65,000 and reserves totaling $20,000 have been released or eliminated.

On July 14, 2008, the Company and its lenders agreed to Amendment No. 1 to Amendment No. 8 of the credit agreement. This amendment extended the required date for obtaining the "Additional Liquidity" required for the pension plan contribution to be made in cash (instead of a Qualified Employer Security) from July 15, 2008 to August 29, 2008.

On September 3, 2008, the Company and its credit lenders agreed to Amendment No. 9, in conjunction with the Company issuing a $10,000 note to a private investment fund, which is also a stockholder (see Note 7). Under the terms of the amendment, the parties agreed to subordinate the new $10,000 note to the credit facility, and to utilize the note proceeds to help satisfy the terms of the credit facility Amendment No. 1 to Amendment No. 8 regarding funding the required pension plan contribution.

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Note 7 - Note Payable

Long-term debt at December 31 is as follows:

	2008	2007
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 8.33 percent at December 31, 2007), with the remaining outstanding balance due in February 2010. The note was collateralized by substantially all assets of the Company and was a part of the credit facilities disclosed in Note 6. The note payable was repaid in full during 2008	$ -	$ 13,166
Senior subordinated convertible secured notes payable to a group including stockholders of the Company. See further description below	36,382	29,891
Subordinated note payable to a private investment fund, also a stockholder of the Company. See further description below	9,762	-
Total	46,144	43,057
Less current portion	-	5,000
Long-term portion	$ 46,144	$ 38,057

The aforementioned notes payable mature and are due in 2010.

Interest expense for the years ended December 31, 2008, 2007, and 2006 was $14,571, $9,989, and $2,942 respectively. Related party interest expense for the years ended December 31, 2008, 2007, and 2006 was $8,266, $878, and $912, respectively. Amounts include interest expense associated to the aforementioned groups that participate in the subordinated notes.

Note 7 - Note Payable (Continued)

On November 1, 2007, the Company obtained senior subordinated convertible notes payable with a face amount of $35,000 which mature and are 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 note payable is convertible at any time at the option of the debt holders into common shares of the Company at $15 per share, subject to certain anti-dilution provisions. Additionally, the note was issued with detachable warrants to purchase 2,333,000 common shares of the Company at an exercise price of $3 per share, subject to certain significant anti-dilution provisions. The warrants are immediately exercisable and expire on November 1, 2011. 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 is 24.56 percent and 24.52 percent per annum as of December 31, 2008 and 2007, respectively.

On September 3, 2008, the Company executed a subordinated note payable of $10,000 with a private investment fund, which also is a stockholder. Interest on the note payable accrues and is payable on the maturity date, November 30, 2010. The lender and the Company agreed to subordinate this obligation to the senior credit agreement pursuant to a subordination agreement executed between all concerned parties on September 3, 2008. In conjunction with the new subordinated note payable, the lenders were issued warrants to purchase 600,000 shares, exercisable anytime at $15 per share, on or before November 1, 2011, subject to adjustment pursuant to anti-dilution provisions similar to those provided for in the Company's aforementioned $35,000 note payable. The fair value of the warrants, $278, 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 1.24 percent per annum compounded monthly over the two year life of the note. The effective interest rate on the discounted value of the note is 19.74 percent per annum as of December 31, 2008.

Note 8 - Lease Obligations

The Company has executed various operating lease agreements for computer equipment, office equipment, and barge fleeting rights. During the years ended December 31, 2008, 2007, and 2006, the Company charged approximately $338, $775, and $1,757, respectively, to lease expense under these agreements.

Ormet Corporation

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Note 8 - Lease Obligations (Continued)

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

Years Ending December 31		Amount
2009		$ 35
2010		13
2011		10
2012		10
	Total	$ 68

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 in 2008, 2007, and 2006. The maximum specific liability for workers' compensation for the Company approximated $1,000 per claimant in 2008, 2007, and 2006. The contingent liability of the Company for additional claims for which it would be liable, before the reinsurance policy pays claims, was approximately $1,726, and $1,567 at December 31, 2008 and 2007, respectively. The Company has also accrued $5,484 and $5,871 for known claims at December 31, 2008 and 2007 to be paid in 2009 and later years. Expenses incurred under the plans, including administrative fees, totaled approximately $12,408, $16,727, and $6,288 in 2008, 2007, and 2006, respectively.

