IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: **ORMET CORPORATION, et al.**[1] **Debtors.**	**Chapter 11** **Case No. 13-_____** **(Joint Administration Pending)** **Bidding Procedures Hearing: TBD** **Bidding Procedures Obj. Deadline: TBD**

DEBTORS' MOTION FOR ORDER: (I) APPROVING BIDDING PROCEDURES IN CONNECTION WITH SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS; (II) SCHEDULING HEARING TO CONSIDER SALE; (III) APPROVING FORM AND MANNER OF NOTICE THEREOF; AND (IV) AUTHORIZING EXPENSE REIMBURSEMENT

The debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors" or the "Company"), through their undersigned proposed co-counsel, submit this motion (the "Motion"), pursuant to Sections 105(a), 363, 365, 503 and 507 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code") and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), for entry of order approving, among other things, bidding procedures for the sale (the "Sale") of substantially all of the Debtors' assets, the Expense Reimbursement (as defined below) and procedures for the assumption and assignment of executory contracts and unexpired leases. In support of the Motion, the Debtors respectfully represent:

[1] The Debtors are the following entities (followed by the last four digits of their tax identification numbers): Ormet Corporation (2006); Ormet Primary Aluminum Corporation (9779); Ormet Aluminum Mill Products Corporation (9587); Specialty Blanks Holding Corporation (7019); and Ormet Railroad Corporation (0379). The service address for all of the Debtors for purposes of these chapter 11 cases is: 43840 State Route 7, Hannibal, Ohio 43931.

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JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these cases and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Sections 105(a), 363, 365, 503 and 507 of the Bankruptcy Code, as supplemented by Bankruptcy Rules 2002, 6004, 6006 and 9014 and Local Rule 6004-1.

GENERAL BACKGROUND

3. The Debtors commenced these cases by the filing of voluntary petitions for relief under chapter 11 of the Bankruptcy Code on the date hereof (the "Petition Date"). Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are operating their businesses and managing their affairs as debtors in possession. As of the date hereof, no creditors committee, trustee or examiner has been appointed in any of these chapter 11 cases.

4. Information regarding the events leading up to the Petition Date and the facts and circumstances supporting the relief requested herein are set forth in the Declaration of James Burns Riley in Support of First-Day Motions and Applications (the "Riley Declaration"), which was filed with the Court concurrently herewith and is incorporated herein by reference.

DESCRIPTION OF THE DEBTORS' BUSINESSES

5. Headquartered along the Ohio River, in Hannibal, Ohio (the "Hannibal Facility"), the Company, through its operating entity, Ormet Primary Aluminum Corporation ("OPAC"), is a major producer of primary aluminum in the United States. The Company operates two primary business units: (i) an alumina refinery in Burnside, Louisiana, capable of producing up to 540,000 tons of smelter grade alumina per year when operating at full capacity (the "Burnside

Refinery"), and (ii) an aluminum smelter at the Hannibal Facility, capable of producing up to 270,000 tons of primary aluminum per year when operating at full capacity (the "Hannibal Smelter" and together with the Burnside Refinery, the "Facilities").

DEBTORS' DECISION TO SELL THE ASSETS AND THE NEED FOR AN IMMEDIATE SALE

6. The Company is seeking the protection of chapter 11 of the Bankruptcy Code to provide breathing room to facilitate a sale of all or substantially all of their assets, including without limitation, all equipment, machinery, raw materials, inventory, supplies, real property, cash and accounts receivable (the "Assets"), maintain operations, and maximize value for the benefit of the Debtors, their estates, and creditors. Recent years have demonstrated the risks inherent in operating a business with revenues directly tied to the price of internationally traded commodities. In late 2010 and early 2011, the London Metal Exchange price of aluminum (the "LME Price")[2] was rising. In an effort to take advantage of existing infrastructure and in order to incur costs savings and create potential additional sources of revenue, the decision was made at that time to re-start the Burnside Refinery and for the Company to produce alumina, the key ingredient necessary for their primary aluminum smelter.

7. In April 2011, the LME Price hit a recent peak at approximately $2,775/tonne. Over the ensuing 16 months, the price steadily dropped, to a recent low of under $1,800/tonne in August 2012. Since August, the LME has stayed within a trading range of $1,800-$2,150/tonne, and as of February 22, 2013, the LME Price was $2,014/tonne. Given the current expenses necessary to run the smelter, even at $2,150/tonne, the price of aluminum is insufficient for the Company to maintain profitability.

[2] Primary aluminum, the primary revenue source of the Company, is sold in the global market based on the price quoted on the London Metal Exchange, in U.S. dollars.

8. While revenues are directly tied to the LME Price, expenses are tied to the costs of electricity and essential raw materials, which are largely uncontrollable. Further, despite the apparent benefit of built-in discounts in the power agreement between the Company and Columbus Southern Power Company and Ohio Power Company (together, "AEP"), as more fully detailed in the Riley Declaration, those savings are scheduled to be reduced by $10 million annually, while the underlying base price of electricity has been increasing. In addition, many of the Debtors' ongoing raw material costs are outside the ability of the Company to control, as are certain legacy costs associated with the Debtors' benefit plans. The result of the current price of aluminum, in combination with the current prices of power, raw materials, the Debtors' legacy costs and costs of capital under the Debtors pre-petition term loan have created a liquidity crunch for the Company, requiring additional cash to continue operations.

9. Over the last several months, the Company has taken several steps to improve incremental liquidity and provide additional time to pursue a marketing process and seek potential out of court options for a restructuring. The Company obtained the approval of the Public Utility Commission of Ohio (the "PUCO") to allow for the deferral of the electricity payments due AEP in November and December 2011, providing approximately $27,000,000 in incremental liquidity. The Company also reached a deal with certain funds and affiliates of Wayzata Investment Partners (the "Wayzata Entities"), in their capacity as pre-petition term loan lenders (the "Term Loan Lenders") under the term loan financing facility (the "Term Loan Facility"), in which the Wayzata Entities agreed to PIK their October 1, 2012 and January 2, 2013 interest payments, providing approximately $9,000,000 in incremental liquidity. Finally, the Debtors obtained an agreement by the Pension Benefit Guaranty Corporation (the "PBGC"), wherein, the PBGC agreed to forebear from perfecting its lien upon the Debtors' missed

minimum funding contribution which was due January 15, 2013, providing an additional $3,300,000 in liquidity as well as additional time to pursue a negotiated restructuring either in or out-of-court. These efforts provided additional time and liquidity to complete a marketing process and identify opportunities to solve the long-term structural problems faced by the Company. It also provided an opportunity to reach agreements with key constituents in an effort to streamline this bankruptcy proceeding. However, the opportunities for further liquidity easing and additional time have now passed. Continuation of the business operations without taking immediate action would result in worsening liquidity, putting the long-term viability of the Company at stake.

10. Concurrently with seeking additional liquidity, and based on the time gained through the incremental liquidity events, the Debtors, in conjunction with Evercore Partners ("Evercore"), their investment banker, moved forward with a full marketing process, to identify parties interested in purchasing the Assets or equity of the Debtors, either in-court (if necessary) or out of court. Evercore reached out to 21 parties, including both strategic and financial buyers. Of those 21 third parties, nine expressed initial interest and entered into non-disclosure agreements ("NDA's"), permitting initial due diligence. Of the nine parties that moved forward, two ultimately expressed interest in a possible transaction, although neither of those two was willing to provide terms (including price) or conditions to move forward with a possible sale. Accordingly, the only concrete offer received was the offer of Smelter Acquisition, LLC (the "Stalking Horse Bidder"), a Wayzata Entity, pursuant to the terms of the asset purchase agreement (the "Stalking Horse Agreement")[3] attached hereto as Exhibit B.[4]

[3] Capitalized terms not defined herein shall have the meaning ascribed to therein the Bidding Procedures or the Stalking Horse Agreement, as applicable.

11. After exhaustive efforts to find alternative solutions that would be in the best interest of the Debtors' various constituents, the only option available was to pursue a bankruptcy filing and a sale of the Assets pursuant to Section 363 of the Bankruptcy Code. In order to provide additional liquidity, the Wayzata Entities have agreed to provide $30,000,000 in new money pursuant to the terms and conditions of a debtor-in-possession financing agreement (the "Term DIP Financing Agreement", and the lenders thereto, the "Term DIP Lenders"), which also provides for certain milestones for the sale of the Assets. The Debtors also reached an agreement with their pre-petition revolving loan lender, Wells Fargo, on the terms of a debtor-in-possession revolving loan facility (the "Senior DIP Financing Agreement" and the lenders thereto, the "Senior DIP Lenders"), allowing the Debtors' access to funds to continue operations during the course of these proceedings. Finally, the Debtors and the Wayzata Entities agreed to the terms of the Bidding Procedures set forth herein to provide for an auction process to identify the highest or best value available for the Assets.

12. In an effort to identify the highest or best value for the Assets, the Debtors propose to subject the Sale of the Assets to the Bidding Procedures described below. If no qualified bids are received for the Assets, the Debtors intend to sell the Assets to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement. The Debtors will seek approval of any such sale in a subsequent motion.

13. Accordingly, at this time, the Debtors believe that the sale of substantially all of the Assets to one or more parties will maximize the value of their estates for the benefit of their creditors and other interested parties.

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[4] In negotiating the terms of the Stalking Horse Agreement and pursuing alternative transactions, and in an effort to provide long term stability and certainty, the Company has had ongoing dialogue with AEP, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the "Union"), and the PBGC.

SUMMARY OF RELIEF REQUESTED

14. The Debtors seek entry of an order substantially in the form attached hereto as Exhibit A (the "Bidding Procedures Order"):

(a) Approving procedures (the "Bidding Procedures," the form of which is attached as Schedule 1 to the Bidding Procedures Order) for the solicitation and consideration of competing offers for the Sale of the Assets including (i) procedures for submitting bids for any or all of the Assets, and (ii) conducting an auction (the "Auction") with respect to any Assets on which the Debtors receive more than one bid;

(b) Authorizing the Expense Reimbursement (as defined below);

(c) Scheduling a hearing to approve any sale of the Assets (the "Sale Approval Hearing") no later than May, 15, 2013, subject to the Court's availability, with any objections to the Sale to be filed on or before 4:00 p.m. (prevailing Eastern time) at least seven (7) days before the Sale Approval Hearing;

(d) Approving procedures, as set forth below, for the assumption, assignment and/or transfer of certain executory contracts and unexpired leases (collectively, the "Assumed and Assigned Contracts") to any purchaser(s) of the Assets and/or to resolve any objections thereto; and

(e) Approving (i) the form of notice of the Bidding Procedures, Auction and Sale Approval Hearing (the "Notice of Auction and Sale Approval Hearing"), substantially in the form attached to the Bidding Procedures Order as Schedule 2, to be served on the Notice Parties (as defined below); and (ii) the notice of the Debtors' intent to assume, assign and/or transfer the Assumed and Assigned Contracts, and the corresponding cure amounts required to be paid in connection with such assumption, assignment and/or transfer (the "Cure Notice"), substantially in the form attached as Schedule 3 to the Bidding Procedures Order.

15. The Debtors expressly reserve the right to modify the relief requested in this Motion, including the proposed Bidding Procedures, prior to or at the applicable hearing.

BIDDING PROCEDURES AND RELEVANT NOTICES

A. Proposed Bidding Procedures

16. The Debtors believe the proposed Bidding Procedures, which are annexed as Schedule 1 to the proposed Bidding Procedures Order, will maximize the realizable value of the

Assets for the benefit of the Debtors' estates, creditors and other parties-in-interest. The Bidding Procedures contemplate an auction process pursuant to which any person that wishes to participate in the bidding process (each a "Potential Bidder") will have the opportunity to submit a bid that is higher or better than the bid set forth in the Stalking Horse Agreement. The Debtors seek to implement an open and competitive bidding process designed to maximize recovery for the benefit of their estates that will ensure the Debtors the opportunity to consider all reasonable offers and select the bid that provides the highest or best value to the estates. As described below and more fully in the Bidding Procedures, the Debtors propose a two-phase auction process whereby bids are solicited from Qualifying Bidders (as defined below) and (assuming the Debtors receive at least one Qualified Bid (as defined below) in addition the Stalking Horse Agreement), an Auction occurs. Only Qualified Bidders who timely submit Qualified Bids will be eligible to participate in the Auction. Specifically, the Bidding Procedures provide, in relevant part, as follows:[5]

(I) **Provisions Governing Qualification of Bidders**

As a prerequisite to becoming a Qualifying Bidder (and, thus, being able to conduct due diligence), a Potential Bidder must:

(a) deliver an executed confidentiality agreement in form and substance acceptable to the Debtors no later than May 3, 2013 at 5:00 p.m. (ET);

(b) provide such financial and other information (the "Financial Information") as the Debtors shall reasonably deem necessary to provide sufficient support for the ability of the Potential Bidder to consummate a transaction to purchase the Assets, if such Potential Bidder is selected as the Successful Bidder; and,

[5] The following description is a summary of the terms set forth in the Bidding Procedures annexed to the proposed Bidding Procedures Order as Schedule 1. Capitalized terms used but not defined in this Section have the meanings ascribed to them in the Bidding Procedures. To the extent that this summary differs in any way from the terms set forth in the Bidding Procedures, the terms of the Bidding Procedures shall control.

(c) provide a written non-binding indication of whether such Potential Bidder is interested in purchasing substantially all of the Assets or a specified portion of the Assets.

The Stalking Horse Bidder is deemed a Qualifying Bidder and the Stalking Horse Agreement constitutes a Qualifying Bid (as defined below) for all purposes.

Access to Diligence Materials. The Debtors will afford Qualifying Bidders the opportunity to conduct reasonable due diligence, subject to parameters that the Debtors, in consultation with their advisors and Consultation Parties (as defined below), determine are business-sensitive or otherwise not appropriate for disclosure to such Qualifying Bidder in order to avoid disclosure of competitively sensitive or other proprietary information that could be damaging to the value of the Debtors' estates if disclosed to a Qualifying Bidder in actual or potential competition with any Debtor or strategically situated with respect to any Debtor as an actual or potential supplier or customer or otherwise. The due diligence period shall extend through and including May 8, 2013 at 5:00 p.m. (ET) (the "Bid Deadline"). The Debtors and their representatives shall not be obligated to furnish any due diligence information after the Bid Deadline.

(II) **Provisions Governing Qualified Bids**

A Qualifying Bidder that desires to make a bid shall deliver a written or electronic copy of its bid to (i) Ormet Corporation, 43840 State Route 7, Hannibal, OH 43931 (Attn: James Riley); (ii) Dinsmore & Shohl LLP, 255 East Fifth Street, Suite 1900, Cincinnati, Ohio 45202 (Attn. Kim Martin Lewis, Esq. (kim.lewis@dinsmore.com) and Patrick D. Burns, Esq. (patrick.burns@dinsmore.com)), and Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, PO Box 1347, Wilmington, DE 19899-1347 (Attn: Robert J. Dehney, Esq. (rdehney@mnat.com) and Erin R. Fay, Esq. (efay@mnat.com)) co-counsel to the Debtors; (iii) Lloyd Sprung (lloyd.sprung@evercore.com) and Paul Billyard (billyard@evercore.com), investment bankers to the Debtors; (iv) Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Ave., N.W., Washington, D.C. 20036-1564 (Attn: Scott L. Alberino, Esq. (salberino@akingump.com) and Joanna Newdeck, Esq. (jnewdeck@akingump.com), counsel to the Wayzata Entities and the Stalking Horse Bidder; (iv) Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, NY 10169 (Attn: Daniel Fiorillo, Esq. (dfiorillo@oshr.com)), counsel to the Revolving DIP Lender; (v) counsel to the Official Committee of Unsecured Creditors; and (vi) the Office of the United States Trustee for the District of Delaware) ((i) – (vi) collectively, the "Notice Parties", so as to be received by a date no later than the Bid Deadline.

To be deemed a "Qualifying Bid," a bid must be received from a Qualifying Bidder by a date no later than the Bid Deadline that:

(a) states that such Qualifying Bidder offers to purchase all or substantially all of the Assets, or a specified portion of the Assets, upon the terms and conditions substantially as set forth in the Stalking Horse Agreement or pursuant to an alternative structure that the Debtors determine, in consultation with the Consultation Parties, is no less favorable than the terms and conditions of the Stalking Horse Agreement and provided further that the Debtors determine, in consultation with the Consultation Parties, that the aggregate consideration offered by any bid or combination of bids for all or substantially all of the Debtors' assets satisfies the "Initial Overbid" requirements set forth below;

(b) is a bid on terms that, in the Debtors' reasonable business judgment, in consultation with the Consultation Parties, are the same or better than the terms of the Stalking Horse Agreement;

(c) is accompanied by a clean and duly executed purchase agreement (the "Modified Purchase Agreement") and a marked Modified Purchase Agreement reflecting any variations from the Stalking Horse Agreement executed by the Stalking Horse Bidder;

(e) contains such financial and other information to allow the Debtors to make a reasonable determination as to the Qualifying Bidder's financial and other capabilities to consummate the transactions contemplated by the Modified Purchase Agreement including, without limitation, such financial and other information setting forth adequate assurance of future performance under contracts and leases to be assumed pursuant to Section 365 of Bankruptcy Code in a form requested by the Debtors to allow the Debtors to serve, within one (1) business day after such receipt, such information on counter-parties to any contracts or leases being assumed or assumed and assigned in connection with the proposed sale that have requested, in writing, such information;

(f) identifies with particularity each and every executory contract and unexpired lease, the assumption and assignment of which is a condition to closing;

(g) does not request or entitle such Qualifying Bidder to any expense reimbursement, breakup fee, termination or similar type of fee or payment except as to the Stalking Horse Bidder;

(h) fully discloses the identity of each entity that will be bidding in the Auction (as defined below) or, in the event the Qualifying Bidder is formed for the purpose of purchasing the Assets, identifies the equity holder(s) of the Qualifying Bidder to be responsible for the Qualifying Bidder's obligations in connection with the Sale, and the complete terms of participation of any such entity;

(i) sets forth each regulatory and third-party approval required for the Qualifying Bidder to consummate its purchase, and the time period within which the Qualifying Bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than thirty (30) days following execution and delivery of the Modified Asset Purchase Agreement, those actions the Qualifying Bidder will take to ensure receipt of such approval(s) as promptly as possible);

(j) is irrevocable through the Auction, provided that if such bid is accepted as the Successful Bid or the Backup Bid (as defined below), such bid shall continue to remain irrevocable, subject to the terms and conditions of the Bidding Procedures through the closing of the Sale;

(k) is likely to result in value to the Debtors' estates, in the Debtors' reasonable judgment, after consulting with their legal and financial advisors, that is more than the aggregate of the value of the sum of: (i) an amount of cash equal to the amount outstanding under the Senior DIP Agreement on the Closing Date (or, if and to the extent that the Revolving DIP Lenders, in their sole discretion, agree to the Qualifying Bidder's assumption of liabilities under the Senior DIP Financing Agreement, an assumption of such liabilities as a complete or partial alternative to such cash payment, as the case may be); plus (ii) an amount of cash equal to the amount outstanding under the Term DIP Facility on the Closing Date (or, if and to the extent that the Term DIP Lenders, in their sole discretion, agree to the Qualifying Bidder's assumption of liabilities under the Term DIP Facility, an assumption of such liabilities as a complete or partial alternative to such cash payment, as the case may be); plus (iii) the aggregate amount of the Assumed Liabilities; plus (iv) $131,000,000 in cash, the amount of the credit bid by the Stalking Horse Bidder and the Buyer Securities Consideration (as defined in the Stalking Horse Agreement); plus (v) the assumption of Bankruptcy Court approved accrued and unpaid professional fees and expenses through the Closing Date, plus (vi) the assumption of the Debtors wind-down obligations, including Bankruptcy Court approved fees and expenses of professionals, in an amount not to exceed $625,000; plus (vii) $1,000,000 in cash, the maximum amount of the Expense Reimbursement; plus (viii) $1,000,000 in cash (the "Initial Overbid").

(l) (i) does not contain any due diligence or financing contingencies of any kind; and (ii) contains evidence that the Qualifying Bidder has received debt and/or equity funding commitments or has financial resources readily available sufficient in the aggregate to consummate the Sale, which evidence is reasonably satisfactory to the Debtors;

(m) includes evidence of authorization and approval from the Qualifying Bidder's board of directors (or comparable governing body) with respect to the submission, execution, and delivery of the Modified Purchase Agreement; and

(n) provides a purchase deposit equal to ten percent (10%) of the purchase price contained in the Modified Purchase Agreement, which shall be deposited in an interest-bearing escrow account to be identified and established by the Debtors (the "Good Faith Deposit"). The Stalking Horse Bidder shall not be required to submit a Good Faith Deposit.

A Qualifying Bid received from a Qualifying Bidder before the Bid Deadline that meets the above requirements for the applicable Assets shall constitute a "Qualified Bid" for such Assets, and such Qualifying Bidder shall constitute a "Qualified Bidder" for such Assets. Notwithstanding anything herein to the contrary, the Stalking Horse Agreement shall be deemed a Qualified Bid, and the Stalking Horse Bidder a Qualified Bidder. In addition, the Stalking Horse Bidder will receive, from each Qualifying Bidder, a copy of any bids at the time such bid is submitted to the Debtors. The Debtors shall inform counsel to the Stalking Horse Bidder, the Creditors' Committee, and other Qualifying Bidders whether the Debtors will consider such Qualifying Bids to be Qualified Bids no later than two (2) business days before the Auction.

Prior to the Auction, the Debtors shall determine, in their reasonable judgment and in consultation with the Consultation Parties, which of the Qualified Bids is the highest or best value to the Debtors.

Return of Deposits. The Good Faith Deposits of all Qualified Bidders shall be held in one or more interest-bearing escrow accounts by the Debtors, but shall not become property of the Debtors' estates absent further order of the Court. The Good Faith Deposit of any Qualified Bidder that is neither a Successful Bidder nor a Backup Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the Sale Approval Hearing. The Good Faith Deposit of each Backup Bidder, if any, shall be returned to the respective Backup Bidder on the date that is the earlier of 72 hours after (a) the closing of the transaction with the Successful Bidder or Successful Bidders for the assets bid upon by such Backup Bidder and (b) the Outside Backup Date. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If a Successful Bidder or Successful Bidders timely closes their winning transactions, their respective Good Faith Deposits shall be credited towards their respective purchase prices.

(III) **The Auction and Auction Rules**

In the event that the Debtors timely receive one or more Qualified Bids other than the Stalking Horse Agreement, the Debtors shall conduct an auction (the

"Auction") at 10:00 a.m. (prevailing Eastern time) on May 13, 2013 at the offices of Dinsmore & Shohl LLP, 255 E. 5th St., Ste. 1900, Cincinnati, OH 45202 (the "Auction Date"), or such other location as may be selected by the Debtors, in consultation with the Consultation Parties, upon not less than five (5) days' notice to all applicable parties.

Only the Debtors, the Consultation Parties and any other Qualified Bidder, and, with the approval of the Debtors in consultation with the Consultation Parties, and subject to reasonable space limitations, those parties-in-interest that provide the Debtors written notice of their interest to attend the Auction no later than 12:00 p.m. on the date that is two business days before the Auctions, in each case, along with their representatives and counsel, will be permitted to attend the Auction in person, and only the Stalking Horse Purchaser and such other Qualified Bidders will be entitled to make any bids at the Auction. The Stalking Horse Bidder (as a representative of Term Loan Lenders) reserves the right to make any bid comprised of cash and/or any credit bid (pursuant to Bankruptcy Code Section 363(k) or other applicable law) at the Auction. For the avoidance of doubt, at any time, and from time to time, during the Auction, the Stalking Horse Bidder may increase its bid, including by increasing the amount of the credit bid to the full amount then outstanding and owing under the Term Loan Agreement and that certain Senior Secured Term Loan and Security Agreement by and among Debtors and the lenders thereunder (the "DIP Term Loan Agreement").