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Note 10 - Contingencies

In 1995, the Predecessor Company reached an agreement in the form of a consent decree with the U.S. Environmental Protection Agency (USEPA) under which the Predecessor Company had been remediating a contaminated site located on its smelter property at Hannibal, 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 (LC) 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. The issuance of the additional LCs can be accelerated based on the average quarterly prime aluminum LME cash settlement price, if the LME price exceeds certain thresholds. Consequently, the average LME prices for the second and third quarters of 2008 resulted in the issuance of an additional LC amounting to $600 on July 30, 2008, and the Company met the minimum of $300 on October 30, 2008. During the years ended December 31, 2008, 2007, and 2006, the Company paid approximately $446, $718, and $517, respectively, in remediation costs. The estimated liability at December 31, 2008 and 2007 is $3,157 and $3,603, 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 $308 and $1,150, which has been recorded as a liability as of December 31, 2008 and 2007, respectively.

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, 2008 and 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 were also accrued in 2007. The outstanding balance for these obligations was $222 and $1,824 as of December 31, 2008 and 2007, respectively.

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Note 10 - Contingencies (Continued)

The Predecessor Company was a party to a series of rate filings by 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 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 Corporation'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 it 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 was for the resulting covered costs and lost revenue incurred in excess of the Company's deductible. Insurance proceeds of $4,371 were received in July 2008 and are recorded as a reduction of cost of sales in 2008.

Statement of Financial Accounting Standard No. 143, *Accounting for Asset Retirement Obligations*, addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The alumina refinery at Burnside, Louisiania has a solid waste site to handle the red mud surface impoundment for bauxite tailings. This site occupies approximately 350 acres of the 1,550 available acres surrounding the refinery. When the alumina facility reaches the end of its useful life, the Company will have an obligation to continute to maintain the integrity of the solid waste site. The Company believes that its ability to utilize the remaining 1,200 acres of land make the useful life of the alumina refinery indeterminable and, therefore, an indeterminate settlement date for the establishment of an obligation associated with the red mud lakes. If the Company was to modify its decision to hold the Burnside Alumina facility as curtailed, the assumptions related to the need to establish an asset retirement obligation for the solid waste site could change.

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Note 11 - Retirement Plans

The three defined benefit plans maintained by the Company that are under a single master trust cover substantially all existing employees with a start date prior to April 1, 2007. 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, 2008, and 2007 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. The Company had expensed $1,325, $1,376, and $230 in 2008, 2007, and 2006, respectively. While contributions are based on an employee's contributory hours, federal laws impose certain contingent liabilities on contributors to multiemployer plans such as this. In the event of withdrawal from the plan and under certain other conditions, a contributor to a multiemployer pension plan may be liable to the plan in accordance with formulas established by law. The relative position of the Company, other contributors, plan assets, and accumulated benefits has not been determined; therefore, the contingent liability, if any, is not determinable.

In 2007, the Company recorded a $2,220 expense to provide for the estimated withdrawal liability from a multiemployer pension plan associated with the International Longshoremen's Association (ILA) at the Burnside Terminal facility. The Company was notified in 2008 that the withdrawal liability is $1,800 and during the second quarter of 2008 began to make payments against this obligation. In accordance with an agreement with the ILA, 13 quarterly payments are due accruing interest at 4.6 percent through the first quarter of 2011. As of December 31, 2008 and 2007, the Company recorded a liability of $1,422 and $2,220, respectively, related to this withdrawal liability. The Company expects to make a payment of $604 during 2009 and has included this expected contribution amount in other accrued liabilities.

Exhibit A

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 11 - Retirement Plans (Continued)

Obligations and Funded Status

	Pension Benefits	
	2008	2007
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 423,379	$ 405,797
Service cost	3,763	3,270
Interest cost	25,702	24,501
Amendments	-	1,719
Actuarial loss	13,504	21,725
Benefits paid	(33,336)	(33,633)
Benefit obligation at end of year	433,012	423,379
Change in Plan Assets		
Fair value of plan assets at beginning of year	300,647	290,323
Actual return on plan assets	(93,325)	21,505
Employer contributions	38,185	22,452
Benefits paid	(33,336)	(33,633)
Fair value of plan assets at end of year	212,171	300,647
Funded status at end of year	$ (220,841)	$ (122,732)

Amounts recognized in the balance sheet consist of the following:

	Pension Benefits	
	2008	2007
Noncurrent liabilities	$ (220,841)	$ (122,732)

Amounts recognized in accumulated other comprehensive income consist of the following:

	Pension Benefits	
	2008	2007
Net loss	$ 154,914	$ 21,918
Prior service cost	1,512	1,592
Total	$ 156,426	$ 23,510

The accumulated benefit obligation for all defined benefit pension plans was $430,511 and $420,912 at December 31, 2008 and 2007, respectively.

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Notes to Consolidated Financial Statements
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Note 11 - Retirement Plans (Continued)

Information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows:

	2008	2007
Projected benefit obligation	$ 433,012	$ 423,379
Accumulated benefit obligation	430,511	420,912
Fair value of plan assets	212,171	300,647

Components of net periodic benefit cost and other amounts recognized in other comprehensive (income) loss are as follows:

	Pension Benefits	
	2008	2007
Net periodic benefit cost:		
Service cost	$ 3,763	$ 3,270
Interest cost	25,701	24,501
Expected return on plan assets	(26,168)	(24,891)
Amortization of prior service cost	80	80
Amortization of net actuarial loss	1	-
Net periodic benefit cost	3,377	2,960
Other changes in plan assets and benefit obligations recognized in other comprehensive (income) loss:		
Net loss	132,996	19,339
One-time adjustment after adoption of FAS 158	-	4,060
Amortization of prior service cost	(80)	-
Total recognized in other comprehensive (income) loss	132,916	23,399
Total recognized in net periodic benefit cost and other comprehensive (income) loss	$ 136,293	$ 26,359

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 $3,905 and $80, respectively.

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 11 - Retirement Plans (Continued)

Assumptions

	Pension Benefits	
	2008	2007
Weighted average assumptions used to determine benefit obligations at December 31:		
Discount rate	6.00 %	6.25 %
Rate of compensation increase	3.15	3.15
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	6.25	6.10
Expected long-term return on plan assets	8.50	8.50
Rate of compensation increase	3.15	3.15

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.

Plan Assets

	2008	2007
Asset category:		
Equity securities	63 %	68 %
Debt securities	31	27
Cash equivalents	6	5
Total	100 %	100 %

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 is as follows:

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

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 11 - Retirement Plans (Continued)

Contributions

The Company expects to contribute $28,914 to its pension plan in 2009.

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 contributions are permitted. The IRS 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.
- 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 $38,185 to its pension plans in 2008; approximately $21,685 was for 2008 plan year contributions. In 2007, the Company contributed $22,452 to its pensions plans, approximately $21,699 was for 2007 plan year contributions.
- 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.

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Note 11 - Retirement Plans (Continued)

The following benefit payments related to the defined benefit plan, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits
2009	$ 34,167
2010	33,898
2011	33,750
2012	33,697
2013	33,615
2014-2018	164,809

The Company also maintains a number of defined contribution savings plans covering substantially all employees. During the years ended December 31, 2008, 2007, and 2006, the Company incurred charges of approximately $179, $188, and $232, respectively, under these plans, representing the Company's discretionary matching contributions to the plans.