The Auction shall be governed by the following procedures:

a. Unless otherwise agreed to by the Stalking Horse Bidder, in its sole discretion, only the Stalking Horse Bidder and the other Qualified Bidders shall be entitled to make any subsequent bids at the Auction.

b. The Stalking Horse Bidder and the other Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative.

c. All proceedings at the Auction shall be conducted before and transcribed by a court stenographer.

d. Each Qualified Bidder participating in the Auction must confirm that it (a) has not engaged in any collusion with respect to the bidding or sale of any of the assets described herein and (b) has reviewed, understands and accepts the Bidding Procedures.

e. Bidding shall commence at the amount of the highest or best Qualified Bid submitted by the Qualified Bidders, as determined by the Debtors in consultation with the Consultation Parties, received before the Bid Deadline (the "Auction Baseline Bid").

f. Qualified Bidders may then submit successive bids in increments of at least $1,000,000 higher than the Auction Baseline Bid at which the Auction commenced and then continue in minimum increments of at least $1,000,000 higher than the previous bid (each, an "Overbid"); provided that the Debtors shall retain the right to modify the bid increment requirements or adjust for variance in the terms of the proposed transactions, as necessary in the conduct of the Auction, in each case in consultation with the Consultation Parties.

g. At the Debtors' discretion, to the extent not previously provided (which shall be determined by the Debtors in consultation with the Consultation Parties), a Qualified Bidder submitting an Overbid at any Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors) demonstrating such Bidder's ability to close the Transaction proposed by such Overbid.

h. The Stalking Horse Bidder shall be entitled to include as part of any and all of its subsequent bids a credit for the amount of the Expense Reimbursement.

i. The Debtors shall announce at the Auction the material terms of each Overbid and the basis for calculating the total consideration offered in each such Overbid.

j. All Qualified Bidders shall have the right to submit additional Overbids and make additional modifications to the Purchase Agreement or Modified Purchase Agreement, as applicable, at the Auction, provided that any such modifications, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors than the terms of the Stalking Horse Agreement.

k. The Auction shall continue until there is only one Bid that the Debtors determine in their reasonable business judgment in consultation with the Consultation Parties, subject to Bankruptcy Court approval, is the highest or best from among the Qualifying Bids submitted at the Auction (the "Prevailing Bid"). In making this decision, the Debtors shall consider, in consultation with the Consultation Parties, without limitation, the amount of the purchase price, the form of consideration being offered, the estimated value of Assets not included in a Qualified Bid, the likelihood of the Qualified Bidder's ability to close a transaction and the timing thereof, the number, type and nature of any changes to the Stalking Horse Agreement requested by each bidder, and the overall net benefit to the Debtors' estates and parties in interest, all on an aggregate basis and viewed in whole. The bidder submitting such Prevailing Bid shall become the Successful Bidder and shall have such rights and responsibilities of the

purchaser, as set forth in the applicable Asset Purchase Agreement setting forth the terms and conditions of the Prevailing Bid.

l. Within one (1) business day after conclusion of the Auction, the Successful Bidder shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which the Prevailing Bid was made.

m. Within one (1) business day after conclusion of the Auction, the Debtors shall file a notice identifying the Successful Bidder with the Bankruptcy Court.

Back-up Bidder. Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder or Qualified Bidders with the next highest or otherwise best bid or combination of bids at the Auction, as determined by the Debtors, in the exercise of their business judgment, may be designated as the potential backup bidder (collectively, the "Potential Backup Bidder"). In the event that a bidder or bidders other than the Stalking Horse Bidder are identified by the Debtors as the Potential Backup Bidder, such bidder or bidders shall be required to serve as the backup bidder or backup bidders (collectively, the "Backup Bidder"). If the Stalking Horse Bidder is determined to be the Potential Backup Bidder, the Stalking Horse Bidder may, in its sole discretion, elect not to serve as the Backup Bidder, and the Debtors may identify the Qualified Bidder or Bidders with the next highest or otherwise best Bid or combination of Bids, if any, as the Backup Bidder. The Backup Bidder shall be required to keep its initial bid or combination of bids (or if the Backup Bidder submitted one or more Overbids at the Auction, the final respective Overbid) (the "Backup Bid") open and irrevocable until the earlier of 5:00 p.m. (prevailing Eastern Time) on the date that is thirty (30) days after the date of entry of the Sale Order or the closing of the transaction with the Successful Bidder (the "Outside Backup Date").

If the Successful Bidder fails to timely consummate the purchase of the Assets, or any part thereof, pursuant to the terms and conditions of the applicable Purchase Agreement or Modified Purchase Agreement, including the Stalking Horse Agreement, then the Backup Bidder may be designated by the Debtors as the Successful Bidder, and the Debtors shall be authorized, but not required, to consummate the transaction or transactions with the Backup Bidder as soon as is commercially reasonable. If the Successful Bidder fails to consummate the purchase of the Assets because of a breach, default or failure to perform on the part of such Successful Bidder, the defaulting Successful Bidder's deposit shall be forfeited to the Debtors and the Debtors reserve the right to seek all available damages from such defaulting Successful Bidder only to extent specifically provided for by the terms, conditions and limitations of any applicable Purchase Agreement or Modified Purchase Agreement, including the Stalking Horse Agreement.

(IV) **Sale Approval Hearing**

The Prevailing Bid (or the Stalking Horse Agreement if no Qualifying Bid other than that of the Stalking Horse Bidder is received) will be subject to approval by the Bankruptcy Court. The hearing to approve the Prevailing Bid (or the Stalking Horse Agreement if no Qualifying Bid other than that of the Stalking Horse Bidder is received) shall take place no later than May 15, 2013.

(V) **Consultation Parties**

The Debtors shall consult with the agent under the Debtors' post-petition superpriority senior secured revolving credit facility, and the Wayzata Entities[6], any official committee of unsecured creditors appointed in the Debtors' cases, the representative of the United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers' International Union, and each of their respective advisors (collectively, the "Consultation Parties" and each, a "Consultation Party") as explicitly provided for in these Bidding Procedures; provided, however, that the Debtors shall not be required to consult with any Consultation Party (and its advisors) that submits a bid or has a bid submitted on its behalf for so long as such bid remains open, including any credit bid, if the Debtors determine, in their reasonable business judgment, that consulting with such Consultation Party regarding any issue, selection or determination would be likely to have a chilling effect on potential bidding or otherwise be contrary to the goal of maximizing value for the Debtors' estates from the sale process.

(VI) **Reservation of Rights**

The Debtors reserve the right to extend the deadlines set forth in the Bidding Procedures and/or to adjourn the Auction or Sale Approval Hearing on notice to the extent consistent with the deadlines set forth in the Stalking Horse Agreement and with the consent of the Stalking Horse Bidder (such consent not to be unreasonably withheld). The Debtors shall file a notice of any such extensions or adjournments and serve such notice on the Notice Parties (as defined in Bidding Procedures/Sale Motion).The Debtors believe that the Bidding Procedures are fair and reasonable, designed to maximize the proceeds of the Sale, and are not likely to dissuade any serious potential purchaser from bidding for the Assets.

[6] The term "Wayzata Entities" means, collectively, (a) the lenders under that certain term loan and security agreement, by and among (i) Ormet Corporation, Ormet Primary Aluminum Corporation and Ormet Aluminum Mill Products Corporation, as borrowers, (ii) Specialty Blanks Holding Corporation and Ormet Railroad Corporation, as guarantors, (iii) The Bank of New York Mellon, as agent and (iii) the lenders party thereto, (b) the Term DIP Lender and (c) the agent under the Term DIP Financing Agreement.

BID PROTECTIONS

17. The Stalking Horse Agreement contemplates bidding protections in the form of an Expense Reimbursement (as defined below). The Expense Reimbursement is to be provided in recognition of the Stalking Horse Bidder's expenditure of time, energy and resources, and the benefits to the Debtors' estates of securing the Stalking Horse Agreement and the guaranteed Minimum Bid it establishes in the event of an Auction.

18. If required, pursuant to Section 4.05 of the Stalking Horse Agreement, the Debtors seek authority to reimburse the Stalking Horse Bidder for its reasonable expenses incurred in connection with the formation, negotiation and documentation of the Stalking Horse Agreement (including legal, accounting, and other consultant fees and expenses) and to fund reasonable expenses the Stalking Horse Bidder incurs with respect to obtaining financing and its participation in the sale process, up to a cap of $1,000,000 (the "Expense Reimbursement"). The Expense Reimbursement would become due and payable if, among other things, the Stalking Horse Bidder is not determined by the Debtors to be the Prevailing Bidder (as defined below) following the Auction, or, subject to notice and opportunity to cure, the Debtors breach any representation, warranty, covenant or agreement such that the conditions set forth in Section 9.02 of the Stalking Horse Agreement would be incapable of being satisfied prior to the then-applicable End Date (as defined in the Stalking Horse Agreement).

19. It is understood by the Debtors, that in entering into the Stalking Horse Agreement, the Stalking Horse Bidder has provided a material benefit to the Debtors and their stakeholders by increasing the likelihood that the best possible price for the Debtors' Assets will be received. The Expense Reimbursement has induced the Stalking Horse Bidder to submit a bid that will serve as a minimum floor bid on which the Debtors, their creditors and other bidders

may rely. Accordingly, the Debtors represent that the Expense Reimbursement is reasonable and appropriate and represent the best method for maximizing value for the benefit of the Debtors' estates.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

20. To facilitate and affect the Asset Sale, the Debtors will be required to assume and assign to the Prevailing Bidder the Assumed and Assigned Contracts.

21. No later than twelve (12) days prior to the Sale Approval Hearing (the "Cure Notice Deadline"), the Debtors shall serve all counterparties to executory contracts and unexpired leases that may be Assumed and Assigned Contracts with the Cure Notice, substantially in the form attached to the Bidding Procedures Order as Schedule 3. The Cure Notice shall provide the counterparties to the possible Assumed and Assigned Contracts notice of the amount that the Debtors believe must be cured upon the assumption and assignment as required by Section 365 of the Bankruptcy Code (the "Cure Amount").

22. Except as may otherwise be agreed to by the parties to an Assumed and Assigned Contract (with the consent of the Successful Bidder), upon the closing of the Sale, the Successful Bidder shall pay the Cure Amounts in cash. In the event of a dispute regarding the Cure Amount, any payments required, following entry of a final order resolving such dispute, shall be made as soon as practicable thereafter.

23. Objections, if any, to the proposed assumption and assignment of the Assumed and Assigned Contracts, including, but not limited to, objections relating to the Cure Amount and/or adequate assurances of future performance, must (a) be in writing; (b) state with specificity the nature of such objection and the alleged Cure Amount (with appropriate documentation in support thereof); (c) comply with the Federal Rules of Bankruptcy Procedure

and the Local Bankruptcy Rules of this Court; and (d) be filed with the Court and served upon (so as to be received by) the Notice Parties by 4:00 p.m.(ET) on May 10, 2013 (the "Objection Requirements"); provided, however, if the Stalking Horse Bidder is not the Successful Bidder that prevails at the Auction, then the deadline to object to assumption and assignment shall be extended to the date of the Sale Approval Hearing; provided, further, however, that if the Cure Notice is timely received, the deadline to object to the Cure Amount shall not be extended.

24. Any party to an Assumed and Assigned Contract failing to timely file an objection to the Cure Amounts as set forth in the Cure Notice or the proposed assumption and assignment of the Assumed and Assigned Contracts shall be forever barred from objecting to the Cure Amounts and from asserting any additional cure or other amounts against the Debtors, their estates, or the Successful Bidder with respect to such party's executory contract(s) or unexpired lease(s) and will be deemed to consent to the Sale and the proposed assumption and assignment of its Assumed and Assigned Contract.

25. When a party to a possible Assumed and Assigned Contract files a timely objection asserting a higher cure amount than the Cure Amount, and the parties are unable to consensually resolve the dispute prior to the Sale Approval Hearing, the amount to be paid under Section 365 of the Bankruptcy Code with respect to such objection will be determined at the Sale Approval Hearing or such other date and time as may be agreed to by the parties or fixed by the Court on the Debtors' request. All other objections to the proposed assumption and assignment of the Assumed and Assigned Contracts shall be heard at the Sale Approval Hearing. If an Objection results in a higher Cure Amount than that set forth in the Cure Notice, or any objection with respect to adequate assurance of future performance is sustained by a final order of the Bankruptcy Court, the Debtors (with the consent of the Successful Bidder) or the Successful

Bidder, as applicable, reserve the right to not assume the applicable contract by notifying such party within ten (10) days after entry of the final order determining the Cure Amount or any request for adequate assurance of future performance.

26. The Successful Bidder maintains the right to include or exclude potential Assumed and Assigned Contracts until the date that is five (5) business days prior to the closing on the Sale. If, at any time, following the Debtors providing the Cure Notice to counterparties to executory contracts, the Successful Bidder provides notice to the Debtors of their intent to not assume a contract, the Debtors shall notify such counterparties that their contract is not an Assumed and Assigned Contract within two (2) Business Days following notice to the Debtors that such contract will not be an Assumed and Assigned Contract.

27. In the event any party to a potential Assumed or Assigned Contract is determined by the Successful Bidder to be a party to an Assumed and Assigned Contract after the Cure Notice Deadline, the Debtors shall provide a Cure Notice to such party within two (2) Business Days of the Debtors' receipt of notice that such contract is an Assumed and Assigned Contract. Parties receiving such Cure Notices shall have five (5) Business Days from receipt of such Cure Notice to file an Objection pursuant to the Objection Requirements (other than the otherwise applicable objection deadline).

28. If a party to an Assumed and Assigned Contract files an Objection to the assumption and assignment of the Assumed and Assigned Contract, including the Cure Amount, pursuant to paragraph 27, above, and the parties are unable to consensually resolve the Objection within ten (10) days of the Debtors' and Successful Bidder's receipt of such Objection, the parties may set such dispute for a hearing before the Bankruptcy Court at a date and time to be agreed upon and convenient for the Court. If an Objection results in a higher Cure Amount than

that set forth in the Cure Notice, or any objection with respect to adequate assurance of future performance is sustained by a final order of the Bankruptcy Court, the Debtors (with the consent of the Successful Bidder) reserve the right to determine not to assume the applicable contract within ten (10) days after entry of the final order determining Cure Amount or any request for adequate assurance of future performance.

BASIS FOR THE RELIEF REQUESTED

A. Conducting a Public Auction Pursuant to the Bidding Procedures is in the Best Interests of the Estates and the Creditors.

29. Section 363(b) of the Bankruptcy Code provides that a debtor in possession, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b). A proposed use or sale of property pursuant to Section 363(b) is appropriate if "some articulated business judgment" exists for the transaction. *See, e.g., Meyers v. Martin (In re Martin), 91 F.3d 389, 395 (3d Cir. 1996); Walter v. Sunwest Bank (In re Walter)*, 83 B.R. 14, 19-20 (B.A.P. 9th Cir. 1988) (quoting *Institutional Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc. (In re Cont'l Air Lines, Inc.)*, 780 F.2d 1223, 1226 (6th Cir. 1986)); *Fulton State Bank v. Schipper (In re Fulton State Bank)*, 933 F.2d 513, 515 (7th Cir. 1991). The Debtors seek approval of the Bidding Procedures as a means to maximize the value of the recovery for its creditors through the sale of the Assets.

30. Bankruptcy courts applying Section 363 routinely consider and approve bidding procedures in advance of a proposed sale of property of the estate. *See, e.g., Doehring v. Crown Corp. (In re Crown Corp.)*, 679 F.2d 774, 775 (9th Cir. 1982) (noting that the district court had required specified minimum overbid amounts, deposits, and the form of purchase agreement to be used by bidders); *In re Crowthers McCall Pattern, Inc.*, 114 B.R. 877, 878-879 (Bankr. S.D.N.Y. 1990) (noting that the bankruptcy court had entered an order requiring that overbids be

made in specified minimum increments with deposits); *In re Adelphia Commc'n Corp.,* 336 B.R. 610, 629-30 (Bankr. S.D.N.Y. 2006) ("It is the common practice for bankruptcy courts, in connection with the sales of businesses or lines of business, to enter orders approving bidding procedures and bidding-related obligations . . . before being asked to approve the resulting sale itself.").

31. A debtor's business judgment is entitled to great deference with respect to the procedures to be used in selling estate assets. *See, e.g., Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656-57 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993).

32. In analyzing the propriety of bidding procedures, a court will examine whether such procedures allow third parties to submit higher or better bids and whether potential bidders have sufficient opportunity to conduct their own due diligence. *In re Edwards*, 228 B.R. 552, 561 (Bankr. E.D. Pa. 1998) (requiring bid procedures that allow for "an open and fair public sale designed to maximize value for the estate."); *In re Fin. News Networks, Inc.*, 126 B.R. 152, 156 (Bankr. S.D.N.Y. 1991), *appeal dismissed*, 931 F.2d 217 (2d Cir. 1991). Moreover, the hallmarks of good faith in any sale procedure are the receipt of adequate value through a process that solicits higher or better offers and provides for full and accurate disclosure of the terms of the proposed sale to third parties invited to bid.

(1) The Proposed Bidding Procedures Will Maximize the Value of the Assets.

33. The paramount goal of a debtor pursuing sale of its property is to maximize value for the benefit of the estate. *See, e.g., In re Mushroom Transp. Co.,* 382 F.3d 325, 329 (3d Cir. 2004) (debtor in possession "had fiduciary duty to protect and maximize the estate's assets"); *Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 561 65

(8th Cir. 1997) (stating that, in bankruptcy sales, "a primary objective of the Code [is] to enhance the value of the estate at hand"); *In re Integrated Res., Inc.*, 147 B.R. at 659 ("It is a well-established principle of bankruptcy law that the objective of bankruptcy rules and the Debtors' duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate.") (quoting *In re Atlanta Packaging Prods., Inc.*, 99 B.R. 124, 130 (Bankr. N.D. Ga. 1998)).

34. To that end, courts uniformly recognize that procedures intended to enhance competitive bidding are consistent with the goal of maximizing value and are appropriate in the context of bankruptcy sales. *See, e.g., In re Integrated Res., Inc.*, 147 B.R. at 659 (stating such procedures should "encourage bidding and [ ] maximize the value of the Debtors' assets"); *In re Financial News Network, Inc.*, 126 B.R. at 156 (S.D.N.Y. 1991) (stating that "court-imposed rules for the disposition of assets . . . [should] provide an adequate basis for comparison of offers, and [ ] provide for a fair and efficient resolution of bankrupt estates").

35. Here, the proposed Bidding Procedures will allow and encourage interested parties to submit competing bids to become Qualified Bidders and participate in the Auction, thereby maximizing the value that the Debtors will receive for the Assets, yet at the same time ensure that any Qualified Bidder provides better value to the estate than what the Stalking Horse Bidder has offered. Through this open process, the Debtors will be able to determine the highest or best return possible for the Assets. The Bidding Procedures will increase the likelihood that the Debtors will receive the greatest consideration possible for the Assets and will facilitate a competitive and fair bidding process.

36. The proposed Bidding Procedures will also assist the Debtors in conducting the Auction in a controlled, fair and open fashion that will encourage participation by financially

capable bidders who demonstrate the ability to close a transaction. The Bidding Procedures and the bid from the Stalking Horse Bidder (1) will encourage, rather than hinder, bidding for the Assets, (2) are consistent with other procedures previously approved by courts in this district, and (3) are appropriate under the relevant standards governing auction proceedings and bidding incentives in bankruptcy proceedings. *Accord In re O'Brien Envtl. Energy, Inc.*, 181 F.3d 527, 537 (3d. Cir. 1999); *In re Randall's Island Family Golf Ctrs., Inc.*, 261 B.R. 96 (Bankr. S.D.N.Y. 2001) aff d, 272 B.R. 521, (S.D.N.Y. 2002); *In re Integrated Res., Inc.*, 147 B.R. at 650-56; *In re 995 Fifth Ave. Assocs.*, L.P., 96 B.R. 24 (Bankr. S.D.N.Y. 1989).

(2) Potential Bidders Will Have an Opportunity to Conduct Due Diligence.

37. As noted above, the Debtors, with the assistance of Evercore, have been marketing the Company to strategic buyers, financial buyers and capital providers for over six months. Through that process, the Debtors have exhaustively marketed the Company and the Assets for sale. Pre-petition, several interested parties conducted due diligence; nonetheless, the Bidding Procedures will allow any prospective bidders the opportunity prior to the Bid Deadline to conduct any due diligence required. If other interested parties are discovered, the Debtors will provide every possible opportunity to such parties to conduct the due diligence such parties need to submit the best possible Qualified Bid. Therefore, potential bidders will have an adequate opportunity to conduct due diligence with respect to the Assets.

(3) The Debtors Will Provide Full and Accurate Disclosure of the Terms of the Sale to Potential Bidders.

38. The initial terms of the Sale are contained in the Stalking Horse Agreement, a copy of which is attached hereto as Exhibit B and the form of which will be provided to each Potential Bidder. Potential Bidders will also receive a copy of the Bidding Procedures Order and

the Bidding Procedures. Therefore, the Debtors will have provided full and accurate disclosure of the terms of the prospective sale of the Assets to all Potential Bidders.

39. For all of the reasons, the Court should approve the Bidding Procedures as a sound exercise of the Debtors' business judgment.

B. Expense Reimbursement Should be Approved.

40. The Bidding Procedures provide that in the event that the Stalking Horse Bidder is not the Prevailing Bidder, it will be entitled to an Expense Reimbursement of up to $1,000,000, which will be deemed an allowed superpriority administrative expense claim under Sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code, junior only to the claims of the Lenders and Carve-Out Expenses (as defined in the DIP Order).

41. Approval of the Expense Reimbursement is governed by standards for determining the appropriateness of bidding incentives in the bankruptcy context established by the Third Circuit in *Calpine Corp. v. O'Brien Envtl. Energy, Inc. (In re O'Brien Envtl. Energy, Inc.)*, 181 F.3d 527 (3d Cir. 1999). In *In re O'Brien*, the Third Circuit concluded that "the determination whether break-up fees or expenses are allowable under § 503(b) must be made in reference to general administrative expense jurisprudence. In other words, [the inquiry] . . . depends upon the requesting party's ability to show that the fees were actually necessary to preserve the value of the estate." *In re O'Brien*, 181 F.3d at 535. Here, the Bid Protections should be approved because it will provide a benefit to the Debtors' estates.

42. In *In re O'Brien*, the Third Circuit referred to nine factors that the bankruptcy court viewed as relevant in deciding whether to award bidding protections: (1) the presence of self-dealing or manipulation in negotiating the break-up fee; (2) whether the fee harms, rather than encourages, bidding; (3) the reasonableness of the fee relative to the purchase price; (4)

whether the "unsuccessful bidder place[d] the estate property in a sales configuration mode to attract other bidders to the auction;" (5) the ability of the request for a break-up fee "to attract or retain a potentially successful bid, establish a bid standard or minimum for other bidders, or attract additional bidders;" (6) the correlation of the fee to a maximization of value of the debtor's estate; (7) the support of the principal secured creditors and creditors' committees of the break-up fee and expense reimbursement; (8) the benefits of the safeguards to the debtor's estate; and (9) the "substantial adverse impact [of the break-up fee and expense reimbursement] on unsecured creditors, where such creditors are in opposition to the break-up fee." *See In re O'Brien*, 181 F.3d at 536.

43. Whether evaluated under the "business judgment rule" applied by certain courts[7] or the Third Circuit's "administrative expense" standard, the Debtors' ability to agree to the Bidding Protections should be approved. Here, the Stalking Horse Bidder has conditioned its willingness to enter into the Stalking Horse Agreement on the Court's approval of, among other things, of the Expense Reimbursement upon termination of the Stalking Horse Agreement under certain scenarios. The proposed Expense Reimbursement was the result of arms' length negotiations between representatives of the Stalking Horse Bidder, and the Debtors, and is limited to the reasonable out-of-pocket expenses actually incurred.

44. The Debtors submit that the Expense Reimbursement is justified to induce the Stalking Horse Bidder to enter into the Stalking Horse Agreement and to adequately compensate the Stalking Horse Bidder for the risks it is taking.

45. The Debtors further submit that there may be no offer from the Stalking Horse Bidder or another bidder, unless the Court approves an Expense Reimbursement. The proposed

[7] *See, e.g., Official Comm. of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.),* 147 B.R. 650 (S.D.N.Y. 1992), appeal dismissed 3 F.3d 49 (2d Cir. 1993).

transaction with the Stalking Horse Bidder ensures that the Debtors will have at least one substantial offer for the Assets. The Stalking Horse Bidder has agreed to keep its bid open and to provide the Debtors with financing to enable them to operate during the further solicitation and Auction Process during the bankruptcy cases.

46. After considering the reasonableness of bidding incentives, courts have approved a range of break-up fees and expense reimbursements as being appropriate under the facts and circumstances of the case. *In re Claim Jumper Restaurants, LLC*, Case No. 10-12819 (Bankr. D. Del. Oct. 1, 2010) ($750,000 expense reimbursement); *In re Universal Building Products, Inc.*, Case No. 10-12453 (Bankr. D. Del. Aug. 27, 2010) (approving $400,000 break-up fee and expense reimbursement up to $850,000 on purchase price of $25,000,000); *In re Nortel Networks Inc.*, Case No. 09-10138 (Bankr. D. Del. Feb. 27, 2009) (approving $650,000 break-up fee and expense reimbursement of $400,000 (i.e., 5.9% in the aggregate) on proposed purchase price of $17,650,000); *In re Gallery Corp.,* Case No. 07-11628 (Bankr. D. Del. Nov. 29, 2007) (approving 3% break-up fee and expense reimbursement up to $100,000 on a sale with a proposed purchase price of $7,100,000); *In re Radnor Holdings*, Case No. 06-10894 (Bankr. D. Del. September 22, 2006) (aggregate fee and expense reimbursement of 3% permitted); *In re Riverstone Networks*, Case No. 06-10110 (Bankr. D. Del. February 24, 2006) (approving expense reimbursement up to $1 million where the stalking horse purchase price was $170 million); *In re Montgomery Ward Holding Corp.*, Case No. 97-1409 (PJW), (Bankr. D. Del. February 17, 1998) (fee of 4.0% upheld).