Note 12 - Postretirement Health Plan

The Company has two plans which during 2006, 2007, and 2008 cover all eligible salaried and hourly employees except for hourly employees at its Burnside, Louisiana alumina production facility. The hourly Burnside Alumina production facility employees began coverage under the hourly plan effective January 1, 2007. Prior to that date, the Burnside Alumina production facility employees participated in a previously established plan. Based on these agreements, the Company is required to make fixed periodic contributions into two Voluntary Employee Beneficiary 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 for hourly Hannibal employees to the Hannibal Hourly Trust were deferred and will be made during 2010 and 2011. Company contributions for the Burnside, Louisiana hourly participants 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 per share to the Hannibal Hourly VEBA. The Company's sole remaining postretirement benefit obligation is to fund the VEBAs as described above.

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Note 12 - Postretirement Health Plan (Continued)

As of December 31, 2008 and 2007, the estimated obligation of the Hourly VEBA was $58,525 and, $56,519, respectively. The Company expects to contribute $7,440 in 2009 and contributed approximately $1,440, $7,719, and $5,499 in 2008, 2007, and 2006, respectively, to the Hourly VEBA trust.

As of December 31, 2008 and 2007, the estimated obligation of the Salary VEBA was $6,463 and $7,708, respectively. The Company expects to contribute $900 in 2009 and contributed approximately $900, $730, and $758 in 2008, 2007, and 2006, respectively, to the Salary VEBA trust.

Expenses associated with the above described VEBAs totaled $3,101, $4,502, and $11,277 for the years ended December 31, 2008, 2007, and 2006 respectively.

During 2006, the Burnside, Louisiana alumina production facility hourly retirees did not participate in the VEBA, but rather participated in the same healthcare and death benefit plans formerly offered by the Predecessor Company. The postretirement benefit obligation incurred in 2006 was a recovery of $1,216.

Note 13 - Income Taxes

The provision for income taxes consists of the following:

	2008	2007	2006
Current income tax recovery	$ -	$ -	$ (500)

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	2008	2007	2006
Income tax recovery, computed at 35 percent of pretax loss	$ (2,072)	$ (38,990)	$ (25,700)
Effect of nondeductible expenses	95	6	30
Effect of state taxes and adjustments of prior year estimates and other	-	-	(15,330)
Valuation allowance	1,977	38,984	40,500
Total income tax recovery	$ -	$ -	$ (500)

Ormet Corporation

Notes to Consolidated Financial Statements
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Note 13 - Income Taxes (Continued)

The details of the deferred tax asset (liability) are as follows:

	2008	2007
Total deferred tax liabilities	$ (3,719)	$ (5,120)
Total deferred tax assets	183,074	135,932
Valuation allowance recognized for deferred tax assets	(179,355)	(130,812)
Total	$ -	$ -

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 $191,869 that are available to offset future taxable income. The availability of the net operating loss is limited under Internal Revenue Code Section 382 due to a change in control that occurred in May 2007. Net operating losses of $83,945 are subject to an annual Section 382 limitation of approximately $2,974 and $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 $179,355 and $130,812 have been recognized at December 31, 2008 and 2007, respectively, to reduce the net 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 2008 or previous years open to audit with the various taxing jurisdictions including 2005, 2006, and 2007.

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Notes to Consolidated Financial Statements
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Note 13 - Income Taxes (Continued)

The tax effects of temporary differences that give rise to significant deferred tax assets and liabilities at December 31, 2008 and 2007 are as follows:

	2008	2007
Deferred tax assets:		
Accrued expenses, deductible when paid	$ 6,453	$ 5,062
Allowance for doubtful accounts	202	367
Inventory valuation reserves	5,445	6,381
Property, plant and equipment, principally depreciation and asset impairment charge	1,240	1,442
Retirement obligations, deductible when paid	101,092	66,836
Accrued environmental, deductible when paid	1,251	1,472
Intangible and other assets, principally amortization	237	846
Net operating loss, recognized built-in losses, and charitable contribution carryforwards	67,154	53,526
Subtotal	183,074	135,932
Valuation allowance	(179,355)	(130,812)
Total	3,719	5,120
Deferred tax liabilities:		
Retirement obligations, deductible when paid	-	(1,400)
Inventory valuation	-	-
Intangible assets and other	(3,719)	(3,720)
Property and equipment, principally depreciation	-	-
Subtotal	(3,719)	(5,120)
Net amount	$ -	$ -

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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. An impairment charge of $10,000 was recorded and included in discontinued operations for fiscal 2006. Property and equipment with a net book value of $3,025 was considered held for sale and reclassified from property and equipment. At December 31, 2008, the Company held approximately $3,016 of property and equipment as assets held for sale. The loss from discontinued operations for 2008 includes a non-recurring favorable adjustment of $421 related to the withdrawal liability from the multi-employer pension plan at the Marine Terminal (see Note 11).

The real property at the Hannibal Rolling Mill with a net book value of $4,424 was considered an asset held for sale at December 31, 2006. In 2007, $4,096 of the assets were sold for $3,745, resulting in a loss of $237. The Company has retained land with a carrying value of $328.

The results of discontinued operations for the period ended December 31, 2006 are as follows:

	Aluminum Mill Products Corporation	Burnside Marine Terminal	Total
Net sales	$ 202	$ 12,074	$ 12,276
Intercompany sales	-	3,915	3,915
Cost of sales	(2,217)	(18,660)	(20,877)
Selling, general, and administrative expenses	(582)	(11,011)	(11,593)
Interest expense	-	(96)	(96)
Other income (expense)	1,435	(140)	1,295
Loss from discontinued operations	$ (1,162)	$ (13,918)	$ (15,080)

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Note 14 - Discontinued Operations (Continued)

The results of discontinued operations for the year ended December 31, 2007 are as follows:

	Aluminum Mill Products Corporation	Burnside Marine Terminal	Total
Net sales	$ 66	$ 3,028	$ 3,094
Intercompany sales	-	882	882
Cost of sales	(2,892)	(13,468)	(16,360)
Selling, general, and administrative expenses	(52)	(2,632)	(2,684)
Other expenses	(149)	(337)	(486)
(Loss) gain on disposal of assets held for sale	(237)	496	259
Loss from discontinued operations	$ (3,264)	$ (12,031)	$ (15,295)

The results of discontinued operations for the year ended December 31, 2008 are as follows:

	Aluminum Mill Products Corporation	Burnside Marine Terminal	Total
Net sales	$ -	$ 23	$ 23
Cost of sales	(564)	(862)	(1,426)
Selling, general, and administrative expenses	(30)	(6)	(36)
Other income (expense)	138	(121)	17
Loss from discontinued operations	$ (456)	$ (966)	$ (1,422)

Note 15 - Supplemental Cash Flow Information

Cash paid for interest totaled $7,139, $8,501, and $4,921 for the years ended December 31, 2008, 2007, and 2006 respectively. There was no cash paid for income taxes in 2008 or 2007. During 2006, the Company paid $500 for income tax and received a refund in the same amount. As described in Note 10, the Company received insurance proceeds in 2008 of $4,371.

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Note 16 - Fair Value of Financial Instruments

At December 31, 2008, and 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. Based on borrowing rates currently available to the Company, the carrying value of lines of credit approximates fair value.

Notes Payable - Based on borrowing rates currently available to the Company, the carrying value of long-term debt approximates $46,144 and $43,057 as of December 31, 2008 and 2007, respectively.

Note 17 - Capital Stock

During 2006, the Company completed a common stock offering resulting in the issuance of 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.

At December 31, 2006, common stock consisted of 5,000,000 authorized shares of $.01 par value stock. As of December 31, 2006, there were 1,584,123 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 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.

Note 17 - Capital Stock (Continued)

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 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 intends to make such sales in reliance on Rule 144A. There was no demand for registration as of December 31, 2008.

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 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 10-for-1 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.