C. The Manner of Notice and Schedule for the Bid Deadline and the Auction and Sale Approval Hearing Are Reasonable and Appropriate Under the Circumstances.

47. The Debtors also respectfully request that the Court approve the manner of notice of the proposed Auction and Sale Approval Hearing. The Debtors submit that this relief will facilitate the sale process and enable the Debtors to provide interested parties with adequate and sufficient notice of the Auction and related matters.

48. Notice of Sale Approval Hearing. The Debtors propose to give notice of the Bidding Procedures Order, the Auction and the Sale Approval Hearing in the following manner. Within three (3) days after entry of the Bidding Procedures Order or as soon thereafter as practicable (the "Mailing Date"), the Debtors will serve the Motion, the Stalking Horse Agreement, the Order Approving the Motion, and the Bidding Procedures, by U.S. mail, e-mail or facsimile upon: (i) the Office of the United States Trustee for the District of Delaware, (ii) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims, (iii) counsel to the Debtors' Revolving Loan Secured Parties, (iv) counsel to the Debtors' Term Loan Secured Parties (v) counsel to the Committee, if one is appointed; (vi) counsel to the Stalking Horse Bidder; (vii) counsel to Wells Fargo; (viii) all entities (or counsel therefore) known to have asserted any lien, charge, claim or encumbrance on the Assets; (ix) all federal, state and local regulatory or taxing authorities which are reasonably ascertainable by the Debtors to have a known interest in the Assets; (x) known non-debtor counterparties to any unexpired leases or executory contracts that could potentially be assumed and assigned to the successful bidder; (xi) those parties who previously executed NDAs as part of the process conducted by Evercore prior to the Petition Date or expressed a bona fide interest in acquiring the Assets in the six (6) months preceding the date of this Motion; and (xii) those parties who have requested notice pursuant to Bankruptcy Rule 2002.

49. Sale Notice. On the Mailing Date, the Debtors (or their agents) shall service by U.S. mail, email or facsimile upon, a sale notice (the "Sale Notice"), substantially in the form attached as Schedule 2 to the proposed order (attached hereto as Exhibit A), upon all other known creditors to the Debtors.

50. Publication Notice. The Debtors propose, pursuant to Bankruptcy Rules 2002 and 6004, the publication of the Sale Notice in the Columbus Dispatch, the Wheeling News Register, Platts, and American Metal Market, and such other publications as the Debtors deem appropriate.

51. Post Auction Notice. As soon as possible after the conclusion of the Auction, the Debtors shall file, but not serve, a notice identifying the Successful Bidder (the "Post Auction Notice").

52. Those parties who desire a copy of the Bidding Procedures Order and/or the Stalking Horse Agreement may contact counsel for the Debtors, Dinsmore & Shohl LLP, 255 East 5th Street, Suite 1900, Cincinnati, OH 45202; patrick.burns@dinsmore.com or access such documents at the Debtors' claims and noticing agent's website for these cases: kccllc.net/Ormet. The Debtors submit that the foregoing notice is reasonably calculated to provide timely and adequate notice to the Debtors' creditors and other parties in interest, and also to all those who may bid on the Assets. Accordingly, the Debtors submit that such notice constitutes good and sufficient notice under the circumstances with respect to the Motion, all proceedings to be held thereon, and the entry of an order or orders granting all of the relief requested herein. The Debtors further submit that no further notice need be given.

NOTICE

53. Notice of this Motion will be provided to: (i) the Office of the United States Trustee for the District of Delaware, (ii) the entities listed on the Consolidated List of Creditors

Holding the 30 Largest Unsecured Claims, (iii) counsel to the Debtors' Revolving Loan Secured Parties, (iv) counsel to the Debtors' Term Loan Secured Parties, and (v) all other parties that have requested service in these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

CONCLUSION

WHEREFORE, the Debtors respectfully request entry of the proposed Bidding Procedures Order, substantially in the form attached hereto as Exhibit A and such other and further relief as the Court deems just and proper.

Dated: February 25, 2013
Wilmington, Delaware

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Proposed Counsel to Debtors and Debtors in Possession

7018100.1

EXHIBIT A

BIDDING PROCEDURES ORDER

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: **ORMET CORPORATION, et al.**[1] **Debtors.**	**Chapter 11** **Case No. 13-_____** **(Joint Administration Pending)** **Re: D.I. _____**

ORDER (I) APPROVING BIDDING PROCEDURES IN CONNECTION WITH SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS; (II) APPROVING FORM AND MANNER OF NOTICE THEREOF; (III) AUTHORIZING EXPENSE REIMBURSEMENT, (IV) ESTABLISHING PROCEDURES RELATED TO THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS, (V) SCHEDULING A HEARING TO CONSIDER SALE AND (VI) GRANTING CERTAIN RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors (the "Debtors") for an order (a) approving procedures for the sale of substantially all assets of the Debtors; (b) approving form and manner of notice thereof; (c) approving the expense reimbursement; (d) establishing procedures relating to the assumption and assignment of executory contracts and unexpired leases, and the form and manner of the proposed cure amounts and (e) scheduling an auction and hearing to approve the transaction and approving the form and manner of notice thereof; and the Court having considered the Motion and objections thereto, if any, and the arguments of counsel made, and the evidence adduced, at a hearing on the Motion; notice of this Motion, as set forth in the Motion, having been appropriate under the circumstances; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their

[1] The Debtors are the following entities (followed by the last four digits of their tax identification numbers): Ormet Corporation (2006); Ormet Primary Aluminum Corporation (9779); Ormet Aluminum Mill Products Corporation (9587); Specialty Blanks Holding Corporation (7019); and Ormet Railroad Corporation (0379). The service address for all of the Debtors for purposes of these chapter 11 cases is: 43840 State Route 7, Hannibal, Ohio 43931

[2] Capitalized terms not defined herein shall have the meanings given to them in the Motion.

estates, their creditors and all other interested parties; and after due deliberation thereon, and good cause appearing therefor,

THE COURT HEREBY FINDS THAT:[3]

A. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N) and (O). Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief requested in this Motion are Sections 105(a), 363(b) and (f), 365, 503 and 507 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"); Rules 2002(a)(2), 6004(a), (b), (c), (e) and (f), 6006(a) and (c), 9007 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules").

C. The relief granted herein is in the best interests of the Debtors, their estates and other parties in interest.

D. The Debtors have articulated good and sufficient reasons for this Court to grant the relief requested in the Motion regarding the sale process, including, without limitation, (i) approval of the Bidding Procedures and, under the circumstances described herein, the Expense Reimbursement; (ii) determination of final Cure Amounts (as defined below) in the manner described herein; and (iii) approval and authorization to serve the Notice of Auction and Sale Approval Hearing.

[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

E. The Expense Reimbursement to be paid under the circumstances described herein and in the Stalking Horse Agreement to the Stalking Horse Bidder are: (i) actual and necessary costs and expenses of preserving the Debtors' estates within the meaning of Sections 503(b) and 507(a)(2) of the Bankruptcy Code; (ii) commensurate to the real and substantial benefit conferred upon the Debtors' estates by the Stalking Horse Bidder; (iii) reasonable and appropriate in light of the commitments that have been made and the efforts that have been and will be expended by the Stalking Horse Bidder; and (iv) necessary to induce the Stalking Horse Bidder to continue to pursue the Sale and to continue to be bound by the Stalking Horse Agreement.

F. The Expense Reimbursement also induced the Stalking Horse Bidder to submit a bid that will serve as a minimum floor bid on which the Debtors, their creditors and other bidders may rely. The Stalking Horse Bidder has provided a material benefit to the Debtors and their creditors by increasing the likelihood that the best possible price for the Debtors' businesses will be received. Accordingly, the Bidding Procedures and the Expense Reimbursement are reasonable and appropriate and represent the best method for maximizing value for the benefit of the Debtors' estates.

G. Due, sufficient, and adequate notice of the Bidding Procedures Hearing and the relief requested in the Motion and the relief granted herein has been given in light of the circumstances and the nature of the relief requested, and no other or further notice thereof is required.

H. The Bidding Procedures, substantially in the form attached hereto, and incorporated herein by reference as if fully set forth in the Order, are fair, reasonable and

appropriate, were negotiated in good faith by the Debtors and the Stalking Horse Purchase, and represent the best method for maximizing the value of the Debtors' estates.

I. The Stalking Horse Agreement was negotiated in good faith by the Debtors and the Stalking Horse Bidder.

J. The assumption and assignment procedures are reasonably and appropriate.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED, as set forth herein.

2. The Bidding Procedures, substantially in the form attached hereto as Schedule 1, are hereby approved and fully incorporated into this Order. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures.

3. All objections, if any, to the relief requested in the Motion that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Motion or by a filing with the Court are overruled.

4. The Expense Reimbursement, as set forth in the Stalking Horse Agreement, is hereby approved. If the Stalking Horse Bidder becomes entitled to receive Expense Reimbursement in accordance with Section 4.05 of the Stalking Horse Agreement, then, upon entry of this Order, the Stalking Horse Bidder shall be, and hereby is, granted (until such time the Expense Reimbursement is paid) an allowed super priority administrative expense of the Debtors under Section 364(c)(1) of the Bankruptcy Code, junior only to the Carve-Out Expenses, in an amount equal to the aggregate of the Expense Reimbursement, and with priority over any

and all administrative expenses of any kind, including those specified in Section 503(b) or 507(b) of the Bankruptcy Code .

5. The Debtors are authorized and directed, without further action or order by the Court, to pay the Expense Reimbursement to the Stalking Horse Bidder in accordance with the terms and conditions Section 4.05 of the Stalking Horse Agreement and this Order immediately upon the Expense Reimbursement becoming due and payable.

6. No person or entity, other than the Stalking Horse Bidder, shall be entitled to any expense reimbursement, break-up fee, "topping," termination or other similar fee or payment.

7. The Motion, the Stalking Horse Agreement, this Order and the Bidding Procedures shall be served by the Debtors (or their agents) by U.S. mail, e-mail or facsimile within three (3) business days of entry of this Order or as soon as practicable thereafter (the "Mailing Date"), upon (i) the Office of the United States Trustee for the District of Delaware, (ii) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims, (iii) counsel to the Debtors' Revolving Loan Secured Parties, (iv) counsel to the Debtors' Term Loan Secured Parties (v) counsel to the Committee, if one is appointed; (vi) counsel to the Stalking Horse Bidder; (vii) all entities (or counsel therefore) known to have asserted any lien, charge, claim or encumbrance on the Assets; (viii) all federal, state and local regulatory or taxing authorities which are reasonably ascertainable by the Debtors to have a known interest in the Assets; (ix) known non-debtor counterparties to any unexpired leases or executory contracts that could potentially be assumed and assigned to the successful bidder; (x) those parties who previously executed NDAs as part of the process conducted by Evercore prior to the Petition Date or expressed a bona fide interest in acquiring the Assets in the six (6) months

preceding the date of this motion; and (xi) those parties who have requested notice pursuant to Bankruptcy Rule 2002.

8. The Sale Notice, substantially in the form attached hereto as Schedule 2: is hereby approved. On the Mailing Date, the Debtors (or their agents) shall serve, by U.S. mail, e-mail or facsimile, the Sale Notice upon all other known creditors of the Debtors.

9. The Debtors shall publish notice the Sale Notice in Columbus Dispatch, the Wheeling News Register, Platts, and American Metal Market, and such other publications as the Debtors deem appropriate on the Mailing Date. Such publication notice shall be sufficient and proper notice of the proposed Sale to any other interested parties whose identities are unknown to the Debtors.

10. The Notice of Debtors' Intent to Assume and Assign Certain Unexpired Leases and Executory Contracts and Setting Forth Cure Amounts (the "Cure Notice"), substantially in the form attached hereto as Schedule 3: (a) is hereby approved; and (b) shall be served upon each counterparty to the possible Assumed and Assigned Contracts by no later than twelve (12) days prior to the Sale Approval Hearing (defined below).

11. Except as may otherwise be agreed to by the parties to an Assumed and Assigned Contract (with the consent of the Prevailing Bidder), upon closing, the Successful Bidder shall pay the Cure Amounts in cash. In the event of a dispute regarding the Cure Amount, any payments required, following entry of a final order resolving such dispute, shall be made as soon as practicable thereafter.

12. Objections, if any, to the proposed assumption and assignment of the Assumed and Assigned Contracts, including, but not limited to, objections relating to the Cure Amount, adequate assurances of future performance, and/or other objections pertaining to the

assumption and/or assignment of the Assumed and Assigned Contracts must (a) be in writing; (b) state with specificity the nature of such objection and the alleged Cure Amount (with appropriate documentation in support thereof); (c) comply with the Bankruptcy Rules and the Local Rules; and (d) be filed with this Court and served on the Notice Parties so as to be received on or before no later than May 10, 2013; provided, however, if the Stalking Horse Bidder is not the Successful Bidder that prevails at the Auction, then the deadline to object to assumption and assignment shall be extended to the date of the Sale Approval Hearing; provided, further, however, that if the Cure Notice is timely received, the deadline to object to the Cure Amount shall not be extended.

13. If an Objection results in a higher Cure Amount than that set forth in the Cure Notice, or any objection with respect to adequate assurance of future performance is sustained by a final order of the Bankruptcy Court, the Debtors (with the consent of the Successful Bidder) reserve the right to determine not to assume the applicable contract within ten (10) days after entry of the final order determining the Cure Amount or any request for adequate assurance of future performance.

14. The Successful Bidder maintains the right to include or exclude potential Assumed and Assigned Contracts until the date that is five (5) business days prior to the closing on the Sale. If, at any time, following the Debtors providing the Cure Notice to counterparties to executory contracts, the Successful Bidder provides notice to the Debtors of its intent to not assume a contract, the Debtors shall notify such counterparties that their contract is not an Assumed and Assigned Contract within two (2) Business Days following notice to the Debtors that such contract will not be an Assumed and Assigned Contract.

15. In the event any party to a potential Assumed or Assigned Contract is determined by the Successful Bidder to be a party to an Assumed and Assigned Contract after the Cure Notice Deadline, the Debtors shall provide a Cure Notice to such party within two (2) Business Days of the Debtors' receipt of notice that such contract is an Assumed and Assigned Contract. Such party shall have five (5) Business Days from receipt of such Cure Notice to file an Objection pursuant to the Objection Requirements.

16. If a party to an Assumed and Assigned Contract files an Objection to the assumption and assignment of the Assumed and Assigned Contract, including the Cure Amount, pursuant to paragraph 15, above, and the parties are unable to consensually resolve the Objection within ten (10) days of the Debtors' and Successful Bidder's receipt of such Objection, the parties may set such dispute for a hearing before the Bankruptcy Court at a date and time to be agreed upon and convenient for the Court. If an Objection results in a higher Cure Amount than that set forth in the Cure Notice, or any objection with respect to adequate assurance of future performance is sustained by a final order of the Bankruptcy Court, the Debtors (with the consent of the Successful Bidder) reserve the right to determine not to assume the applicable contract within ten (10) days after entry of the final order determining Cure Amount or any request for adequate assurance of future performance.

17. Any party to an Assumed and Assigned Contract failing to timely file an objection to (i) the Cure Amounts as set forth in the Cure Notice (ii) adequate assurance of future performance, or (iii) the proposed assumption and assignment of the Assumed and Assigned Contracts, shall be forever barred from objecting to the Cure Amounts and from asserting any additional cure or other amounts against the Debtors, their estates, or the Prevailing Bidder with respect to such party's executory contract(s) or unexpired lease(s) and will be deemed to consent

to the Sale and the proposed assumption and assignment of its executory contract(s) or unexpired lease(s).

18. Where a party to an Assumed and Assigned Contract files a timely objection asserting a higher cure amount than the Cure Amount, and the parties are unable to consensually resolve the dispute prior to the Sale Approval Hearing, the amount to be paid under Section 365 of the Bankruptcy Code with respect to such objection will be determined at the Sale Approval Hearing or such other date and time as may be agreed to by the parties or fixed by this Court. All other objections to the proposed assumption and assignment of the Assumed Contracts will be heard at the Sale Approval Hearing, except as otherwise set forth herein.

19. In the event the Debtors do not receive any Qualifying Bids except for the Qualifying Bid of the Stalking Horse Bidder by the Bid Deadline, the Debtors shall not hold an Auction and instead shall seek approval of the Stalking Horse Agreement at the Sale Approval Hearing.

20. In the event the Debtors receive more than one Qualifying Bid, the Debtors shall conduct the Auction on May 13, 2013 beginning at 10:00 a.m. at Dinsmore & Shohl LLP, 255 East Fifth Street, Suite 1900, Cincinnati, Ohio 45202, or such other location as may be determined by the Debtors, in consultation with the Consultation Parties. If the date or location of the Auction is changed, notice of the changed date or location will be filed with this Court at least 48 hours prior to the scheduled commencement of the Auction.

21. The hearing to approve the Sale will be conducted on May 15, 2013 at __:__ _.m. prevailing Eastern Time (the "Sale Approval Hearing"); provided, however, if, pursuant to the Bidding Procedures there are no Qualified Bidders other than the Stalking Horse Bidder and no Auction is required, the Debtors, in consultation with the Stalking Horse Bidder,

may request an earlier Sale Approval Hearing date from the Court. The Debtors will seek the entry of an order of this Court at the Sale Approval Hearing approving and authorizing the Sale to the Stalking Horse Bidder or the Successful Bidder, on terms and conditions consistent with the Stalking Horse Agreement or, as the case may be, the Modified Purchase Agreement, as each may be amended and modified. The Sale Approval Hearing may be adjourned or rescheduled without notice other than by an announcement of the adjourned date in the agenda filed with respect to the Sal Hearing or on the record at the Sale Approval Hearing.

22. Objections, if any, to the relief requested in the Sale Motion as it relates to the Sale must: (a) be in writing and filed with this Court; (b) comply with the Bankruptcy Rules and the Local Rules; and (c) be served upon (so as to be received by) the Notice Parties on or before 4:00 p.m. (prevailing Eastern Time) on May 8, 2013 (the "Sale Objection Deadline"); provided, however, that objections as to the Auction or the selection of the highest or otherwise best bid shall be in writing, filed and served so as to be actually received by the Notice Parties by May 14, 2013 at 12:00 p.m. (prevailing Eastern Time).

23. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

24. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

25. To the extent that this Order is inconsistent with any prior order or pleading with respect to the Motion in these cases, the terms of this Order shall govern.

26. This Court shall retain jurisdiction to resolve any dispute relating to the interpretation, implementation and enforcement of the terms and conditions of this Order. To the

extent any provisions of this Order shall be inconsistent with the Motion, the terms of this Order shall control.

Dated: _____, 2013
Wilmington, Delaware

_____
UNITED STATES BANKRUPTCY JUDGE

7018100.1

SCHEDULE 1

BIDDING PROCEDURES

BIDDING PROCEDURES

By order of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), set forth below are the bidding procedures (the "Bidding Procedures") to be employed in connection with the sale of the Assets (as defined below) of Ormet Corporation and certain of its affiliates that are debtors and debtors in possession (collectively, the "Debtors"), in the jointly administered chapter 11 bankruptcy cases (the "Cases") of the Debtors, filed on February 25, 2013 (the "Petition Date") and currently pending in the Bankruptcy Court (Case No. 13-_____). Pursuant to the Bidding Procedures, the Debtors shall solicit bids for the purchase of the Assets, conduct an auction for the Assets (the "Auction") if the Debtors receive two or more Qualified Bids (as defined below), and thereafter, seek entry of an order (the "Sale Order"), after notice and a hearing (the "Sale Approval Hearing"), authorizing and approving the sale of Assets (the "Sale") to the highest or best bidder at the Auction (the "Successful Bidder" and such bid, the "Successful Bid").

On February 25, 2013, the Debtors filed with the Bankruptcy Court, among other items, the Debtors' Motion for Order: (I) Approving Bidding Procedures in Connection With Sale of Substantially all of the Debtors' Assets; (II) Scheduling Hearing to Consider Sale; (III) Approving Form and Manner of Notice Thereof; and (IV) Authorizing Expense Reimbursement (the "Bidding Procedures Motion"). On [March __, 2013], the Bankruptcy Court entered an order approving the Bidding Procedures (the "Bidding Procedures Order") and scheduling [_____], 2013 at [_____] a.m./p.m. (prevailing Eastern Time) as the date and time that the Sale Approval Hearing will be held.

1. Assets to be Sold

The Debtors seek to sell all or substantially all of their assets, including without limitation, all equipment, machinery, raw materials, inventory, supplies, real property, cash and accounts receivable (the "Assets").

2. Free of Any and All Claims and Interests

Except as otherwise provided in definitive documentation with respect to any sale of the Assets, all of the Debtors' rights, title and interest in and to the Assets, or any portion thereof, shall be sold pursuant to the Sale Order free and clear of all liens, claims, encumbrances, rights, remedies, restrictions, pledges, interests, liabilities, charges, options and contractual commitments of any kind or nature whatsoever, whether arising before or after the date that the Debtors filed the Cases in the Bankruptcy Court, whether at law or in equity, in accordance with section 363 of the Bankruptcy Code (collectively, the "Claims and Interests"), with such Claims and Interests to attach to the net proceeds of the sale of such Assets.

3. Stalking Horse Bid

The Debtors have executed an Asset Purchase Agreement (collectively with all ancillary documents and agreements, the "Stalking Horse Agreement", and as may be modified before and after the Auction in accordance with applicable law and provisions of the Stalking Horse Agreement, the "Purchase Agreement") with [Smelter Acquisition LLC] (the "Stalking Horse Bidder"), dated February [25], 2013, which contemplates the sale of substantially all of the

Assets to the Stalking Horse Bidder (the "Stalking Horse Bid"). The Stalking Horse Bid shall be deemed a Qualified Bid (as defined below) for purposes of these Bidding Procedures. The Debtors have agreed that in the event that the Bankruptcy Court approves the purchase of some or all of the Assets by any party other than the Stalking Horse Bidder, the Debtors shall reimburse the Stalking Horse Bidder for its reasonable out-of-pocket expenses up to an aggregate amount not to exceed $1,000,000 (the "Expense Reimbursement"), in accordance with the Stalking Horse Agreement and the Bidding Procedures Order.

4. Participation Requirements

Any person that wishes to participate in the bidding process (each, a "Potential Bidder") must become a "Qualifying Bidder." As a prerequisite to becoming a Qualifying Bidder (and, thus, being able to conduct due diligence), a Potential Bidder must: (a) deliver an executed confidentiality agreement in form and substance acceptable to the Debtors no later than May 3, 2013; (b) provide such financial and other information (the "Financial Information") as the Debtors shall reasonably deem necessary to provide sufficient support for the ability of the Potential Bidder to consummate a transaction to purchase the Assets, if such Potential Bidder is selected as the Successful Bidder; and, (c) provide a written non-binding indication of whether such Potential Bidder is interested in purchasing substantially all of the Assets or a specified portion of the Assets.

The Stalking Horse Bidder is deemed a Qualifying Bidder and the Stalking Horse Agreement constitutes a Qualifying Bid (as defined below) for all purposes.

5. Access to Diligence Materials

The Debtors will afford Qualifying Bidders the opportunity to conduct reasonable due diligence, subject to parameters that the Debtors, in consultation with their advisors and Consultation Parties (defined below), determine are business-sensitive or otherwise not appropriate for disclosure to such Qualifying Bidder in order to avoid disclosure of competitively sensitive or other proprietary information that could be damaging to the value of the Debtors' estates if disclosed to a Qualifying Bidder in actual or potential competition with any Debtor or strategically situated with respect to any Debtor as an actual or potential supplier or customer or otherwise. The due diligence period shall extend through and including May 8, 2013 at 5:00 p.m. (ET) (the "Bid Deadline"). The Debtors and their representatives shall not be obligated to furnish any due diligence information after the Bid Deadline.

6. Bid Requirements

To be deemed eligible to participate in the Auction, each Qualifying Bidder must submit an offer, solicitation or proposal (a "Qualifying Bid") by a date no later than the Bid Deadline that:

(a) states that such Qualifying Bidder offers to purchase all or substantially all of the Assets, or a specified portion of the Assets, upon the terms and conditions substantially as set forth in the Stalking Horse Agreement or pursuant to an alternative structure that the Debtors determine, in consultation with the Consultation Parties, is no less favorable than the terms and conditions of the

Stalking Horse Agreement and provided further that the Debtors determine, in consultation with the Consultation Parties, that the aggregate consideration offered by any bid or combination of bids for all or substantially all of the Debtors' assets satisfies the "Initial Overbid" requirements set forth below;

(b) is a bid on terms that, in the Debtors' reasonable business judgment, in consultation with the Consultation Parties, are the same or better than the terms of the Stalking Horse Agreement;

(c) is accompanied by a clean and duly executed purchase agreement (the "Modified Purchase Agreement") and a marked Modified Purchase Agreement reflecting any variations from the Stalking Horse Agreement executed by the Stalking Horse Bidder;

(d) contains such financial and other information to allow the Debtors to make a reasonable determination as to the Qualifying Bidder's financial and other capabilities to consummate the transactions contemplated by the Modified Purchase Agreement including, without limitation, such financial and other information setting forth adequate assurance of future performance under contracts and leases to be assumed pursuant to section 365 of Bankruptcy Code in a form requested by the Debtors to allow the Debtors to serve, within one (1) business day after such receipt, such information on counter-parties to any contracts or leases being assumed or assumed and assigned in connection with the proposed sale that have requested, in writing, such information;

(e) identifies with particularity each and every executory contract and unexpired lease, the assumption and assignment of which is a condition to closing;

(f) does not request or entitle such Qualifying Bidder to any expense reimbursement, breakup fee, termination or similar type of fee or payment except as to the Stalking Horse Bidder;

(g) fully discloses the identity of each entity that will be bidding in the Auction (as defined below) or, in the event the Qualifying Bidder is formed for the purpose of purchasing the Assets, identifies the equity holder(s) of the Qualifying Bidder to be responsible for the Qualifying Bidder's obligations in connection with the Sale, and the complete terms of participation of any such entity;

(h) sets forth each regulatory and third-party approval required for the Qualifying Bidder to consummate its purchase, and the time period within which the Qualifying Bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than thirty (30) days following execution and delivery of the Modified Asset Purchase Agreement, those actions the Qualifying Bidder will take to ensure receipt of such approval(s) as promptly as possible);

(i) is irrevocable through the Auction, provided that if such bid is accepted as the Successful Bid or the Backup Bid (as defined below), such bid shall continue to

remain irrevocable, subject to the terms and conditions of the Bidding Procedures through the closing of the Sale;

(j) is likely to result in value to the Debtors' estates, in the Debtors' reasonable judgment, after consulting with their legal and financial advisors, that is more than the aggregate of the value of the sum of: (i) an amount of cash equal to the amount outstanding under the Senior DIP Financing Agreement on the Closing Date (or, if and to the extent that the lenders under the Senior DIP Financing Agreement, in their sole discretion, agree to the Qualifying Bidder's assumption of liabilities under the Senior DIP Financing Agreement, an assumption of such liabilities as a complete or partial alternative to such cash payment, as the case may be); plus (ii) an amount of cash equal to the amount outstanding under the Term DIP Facility on the Closing Date (or, if and to the extent that the Term DIP Lenders, in their sole discretion, agree to the Qualifying Bidder's assumption of liabilities under the Term DIP Facility, an assumption of such liabilities as a complete or partial alternative to such cash payment, as the case may be); plus (iii) the aggregate amount of the Assumed Liabilities; plus (iv) $131,000,000 in cash, the amount of the credit bid by the Stalking Horse Bidder and the Buyer Securities Consideration (as defined in the Stalking Horse Agreement); plus (v) the assumption of Bankruptcy Court approved accrued and unpaid professional fees and expenses through the Closing Date, plus (vi) the assumption of the Debtors wind-down obligations, including Bankruptcy Court approved fees and expenses of professionals, in an amount not to exceed $625,000; plus (vii) $1,000,000 in cash, the maximum amount of the Expense Reimbursement; plus (viii) $1,000,000 in cash (the "Initial Overbid").

(k) (i) does not contain any due diligence or financing contingencies of any kind; and (ii) contains evidence that the Qualifying Bidder has received debt and/or equity funding commitments or has financial resources readily available sufficient in the aggregate to consummate the Sale, which evidence is reasonably satisfactory to the Debtors;

(l) includes evidence of authorization and approval from the Qualifying Bidder's board of directors (or comparable governing body) with respect to the submission, execution, and delivery of the Modified Purchase Agreement; and

(m) provides a purchase deposit equal to ten percent (10%) of the purchase price contained in the Modified Purchase Agreement, which shall be deposited in an interest-bearing escrow account to be identified and established by the Debtors (the "Good Faith Deposit"). The Stalking Horse Bidder shall not be required to submit a Good Faith Deposit.

A competing bid satisfying all the above requirements shall constitute a Qualifying Bid.

7. Bid Deadline

A Qualifying Bidder that desires to make a bid shall deliver a written or electronic copy of its bid to (i) Ormet Corporation, 43840 State Route 7, Hannibal, OH 43931 (Attn: James Riley); (ii) Dinsmore & Shohl LLP, 255 East Fifth Street, Suite 1900, Cincinnati, Ohio 45202 (Attn. Kim Martin Lewis, Esq. (kim.lewis@dinsmore.com) and Patrick D. Burns, Esq. (patrick.burns@dinsmore.com)), and Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, PO Box 1347, Wilmington, DE 19899-1347 (Attn: Robert J. Dehney, Esq. (rdehney@mnat.com) and Erin R. Fay, Esq. (efay@mnat.com)) co-counsel to the Debtors; (iii) Lloyd Sprung (lloyd.sprung@evercore.com) and Paul Billyard (billyard@evercore.com), investment bankers to the Debtors; (iv) Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Ave., N.W., Washington, D.C. 20036-1564 (Attn: Scott L. Alberino, Esq. (salberino@akingump.com) and Joanna Newdeck, Esq. (jnewdeck@akingump.com), counsel to the Wayzata Entities and the Stalking Horse Bidder; (iv) Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, NY 10169 (Attn: Daniel Fiorillo, Esq. (dfiorillo@oshr.com)), counsel to the Revolving DIP Lender; (v) _____, counsel to the Official Committee of Unsecured Creditors; and (vi) the Office of the United States Trustee for the District of Delaware), so as to be received by a date no later than the Bid Deadline.

8. Evaluation of Qualifying Bids

A Qualifying Bid received from a Qualifying Bidder before the Bid Deadline that meets the above requirements for the applicable assets shall constitute a "Qualified Bid" for such assets, and such Qualifying Bidder shall constitute a "Qualified Bidder" for such assets. Notwithstanding anything herein to the contrary, the Stalking Horse Agreement shall be deemed a Qualified Bid, and the Stalking Horse Bidder a Qualified Bidder. In addition, the Stalking Horse Bidder will receive, from each Qualifying Bidder, a copy of any bids at the time such bid is submitted to the Debtors. The Debtors shall inform counsel to the Stalking Horse Bidder, the Creditors' Committee, and other Qualifying Bidders whether the Debtors will consider such Qualifying Bids to be Qualified Bids no later than two (2) business days before the Auction.

Prior to the Auction, the Debtors shall determine, in their reasonable judgment and in consultation with the Consultation Parties, which of the Qualified Bids is the highest or best value to the Debtors.

9. No Qualified Bids

If no timely, conforming Qualified Bids other than the Stalking Horse Agreement submitted by the Stalking Horse Bidder are submitted by the Bid Deadline, the Debtors shall not hold an Auction and instead shall request at the Sale Approval Hearing (as defined below) that the Bankruptcy Court approve the Stalking Horse Agreement with the Stalking Horse Bidder.

10. Auction

In the event that the Debtors timely receive one or more Qualified Bids other than the Stalking Horse Agreement, the Debtors shall conduct an auction (the "Auction") at 10:00 a.m. (prevailing Eastern time) on May 13, 2013 at the offices of Dinsmore & Shohl LLP, 255 E. 5th St., Ste. 1900, Cincinnati, OH 45202, or such other location as selected by the Debtors, in

consultation with the Stalking Horse Bidder, upon not less than five (5) days' notice to all applicable parties (the "Auction Date").

Only the Debtors, the Consultation Parties and any other Qualified Bidder, and, with the approval of the Debtors in consultation with the Consultation Parties, and subject to reasonable space limitations, those parties-in-interest that provide the Debtors written notice of their interest to attend the Auction no later than 12:00 p.m. two business days before the Auction, in each case, along with their representatives and counsel, will be permitted to attend the Auction in person, and only the Stalking Horse Bidder and such other Qualified Bidders will be entitled to make any bids at the Auction. The Stalking Horse Bidder (as a representative of Term Loan Lenders) reserves the right to make any bid comprised of cash and/or any credit bid (pursuant to Bankruptcy Code section 363(k) or other applicable law) at the Auction. For the avoidance of doubt, at any time, and from time to time, during the Auction, the Stalking Horse Bidder may increase its bid, including by increasing the amount of the credit bid to the full amount then outstanding and owing under the Term Loan Agreement and that certain debtor-in-possession credit facility pursuant to that certain Senior Secured Term Loan and Security Agreement,by and among Debtors and the lenders thereunder (the "DIP Term Loan Agreement").

The Auction shall be governed by the following procedures:

(a) Unless otherwise agreed to by the Stalking Horse Bidder, in its sole discretion, only the Stalking Horse Bidder and the other Qualified Bidders shall be entitled to make any subsequent bids at the Auction;

(b) The Stalking Horse Bidder and the other Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative;

(c) All proceedings at the Auction shall be conducted before and transcribed by a court stenographer;

(d) Each Qualified Bidder participating in the Auction must confirm that it (a) has not engaged in any collusion with respect to the bidding or sale of any of the assets described herein and (b) has reviewed, understands and accepts the Bidding Procedures;

(e) Bidding shall commence at the amount of the highest or best Qualified Bid submitted by the Qualified Bidders, as determined by the Debtors in consultation with the Consultation Parties, received before the Bid Deadline (the "Auction Baseline Bid");

(f) Qualified Bidders may then submit successive bids in increments of at least $1,000,000 higher than the Auction Baseline Bid at which the Auction commenced and then continue in minimum increments of at least $1,000,000 higher than the previous bid (each, an "Overbid"); provided that the Debtors shall retain the right to modify the bid increment requirements or adjust for variance in the terms of the proposed transactions, as necessary in the conduct of the Auction, in each case in consultation with the Consultation Parties.

(g) At the Debtors' discretion, to the extent not previously provided (which shall be determined by the Debtors in consultation with the Consultation Parties), a Qualified Bidder submitting an Overbid at any Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors) demonstrating such Bidder's ability to close the Transaction proposed by such Overbid.

(h) The Stalking Horse Bidder shall be entitled to include as part of any and all of its subsequent bids a credit for the amount of the Expense Reimbursement;

(i) The Debtors shall announce at the Auction the material terms of each Overbid and the basis for calculating the total consideration offered in each such Overbid.

(j) All Qualified Bidders shall have the right to submit additional Overbids and make additional modifications to the Purchase Agreement or Modified Purchase Agreement, as applicable, at the Auction, provided that any such modifications, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors than the terms of the Stalking Horse Agreement;

(k) The Auction shall continue until there is only one bid that the Debtors determine in their reasonable business judgment in consultation with the Consultation Parties, subject to Bankruptcy Court approval, is the highest or best from among the Qualifying Bids submitted at the Auction (the "Prevailing Bid"). In making this decision, the Debtors shall consider, in consultation with the Consultation Parties, without limitation, the amount of the purchase price, the form of consideration being offered, the estimated value of Assets not included in a Qualified Bid, the likelihood of the Qualified Bidder's ability to close a transaction and the timing thereof, the number, type and nature of any changes to the Stalking Horse Agreement requested by each bidder, and the overall net benefit to the Debtors' estates and parties in interest, all on an aggregate basis and viewed in whole. The bidder submitting such Prevailing Bid shall become the Successful Bidder and shall have such rights and responsibilities of the purchaser, as set forth in the applicable Asset Purchase Agreement setting forth the terms and conditions of the Prevailing Bid;

(l) Within one (1) business day after conclusion of the Auction, the Successful Bidder shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which the Prevailing Bid was made; and

(m) Within one (1) business day after conclusion of the Auction, the Debtors shall file a notice identifying the Successful Bidder with the Bankruptcy Court.

11. Back-Up Bid

Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder or Qualified Bidders with the next highest or otherwise best bid

or combination of bids at the Auction, as determined by the Debtors, in the exercise of their business judgment, may be designated as the potential backup bidder (collectively, the "Potential Backup Bidder"). In the event that a bidder or bidders other than the Stalking Horse Bidder are identified by the Debtors as the Potential Backup Bidder, such bidder or bidders shall be required to serve as the backup bidder or backup bidders (collectively, the "Backup Bidder"). If the Stalking Horse Bidder is determined to be the Potential Backup Bidder, the Stalking Horse Bidder may, in its sole discretion, elect not to serve as the Backup Bidder, and the Debtors may identify the Qualified Bidder with the next highest or otherwise best Bid or combination of Bids, if any, as the Backup Bidder. The Backup Bidder shall be required to keep its initial bid or combination of bids (or if the Backup Bidder submitted one or more Overbids at the Auction, the final respective Overbid) (the "Backup Bid") open and irrevocable until the earlier of 5:00 p.m. (prevailing Eastern Time) on the date that is thirty (30) days after the date of entry of the Sale Order or the closing of the transaction with the Successful Bidder (the "Outside Backup Date").

If the Successful Bidder fails to timely consummate the purchase of the Assets, or any part thereof, pursuant to the terms and conditions of the applicable Purchase Agreement or Modified Purchase Agreement, including the Stalking Horse Agreement, then the Backup Bidder may be designated by the Debtors as the Successful Bidder, and the Debtors shall be authorized, but not required, to consummate the transaction or transactions with the Backup Bidder as soon as is commercially reasonable. If the Successful Bidder fails to consummate the purchase of the Assets because of a breach, default or failure to perform on the part of such Successful Bidder, the defaulting Successful Bidder's deposit shall be forfeited to the Debtors and the Debtors reserve the right to seek all available damages from such defaulting Successful Bidder only to extent specifically provided for by the terms, conditions and limitations of any applicable Purchase Agreement or Modified Purchase Agreement, including the Stalking Horse Agreement.

12. Consent to Jurisdiction as Condition to Bidding.

The Stalking Horse Bidder and all other Qualified Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court to enter an order or orders, which shall be binding in all respects, in any way related to the Debtors, these chapter 11 cases, the Bidding Procedures, the Asset Purchase Agreement setting forth the terms and conditions of the Prevailing Bid, or the Auction and waived any right to a jury trial in connection with any disputes relating to the Debtors, these chapter 11 cases, the Bidding Procedures, the Modified Purchase Agreement, the Purchase Agreement, or the Auction.

13. Sale Is As Is/Where Is.

The Assets or any other assets of the Debtors sold pursuant to the Bidding Procedures shall be conveyed at closing in their then-present condition, "**AS IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED.**"

14. Sale Approval Hearing

The Prevailing Bid (or the Stalking Horse Agreement if no Qualifying Bid other than that of the Stalking Horse Bidder is received) will be subject to approval by the Bankruptcy Court. The hearing to approve the Prevailing Bid (or the Stalking Horse Agreement if no Qualifying

Bid other than that of the Stalking Horse Bidder is received) shall take place no later than May 15, 2013.

15. Return of Deposits

The Good Faith Deposits of all Qualified Bidders shall be held in one or more non-interest-bearing escrow accounts by the Debtors, but shall not become property of the Debtors' estates absent further order of the Court. The Good Faith Deposit of any Qualified Bidder that is neither a Successful Bidder nor a Backup Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the Sale Approval Hearing. The Good Faith Deposit of each Backup Bidder, if any, shall be returned to the respective Backup Bidder on the date that is the earlier of 72 hours after (a) the closing of the transaction with the Successful Bidder or Successful Bidders for the assets bid upon by such Backup Bidder and (b) the Outside Backup Date. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If a Successful Bidder or Successful Bidders timely closes their winning transactions, their respective Good Faith Deposits shall be credited towards their respective purchase prices.

16. Additional Procedures

The Debtors may announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bidding Procedures or the Stalking Horse Agreement.

17. The Consultation Parties

The Debtors shall consult with the agent under the Debtors' post-petition superpriority senior secured revolving credit facility, and the Wayzata Entities[11], any official committee of unsecured creditors appointed in the Debtors' cases, the representative of the United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers' International Union, and each of their respective advisors (collectively, the "Consultation Parties" and each, a "Consultation Party") as explicitly provided for in these Bidding Procedures; provided, however, that the Debtors shall not be required to consult with any Consultation Party (and its advisors) that submits a Bid or has a Bid submitted on its behalf for so long as such Bid remains open, including any credit bid, if the Debtors determine, in their reasonable business judgment, that consulting with such Consultation Party regarding any issue, selection or determination would be likely to have a chilling effect on potential bidding or otherwise be contrary to the goal of maximizing value for the Debtors' estates from the sale process.

18. Reservation of Rights

The Debtors reserve the right to extend the deadlines set forth in the Bidding Procedures and/or to adjourn the Auction or Sale Approval Hearing on notice to the extent consistent with

[11] The term "Wayzata Entities" means, collectively, (a) the lenders under that certain term loan and security agreement, by and among (i) Ormet Corporation, Ormet Primary Aluminum Corporation and Ormet Aluminum Mill Products Corporation, as borrowers, (ii) Specialty Blanks Holding Corporation and Ormet Railroad Corporation, as guarantors, (iii) The Bank of New York Mellon, as agent and (iii) the lenders party thereto, (b) the Term DIP Lender and (c) the agent under the Term DIP Financing Agreement.

the deadlines set forth in the Stalking Horse Agreement and with the consent of the Stalking Horse Bidder (such consent not to be unreasonably withheld). The Debtors shall file a notice of any such extensions or adjournments and serve such notice on the Notice Parties (as defined in Bidding Procedures Motion).

Except as otherwise provided in the Stalking Horse Agreement, the Bidding Procedures or the Sale Order, the Debtors further reserve the right as they may reasonably determine to be in the best interest of their estates, in consultation with the Consultation Parties to: (a) determine which bidders are Qualifying Bidders or Qualified Bidders; (b) determine which bids are Qualifying Bids and Qualified Bids; (c) determine which Qualified Bid is the highest and best proposal and which is the next highest and best proposal; (d) reject any bid that is (1) inadequate or insufficient, (2) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code or (3) contrary to the best interests of the Debtors and their estates; (e) waive terms and conditions set forth herein with respect to all potential bidders; (f) impose additional terms and conditions with respect to all bidders; (g) extend the deadlines set forth herein; (h) continue or cancel the Auction and/or Sale Approval Hearing in open court without further notice; and (i) modify the Bidding Procedures or implement additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bidding Procedures or the Stalking Horse Agreement.

SCHEDULE 2

NOTICE OF AUCTION AND SALE APPROVAL HEARING

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: **ORMET CORPORATION, et al.**[1] **Debtors.**	**Chapter 11** **Case No. 13-_____** **(Joint Administration Pending)**

NOTICE OF AUCTION AND SALE APPROVAL HEARING IN CONNECTION WITH THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS

Notice is hereby given, as follows:

1. On February 25, 2013, the above-captioned debtors and debtors-in-possession (the "Debtors" or the "Company") filed a motion seeking approval of, among other things (i) bidding procedures and bidding protections in connection with a sale of all or substantially all of the Debtors' assets free and clear of any and all liens, claims, and encumbrances, pursuant to Section 363 of the Bankruptcy Code (a "Sale"); (ii) procedures to determine cure amounts and deadlines for objections to certain contracts, and leases to be assumed and assigned by the Debtors pursuant to the Asset Sale; and (iii) related relief (the "Bidding Procedures Motion") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). By order dated _____, the Bankruptcy Court approved the bidding procedures requested in the Bidding Procedures Motion (the "Bidding Procedures Order").

2. The Debtors have entered into a "Stalking Horse Agreement" with the Stalking Horse Bidder[2] contemplating the sale by the Debtors of substantially all of the Debtors' assets (the "Assets"), but as set forth in the Bidding Procedures, the Sale is subject to higher or better offers from any prospective Qualifying Bidder.

3. All interested parties are invited to become a Qualifying Bidder and to make offers to purchase all or substantially all of the Assets, in accordance with the terms of the Bidding Procedures and the Bidding Procedures Order, available upon electronically-mailed, written request from counsel to the Debtors, Dinsmore & Shohl LLP, 255 E. 5th Street, Suite 1900, Cincinnati, Ohio 45202 (Kim Martin Lewis (kim.lewis@dinsmore.com) and Patrick D.

[1] The Debtors are the following entities (followed by the last four digits of their tax identification numbers): Ormet Corporation (2006); Ormet Primary Aluminum Corporation (9779); Ormet Aluminum Mill Products Corporation (9587); Specialty Blanks Holding Corporation (7019); and Ormet Railroad Corporation (0379). The service address for all of the Debtors for purposes of these chapter 11 cases is: 43840 State Route 7, Hannibal, Ohio 43931.

[2] Capitalized terms not defined herein shall have the meaning ascribed in the Bidding Procedures Order.

Burns) (patrick.burns@dinsmore.com) ("Debtors' Counsel"). The deadline to submit bids (the "Bid Deadline") is May 8, 2013 at 5:00 p.m. (prevailing Eastern Time).

4. Pursuant to the Bidding Procedures Order, the Debtors may conduct an auction (the "Auction") for the sale of the Assets at the offices of Dinsmore & Shohl LLP, 255 E. 5th Street, Suite 1900, Cincinnati, Ohio 45202, on May 13, 2013 at 10:00 a.m. (prevailing Eastern Time). The Debtors shall file a notice of any adjournment of the Auction with the Bankruptcy Court no later than 24 hours before the Auction is scheduled to begin.

5. The Debtors will seek Bankruptcy Court approval of the sale of all or substantially all of the Debtors' assets to the Stalking Horse Bidder, or to a Qualifying Bidder submitting the highest or best offer at the Auction (the "Prevailing Bidder"), at a hearing to be conducted on May 15, 2013 at __:__ _.m. (prevailing eastern time), or such other time as the Bankruptcy Court shall determine (the "Sale Approval Hearing"). The Sale Approval Hearing may be adjourned by the Debtors by notice in any agenda with respect the Sale Approval Hearing or on the record at the Sale Approval Hearing.

6. At the Sale Approval Hearing, the Bankruptcy Court may enter such orders as it deems appropriate under applicable law and as required by the circumstances and equities of these chapter 11 cases. Objections, if any, to the Sale pursuant to the terms of the agreement reached between the Debtors and the Prevailing Bidder shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court for the District of Delaware, shall set forth the name of the objecting party, the nature and amount of any claims or interests held or asserted against the Debtors' estates or properties, the basis for the objection and the specific grounds therefore, and shall be filed with the Bankruptcy Court and be served upon (i) Ormet Corporation, 43840 State Route 7, Hannibal, OH 43931 (Attn: James Riley); (ii) Dinsmore & Shohl LLP, 255 East Fifth Street, Suite 1900, Cincinnati, Ohio 45202 (Attn. Kim Martin Lewis, Esq. (kim.lewis@dinsmore.com) and Patrick D. Burns, Esq. (patrick.burns@dinsmore.com)), and Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, PO Box 1347, Wilmington, DE 19899-1347 (Attn: Robert J. Dehney, Esq. (rdehney@mnat.com) and Erin R. Fay, Esq. (efay@mnat.com)) co-counsel to the Debtors; (iii) Lloyd Sprung (lloyd.sprung@evercore.com) and Paul Billyard (billyard@evercore.com), investment bankers to the Debtors; (iv) Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Ave., N.W., Washington, D.C. 20036-1564 (Attn: Scott L. Alberino, Esq. (salberino@akingump.com) and Joanna Newdeck, Esq. (jnewdeck@akingump.com), counsel to the Wayzata Entities and the Stalking Horse Bidder; (iv) Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, NY 10169 (Attn: Daniel Fiorillo, Esq. (dfiorillo@oshr.com)), counsel to the Revolving DIP Lender; (v) counsel to the Official Committee of Unsecured Creditors: _____; and (vi) the Office of the United States Trustee for the District of Delaware (collectively, the "Notice Parties"), so as to be actually received on or before May 8, 2013 at 4:00 p.m. (prevailing Eastern Time).

7. Requests for a copy of the Stalking Horse Agreement or for any other information concerning the Sale should be directed by written request to Debtors' counsel.