The Company also issued 11,758 shares of its common stock in 2007 to certain members of the board of directors. These shares were in addition to the shares received under the Company's stock option plan (see Note 18). Compensation expense amounted to approximately $235.

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Note 17 - Capital Stock (Continued)

During 2008, 3,573 shares of common stock were issued to settle an outstanding claim valued at $21. An additional 639,761 shares that were reserved by the Company for outstanding claims during bankruptcy were distributed pro rata to existing stockholders as of the date the Company exited bankruptcy. No proceeds were received for these distributions. As of December 31, 2008, 47,982 shares have been reserved for additional outstanding bankruptcy claims.

At December 31, 2008 and 2007, common stock consists of 50,000,000 authorized shares of $.001 par value stock, of which there were 18,461,952 shares at December 31, 2008 and 17,818,618 shares at December 31, 2007 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 at December 31, 2008, 2007, and 2006.

Note 18 - Stock Option Plans

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).

In 2008, the Company's board of directors approved an additional 560,000 option grants for senior management as part of an annual compensation review. These options will have a three-year vesting period, exercise price of $7.58 based on the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008, and a term of 10 years.

The fair value of each option 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.

Range of expected volatility	40.00%
Expected term (in years)	5-6
Risk-free rate	3.85%-5.03%

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Note 18 - Stock Option Plans (Continued)

A summary of option activity under the plans for the year ended December 31, 2008 is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)
Outstanding at December 31, 2007	566,000	$ 21.72	9.4
Granted - Stock options	560,000	7.58	9.4
Outstanding at December 31, 2008	1,126,000	14.69	8.9
Vested at December 31, 2008	378,667	21.72	-
Exercisable at December 31, 2008	378,667	21.72	-

The weighted average grant-date fair value of stock options granted during 2008 and 2007 was $3.40 and $22.74, respectively.

As of December 31, 2008 and 2007, there was $3,508 and $4,106, respectively of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the option plan. That cost is expected to be recognized over a period of approximately 2.5 years. The Company incurred compensation costs of $2,478 and $2,089 in 2008 and 2007, respectively for the option plan.

Also, in May 2008, as part of a redesigned nonemployee directors' compensation program intended to significantly reduce the cash component of the directors' compensation, the Company's board of directors approved the grant of 102,242 restricted stock units for nonemployee directors, having a value of $775 in the aggregate with the number of restricted stock units to be set by reference to the per share price of $7.58 that was the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008. Half of the restricted units vest on May 23, 2009, with the remainder vesting on May 23, 2010. Restricted stock units may not be exercised until resignation.

The fair value of each restricted unit awarded is estimated using the same method as the option awards described above.

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Note 18 - Stock Option Plans (Continued)

A summary of restricted stock unit activity under the plan for the year ended December 31, 2008 is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)
Outstanding at January 1, 2008	-	$ -	-
Granted	102,242	-	9.4
Outstanding at December 31, 2008	102,242	-	9.4
Vested at December 31, 2008	-	-	-
Exercisable at December 31, 2008	-	-	-

The weighted average grant-date fair value of restricted stock units granted during 2008 was $7.58.

As of December 31, 2008, there was $425 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the restricted stock unit plan. That cost is expected to be recognized over a period of approximately 1.5 years. The Company incurred compensation costs of $350 relating to the plan.

Note 19 - Segment Information

As further discussed in Note 1, the Company is a manufacturing company that has produced alumina, aluminum, and aluminum-related products. During 2008, 2007, and 2006, the Company produced and sold alumina and primary aluminum products and operated a bulk marine terminal. Revenue by product line and service is as follows:

	2008	2007	2006
Alumina	$ -	$ 22,563	$ 132,759
Aluminum (sow)	534,234	338,735	-
Aluminum (billet)	229	84,456	95,118
Other	15,163	3,934	8,090
Total	$ 549,626	$ 449,688	$ 235,967

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Note 20 - Subsequent Events

On February 10, 2009, the Company reached an agreement and signed a letter of intent to sell the terminal facility, including 297 acres of land, for $21,000, subject to a 90-day due diligence period. The carrying value of the facility and land as of December 31, 2008 was $3,016. The sale arrangement in the letter of intent requires the buyer to provide access and material handling services to the Company at reasonably negotiated rates should alumina production resume at the Burnside Alumina facility. As of the date of the independent auditor's report, the sale had not closed.