Dated: March __, 2013
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

Robert J. Dehney (No. 3578)
Daniel B. Butz (No. 4227)
Erin R. Fay (No. 5268)
1201 N. Market St., 18th Flr.
PO Box 1347
Wilmington, DE 19899-1347
Telephone: 302-658-9200
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-and-

DINSMORE & SHOHL LLP
Kim Martin Lewis, Esq. (OH Bar #0043533)
Patrick D. Burns, Esq. (OH Bar #0081111)
255 E. 5th St., Ste. 1900
Cincinnati, OH 45202
Telephone: 513-977-8200
Facsimile: 513-977-8141

Proposed Counsel to Debtors
and Debtors in Possession

SCHEDULE 3

CURE NOTICE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: **ORMET CORPORATION, et al.**[1] **Debtors.**	**Chapter 11** **Case No. 13-_____** **(Joint Administration Pending)**

NOTICE OF DEBTORS' INTENT TO ASSUME AND ASSIGN CERTAIN UNEXPIRED LEASES AND EXECUTORY CONTRACTS AND SETTING FORTH THE CURE AMOUNTS

PLEASE TAKE NOTICE that on February 25, 2013, the debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), filed a motion seeking approval of, among other things: (i) bidding procedures and bidding protections in connection with a sale of the Debtors' businesses through a sale of all or substantially all of the Debtors' assets free and clear of any and all liens, claims, and encumbrances, pursuant to Section 363 of the Bankruptcy Code (a "Sale"); (ii) establishing procedures to determine Cure Amounts and deadlines for objections to certain contracts, and leases to be assumed and/or assigned by the Debtors pursuant to the Asset Sale (the "Cure Procedures") and (c) granting related relief (the "Bidding Procedures Motion") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). By order dated _____, 2013, a copy of which is annexed hereto as Exhibit A, the bankruptcy court approved the Cure Procedures and the Bidding Procedures Motion (the "Bidding Procedures Order").

[1] The Debtors are the following entities (followed by the last four digits of their tax identification numbers): Ormet Corporation (2006); Ormet Primary Aluminum Corporation (9779); Ormet Aluminum Mill Products Corporation (9587); Specialty Blanks Holding Corporation (7019); and Ormet Railroad Corporation (0379). The service address for all of the Debtors for purposes of these chapter 11 cases is: 43840 State Route 7, Hannibal, Ohio 43931.

PLEASE TAKE FURTHER NOTICE that at a hearing on _____, 2013 at __:00 _.m. (prevailing eastern time) or such other time as the Bankruptcy Court shall determine (the "Sale Approval Hearing"), the Debtors intend to seek approval of the Sale with the Stalking Horse Bidder or another successful bidder at the Auction[2] (each, a "Buyer"), pursuant to the terms of a purchase agreement between the Debtors and the Buyer (the "Purchase Agreement").

PLEASE TAKE FURTHER NOTICE that the Debtors are a party to various executory contracts and unexpired leases (the "Contracts"), and, pursuant to the Cure Procedures, at the Sale Approval Hearing the Debtors intend to assume and assign to the Buyer certain Contracts (collectively, the "Assumed and Assigned Contracts"). You have been identified as a party to a Contract that the Debtors may seek to assume and assign. The Assumed and Assigned Contract(s) with respect to which you have been identified as a non-Debtor party, and the corresponding proposed cure amount (the "Cure Amount") are set forth on Exhibit B annexed hereto.

PLEASE TAKE FURTHER NOTICE that the Debtors believe that any and all defaults (other than the filing of these chapter 11 cases) and actual pecuniary losses under the Assumed and Assigned Contracts can be cured by the payment of the Cure Amount.

PLEASE TAKE FURTHER NOTICE that the assumption of any Assumed and Assigned Contracts and the payment of the Cure Amount, if any, shall result in the full release and satisfaction of any claims or defaults, whether monetary or non-monetary against the Debtors, their estates, and the Buyer under such Assumed and Assigned Contracts.

PLEASE TAKE FURTHER NOTICE that any party objecting to (i) any Cure Amount and/or (ii) the proposed assumption and assignment of any Assumed and Assigned Contract in connection with the Sale must file with the Bankruptcy Court and serve an objection (a "Contract

[2] Capitalized terms not defined herein shall have the meaning ascribed in the Bidding Procedures Order.

Objection"), in writing, setting forth with specificity any and all cure obligations that the objecting party asserts must be cured and/or satisfied with respect to the Assumed and Assigned Contract, and/or any and all objections to the potential assumption and/or assignment of such agreement, together with all documentation supporting such Contract Objection, upon: (i) Ormet Corporation, 43840 State Route 7, Hannibal, OH 43931 (Attn: James Riley); (ii) Dinsmore & Shohl LLP, 255 East Fifth Street, Suite 1900, Cincinnati, Ohio 45202 (Attn. Kim Martin Lewis, Esq. (kim.lewis@dinsmore.com) and Patrick D. Burns, Esq. (patrick.burns@dinsmore.com)), and Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, PO Box 1347, Wilmington, DE 19899-1347 (Attn: Robert J. Dehney, Esq. (rdehney@mnat.com) and Erin R. Fay, Esq. (efay@mnat.com)) co-counsel to the Debtors; (iii) Lloyd Sprung (lloyd.sprung@evercore.com) and Paul Billyard (billyard@evercore.com), investment bankers to the Debtors; (iv) Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Ave., N.W., Washington, D.C. 20036-1564 (Attn: Scott L. Alberino, Esq. (salberino@akingump.com) and Joanna Newdeck, Esq. (jnewdeck@akingump.com), counsel to the Wayzata Entities and the Stalking Horse Bidder; (iv) Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, NY 10169 (Attn: Daniel Fiorillo, Esq. (dfiorillo@oshr.com)), counsel to the Revolving DIP Lender; (v) counsel to the Official Committee of Unsecured Creditors:_____; and (vi) the Office of the United States Trustee for the District of Delaware) (collectively, the "Notice Parties") so as to be received no later than 4:00 p.m. (prevailing Eastern Time) on _____, 2013. Unless a Contract Objection is timely filed and served, the assumption and assignment of the applicable Assumed and Assigned Contract will proceed without further notice; provided, however, if the Stalking Horse Bidder is not the Successful Bidder that prevails at the Auction, then the deadline to object to adequate assurance of future performance, shall be extended to the

date of the Sale Hearing; provided, further, however, that the deadline to object to the Cure Amount shall not be extended.

PLEASE TAKE FURTHER NOTICE that if no Cure Amount is due under the Assumed and Assigned Contract, and the non-Debtor party to such agreement does not otherwise object to the Debtors' assumption and assignment of such agreement, no further action need to be taken on the part of that non-Debtor party.

PLEASE TAKE FURTHER NOTICE that any person or entity receiving this notice that fails to file a Contract Objection on a timely basis (a) shall be forever enjoined and barred from seeking any additional amount on account of the Debtors' cure obligations under Section 365 of the Bankruptcy Code or otherwise from the Debtors, their estates, or the Buyer on account of the assumption and assignment of Assumed and Assigned Contracts and deemed to have consented to the proposed assumption and assignment; and (b) upon approval by the Bankruptcy Court of the assumption and assignment to the Buyer of the Assumed and Assigned Contracts, shall be deemed to have waived any right to object, consent, condition or otherwise restrict any such assumption and assignment.

PLEASE TAKE FURTHER NOTICE that a hearing on Contract Objections may be held (a) at the Sale Approval Hearing, or (b) at such other date prior to or after the Sale Approval Hearing as agreed to by the parties or as the Bankruptcy Court may designate upon request by the Debtors.

PLEASE TAKE FURTHER NOTICE that the Debtors' decision to assume and assign the Assumed and Assigned Contracts is subject to a final determination by the Buyer no later than five (5) business days prior to the consummation of the Sale. Absent consummation of the Sale and Bankruptcy Court approval, each Assumed and Assigned Contract shall not be deemed

either assumed or assigned and shall in all respects be subject to further administration under the Bankruptcy Code, until such time as the assumption of rejection of the contract by order of the Bankruptcy Court. The designation of any agreement as an Assumed and Assigned Contract shall not constitute or be deemed to be a determination or admission by the Debtors or the Buyer that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

PLEASE TAKE FURTHER NOTICE that Contract Objections regarding the Cure Amount or the ability of the Buyer to provide adequate assurance of future performance shall be resolved by agreement of the parties or determined by the Bankruptcy Court. The Debtors or the Buyer reserve the right to either reject or nullify the assumption of an Assumed and Assigned Contract that is subject to a dispute. Any payments required to be made based on such Contract Objections shall be made as soon as reasonably practicable following the entry of a final order resolving such dispute.

PLEASE TAKE FURTHER NOTICE that Debtors reserve the right to remove any Assumed and Assigned Contract from any proposed Sale and to withdraw the request to assume and assign any such Assumed and Assigned Contract.

Dated: March __, 2013
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

_____

Robert J. Dehney (No. 3578)
Daniel B. Butz (No. 4227)
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-and-

DINSMORE & SHOHL LLP
Kim Martin Lewis, Esq. (OH Bar #0043533)
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Telephone: 513-977-8200
Facsimile: 513-977-8141

Proposed Counsel to Debtors
and Debtors in Possession

EXHIBIT B

STALKING HORSE PURCHASE AGREEMENT

Execution Version

ASSET PURCHASE AGREEMENT

by and among

SMELTER ACQUISITION LLC

and

ORMET CORPORATION,
ORMET PRIMARY ALUMINUM CORPORATION,
ORMET ALUMINUM MILL PRODUCTS CORPORATION, AND
ORMET RAILROAD CORPORATION

Dated as of February 25, 2013

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (together with the Schedules, Exhibits and Annexes hereto, collectively referred to as this "***Agreement***") dated as of February 25, 2013 is made and entered into by and among Smelter Acquisition LLC, a Delaware limited liability company ("***Buyer***"), Ormet Corporation, a Delaware corporation ("***Ormet***"), Ormet Primary Aluminum Corporation, a Delaware corporation ("***OPAC***"), Ormet Aluminum Mill Products Corporation, a Delaware Corporation ("***Ormet Mill***"), and Ormet Railroad Corporation, a Delaware corporation ("***Ormet Railroad***") and collectively with Ormet, OPAC and Ormet Mill, each a "***Seller***" and together, "***Sellers***".

W I T N E S S E T H:

WHEREAS, Sellers are engaged in the business of producing alumina, aluminum and providing related products and services (the "***Business***");

WHEREAS, it is anticipated that shortly after the execution of this Agreement Sellers will file a voluntary petition (collectively, the "***Chapter 11 Cases***") under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***") (the date of such filing, the "***Petition Date***");

WHEREAS, it is anticipated that Wells Fargo Capital Finance, LLC, as Agent (the "***Senior DIP Agent***"), will as of the Petition Date provide Sellers with a $60,000,000 principal amount debtor-in-possession credit facility ("***Senior DIP Financing***") pursuant to that certain Super-Priority Senior Secured Debtor-In-Possession Second Amended and Restated Loan and Security Agreement, to be dated as of the Petition Date, by and among Sellers, Specialty Blanks Holding Company ("***Specialty Holding***") the Senior DIP Agent and the lenders party thereto (the "***Senior DIP Financing Agreement***");

WHEREAS, it is anticipated that Wayzata Investment Partners LLC, as Agent (the "***Term DIP Agent***"), will as of the Petition Date provide Sellers with a $30,000,000 principal amount debtor-in-possession credit facility ("***Term DIP Financing***") pursuant to that certain Senior Secured Superpriority Debtor-In-Possession Term Loan and Security Agreement, to be dated as of the Petition Date, by and among Sellers, Specialty Holding, the Term DIP Agent and the lenders party thereto (the "***Term DIP Financing Agreement***");

WHEREAS, in accordance with the Bidding Procedures, and subject to the terms and conditions set forth in this Agreement and the entry of the Transaction Approval Order, Buyer desires to acquire from Sellers, and Sellers desire to sell to Buyer, substantially all of the assets of Sellers (the "***Asset Acquisition***" or sometimes the "***Acquisition***") in a transaction pursuant to sections 105, 363 and 365 of the Bankruptcy Code; and

WHEREAS, the board of directors of each Seller has determined that it is advisable and in the best interests of such Seller and its constituencies to enter into this Agreement and to consummate the transactions provided for herein, and each has approved the same.

NOW, THEREFORE, in consideration of the foregoing and of the representations, warranties, covenants, agreements and conditions contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS

1.01 Definitions. Capitalized terms used in this Agreement shall have the meanings ascribed to them in Annex A hereto or as may be set forth throughout this Agreement.

ARTICLE II

PURCHASE AND SALE

2.01 Asset Acquisition.

(a) Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, subject to the entry of the Transaction Approval Order and subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, at the Closing, Sellers shall unconditionally sell, transfer, assign, convey and deliver to Buyer and/or one or more of Buyer's Affiliates designated by Buyer (a "***Buyer Designee***") free and clear of any and all Encumbrances (to the maximum extent provided in the Transaction Approval Order), except for Permitted Encumbrances, and Buyer shall purchase, acquire and accept from Sellers, all of Sellers' direct or indirect right, title and interest in, to and under the Business and all of Sellers' assets, rights, claims and properties of every kind and nature, whether real, personal or mixed, tangible or intangible, whether identifiable or contingent, wherever situated or located, whether or not reflected on the books and records of Sellers, other than the Excluded Assets (collectively, the "***Assets***"), which Assets shall include, without limitation, the following:

(i) All real property, together with all the rights, benefits, privileges, easements, rights-of-way, licenses, tenements, hereditaments, and appurtenances thereon or in any way appertaining thereto and all Improvements erected thereon and all rights in respect thereof (the "***Real Property***");

(ii) All fixed assets and other tangible personal property and equipment, including all machinery, tools, molds, equipment, computers, management information systems (including without limitation all software and hardware related thereto), telephone systems, furniture, fixtures, improvements and supplies, wherever located, together with all manufacturers' or other warranties pertaining to the same (collectively, the "***Equipment***");

(iii) All raw materials, inventory, components and other parts, work-in-process, finished goods, all packaging materials and labels, stores and supplies used in the sale of finished goods and/or products and all other inventory whether on hand, on order, in transit or held by others on a consignment basis (collectively, the "***Inventory***");

(iv) The outstanding accounts receivable, notes receivable, purchase orders, negotiable instruments, completed work that has not been billed, chattel paper, notes and other receivables , together with all unpaid financing charges accrued thereon and any payments with respect thereto ("***Accounts Receivable***"), and all claims arising in connection therewith;

(v) All intellectual property, including all (A) copyright rights (registered and unregistered) and software (including source code and object code), in any case, whether domestic or foreign, registered, unregistered and/or common law (including, without limitation, all goodwill associated with any of the foregoing, licenses in respect of any of the foregoing and claims for infringement of or interference with any of the foregoing and the right to recover past damages); (B) trade names, trade name rights, trademarks, trademark applications, trademark rights, service marks, service mark rights, trade dress, domain names, URLs, web pages, in any case, whether domestic or foreign or registered, unregistered and/or common law (including without limitation, all goodwill associated with any of the foregoing, licenses in respect of any of the foregoing, and claims for infringement of or interference with any of the foregoing and the right to recover past damages); (C) invention disclosures, issued design patents, pending U.S. patent applications and corresponding international and foreign counterpart applications and issued patents, including any applications, continuation applications, divisional applications, issued patents, reexaminations and reissues thereof, whether domestic or foreign (including without limitation, all goodwill associated with any of the foregoing, licenses in respect of any of the foregoing, and claims for infringement of or interference with any of the foregoing and the right to recover past damages); and (D) confidential information, trade secrets, designs, specifications, know-how and other proprietary information and technology (collectively, the "***Intellectual Property***");

(vi) All Contracts of Sellers listed on Schedule 2.01(a)(vi) (subject to Bankruptcy Court approval and as may be added or removed pursuant to Sections 2.01(e), 7.09 and 10.13 hereof, the "***Assumed Contracts***");

(vii) All goodwill, customer relationships, other intangible property, and causes of action, actions, claims and rights of any kind as against others (whether by contract or otherwise) relating to any of the Assets (including without limitation, the Intellectual Property), the Assumed Liabilities or the Business, including the Business Related Avoidance Actions;

(viii) All books and records (financial, accounting, personnel files and other), and correspondence, and all customer sales, marketing, advertising, packaging and promotional materials, files, data, software (whether written, recorded or stored on disk, film, tape or other media, and including all computerized data), drawings, engineering and manufacturing data and other technical information and data, and all other business and other records (collectively, "***Books and Records***"), in each case arising under or relating to the Assets, the Assumed Liabilities or the Business (but not the Excluded Assets);

(ix) All rights, but, to the extent permissible by law, not the obligations, under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with employees and agents of Sellers or with third parties (including, without limitation, any non-disclosure or confidentiality, non-compete, or non-solicitation agreements entered into in connection with or in contemplation of the Auction contemplated by the Bidding Procedures);

(x) All permits, licenses, approvals, franchises, notices and authorizations issued by Governmental Entities (collectively the "***Permits***");

(xi) All deposits (including, without limitation, customer deposits and security deposits (whether maintained in escrow or otherwise) for rent, electricity, telephone or otherwise), advances, pre-paid expenses, prepayments, vendor rebates and other refunds, claims, causes of action, rights of recovery, rights under warranties and guaranties, rights of set off and rights of recoupment of every kind and nature (whether or not known or unknown or contingent or non contingent), and the right to receive and retain mail, and other communications of Sellers;

(xii) All rights, remedies and benefits of Sellers arising under or relating to any of the Assets, the Assumed Liabilities or the Business, including, without limitation, rights, remedies and benefits arising out of express or implied warranties, representations and guarantees from manufacturers, suppliers, contractors or installers of the Equipment or the Inventory (or components thereof), the other Assets or products purchased or ordered by Sellers prior to the Closing Date (and in any case, any component thereof), and all claims and causes of action arising or existing therefrom;

(xiii) All cash and cash equivalents, securities, instruments and other investments of Sellers, and all bank accounts;

(xiv) All other property and assets related to, associated with, pertaining to, or presently, historically or prospectively used or useful in, the conduct of the Business or the ownership of any of the Assets, including without limitation, tax attributes, insurance policies (including returns or refunds of premiums paid or other amounts due back) and the proceeds thereof and all other tangible and intangible assets that are not expressly identified as Excluded Assets;

(xv) All rights, privileges, set-offs, indemnification rights, causes of action, claims and demands of whatever nature arising from or in connection with the Business or the Assets;

(xvi) All of the Business as a going concern;

(xvii) The assets set forth on Schedule 2.01(a)(xvii); and

(xviii) All proceeds and products of any and all of the foregoing Assets.

(b) Excluded Assets. Sellers shall not sell, assign, convey or deliver to Buyer, and Buyer shall not purchase from Sellers, and the Assets shall not include, any of the following (collectively, the "***Excluded Assets***"):

(i) Any of the assets set forth on Schedule 2.01(b)(i) hereto;

(ii) The Senior DIP Financing Agreement and the Term DIP Financing Agreement, unless otherwise assumed by Buyer pursuant to Section 3.02(b) or 3.02(c) hereof;

(iii) All Contracts other than Assumed Contracts;

(iv) All shares of capital stock or other equity interests in or issued by any Seller or any securities convertible into, exchangeable or exercisable for shares of capital stock or other equity interests in or issued by any Seller; and

(v) Sellers' corporate minute books, equity transfer records and corporate seal, and all Books and Records to the extent arising under or relating to the Excluded Assets or Excluded Liabilities.

(c) Assumed Liabilities. Subject to the entry of the Transaction Approval Order, subject to the terms and conditions of this Agreement and further subject to Section 10.13, and on the basis of the representations, warranties, covenants and agreements herein contained, at the Closing, Sellers shall assign to Buyer or one or more Buyer Designees and Buyer or one or more Buyer Designees shall assume from Sellers and pay when due, perform and discharge without duplication the following obligations and liabilities of Sellers, and only such obligations and liabilities, in each case other than any such obligations or liabilities that are Excluded Liabilities specifically set forth in Section 2.01(d) (collectively, the "***Assumed Liabilities***"):

(i) The liabilities described on Schedule 2.01(c)(i), to the extent incurred in the ordinary course of business after the Petition Date;

(ii) The obligations and liabilities of Sellers under each of the Assumed Contracts that arise exclusively after the Closing Date, and any Cure Costs applicable to such Assumed Contracts;

(iii) Liabilities of Sellers with respect to Taxes, assessments or other governmental charges set forth on Schedule 2.01(c)(iii), to the extent such Taxes are accrued but not yet due and owed (and not, for the avoidance of doubt, any such Taxes that are due and owed on the Closing Date);

(iv) Liabilities relating to accounts payable (other than those described in clauses 2.01(c)(vi) and (vii) below), as of the Petition Date, of any Seller to any third party (other than to any Seller or any Affiliate of any Seller) vendor or supplier incurred by Sellers in the ordinary course of business, not to exceed $500,000;

(v) Liabilities relating to accounts payable, as of the Closing Date, of any Seller to any third party (other than to any Seller or any Affiliate of any Seller)

vendor or supplier incurred by Sellers after the Petition Date and prior to the Closing in the ordinary course of business (and not in violation of this Agreement) or with the prior written consent of Buyer;

(vi) Any Allowed Claims arising under Section 503(b)(9) of the Bankruptcy Code;

(vii) Any obligations that have not been paid with respect to Critical Vendor Claims; and

(viii) To the extent designated in writing by Buyer after the Petition Date, the Legacy Workers Compensation Claims, together with any letters of credit (and collateral or other assets pledged in connection therewith) issued by Sellers to support payment of such claims.

(d) No Other Liabilities. Except as provided in Section 2.01(c) hereof, Buyer shall not assume nor be deemed to assume and shall have no responsibility or obligation with respect to, any obligations or liabilities of, or claim against, Sellers, the Business or the Assets, of any kind or nature, whether absolute, accrued, contingent or otherwise, whether due or to become due and whether or not asserted, and whether or not known or unknown or currently existing or hereafter arising or matured or unmatured, direct or indirect, and however arising, including without limitation the following (collectively, the "***Excluded Liabilities***"):

(i) Any obligations or liabilities relating to any Contract which is not an Assumed Contract;

(ii) Any obligations or liabilities related to asbestos-related claims;

(iii) Any obligations or liabilities related to hearing loss claims;

(iv) Any obligations or liabilities related to any suit, action or proceeding by any security holders of Sellers or any of their respective Affiliates or any Person acting on behalf of, or claiming rights through, Sellers, including on account of the purchase, sale or rescission in respect of any security of any Seller;

(v) Except for obligations arising under the Transferred Benefit Plans and as otherwise expressly provided elsewhere in this Agreement, including without limitation Section 2.01(c)(i) and Article VIII hereof, any obligations or liabilities relating to employees of Sellers arising from acts or omissions prior to or on the Closing, including without limitation liabilities related to any suit, action or proceeding by any such employee;

(vi) Any obligations or liabilities related to the WARN Act with respect to Employees, or for any action of the Sellers resulting from Employees' separation of employment from Sellers prior to or on the Closing Date;

(vii) Any obligations or liabilities related to Taxes that are not expressly assumed by the Buyer under Section 2.01(c)(iii); or

(viii) Any of the obligations or liabilities described on Schedule 2.01(d)(viii).

(e) Non-Assignment of Assets. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Asset if, after giving effect to the provisions of sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without obtaining a consent or approval required or necessary for such assignment or transfer, would constitute a breach thereof or in any way negatively affect the rights of Buyer, as the assignee of such Asset. If, after giving effect to the provisions of sections 363 and 365 of the Bankruptcy Code, such consent or approval is required but not obtained, Sellers shall, at Buyer's sole cost and expense, cooperate with Buyer in any reasonable arrangement designed to provide for Buyer the benefits and obligations of or under any such Asset, including enforcement for the benefit of Buyer of any and all rights of Sellers against a third party thereto arising out of the breach or cancellation thereof by such third party. Any assignment to Buyer of any Asset that shall, after giving effect to the provisions of sections 363 and 365 of the Bankruptcy Code, require the consent or approval of any third party for such assignment as aforesaid shall be made subject to such consent or approval being obtained. Any contract that would be an Assumed Contract but is not assigned in accordance with the terms of this Section 2.01(e) shall not be considered an "Assumed Contract" for purposes hereof unless and until such contract is assigned to Buyer following the Closing Date upon receipt of the requisite consents or approvals to assignment and Bankruptcy Court approval.

ARTICLE III

PURCHASE PRICE

3.01 Purchase of Assets. On the terms and subject to the conditions of this Agreement and the Transaction Approval Order, at the Closing, Buyer or one or more Buyer Designees shall (a) purchase the Assets and assume the Assumed Liabilities from Sellers, and (b) satisfy its obligation to pay the Purchase Price as set forth in Section 3.02 hereof.