The Company has been notified by Glencore of the planned temporary shutdown of certain alumina refining facilities that are suppliers to Glencore. Glencore maintains that the planned temporary shutdown constitutes a force majeure as defined in the tolling agreement. The Company vigorously disagrees with that conclusion and has communicated to Glencore that under the tolling agreement Glencore must utilize other commercially available means to fulfill Glencore's contractual obligation to supply alumina in order to maintain full operations of the potlines through December 31, 2009. The Company will pursue all legal remedies to enforce the terms of the contract.

On January 8, 2009, PUCO granted the Company the applicable large industrial rate currently in effect (retroactive to January 1, 2009) until AEP and the Company finalize a new electricity supply agreement. The interim rate resulted in a rate reduction of approximately 24.5 percent from the expired contract rate. On February 17, 2009, the Company filed an application with the PUCO requesting approval of a new long-term power contract with AEP Ohio. Under the terms of the proposed contract, Ormet Corporation would pay a fixed all-in rate of $38/mWh for the year 2009 and would pay a LME-indexed rate to be determined annually for the years 2010-2018. The Company is currently paying $38.43/mWh as an interim rate. In addition, the new contract would allow for the return of $7 million held by AEP as a deposit and the granting of standard credit terms of 21 days as compared to the Company prepaying for electricity to be consumed twice a month. AEP supports this proposal on the condition that it can recover from other customers any revenue lost due to the agreement. On April 10, 2009, the Company amended its filing to provide for a reduced rate of $34/mWh for the period in 2009 if it is unable to obtain raw materials in sufficient quantities to continue operations at capacity. The legislation passed in Ohio in 2008 supports approval of such special arrangements in order to maintain and protect jobs in the region. This new contract will help provide the necessary cash flow to sustain operations at its Hannibal facilities and to pay its required legacy pension costs. Although the ultimate outcome cannot be predicted, the Company expects that the PUCO will issue an order by the middle of the second quarter 2009.

Ormet Corporation

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December 31, 2008, 2007, and 2006
($000s omitted)

Note 20 - Subsequent Events (Continued)

On April 3, 2009, the Company and its lenders entered into Amendment No. 10 to the Loan and Security agreement. This amendment extended the supplemental loan termination date to February 14, 2010 and the supplemental loan letter of credit expiration date to March 15, 2010. The amendment also reduced the face value of the supplemental loan letter of credit to $40,000 from $50,000 and reduces the maximum amount of the Company's credit facility to $55,000 from $65,000.

Note 21 - Management's Plans

The Company has sustained significant losses since emergence from Chapter 11 bankruptcy reorganization on April 1, 2005 through December 31, 2008. The effective rate of the current tolling agreement was above the equivalent market price for aluminum during the fourth quarter of 2008 and continues in 2009. The rapid decline in the price of aluminum has resulted in substantial losses within the industry and the curtailment of operations at numerous competitors' smelting facilities and alumina refining facilities around the world. As a result, there is uncertainty as it relates to availability of alumina and the tolling agreement, under which the Company has operated since April 1, 2008 (see Note 1), expires December 31, 2009. Should the market price of aluminum not significantly increase by the end of the 2009 third quarter, it is probable that the Company would not be able to operate profitably in 2010.

Additionally, with the Company's current revolving credit facility expiring on February 14, 2010, there can be no guarantees that the Company will be able to secure replacement financing, which could leave the Company with a serious liquidity shortfall if it is not able to raise additional liquidity from alternative sources.