3.02 Consideration. The aggregate consideration (the "***Purchase Price***") payable in consideration for the sale, transfer, assignment, conveyance and delivery by the Sellers to Buyer or its designated Affiliate of the Assets shall consist of the following:

(a) The assumption at the Closing by Buyer or one or more Buyer Designees of the Assumed Liabilities and payment of all amounts thereof, as and when such payments come due, to the extent required by this Agreement;

(b) Either (i) the payment in full in immediately available funds at the Closing of all outstanding obligations owed by Sellers under the Senior DIP Financing Agreement or (ii) the assumption at the Closing by Buyer of all outstanding obligations owed by Sellers under the Senior DIP Financing Agreement, as may be amended on the Closing Date by Buyer and the Agent thereunder, together with (in the cases of clauses (i) and (ii)) evidence reasonably satisfactory to Sellers of such payment or assumption by Buyer; plus

(c) Either (i) the payment in full in immediately available funds at the Closing of all outstanding obligations owed by Sellers under the Term DIP Financing Agreement (after giving account to subsection (d) below) or (ii) the assumption at the Closing by Buyer of all outstanding obligations owed by Sellers under the Term DIP Financing Agreement (after giving account to subsection (d) below, as may be amended on the Closing Date by Buyer and the Agent thereunder, together with (in the cases of clauses (i) and (ii)) evidence reasonably satisfactory to Sellers of such payment or assumption by Buyer; plus

(d)

(i) Payment by Buyer of $130,000,000, payable in the form of the exercise of credit bid rights under Section 363(k) of the Bankruptcy Code with respect to all or a portion (as determined by Buyer) of the aggregate obligations then outstanding under Pre-Petition Term Loan A, Pre-Petition Term Loan B and the Term DIP Financing Agreement;

(ii) Issuance by Buyer to Sellers of, at Buyer's election (A) long term unsecured indebtedness of Buyer in the principal amount of $1,000,000 or (B) such other debt or equity securities, or securities convertible into equity securities of equivalent value, as determined by Buyer, and, in either case, with terms and conditions materially consistent with those provided by Buyer to Sellers no later than the entry of the Bid Procedures Order (the "***Buyer Securities Consideration***");

(iii) Payment by Buyer of all Bankruptcy Court approved accrued and unpaid professional fees and expenses incurred by Sellers for professionals engaged by Sellers in connection with the administration of the Chapter 11 Case, to the extent such fees and expenses (x) are accrued and unpaid as of the Closing Date, (y) with respect to hourly or monthly professional fees, have been authorized pursuant to the budget prepared in conjunction with the Term DIP Financing Agreement and order approving the Term DIP Financing Agreement, and (z) with respect to any transaction-based fees, have been approved by order of the Bankruptcy Court, which amount shall be deposited into a designated escrow account for such purpose and any amount not so used to satisfy such fees and expenses shall be promptly returned to Buyer; and

(iv) Payment by Buyer of all reasonable costs and expenses of Sellers (including Bankruptcy Court-approved fees and expenses of professionals), not to exceed $625,000, incurred subsequent to the Closing Date in connection with the winding down of Sellers' affairs in accordance with the Wind Down Budget and the conversion of the Chapter 11 Case to a liquidation under Chapter 7 of the Bankruptcy Code, which amount shall be deposited into a designated escrow account for such purpose and any amount not so used to satisfy such costs and expenses shall be promptly returned to Buyer.

3.03 Allocation of Purchase Price. If the transaction contemplated by this Agreement is an "Applicable Asset Acquisition" as defined in Section 1060(c) of the Code, then within sixty (60) days of the Closing, Buyer shall prepare and deliver to Seller a statement allocating the sum of the Purchase Price, the Assumed Liabilities and other relevant items among the Assets in accordance with Section 1060 of the Code and the Treasury regulations promulgated thereunder

(such statement, the "***Allocation Statement***"), and the Allocation Statement shall be finalized upon reasonable consultation with Seller, and with Seller's consent, which consent shall not be unreasonably withheld or delayed. The Parties shall follow the Allocation Statement for purposes of filing IRS Form 8594 (and any supplements to such form) and all other Tax Returns, and shall not voluntarily take any position inconsistent therewith. If the IRS or any other taxation authority proposes a different allocation, Seller or Buyer, as the case may be, shall promptly notify the other party of such proposed allocation. Seller or Buyer, as the case may be, shall provide the other party with such information and shall take such actions (including executing documents and powers of attorney in connection with such proceedings) as may be reasonably requested by such other party to carry out the purposes of this section. Except as otherwise required by applicable law or pursuant to a "determination" under Section 1313(a) of the Code (or any comparable provision of United States state, local, or non-United States law), (i) the transactions contemplated by Article II of this Agreement shall be reported for all Tax purposes in a manner consistent with the terms of this Section 3.03; and (ii) neither party (nor any of their Affiliates) will take any position inconsistent with this Section 3.03 in any Tax Return, in any refund claim, in any litigation or otherwise. Notwithstanding the allocation of the Purchase Price set forth in the Allocation Statement, nothing in the foregoing shall be determinative of values ascribed to the Acquired Assets or the allocation of the value of the Assets in any plan or reorganization or liquidation that may be proposed.

3.04 Assets Held in Trust. Following the Closing, any amounts paid by customers or other third parties (i) to Sellers in connection with the Business or the Assets shall be held in trust by Sellers for the benefit of Buyer and tendered by Sellers to Buyer promptly after the receipt thereof, and (ii) to Buyer in connection with the Excluded Assets shall be held in trust by Buyer for the benefit of Sellers and tendered by Buyer to Sellers promptly after the receipt thereof. Any party charged with the obligation to tender any such payment under this Section 3.04 shall tender such payment in the same form of consideration as such payment was made to such party by any customer or other third party.

3.05 Sale Free and Clear. Sellers acknowledge and agree, and the Transaction Approval Order shall provide that, on the Closing Date and concurrently with the Closing, all then existing or thereafter arising Encumbrances of, against or created by Sellers or their bankruptcy estate, to the fullest extent permitted by Section 363 of the Bankruptcy Code, other than the Permitted Encumbrances, if any, and the Assumed Liabilities, shall be fully released from and with respect to the Assets. On the Closing Date, the Assets shall be transferred to Buyer and/or one or more Buyer Designees, as applicable, free and clear of all Encumbrances, other than the Permitted Encumbrances, if any, and the Assumed Liabilities to the fullest extent permitted by Section 363 of the Bankruptcy Code.

ARTICLE IV

CLOSING AND TERMINATION

4.01 Closing. Subject to the satisfaction of each of the conditions set forth in Article IX hereof (or the waiver thereof by the party entitled to waive that condition), the closing of the purchase and sale of the Assets and the assumption of the Assumed Liabilities, provided for in Article II hereof, as applicable (the "***Closing***"), shall take place at 10:00 a.m., local time, at the offices of Dinsmore & Shohl LLP located at 255 E. 5th Street, Suite 1900, Cincinnati, OH 45202 (or at such other place as the Parties may mutually agree in writing) within five (5) Business Days after the date on which all of the conditions set forth in Article IX hereof have been satisfied or waived by the party entitled to waive that condition (other than conditions which, by their terms, may only be satisfied at the Closing), or on such other date and time as Sellers and Buyer may mutually agree in writing. The date on which the Closing shall be held is referred to in this Agreement as the "***Closing Date***." The Closing shall be deemed effective at 12:01 a.m., local time, on the Closing Date.

4.02 Deliveries at Closing.

(a) Deliveries by Buyer. At the Closing, Buyer shall deliver to Sellers the following:

(i) The Purchase Price, payable in accordance with Section 3.02;

(ii) An Assignment and Assumption Agreement in customary form reasonably acceptable to the Parties (the "***Assignment and Assumption Agreement***"), executed by Buyer;

(iii) A certificate signed by an authorized person of Buyer in accordance with Section 9.01(a) and (b) hereof; and

(iv) Such other documents as Sellers may reasonably request that are customary for a transaction of this nature and necessary to evidence or consummate the transactions contemplated by this Agreement.

(b) Deliveries by Sellers. At the Closing, Sellers shall deliver to Buyer the following:

(i) A certified copy of the Transaction Approval Order which shall be a Final Order;

(ii) A Bill of Sale and Assignment in customary form reasonably acceptable to the Parties (the "***Bill of Sale***"), executed by Sellers;

(iii) The Assignment and Assumption Agreement executed by Sellers;

(iv) One or more certificates signed by the President (or if there is no President, another senior executive officer) of each Seller in accordance with Section 9.02(a) and (b);

(v) A "Certificate of Non-Foreign Status" pursuant to Treasury Regulation Section 1.1445-2(b)(2), executed by Sellers;

(vi) The Deeds, executed by the applicable Sellers;

(vii) Possession of the Assets and the Business;

(viii) such other bills of sale, deeds, endorsements, affidavits, assignments and other good and sufficient instruments of conveyance and transfer, in form reasonably satisfactory to Buyer, as Buyer may reasonably request to vest in Buyer all of Sellers' right, title and interest of Sellers in, to or under any or all of the Assets, including all Owned Real Property; and

(ix) Such other documents as Buyer may reasonably request that are customary for a transaction of this nature and necessary to evidence or consummate the transactions contemplated by this Agreement.

4.03 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date only as follows:

(a) By mutual written agreement of Sellers and Buyer;

(b) By Buyer upon a breach of, or failure to perform, any representation, warranty, covenant or agreement of Sellers set forth in this Agreement such that the conditions set forth in Section 9.02 would be incapable of being satisfied prior to the then-applicable End Date (or if Sellers shall have delivered a Schedule Update which would give rise to such a breach); provided, however, that the right to terminate this Agreement pursuant to this Section 4.03(b) for breaches of covenants or agreements shall only be available to Buyer after Sellers have received written notice of such breach and a twenty (20) day period to cure such breach (if curable);

(c) By Sellers upon a breach of, or failure to perform, any representation, warranty, covenant or agreement of Buyer set forth in this Agreement such that the conditions set forth in Section 9.01 would be incapable of being satisfied prior to the then-applicable End Date; provided, however, that the right to terminate this Agreement pursuant to this Section 4.03(c) for breaches of covenants or agreements shall only be available to Sellers after Buyer has received written notice of such breach and a twenty (20) day period to cure such breach (if curable);

(d) By Buyer or Sellers, if there shall be any order, writ, injunction or decree of any court or other Governmental Entity binding on Buyer or Sellers which permanently prevents, prohibits or restrains Buyer and/or Sellers from consummating the transactions contemplated hereby and such order, writ, injunction or decree is or shall become final and non-appealable; provided that the right to terminate this Agreement pursuant to this Section 4.03(d) shall not be available to any party whose breach of any provision of this Agreement is the

principal cause of or resulted in the application or imposition of such order, writ, injunction or decree;

(e) By Buyer if (i) the Bankruptcy Court shall not have entered the Bid Procedures Order on or prior to the later of (A) the date that is thirty (30) days following the Petition Date or (B) the date that is fifteen (15) days following the formation of an unsecured creditors committee, or (ii) the Bid Procedures Order shall have been denied, stayed, vacated, modified or supplemented without Buyer's prior written consent.

(f) By Buyer or Sellers if the Auction has not begun by the date that is forty five (45) days following the entry of the Bid Procedures Order.

(g) By Buyer if (i) the Bankruptcy Court shall not have entered the Transaction Approval Order by the date that is ninety (90) days following the Petition Date, (ii) the Transaction Approval Order shall not have become a Final Order on or prior to the date that is fourteen (14) days after the entry of such Order or (iii) the Transaction Approval Order shall have been stayed, vacated, modified or supplemented without Buyer's prior written consent;

(h) By Buyer or Sellers if for any reason the Closing has not occurred by the date that is one (1) month following the entry of the Transaction Approval Order (the "***End Date***"); provided that, if Buyer provides written notice to Seller at least two (2) days prior to the then-applicable End Date, the End Date shall be extended for a period of one (1) month, up to a total of six (6) months following the entry of the Transaction Approval Order; and provided further that, at the time of such termination, the terminating party is not then in material breach (or if any Seller is the terminating party, no Seller is in then in material breach) of its obligations contained in this Agreement;

(i) By Buyer if (i) any Seller seeks to have the Bankruptcy Court enter an order, to be effective prior to the Closing, dismissing a Chapter 11 Case or converting it to a case under Chapter 7 of the Bankruptcy Code, or appointing a trustee in its Chapter 11 Case or appointing a responsible officer or an examiner with enlarged powers relating to the operation of Sellers' businesses (beyond those set forth in Section 1106(a)(3) or (4) of the Bankruptcy Code) under Bankruptcy Code Section 1106(b), or (ii) such an order of dismissal, conversion or appointment is entered for any reason and is not reversed or vacated within fourteen (14) days after the entry thereof;

(j) By Buyer or Sellers if the Transaction Approval Order has been revoked or rescinded or has been modified in any respect that is materially detrimental to the party seeking to terminate and the order revoking, rescinding or so modifying the Transaction Approval Order shall not be reversed or vacated within fourteen (14) days after the entry thereof;

(k) By Buyer if for any reason Buyer is unable, pursuant to Section 363(k) of the Bankruptcy Code, to credit bid in payment of all or any portion of the Purchase Price as set forth in Section 3.02;

(l) By Buyer or Sellers if, at the end of the Auction contemplated by the Bidding Procedures, Buyer is not determined by Sellers to be the Successful Bidder (as defined in the Bidding Procedures);

(m) By Buyer, if any of the conditions set forth in Section 9.02 (g) have not been satisfied by the Action Date or if any of the conditions set forth in Section 9.02(f) are not satisfied prior to the date of the scheduled commencement of the Auction as set forth in the Bidding Procedures (the "***Auction Date***");

(n) By Buyer if (i) the Interim DIP Financing Orders are not entered within five (5) days (or such later date as the Buyer may agree to in writing) following the Petition Date, or (ii) the Final DIP Financing Orders are not entered within thirty (30) days (or such later date as the Buyer may agree to in writing) following the entry of each applicable Interim DIP Financing Order;

(o) By Buyer if, notwithstanding the satisfaction of the conditions set forth in Section 9.02(f)(i) hereof, at any time thereafter prior to Closing, the USW, its officers, representatives, agents or members engage in, cause, authorize, sanction or approve any strike, slow-down, boycott, picketing, sympathy strike, or any other material interruption of the operations of the Business; or

(p) By Sellers if all of the conditions set forth in Section 10.23 hereof are satisfied and the Parties execute the APA Amendment, and thereafter Buyer does not, by the Auction Date, either (i) agree in writing to assume, as of the Closing, the Hannibal CBA, as amended by the Hannibal Restructuring Memorandum of Agreement, and the Burnside CBA (provided such Collective Bargaining Agreements have not been amended, altered or otherwise modified in any respect after the date hereof), or (ii) agree in writing to enter into new Collective Bargaining Agreements, as of the Closing, with the USW containing terms and conditions acceptable to Buyer and the USW.

Each condition set forth in this Section 4.03 pursuant to which this Agreement may be terminated shall be considered separate and distinct from each other such condition. If more than one of the termination conditions set forth in this Section 4.03 are applicable, the applicable Party shall have the right to choose the termination condition pursuant to which this Agreement is to be terminated. The Parties acknowledge and agree that no notice of termination provided pursuant to this Section 4.03 shall become effective until three (3) days after the delivery of such notice to the other Parties, and only if such notice shall not have been withdrawn during such three (3) day period or otherwise become invalid.

4.04 Procedure upon Termination; Limitation on Damages. In the event of the termination of this Agreement, written notice thereof shall forthwith be given by the party or parties so terminating to the other Party or Parties, and this Agreement shall terminate, and the transactions contemplated hereby shall be abandoned, without further action by Sellers or Buyer, except that the provisions of this Section 4.04 and Sections 4.05, 7.02, 10.01, 10.03, 10.04, 10.05, 10.07, 10.08, 10.09, 10.10, 10.11 and 10.15 hereof shall survive any termination of this Agreement and nothing contained in this Agreement shall relieve any party hereto from liability for any breach or inaccuracy of its representations, warranties, covenants or agreements contained in this Agreement prior to such termination.

4.05 Payments Upon Termination.

(a) If this Agreement is terminated pursuant to Section 4.03(b), (h), (i), (j), (l), (m) or (o) hereof, Sellers shall, subject to approval by the Bankruptcy Court in the Transaction Approval Order or otherwise, reimburse Buyer for its reasonable and documented out-of-pocket costs and expenses (including legal, accounting, and other similar fees and expenses) incurred in connection with the Acquisition and the other transactions contemplated by this Agreement in an amount up to $1,000,000 (the "***Expense Reimbursement***").

(b) The Expense Reimbursement, to the extent payable pursuant to Section 4.05(a) hereof, shall be paid by Sellers to Buyer immediately upon the termination of this Agreement by wire transfer of immediately available funds to an account designated by Buyer to Sellers.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the corresponding sections or subsections of the Disclosure Schedule, Sellers hereby jointly and severally represent and warrant to Buyer as follows:

5.01 Organization and Qualification; Due Authorization.

(a) Each Seller is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, subject to the limitations, if any, imposed by applicable bankruptcy law. Each Seller is duly qualified to do business and is in good standing in all jurisdictions in which the failure to so qualify would not constitute a Material Adverse Effect. The jurisdictions in which each Seller is so qualified are listed on Schedule 5.01(a) hereto.

(b) Each Seller has full corporate power and authority to execute and deliver this Agreement and the Other Agreements to which it is a party, and, subject to Bankruptcy Court approval, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Other Agreements to which any Seller is a party and the performance and consummation of the transactions contemplated hereby and thereby by such Seller have been duly authorized by all necessary corporate action on the part of such Seller.

(c) This Agreement and the Other Agreements to which any Seller is a party have been (or to the extent to be entered into on or prior to the Closing, will be) duly executed and delivered by such Seller and, subject to Bankruptcy Court approval and the due authorization, execution and delivery of such agreements by the other parties thereto (other than other Sellers), this Agreement and the Other Agreements constitute (or to the extent to be entered into on or prior to the Closing, will constitute) valid and binding obligations of such Seller, enforceable against such Seller in accordance with their terms.

(d) Except as set forth on Schedule 5.01(d)(i), Sellers do not own, directly or indirectly, any interest or investment (whether equity or debt) in any Person (other than other Sellers). The Persons listed on Schedule 5.01(d)(i) are the "***Inactive Subsidiaries***." The Inactive Subsidiaries have no rights in respect of or in any way related to or currently or historically used in the Business and have no properties, claims, assets, operations, contracts, business or receivables. Except as set forth on Schedule 5.01(d) hereto, no Person other than Sellers owns or holds any assets or properties used or held for use in the operation of the Business.

5.02 Violation; Consents and Approvals.

(a) Except as set forth in Schedule 9.02(d), neither the execution and delivery by any Seller of this Agreement or the Other Agreements to which it is (or will be) a party nor, after giving effect to the Transaction Approval Order, the consummation of the transactions contemplated hereby or thereby nor, after giving effect to the Transaction Approval Order, compliance by it with any of the provisions hereof or thereof will (i) conflict with or result in a violation of (A) any provision of the certificate of incorporation or bylaws (or other organizational or governing documents) of such Seller or (B) any judgment, order, writ, injunction, decree, statute, law, ordinance, rule or regulation binding upon such Seller or by which the Business or any Assets are subject or bound, (ii) violate, conflict with, or result in a breach of any of the terms of, or constitute a default under, or give rise to any right of termination, modification, cancellation or acceleration under (A) any Material Contract, or (B) any license, permit, authorization, consent, order or approval of, or registration, declaration or filings with, any Governmental Entity, or (iii) result in the creation of any Encumbrance upon the properties or assets of such Seller being sold or transferred hereunder.

(b) Other than the Bid Procedures Order and the Transaction Approval Order, and except as set forth in Schedule 9.02(d), no consent, waiver, approval, order, Permit or authorization of or from, or declaration or filing with, or notification to, any Person or Governmental Entity is required on the part of Sellers in connection with the execution and delivery of this Agreement or the Other Agreements, or the compliance by Sellers with any of the provisions hereof or thereof.

5.03 Financial Statements. Sellers have delivered to Buyer the following financial statements: (a) audited consolidated balance sheet as of December 31, 2011, and the related statements of operations, stockholders' equity and cash flows (together with the auditors' report thereon) for the year ended December 31, 2011, together with notes to such financial statements (the "***Year End Financial Statements***"), and (b) unaudited consolidated balance sheet as of September 30, 2012, and the related statements of operations, stockholders' equity and cash flows for the nine-month period ended September 30, 2012 (the "***Interim Financial Statements***"). The Year End Financial Statements and Interim Financial Statements are herein collectively referred to as the "***Financial Statements***." The Financial Statements have been prepared in accordance with generally accepted accounting principles ("***GAAP***") consistently applied throughout the periods covered thereby, present fairly in all material respects, as of their respective dates, the financial condition and results of operations of Sellers (subject, in the case of Interim Financial Statements, to the disclosures contained in any notes thereto and normal, recurring year-end adjustments that may be required upon audit and the omission of footnote disclosures) and are consistent with the books and records of Sellers.

5.04 Absence of Undisclosed Liabilities. Except as and to the extent specifically disclosed in the Interim Financial Statements or as set forth on Schedule 5.04 hereof, Sellers do not have any material liabilities other than liabilities and obligations incurred during the period between September 30, 2012 and the date hereof related to the restructuring of Sellers and those incurred since September 30, 2012 in accordance with the Business Plan or in the ordinary course of business and consistent with past practice.

5.05 Indebtedness. Except as set forth on Schedule 5.05 hereof, Sellers do not have any Indebtedness.

5.06 Absence of Certain Changes or Events. Except as set forth on Schedule 5.06 hereto or as expressly contemplated by this Agreement or the Business Plan, since September 30, 2012 Sellers have not:

(a) Except for executory contracts and unexpired leases rejected by Sellers by Order of the Bankruptcy Court with the prior written consent of Buyer, terminated, modified or amended any Assumed Contract or taken any action which violates, conflicts with or resulted in a breach of any provision of, or constitutes a default under, any Assumed Contract;

(b) (i) purchased or otherwise acquired any material properties or assets (tangible or intangible) or sold, leased, transferred or otherwise disposed of any Assets, except for purchases of materials and sales of finished inventory in the ordinary course of business consistent with past practice, (ii) permitted, allowed or suffered any of the Assets to be subjected to any Encumbrance (other than Permitted Encumbrances), or (iii) removed any Equipment or other material assets (other than finished inventory) from the Real Property other than in the ordinary course of business consistent with past practice;

(c) Waived or released any claim or rights included in or related to the Assets or the Business with a value individually or in the aggregate in excess of $250,000 or revalued any of the Assets, except for adjustments to the value of inventory in the ordinary course of business consistent with past practice;

(d) Entered into any contractual relationship with any third party related to the Assets or the Business, other than purchase or supply orders in the ordinary course of business;

(e) Made any material commitments for capital expenditures;

(f) Other than in the ordinary course of business consistent with past practice increased the benefits of or compensation (whether in the form of salary, bonus or otherwise) payable to any employee, contractor or consultant of Sellers, or granted any bonus, benefit, payment (contingent or otherwise) or other direct or indirect compensation to any employee, contractor or consultant of Sellers;

(g) Except as required by Law, adopted, amended or terminated any Company Benefit Plan;

(h) Introduced any material change with respect to the operations of the Business;

(i) Suffered any material damage or destruction to or loss of any material assets or properties whether or not covered by insurance;

(j) Changed in any way Sellers' accounting methods, principles or practices other than required by changes in GAAP;

(k) Entered into any commitment or transaction or series of commitments or transactions in respect of Indebtedness or paid, discharged or satisfied any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business of liabilities incurred in the ordinary course of business consistent with past practice; or

(l) Agreed or committed to do any of the foregoing.

5.07 Title to Assets. Sellers (i) have good and valid title to all the Assets (ii) free and clear of all Encumbrances (except for those set forth on Schedule 5.07 hereto and those that will be released upon Closing and Permitted Encumbrances), and at the Closing will convey good and valid title to all of such Assets to Buyer, free and clear of all Encumbrances except for the Assumed Liabilities and Permitted Encumbrances. Except as set forth on Schedule 5.07 hereto, the Assets constitute all of the assets and properties which are used in or reasonably required to carry on the Business as currently conducted. Except as set forth on Schedule 5.07 hereto, the tangible Assets are in good operating condition and repair, ordinary wear and tear excepted.

5.08 Customers and Suppliers.

(a) Schedule 5.08(a) hereto sets forth a list of the ten (10) largest suppliers of the Business for the twelve (12) months ended September 30, 2012 (the "***Material Suppliers***").

(b) Except as set forth on Schedule 5.08(b) hereto and in the Business Plan, since September 30, 2012, (i) no Material Supplier has ceased or materially reduced its sales or provision of services to, or materially and adversely modified its relationship with, Sellers, other than, with respect to Material Suppliers, such cessations, reductions or modifications which would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, and (ii) no Seller has received notice of termination or an intention to terminate any relationship with any Material Supplier, other than any termination of a relationship which would not, individually or in the aggregate reasonably be expected to result in a Material Adverse Effect.

(c) Schedule 5.08(c) hereto sets forth a list of the ten (10) largest customers of the Business for the twelve (12) months ended September 30, 2012 (the "***Material Customers***").

(d) Except as set forth on Schedule 5.08(d) hereto and in the Business Plan, since September 30, 2012, (i) no Material Customer has ceased or materially reduced its purchases from, or materially and adversely modified its relationship with, Sellers, other than, with respect to Material Customers, such cessations, reductions or modifications which would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, and (ii) no Seller has received notice of termination or an intention to terminate any relationship with any Material Customer other than any termination of a relationship which

would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.09 Intellectual Property.

(a) Schedule 5.09(a) hereto sets forth all material Intellectual Property owned by or licensed to Sellers that is used in the operation of the Business as currently conducted.

(b) Except as set forth on Schedule 5.09(b) hereto, Sellers solely own or are licensed or otherwise have the right to use (to the extent required to operate the Business in the ordinary course) and to transfer to Buyer hereunder, free from any Encumbrances (other than Permitted Encumbrances), and without payment to any other party, the Intellectual Property; none of the Intellectual Property is subject to any Order; and the consummation of the transactions contemplated hereby will not alter or impair such rights (other than that all such rights will be assigned to Buyer). No claims have been asserted against Sellers by any Person with respect to the ownership, validity, enforceability or use of any of the Intellectual Property, or challenging or questioning the validity or effectiveness of any of the Intellectual Property in any jurisdiction, nor, in either case, to the knowledge of Sellers, is there any valid basis for any such claim. To the knowledge of Sellers, (i) no Person is infringing upon the rights in the Intellectual Property of Sellers, and (ii) the operation of the Business and the use of the Intellectual Property in the operation of the Business has not infringed and does not infringe upon or misappropriate the rights of any Person. Except as set forth on Schedule 5.09(b) hereto, Sellers are not party to any contract or agreement pursuant to which they have agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to any of the Intellectual Property.

5.10 Litigation. Except as set forth on Schedule 5.10 hereto, there are no material claims, charges, actions, suits or proceedings pending, or to the knowledge of Sellers, threatened against or affecting Sellers, including but not limited to any claims, charges, grievances, actions, suits or proceedings relating to the Assets, the Assumed Liabilities, the Business, Sellers' current or former employees, consultants or contractors, or the transactions contemplated by this Agreement, at law, in equity or otherwise, in, before, or by any Governmental Entity, arbitrator or mediator. No Seller is in default under any judgment, order or decree of any Governmental Entity.

5.11 Taxes.

(a) Except as set forth on Schedule 5.11(a), all federal, state, foreign, county, local and other Tax Returns required to be filed by or on behalf of Sellers have been timely filed, or extensions of the time to file have been obtained, and when filed were true and correct in all material respects, and the taxes due and owing were paid or adequately accrued, except to the extent contested in good faith by proper proceedings. True and complete copies of all Tax Returns filed by Sellers for each of its three (3) most recent fiscal years have been delivered to Buyer. Sellers have duly withheld and paid all Taxes required to have been withheld and paid relating to any employee, independent contractor, creditor, stockholder, or other third party, and all Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed and distributed.

(b) Except as set forth on Schedule 5.11(b), the provision made for taxes on the Interim Financial Statements is sufficient for the payment of all material Taxes, whether or not disputed, at the date of such Interim Financial Statements and for all years and periods prior thereto. Since September 30, 2012, Sellers have not incurred any material Taxes other than Taxes incurred in the ordinary course of business consistent in type and amount with past practices.

(c) The federal and state income Tax Returns of Seller have been audited by the IRS and appropriate state taxing authorities for the periods, and to the extent set forth in Schedule 5.11(c) hereto, and Sellers have not received from the Internal Revenue Service or from the tax authorities of any state, county, local or other jurisdiction any notice of underpayment of Taxes or other deficiency which has not been paid nor any objection to any return or report filed by any Seller. There is no material dispute or claim concerning any Tax liability of any Seller either (i) claimed or raised by any authority in writing or (ii) as to which any Seller has knowledge based upon personal contact with any agent of such authority.

(d) Except to the extent set forth in Schedule 5.11(d) hereto, there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax Return or report of any Seller or the period of time within which any Tax Return of any Seller must be filed.

(e) No Seller is a party to any agreement, contract, arrangement, or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Section 280G of the Code (or any corresponding provision of state, local, or foreign Tax law). No Seller has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in 897(c)(1)(A)(ii) of the Code. No Seller is a party to or bound by any tax allocation or sharing agreement. No Seller (A) has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was one of Sellers) or (B) has any liability for the Taxes of any Person (other than any other Seller) under Treas. Reg. §1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(f) Except as set forth in Schedule 5.11(f) hereto, during the last two (2) years, no Seller has (i) applied for any tax ruling with respect to non-income Taxes, (ii) entered into a closing agreement with any taxing authority with respect to non-income Taxes, or (iii) been a party to any Tax allocation or Tax sharing agreement (other than with any other Seller).

(g) No Seller will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) Change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) "Closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign income Tax Law) executed on or prior to the Closing Date;

(iii) Intercompany transactions or any excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or foreign income Tax law);

(iv) Installment sale or open transaction disposition made on or prior to the Closing Date; or

(v) Prepaid amount received on or prior to the Closing Date.

(h) No Seller has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or 361 of the Code.

(i) Except as set forth in Schedule 5.11(i) hereto, no Seller has engaged in a "reportable transaction", within the meaning of Treasury Regulation §1.6011.4.

5.12 Contracts.

(a) Schedule 5.12(a)(i) hereto sets forth each agreement, contract, arrangement, lease, license, understanding, commitment or instrument (each a "***Contract***") to which any Seller is a party or is bound. Schedule 5.12(a)(ii) hereto sets forth each Contract to which any Seller is a party or is bound (A) involving aggregate expenses or payments of $500,000 or more during any 12-month period (other than purchase orders in the ordinary course of business of Sellers and other than Contracts that by their terms may be terminated by Sellers in the ordinary course of business upon 60 days' or less notice without penalty or premium), (B) which is a Government Contract or (C) the breach or termination of which could reasonably be expected to have a Material Adverse Effect on Sellers (the "***Material Contracts***").

(b) Each of the Material Contracts is valid, binding and in full force and effect, enforceable by the Seller party thereto in accordance with its terms, subject to the limitations, if any, imposed by applicable bankruptcy laws, and there has not been any cancellation or, to the knowledge of Sellers, threatened cancellation of any such Material Contract, nor any pending or, to the knowledge of Sellers, threatened disputes thereunder. No Seller is (with or without the lapse of time or the giving of notice, or both) in material breach or default under any Material Contract except for breaches or defaults (i) that would be remedied solely by the payment of Cure Costs, (ii) caused solely by the filing of Sellers' Chapter 11 Case or (iii) as set forth on Schedule 5.12(b) hereto, and to the knowledge of Sellers, no other party to any of the Material Contracts is (with or without the lapse of time or the giving of notice, or both) in material breach or default thereunder. Except as set forth on Schedule 5.12(b) hereto, after giving effect to the Transaction Approval Order, no consents or approvals of any Person other than Sellers is necessary to sell, assign, convey, transfer and deliver to Buyer, on the terms of this Agreement and the Other Agreements, any and all rights and interests of Sellers in the Material Contracts. Sellers have provided Buyer with true and complete copies of each written Material Contract (including all amendments thereto).

5.13 Compliance with Laws, Permits, Licenses, Etc.

(a) Except as set forth on Schedule 5.13(a) hereto, Sellers are and have been at all times within the applicable statute of limitations in compliance in all material respects with all applicable Laws and Permits. Except as set forth on Schedule 5.13(a) hereto, no communication, whether from a Governmental Entity, citizens group, employee or otherwise, has been received by Sellers and no investigation or review is pending or, to the knowledge of Sellers, threatened by any Governmental Entity with respect to (i) any alleged violations by Sellers thereof of any Law or Permit or (ii) any alleged failure to have all Permits required in connection with the operation of the Business or the ownership of the Assets.

(b) Sellers hold all material Permits necessary or required to operate the Business as currently conducted. Set forth on Schedule 5.13(b) hereto is a list of all such Permits (and the status thereof), all of which are valid, effective and in good standing. Except as set forth on Schedule 5.13(b) hereto, each of such Permits is freely transferable to Buyer and none of the transactions contemplated herein will cause, or result in, a termination, limitation or suspension of any such Permit.

5.14 Inventory. Except as set forth on Schedule 5.14 hereto or in the Business Plan, (i) all Inventory of Sellers, whether or not reflected on the Financial Statements, consists of items of a quality useable or saleable in the ordinary course of business; (ii) Sellers do not hold any Inventory on consignment; (iii) all Inventory is merchantable and fit for the purpose for which it was procured or manufactured and, except as has been written down on the face of the Interim Financial Statements, or, with respect to inventory acquired since the date of such Interim Financial Statements, other than in the ordinary course of business, none of such Inventory is slow-moving or obsolete, damaged or defective; (iv) any Inventory that has been written down has either been written off or written down to its net realizable value; (v) there has been no change in inventory valuation standards, other than in the ordinary course of business consistent with past practice, or methods with respect to the Inventory in the current or prior one (1) fiscal years; (vi) the quantities of any kind of Inventory are sufficient for the ordinary course operation of the Business; and (vii) since September 30, 2012, Sellers have continued to replenish their respective inventories in a manner consistent with past practices.

5.15 Environmental Matters.

(a) Except as set forth on Schedule 5.15(a) hereto, (i) the operations of Sellers are in material compliance with all Environmental Laws; (ii) there has been no Release at any of the properties owned or operated by Sellers, or any predecessor in interest thereof, or at any disposal or treatment facility which received Hazardous Substances generated by Sellers or any predecessor in interest thereof which could have a Material Adverse Effect; (iii) no Environmental Claim has been asserted against Sellers or any predecessor in interest thereof nor does any Seller have knowledge or notice of any threatened or pending Environmental Claim against Sellers or any predecessor in interest thereof which could have a Material Adverse Effect; (iv) no Environmental Claims have been asserted against any facilities that may have received Hazardous Substances generated by Sellers or any predecessor in interest thereof which could have a Material Adverse Effect; (v) no property now or formerly owned or operated by Sellers has been used as a treatment or disposal site for any Hazardous Substance; (vi) no Seller has

failed to report to the proper Governmental Entity any Release which is required to be so reported by any Environmental Laws which could have a Material Adverse Effect; (vii) each Seller holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of the business carried on by it, except for such licenses, permits and approvals as to which Sellers' failure to maintain or comply with could not have a Material Adverse Effect; and (viii) no Seller has received any notification pursuant to any Environmental Laws that (A) any work, repairs, construction or capital expenditures are required to be made as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto or (B) any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated, in each case, except as could not have a Material Adverse Effect.

(b) Except as set forth on Schedule 5.15(b) hereto, (i) Sellers are in material compliance with all Environmental Laws; (ii) no Seller has released, spilled or discharged any Hazardous Substance on, in or under, nor to the knowledge of any Seller, is any Hazardous Substance migrating from or onto the Real Property that could reasonably be expected to give rise to any reporting, investigation, remediation, or other liabilities or obligations under any Environmental Laws; (iii) no release, spill or discharge of any Hazardous Substance caused by Sellers, or arising during the ownership or operations of Sellers or the Business, has occurred on, in, under or is migrating from or onto any Real Property formerly owned, leased, operated or otherwise used in connection with the Business, that could reasonably be expected to give rise to any reporting, investigation, remediation, or other liabilities or obligations for Sellers or the Business under any Environmental Laws; (iv) Sellers have received no notice of any litigation, demand, claim, hearing or notice of violation or alleged violation pending or threatened against any Seller relating in any way to the Environmental Laws; (v) Sellers have not treated, stored, disposed of, arranged for or permitted the disposal of, any substance, including any Hazardous Substance, so as to give rise to any current or future liabilities under any Environmental Laws; (vi) to the knowledge of Sellers, there are no events, conditions, circumstances, activities, practices, incidents, actions, omissions or plans which reasonably could be expected to interfere with or prevent compliance or continued compliance with the Environmental Laws as the Business is currently operated, or otherwise form the basis of any litigation, hearing, notice of violation, study or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Hazardous Substance; and (vii) Sellers have not undertaken or assumed any liability or obligation for corrective or remedial action, or of any other Person relating to Environmental Laws.

(c) Except as described in Schedule 5.15(c) hereto, to the knowledge of Sellers, the Real Property does not contain any: (i) under- or above-ground storage tanks, (ii) underground injection wells, (iii) septic tanks in which process wastewater or any Hazardous Substances have been disposed, (iv) asbestos, (v) equipment using PCBs or (vi) drums buried in the ground, or other landfills, surface impoundments, or disposal areas.

(d) Schedule 5.15(d) hereto identifies all environmental, health and/or safety, including process safety management, loss and prevention, investigations, assessments, audits, studies, tests, reviews, reports or sampling results (including but not limited to Phase I or Phase

II environmental assessments or environmental audits) relating to the Real Property obtained by Sellers and true and complete copies of such reports have been provided to Buyer.

(e) Schedule 5.15(e) hereto identifies all material Environmental Permits, approvals or authorizations issued by any federal, state or local Government Entity to any Seller in connection with the Business or the Real Property, each such Environmental Permit is valid and enforceable and in full force and effect, and Sellers are in compliance, in all material respects, with the terms and conditions of all such Environmental Permits, approvals or authorizations and no other Environmental Permits, approvals or authorizations are necessary for operating the Business as currently conducted.

5.16 Employees and Employee Benefit Plans and Arrangements; Labor Matters.

(a) Except as set forth in Schedule 5.16(a) hereto, Sellers do not sponsor, maintain or contribute to or have any obligation to maintain or contribute to, or have any direct or indirect liability, whether contingent or otherwise, with respect to any plan, program, arrangement or agreement that is a pension, profit-sharing, savings, retirement, employment, consulting, severance pay, termination, executive compensation, incentive compensation, deferred compensation, bonus, stock purchase, stock option, phantom stock or other equity-based compensation, change in control, salary continuation, retention, vacation, sick leave, disability, death benefit, group insurance, hospitalization, medical, dental, life (including all individual life insurance policies to which a Seller is the owner, the beneficiary or both), Code Section 125 "cafeteria" or "flexible" benefit, employee loan, educational assistance or fringe benefit plan, program, practice, arrangement, policy or agreement, whether written or oral, including, without limitation, any (i) "employee benefit plan" within the meaning of Section 3(3) of ERISA or (ii) other employee benefit plans, agreements, programs, policies, arrangement or payroll practices, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of the transaction contemplated by this Agreement or otherwise) under which any Employees of Sellers as of the date hereof ("***Employees***") or former Employees, current or former officers, directors, leased employees, consultants or agents (or their respective beneficiaries) of any Seller has any present or future right to benefits (individually, a "***Company Benefit Plan***" and collectively the "***Company Benefit Plans***"). All references to "Sellers" in this Section 5.16 shall refer to (i) any of Sellers and (ii) their subsidiaries and any employer that would be considered a single employer with any of Sellers under Sections 414(b), (c), (m) or (o) of the Code ("***ERISA Affiliate***").

(b) Except as set forth on Schedule 5.16(b) hereto, none of Sellers or any ERISA Affiliate maintains, contributes or has any liability, whether contingent or otherwise, with respect to, and has never maintained, contributed or had any liability, whether contingent or otherwise, with respect to any Company Benefit Plan (including, for such purpose, any "employee benefit plan," within the meaning of Section 3(3) of ERISA, which any of Sellers previously maintained or contributed), that is, or has been, (i) subject to Title IV of ERISA or Section 412 of the Code, (ii) maintained by more than one employer within the meaning of Section 413(c) of the Code, (iii) subject to Sections 4063 or 4064 of ERISA, (iv) a "multiemployer plan," within the meaning of Section 4001(a)(3) of ERISA ("***Multiemployer Plan***"), (v) a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA, (vi) a plan that is a "welfare benefit fund" as defined in Section 419(e) of the Code, or an

organization described in Sections 501(c)(9) or 501(c)(20) of the Code, or (vii) an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA and that is not intended to be qualified under Section 401(a) of the Code.

(c) Except as set forth on Schedule 5.16(c), (i) each Company Benefit Plan has been established and administered in all material respects in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code and all other applicable Laws; (ii) with respect to each Company Benefit Plan, all reports, returns, notices and other documentation that are required to have been filed with or furnished to the Internal Revenue Service ("***IRS***"), the United States Department of Labor ("***DOL***") or any other Governmental Entity, or to the participants or beneficiaries of such Company Benefit Plan have been filed or furnished on a timely basis; (iii) each Company Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code is so qualified and is the subject of a currently effective favorable determination letter from the IRS, or as the case may be, an IRS advisory, notification or opinion letter to the effect that such Company Benefit Plan satisfies the requirements of Section 401(a) of the Code and that its related trust is exempt from taxation under Section 501(a) of the Code and, to the knowledge of Sellers, there are no facts or circumstances that could reasonably be expected to cause the loss of such qualification or the imposition of any liability, penalty or tax under ERISA, the Code or any other applicable Laws; (iv) other than routine claims for benefits, no liens, lawsuits or complaints to or by any person or Governmental Entity have been filed against any Company Benefit Plan or Sellers or, to the knowledge of Sellers, against any other person or party and, to the knowledge of Sellers, no such liens, lawsuits or complaints are contemplated or threatened with respect to any Company Benefit Plan; (v) no individual who has performed services for Sellers has been improperly excluded from participation in any Company Benefit Plan; and (vi) there are no audits or proceedings initiated pursuant to the IRS Employee Plans Compliance Resolution System (currently set forth in Revenue Procedure 2006-27) or similar proceedings pending with the IRS or the DOL with respect to any Company Benefit Plan.

(d) Neither of Sellers nor any other "party in interest" or "disqualified person with respect to any Company Benefit Plan has engaged in a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code involving such Company Benefit Plan that, individually or in the aggregate, could reasonably be expected to subject any of Sellers or such other person, whether natural or otherwise, to a tax or penalty imposed by Section 4975 of the Code or Sections 501, 502 or 510 of ERISA. No fiduciary has any liability for any breach of fiduciary duty or any other failure to act or comply with the requirements of ERISA, the Code or any other applicable laws in connection with the administration or investment of the assets of any Company Benefit Plan.

(e) Except as set forth on Schedule 5.16(e), (i) all liabilities or expenses of Sellers in respect of any Company Benefit Plan (including workers' compensation) that have not been paid, have been properly accrued on Sellers' most recent financial statements in compliance with GAAP; and (ii) all contributions (including all employer contributions and employee salary reduction contributions) or premium payments required to have been made under the terms of any Company Benefit Plan, or in accordance with applicable law, as of the date hereof have been timely made or reflected on Sellers' financial statements in accordance with GAAP.

(f) Except as set forth on Schedule 5.16(f), (i) none of Sellers has any obligation to provide or make available post-employment benefits under any Company Benefit Plan for any current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) of such Seller, except as may be required under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***"); and (ii) there are no reserves, assets, surpluses or prepaid premiums with respect to any Company Benefit Plan that is a "welfare plan" (as defined in Section 3(1) of ERISA) ("***Welfare Plan***").

(g) Except as set forth on Schedule 5.16(g), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (i) result in any payment becoming due, or increase the amount of any compensation due, to any current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) of any of Sellers; (ii) increase any benefits otherwise payable under any Company Benefit Plan; (iii) result in the acceleration of the time of payment or vesting of any such compensation or benefits; (iv) result in a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code; or (v) result in the payment of any amount that could, individually or in combination with any other such payment, constitute an "excess parachute payment," as defined in Section 280G(b)(1) of the Code or Treasury Regulations promulgated under Section 280G of the Code. No current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) has or will obtain a right to receive a gross-up payment from Sellers with respect to any excise taxes that may be imposed upon such individual pursuant to Section 409A of the Code, Section 4999 of the Code or otherwise.

(h) Sellers have made available to Buyer with respect to each Company Benefit Plan, a true, correct and complete copy (or, to the extent no such copy exists or the Company Benefit Plan is not in writing, an accurate written description) thereof and, to the extent applicable: (i) the most recent documents constituting the Company Benefit Plan and all amendments thereto, (ii) any related trust agreement or other funding instrument and all other material contracts currently in effect with respect to such Company Benefit Plan (including, without limitation, all administrative agreements, group insurance contracts and group annuity contracts); (iii) the most recent IRS determination, advisory, notification or opinion letter; (iv) the most recent summary plan description, summary of material modifications and any other written communication (or a written description of any oral communications) by such Sellers to its employees concerning the extent of the benefits provided under a Company Benefit Plan; (v) the three most recent (A) Forms 5500 and attached schedules, and (B) audited financial statements; (vi) for the last three years, all correspondence with the IRS, the DOL and any other Governmental Entity regarding the operation or the administration of any Company Benefit Plan; (vii) all discrimination tests for the most recent plan year; and (ix) any other documents in respect of any Company Benefit Plan reasonably requested by Buyer.

(i) Except as set forth on Schedule 5.16(i), (i) none of Sellers has any plan, contract or commitment, whether legally binding or not, to create any additional employee benefit or compensation plans, policies or arrangements or, except as may be required by Law, to modify any Company Benefit Plan; and (ii) Sellers may amend or terminate any Company Benefit Plan (other than an employment agreement or any similar agreement that cannot be terminated without the consent of the other party) at any time without incurring liability

thereunder, other than in respect of accrued and vested obligations and medical or welfare claims incurred prior to such amendment or termination.

(j) Except as set forth on Schedule 5.16(j), no Company Benefit Plan covers any current or former officers, directors, employees, leased employees, consultants or agents (or their respective beneficiaries) of Sellers outside of the United States and no Company Benefit Plan is subject to foreign Law.

(k) No Seller has any material direct or indirect liability, whether absolute or contingent, with respect to any misclassification of any person as an independent contractor, volunteer, consultant, leased employee or "temp" rather than as an employee of Seller, or with respect to any employee leased from another employer. No individual classified by Sellers as an independent contractor, leased employee, "temp," volunteer or consultant is entitled to benefits, and or compensation of any kind, under any Company Benefit Plan.

(l) Except as set forth on Schedule 5.16(l), (i) within the past six (6) years, each employee classified as "exempt" from overtime under the Fair Labor Standards Act ("***FLSA***") and any state laws governing wages, hours, and overtime pay has been properly classified as such, and the Companies have not incurred any liabilities under the FLSA or any state wage and hour laws; (ii) within the past six (6) years, each employee not subject to FLSA has been properly categorized according to applicable Law, and has been paid overtime wages consistent with applicable law; (iii) for the last three (3) years, Sellers are and have been in compliance in all material respects with all Laws relating to the employment of labor, including, without limitation, all Laws relating to wages, hours, overtime pay, meal and rest periods, collective bargaining, employee organizing, employment practices; the hiring, promotion, assignment, and termination of employees; discrimination; equal employment opportunities; disability; labor relations, civil rights, disability, data privacy and data protection, unemployment insurance, safety and health, employee benefits, reductions in force, plant closings, mass layoffs, the Worker Adjustment and Retraining Notification ("***WARN***") Act or any state or local similar Laws, workers' compensation, pay equity, immigration, family and medical leave, working conditions, worker training and rehabilitation and the collection and payment of withholding and/or social security taxes.

(m) Except as disclosed in Schedule 5.16(m) (i) No unfair labor practice charges or complaints, jurisdictional disputes, union recognition claims or other matters within the jurisdiction of the National Labor Relations Board, against Sellers and involving the Assets or the Business has occurred, is pending, or to the knowledge of Sellers, is threatened before the National Labor Relations Board or other Governmental Entity and there are no facts or circumstance known to Sellers that could reasonably be expected to give rise to such complaint, dispute, claim or matter; (ii) no employee is represented by a union or labor organization, no union organizational campaign presently exists or has within the three years preceding the Closing Date existed with respect to any employees of Sellers and no request or petition for union representation has been filed or made; (iii) no union or labor organization has been recognized as the collective bargaining representative of any group or unit of any Seller's employees and no union or labor organization has been certified by the National Labor Relations Board or any other Governmental Entity as the collective bargaining representative of any of Seller's employees; and (iv) within the past three years, no work stoppage, work slowdown,

walk-out, boycott, corporate campaign, "work to rule" campaign, hand-billing, sit-in, strike, lock-out, picket, labor dispute, disruption, demonstration, protest or other concerted labor activity has occurred or to the knowledge of Sellers is threatened by or with respect to any of Sellers' employees.

(n) Except as disclosed in Schedule 5.16(n) hereto, (i) no Seller is a party to or subject to any collective bargaining agreement, labor contract works council agreements, trade union agreements, and other agreements (each a "***Collective Bargaining Agreement***") with any union, works council, or labor organization (each a "***Union***" and collectively "***Unions***"); (ii) there are no pending or, to the Seller's knowledge, threatened, lawsuits, grievances, unfair labor practice charges, arbitrations, charges, investigations, hearings, actions, claims, or proceedings (including without limitation any administrative investigations, charges, claims, actions, or proceedings), against the Seller brought by or on behalf of any applicant for employment, any current or former employee, representative, agents, consultant, independent contractor, subcontractor, or leased employee, volunteer, or "temp" of the Seller, or any group or class of the foregoing, or any Governmental Entity, in each case in connection with his or her affiliation with, or the performance of his or her duties to, the Seller, any person alleging to be a current or former employee, any group or class of the foregoing, or any Governmental Entity, or alleging violation of any labor or employment Laws, breach of any Collective Bargaining Agreement, breach of any express or implied contract of employment, wrongful termination of employment, or any other discriminatory, wrongful, or tortious conduct in connection with the employment relationship.