Going forward, the main assumptions for the Company's plans for 2009 and 2010 include:

1. Continuation of the tolling agreement for the remainder of 2009
2. Negotiation of a new tolling agreement (possibly with multiple customers) similar to the current agreement for 2010
3. Successful implementation of the proposed power agreement with AEP, which includes receiving normal credit terms of 21 days in arrears compared to paying twice a month in advance and the return of the $7 million deposit
4. Closure of the sale of the Marine Terminal in Burnside, LA which has been classified as an asset held for sale
5. Successfully renegotiating or extending the current labor contract at Hannibal, OH
6. Refinancing of the loan and security agreement, which terminates on February 14, 2010

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December 31, 2008, 2007, and 2006
($000s omitted)

Note 21 - Management's Plans (Continued)

The Company believes that it will be able to successfully negotiate and implement these items. In addition, if the Company is forced to reduce operations at the Hannibal, Ohio smelter associated with declining alumina supply, the proceeds from the marine terminal sale and achieving standard credit terms with the return of the deposit from AEP will provide the Company with the additional liquidity necessary to operate into 2010.

It is management's belief that successful implementation of these plans, coupled with lower raw material pricing, standard terms from AEP, and the proceeds from the sale of the Marine Terminal, will provide sufficient liquidity for the Company well into 2010.

Exhibit B
Ormet Corporation
Management Discussion and Analysis
December 31, 2008

Results of Operations for the year ended December 31, 2008

Net Sales from Continuing Operations- Net sales from continuing operations for the year ended December 31, 2008 were $549.6 million compared to $449.7 million for the same period in 2007. A tolling agreement began on April 1, 2008 with Glencore. Overall aluminum and tolling revenues increased to $534.5 million versus $338.7 million in 2007; non-toll volume was 75,699 metric tons and toll volume was 184,450 metric tons in 2008 vs. all non-toll volume of 132,942 metric tons in 2007. Non-toll sales decreased $151.0 million while toll sales totaled $346.5 million. This was offset by the absence of billet sales in 2008 ($84.5 million). The monthly average cash settlement price on the LME including the Midwest premium was $2,550/metric ton and $2,707/metric ton in 2008 and 2007, respectively. While the Company's tolling arrangement ensures that a committed outlet for aluminum production existed during the remainder of 2008 and during 2009, market prices for aluminum have decreased from levels existing at the time the Company entered into the pre-pricing agreements for its 2008 and 2009 aluminum production. The Company was not penalized by these decreases and will not benefit in 2009 if there are increases in aluminum prices above those in effect when the agreement began.

Gross Profit- The gross profit for the year ended December 31, 2008 was $27.5 million compared to a gross loss of $27.9 million for 2007. The $55.5 million improvement in gross profit was principally due to a 44 percent increase in sow production volume, absence of the $14.1 million 2007 restart expense, $15.3 million in lower alumina refinery idle cost and a business interruption insurance recovery of $4.1 million. These items were partially offset by a $26.1 million unfavorable consumed anode price increase (38.6%) and the absence of $6.4 million of billet margin.

Operating Expenses- Operating expenses for the year ended December 31, 2008 totaled $24.4 million, a $31.9 million improvement compared to 2007. Absence of the 2007 one-time employment-related expenses of $8.4 million offset by increased amortization of loan fees of $1.4 million, due to the early repayment of the term loan balance, were the main factors of the improvement.

Gain on Sale of Assets- Approximately 300 acres of vacant land was sold in December 2008, resulting in a gain of $8.3 million.

Operating Profit- For the year ended December 31, 2008, the Company reported an $11.4 million operating profit compared to an operating loss of $84.2 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 December 31, 2008, the Company has approximately $191.9 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 $83.9 million are subject to an annual Section 382 limitation of approximately $3.0 million and $12.6 million.

Discontinued Operations- The cost of $1.4 million for the year ended December 31, 2008 reflects reductions in Marine Terminal cost when compared to the $15.3 million cost for 2007. The absence of 2007's unprofitable operations and the reduction of the multi-employer plan liability amount were responsible for the decrease.