(o) Schedule 5.16(o) hereto sets forth a complete list of current foreign national Business Employees on whose behalf Sellers have submitted applications and petitions to the U.S. Department of Labor, U.S. Immigration and Naturalization Service, and U.S. Department of State for immigration employment and visa benefits; and Sellers have provided Buyer with copies of all such applications and petitions and all government notices regarding adjudications of such applications and petitions. There are no pending or, to the knowledge of Sellers, threatened actions against Sellers for violations under the Immigration Reform and Control Act of 1986 respecting the employees of Sellers.

(p) Sellers are not obligated, whether by law or otherwise, to cause any temporary or leased employees to be eligible for any Company Benefit Plan, nor are such individuals participants or beneficiaries of any Company Benefit Plan.

5.17 Real Property.

(a) The Real Property constitutes all of the real property, real property leases, subleases, occupancy and use agreements, operating agreements, easements, licenses and other real property interests (collectively, the "***Leases***") used in, or held by Sellers for, for the operation of the Business as currently conducted. Except as set forth on Schedule 5.17(a) hereto, Sellers are in exclusive possession of the Real Property and the Improvements thereon. No public warehouse facilities are utilized in the operation of the Business as currently conducted other than as described on Schedule 5.17(a) hereto.

(b) The only Leases as of the date hereof are those listed on Schedule 5.17(b) hereto and made a part hereof (the "***Schedule of Leases***"), true and complete copies of which have been exhibited to Buyer. The rents and other charges set forth on the Schedule of Leases are the actual rents billed by the respective landlords under the Leases for the calendar month immediately preceding the date hereof.

(c) Except as otherwise set forth in the Schedule of Leases: (i) the Leases are in force and effect and none of the Leases have been modified, amended, terminated, renewed or extended; (ii) no renewal or extension options have been granted to Sellers; (iii) Sellers do not have an option to purchase any of the Real Property or any portion thereof; (iv) the rents set forth in the Schedule of Leases are being paid on a current basis and there are no arrearages; (v) none of the parties to a Lease is in default of any of its obligations thereunder and no event has occurred that, with the giving of notice or passage of time, or both, would constitute a default thereunder. Sellers have not sent written notice to any landlord under any Lease claiming that such landlord is in default, which default remains uncured. Sellers have not received any written notice from any landlord under any Lease claiming that Sellers (or any of them) is in default, which default remains uncured; (vi) Sellers are in possession of the respective premises under the Leases; (vii) Sellers have not paid any rent, fees, or other charges for more than one month in advance; (viii) Sellers are presently not contesting any tax, utility, operating cost or other escalation payments or occupancy charges, or any other amounts payable under any Lease; (ix) all material work, repairs, alterations and improvements required to be performed by any party to any of the Leases has been completed and fully paid for, and all material obligations of the landlord under the Leases have been performed; (x) there are no actions or proceedings pending or, to the knowledge of Sellers, threatened by any landlord under any Lease; (xi) true and complete copies of all assignments of Leases and subleases and consents thereto by landlords under the Leases, including all amendments, guarantees, side letters, subordination and non-disturbance agreements and other documents relating thereto, have been delivered to Buyer and are described in the Schedule of Leases; (xii) there are no security deposits other than those set forth in the Schedule of Leases, such security deposits are held by the landlords under the Leases and have not, as of the date hereof, been applied to existing arrears in rents or otherwise in accordance with the terms of the Leases. Accrued interest on such security deposits has been paid to Sellers annually; and (xiii) the Leases do not prohibit the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(d) All public utilities (including, without limitation, gas, electric, water, storm and sanitary sewerage and telephone utilities) required to operate the Business are installed at and available to the Real Property, and, Sellers have no knowledge of any proposed, planned or actual curtailment of service of any utility supplied to any portion of the Real Property.

(e) (i) no eminent domain, condemnation or similar proceedings are pending or, to the knowledge of Sellers, threatened with respect to the Real Property, (ii) no proceeding is pending or, to the knowledge of Sellers, threatened which would terminate the current access from the Real Property to any presently existing highways and roads adjoining or situated on the Real Property, (iii) no structure on the Real Property is located within a flood hazard zone as defined by the Federal Insurance Administration, (iv) no special assessments or tax abatements affect the Real Property, (v) there are no pending or, to the knowledge of Sellers, threatened zoning changes or zoning ordinance amendments which would affect the Real Property, and

(vi) the Real Property, including, without limitation, each Improvement thereon, is in good condition, normal wear and tear excepted, for the purpose for which used in the Business, has sufficient rights of access and egress for the purposes for which it is used and complies, in all material respects, with all municipal, state and federal statutes, ordinances, rules and regulations applicable thereto, and no material improvements or repairs are necessary or currently contemplated with respect thereto.

(f) Schedule 5.17(f) hereto lists the street address, the current owner and the current use of each parcel of Real Property in which any of the Sellers has fee title (or equivalent) interest and which is related to, used, useful or held for use in the conduct of the Business (the "***Owned Real Property***"). Except as described in Schedule 5.17(f) hereto, each Seller listed in Schedule 5.17(f) as the owner of a parcel of Owned Real Property has good and valid title in and fee simple to such parcel.

5.18 Insurance. Schedule 5.18 hereto sets forth a summary of each insurance policy carried by Sellers (including any self-insurance programs). All such insurance policies are valid and binding and in full force and effect, all premiums due thereunder have been paid in full and Sellers have not received any notice of cancellation or termination in respect of any such policy nor are Sellers in default thereunder.

5.19 Affiliate Interests. All leases, contracts or agreements between any Seller and any Affiliate of any Seller are listed on Schedule 5.19 hereto. To the knowledge of Sellers, no Affiliate of any Seller has any direct or indirect interest in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, (i) any Person which does business with any Seller or is competitive with the Business, or (ii) any property, asset or right which is used by any Seller. All Indebtedness of any Affiliate to Seller, and all Indebtedness of Seller to any Affiliate of Seller, is listed on Schedule 5.19 hereto.

5.20 Brokers. Except as set forth on Schedule 5.20 hereto, neither Sellers nor any Affiliates thereof are parties to any agreement, arrangement or understanding with any Person which will result in the obligation of Buyer, Sellers or any Affiliates thereof to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated by this Agreement.

5.21 Accounts Receivable. Each Account Receivable is a true and correct statement of the account for goods delivered to or services actually performed for and accepted by, such account debtor in the ordinary course of business materially consistent with past practice. Except as set forth in Schedule 5.21, the debtors to which the receivables relate are not in or subject to a bankruptcy or insolvency proceeding, and none of the receivables has been made subject to an assignment for the benefit of creditors. Except as set forth in Schedule 5.21, all receivables that are reflected on the Financial Statements (net of any reserves shown thereon) (i) are valid and existing, (ii) represent monies due for goods sold and delivered or services rendered in the ordinary course of business materially consistent with past practice, and (iii) are not subject to any refunds or adjustments or any defenses, rights of set-off, assignment, restrictions, security interests or other Encumbrances. Except as set forth in Schedule 5.21, all such receivables are (x) current, and there are no disputes regarding the collectability of any such

receivables and (y) adequately reserved for cancellations and bad debt. Sellers have not factored any of the receivables.

5.22 Bank Accounts. Schedule 5.22 hereto sets forth a complete list of all bank accounts (including any deposit accounts, securities accounts and any sub-accounts) of Sellers.

5.23 Foreign Corrupt Practices Act Compliance. No Seller or any Person or other entity acting on behalf of a Seller, has directly or indirectly, on behalf of or with respect to the Business or the Assets in violation of the FCPA: (a) made or offered to make any contributions, payments or gifts of its property to or for the private use of any governmental official, employee or agent; (b) either established or maintained any unrecorded fund or asset for any purpose, or made any intentionally false or artificial entries on its books or records for any reason; (c) made any payments to any Person with the intention or understanding that any part of such payment was to be used for any purpose other than that described in the documents supporting the payment; (d) either made any contribution, or reimbursed any political gift or contribution made by any other Person, to candidates for public office; (e) engaged in any material transaction or made or received any material payment which was not properly recorded on the books of the Sellers; (f) created or used any "off-book" bank or cash account or "slush fund;" or (g) engaged in any other conduct constituting a violation in any material respect of the FCPA.

5.24 Accuracy of Information Furnished. No representation or statement contained in this Agreement (including the Exhibits and Schedules) or any Contract executed pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit any material fact necessary to make such representation or statement, in light of the circumstances under which it was made, not misleading. Sellers have provided Buyer with correct and complete copies of all documents listed or described in the Schedules.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Sellers as follows:

6.01 Organization and Due Authorization. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Delaware. Buyer has full limited liability company power and authority to execute and deliver this Agreement and the Other Agreements to which it is (or to the extent to be entered into on or prior to the Closing, will be) a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Other Agreements to which Buyer is a party and the performance and consummation of the transactions contemplated hereby and thereby by Buyer have been duly authorized by all necessary action on the part of Buyer. This Agreement and the Other Agreements to which Buyer is a party have been (or to the extent to be entered into on or prior to the Closing, will be) duly executed and delivered by Buyer and, subject to the due authorization, execution and delivery of such agreements by the other parties thereto, this Agreement and the Other Agreements constitute (or to the extent to be entered into on or prior to the Closing, will constitute) the valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms.

6.02 No Violation; Consents and Approvals. Except as set forth in Schedule 9.01(d), neither the execution and delivery by Buyer of this Agreement or the Other Agreements to which it is a party nor the consummation of the transactions contemplated hereby or thereby nor compliance by it with any of the provisions hereof or thereof (a) conflict with or result in a violation of (i) any provision of the organizational documents of Buyer or (ii) any judgment, order, writ, injunction, decree, statute, law, ordinance, rule or regulation in any material respect binding upon Buyer or (b) violate, conflict with, or result in a breach of any of the terms of, or constitute a default under, or give rise to any right of termination, modification, cancellation or acceleration under, (A) any note, bond, mortgage, indenture, deed of trust, contract, commitment, arrangement, license, agreement, lease or other instrument or obligation to which Buyer is a party or by which Buyer may be bound or to which any of Buyer's assets may be subject or affected in any material respect and that, in each case, is material to the business of Buyer, or (B) any material license, permit, authorization, consent, order or approval of, or registration, declaration or filings with, any Governmental Entity.

6.03 Litigation. There is no claim, action, lawsuit, or proceeding, or to the knowledge of Buyer, any pending inquiry or investigation or any threatened claim, action, lawsuit, proceeding, inquiry or investigation, in each case, by or against or affecting Buyer which has had or can be reasonably expected to have a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby.

6.04 Brokers. Except as provided for in any adequate protection order approved by the Bankruptcy Court to which Buyer has not objected, in connection with the transactions contemplated hereby and by the Other Agreements, neither Buyer nor any Affiliate thereof is a party to any agreement, arrangement or understanding with any Person which will result in the obligation of Buyer, Sellers or any Affiliate thereof to pay any finder's fee, brokerage commission or similar payment.

6.05 Financing. Buyer shall have on the Closing Date sufficient unrestricted funds or committed lines of credit on hand to pay the portion of the Purchase Price payable in cash at the Closing. Buyer has provided to Sellers true and correct redacted copies of documentation evidencing Buyer's empowerment as of the Closing Date to deliver the credit bid pursuant to Section 3.02(d)(i).

6.06 Foreign Ownership of Buyer. Buyer is not controlled by a foreign entity or other investor for the purposes of Section 721 of the Defense Production Act of 1950, as amended, and the regulations promulgated thereunder.

ARTICLE VII

COVENANTS OF THE PARTIES

7.01 Cooperation and Efforts.

(a) From the date hereof until the Closing, Sellers and Buyer agree (i) to cooperate with each other in determining whether any filings are required to be made or consents are required to be obtained in any jurisdiction or from any third party in connection with the

consummation of the transactions contemplated hereby and in making or causing to be made any such filings promptly and in seeking to obtain in a timely manner any such consent; and (ii) to use commercially reasonable efforts to take, or cause to be taken, all actions, to do, or cause to be done, all things to obtain as promptly as practicable the satisfaction of the conditions to the Closing of the transactions contemplated herein and to fulfill their respective obligations hereunder. Sellers and Buyer shall furnish to each other all such information as may be reasonably required in order to effectuate the foregoing. Sellers shall make available their personnel and facilities, and such documents as may exist related thereto, to assist Buyer in making the employment decisions.

(b) Upon request of Buyer, Sellers will cooperate with Buyer to consider and pursue any alternative transaction structure to achieve Buyer's tax structuring and business goals, including by amendment of this Agreement and/or through a plan of reorganization.

7.02 Public Announcements. Except as required by applicable law or the rules of any applicable stock exchange or in filings required to be made with the Bankruptcy Court (which Sellers shall provide to Buyer in a reasonable number of days, but, in any event, at least two (2) Business Days, in advance of filing with the Bankruptcy Court), neither Buyer nor Sellers shall, nor shall they permit any of their respective Affiliates to, make any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior written consent of the other parties hereto (which consent shall not be unreasonably withheld or delayed). Notwithstanding anything herein to the contrary, any party to this Agreement may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure.

7.03 Cooperation With Respect to Tax Matters.

(a) Solely to the extent not exempt in accordance with Section 1146 of the Bankruptcy Code, Buyer shall pay and shall be responsible for all Transfer Taxes (and related costs, fees, and expenses) imposed on or payable in connection with the Asset Acquisition contemplated by this Agreement, which obligation shall be in addition to the Purchase Price. Sellers shall be responsible for preparing and filing all Tax Returns of Sellers (and promptly providing a copy of such Tax Returns to Buyer) for all taxable periods, and Buyer shall be responsible for preparing and filing all Tax Returns of Buyer.

(b) Without the prior written consent of Buyer, no Seller shall make or change any election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to any Seller, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to any Seller, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of any Seller for any period ending after the Closing Date or decreasing any Tax attribute of any Seller existing on the Closing Date.

(c) As of the Closing, Sellers agree to join in any election made by Buyer regarding the procedure to be utilized with respect to wage reporting under Revenue Procedure 2004-53.

(d) Sellers and Buyer shall cooperate with each other and provide each other with such assistance as reasonably may be requested by either of them in connection with the preparation of any Tax Return or any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to any liability for Taxes under this Agreement. If Buyer requests assistance hereunder Buyer shall reimburse Sellers for all reasonable third-party out-of-pocket expenses incurred in providing such assistance. Nothing in this Section 7.03 shall require Buyer to be liable for any of the income tax liability of Sellers.

7.04 Conduct of the Business Pending the Closing. Except as expressly contemplated by this Agreement or the Term DIP Financing Agreement or with the prior written consent of Buyer, Sellers covenant and agree that, between the date hereof and the Closing Date, Sellers shall operate the Business in the ordinary course in a manner consistent with past practice, and shall confer with Buyer and its representatives, as reasonably requested, to report on operational matters and the general status of ongoing operations. Sellers shall, between the date hereof and the Closing Date, except as expressly contemplated by this Agreement, the Term DIP Financing Agreement or in the ordinary course of business consistent with past practice, or with the prior written consent of Buyer, (i) conduct the Business in compliance with all applicable Laws, rules and regulations, (ii) use commercially reasonable efforts to preserve the relationships with the current customers, distributors, suppliers, vendors and others having business dealings with Sellers, (iii) maintain their physical assets, properties and facilities in their current working order, condition and repair as of the date hereof, ordinary wear and tear excepted, (iv) not take any action, or omit to take any action, the intent of which is to cause the termination of their current officers, (v) perform all obligations required to be performed by Sellers under the Assumed Contracts, (vi) maintain their books and records on a basis consistent with prior practice, (vii) bill for products sold or services rendered and pay accounts payable in a manner consistent with past practice, (viii) maintain all insurance policies required to be set forth on Schedule 5.18 hereto, or suitable replacements therefor, in full force and effect through the close of business on the Closing Date, (ix) provide Buyer with updated monthly financial information concerning Sellers, including, without limitation, the value of the accounts receivable, (x) not encumber nor enter into any material new leases, licenses or other use or occupancy agreements for the Real Property or any part thereof, (xi) not take any action that would cause the representations and warranties contained in Section 5.06 hereof to be inaccurate in any material respect, (xii) with the prior consent of Sellers, such consent not to be unreasonably withheld, grant Buyer reasonable access to their customers, distributors, suppliers and vendors and cooperate with Buyer in communicating with such Persons, provided that Sellers shall have the opportunity to have a representative of Sellers present (in person or by telephone, as applicable); (xiii) timely pay any and all required fees and taxes with respect to patents (if any), patent applications (if any), any trademark applications and any registered trademarks comprising the Intellectual Property, (xiv) take any and all other commercially reasonable actions as may be necessary to avoid abandonment, cancellation, or expiration of any of the Intellectual Property, and (xv) take any further actions as may be necessary to avoid limiting the scope of any claims that may issue with respect to patent applications (if any) comprising the Intellectual Property.

7.05 Access to Information; Notification of Certain Matters.

(a) From the date hereof until the Closing, Sellers shall (i) permit Buyer and its representatives to have reasonable access upon reasonable prior notice, during normal business hours, to the Business, the Assets, the Real Property, the employees of Sellers and to such records, contracts and documents relating to Sellers, the Business and the Assets as Buyer or its representatives shall request in connection with the transactions contemplated hereby; (ii) furnish to Buyer such financial and operating data and other information relating to the Sellers, the Business and the Assets as may be reasonably requested; and (iii) instruct the executive officers and senior business managers, employees, counsel, auditors and financial advisors of Sellers to cooperate with Buyer and its representatives regarding the same.

(b) After the Closing Date, Buyer shall permit Sellers and their representatives to have reasonable access, during normal business hours, following reasonable advance notice and at Sellers' sole expense, to the Books and Records as is reasonably necessary for the preparation and filing of Tax Returns and other reports and documents required to be filed by Sellers pursuant to applicable Law or regulation and to employee and Company Benefit Plan records so as to effectuate the assumption of certain Company Benefit Plan liabilities, provided, however, that these exceptions shall not limit any rights to discovery Sellers or any of their Affiliates may have in connection with any cause of action or litigation. Any request by Sellers and their representatives for access that, in Buyer's reasonable discretion, would unreasonably interfere with the ordinary course operation of the Business after the Closing would not be reasonable for the purposes of this paragraph.

(c) Sellers shall give written notice to Buyer promptly after becoming aware of (i) the occurrence of any event, which would be reasonably likely to cause any condition set forth in Article IX to be unsatisfied at any time from the date hereof to the End Date or (ii) any notice or other communication from (x) any Person alleging that the consent of such Person is or may be required in connection with any of the transactions contemplated by this Agreement or (y) any Governmental Entity in connection with any of the transactions contemplated by this Agreement; provided, however, that the delivery of any notice pursuant to this Section 7.05(c) shall not limit or otherwise affect the remedies available hereunder to Buyer.

7.06 Transition of Business. Sellers shall assist Buyer in accomplishing a smooth transition of the Business from Sellers to Buyer or one or more Buyer Designees, including holding discussions with respect to personnel policies and procedures, and other operational matters relating to the Business.

7.07 Disclosure Schedule and Supplements. Until the Closing Date, Sellers shall as promptly as practicable deliver any schedules not previously delivered or supplement or amend the Disclosure Schedule with respect to any matter that, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule (a "***Schedule Update***"). Any such supplement or amendment shall be deemed to modify the Disclosure Schedules for purposes of this Agreement. Notwithstanding anything in this Section 7.07 to the contrary, in no event will Sellers be permitted to supplement or amend any Disclosure Schedules other than Disclosure Schedules required under and with respect to Article V without the prior written consent of Buyer in its sole discretion and any such

supplements or amendments will not be deemed to modify any Disclosure Schedules other than the Disclosure Schedules required under and with respect to Article V. Notwithstanding the foregoing, from and after the date of this Agreement and a period of one (1) month thereafter, Sellers may supplement or amend Schedule 2.01(a)(vi), and any such supplements or amendments will not be deemed to modify any Disclosure Schedules other than Schedule 2.01(a)(vi); provided, that in no event may Sellers add to Schedule 2.01(a)(vi) any agreement set forth, or required to be set forth, on Schedule 5.16(n).

7.08 Bankruptcy Court Matters.

(a) Sale Motion. On or prior to the third Business Day following the Petition Date, Sellers shall file with the Bankruptcy Court, a motion in the form attached hereto as Exhibit 7.08(a) (the "***Sale Motion***") seeking entry of the Bid Procedures Order and the Transaction Approval Order, and provided that any changes thereto shall be in form and substance acceptable to Buyer, in its sole discretion. Sellers shall affix a true and complete copy of this Agreement to the Sale Motion filed with the Bankruptcy Court (which shall be, subject to the approval of the Bankruptcy Court, without schedules).

(b) Bankruptcy Court Orders. In connection with the transactions contemplated by this Agreement, Sellers shall file with the Bankruptcy Court after the execution of this Agreement by each of the parties hereto, applications for, and shall use their reasonable best efforts to obtain the following orders:

(i) an order (the ***"Bid Procedures Order"***), to be entered on or prior to the later of (A) the date that is thirty (30) days following the Petition Date or (B) the date that is fifteen (15) days following the formation of the unsecured creditors committee (which date Buyer may waive or extend in its sole discretion) (i) fixing the date, time and location of the hearing to approve consummation of the Asset Acquisition, (ii) fixing the time, date and location of an auction, which date shall be no later than forty five (45) days after the entry of the Bid Procedures Order (the "***Auction***"), (iii) approving the Expense Reimbursement, (iv) containing such other appropriate buyer protections as may be mutually agreed upon by Buyer and Sellers, and (v) otherwise approving the Bidding Procedures, in substantially the form of Exhibit 7.08(b)(i), and with only such changes as may be acceptable to Buyer in its sole discretion; and

(ii) an order (the "***Transaction Approval Order***"), to be entered no later than four (4) Business Days after the conclusion of the Auction contemplated by the Bid Procedures Order, in form and substance reasonably acceptable to the Parties, and with only such changes as may be acceptable to Buyer in its sole discretion, among other things, (i) approving the Asset Acquisition by Buyer, (ii) approving the assumption by (and, if applicable, assignment to) Buyer of the Assumed Contracts pursuant to section 365 of the Bankruptcy Code, and (iii) containing findings of fact and conclusions of law that: (x) Buyer is a good faith purchaser entitled to the protections of Bankruptcy Code section 363(m), (y) this Agreement constitutes a "plan" of Ormet and Buyer solely for purposes of Sections 368 and 354 of the Code, and (z) the Asset Acquisition and subsequent liquidation of Sellers pursuant to the procedures provided in the Bid Procedures Order and Transaction Approval Order (the "***Reorganization Transactions***")

are intended to constitute a plan of reorganization of Ormet pursuant to Section 368(a)(1)(G) of the Code.

(c) Consultation with Buyer. Sellers shall provide Buyer with drafts of any and all material pleadings, including without limitation, the Sale Motion, the Bid Procedures Order and the Transaction Approval Order, and proposed orders to be filed or submitted in connection with this Agreement for Buyer's prior review and comment. Sellers shall provide Buyer with a reasonable opportunity to review such documents in advance of their service and filing to the extent reasonably practicable under the circumstances. Sellers shall consult and cooperate with Buyer, and consider in good faith the views of Buyer with respect to all such filings. In the event the entry of the Bid Procedures Order or the Transaction Approval Order shall be appealed, Sellers shall use their reasonable best efforts to defend such appeal. Sellers shall comply with all notice requirements (i) of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure or (ii) imposed by Transaction Approval Order, in each case, in connection with any pleading, notice or motion to be filed in connection herewith.

7.09 Assumption and Rejection of Contracts and Leases.

(a) At least fifteen (15) days prior to the anticipated date of the hearing to approve the Transaction Approval Order, Buyer shall give Sellers a tentative list (which shall in no way bind Buyer) of the executory contracts or unexpired leases to which any Seller is a party or is otherwise bound and which Buyer anticipates it will require Sellers to assume or reject pursuant to the next sentence. At the election of Buyer pursuant to written notice given to Sellers at any time not later than five (5) Business Days before the Closing and upon approval of the Bankruptcy Court, Sellers shall assume or reject, as directed by Buyer, any executory contracts (other than the Power Agreement, which can only be rejected pursuant to subsection (b) below) or unexpired leases to which any Seller is a party or is otherwise bound.

(b) This Agreement (including without limitation Sections 2.01(c)(ii) and 2.01(a)(vi) hereof) constitutes Buyer's consent to assume the Power Agreement, subject only to the terms of this Agreement (including Section 10.13) and the following:

(i) in the event the conditions set forth in Section 9.02(g) have not been satisfied prior to one hundred fifty (150) days following the Petition Date (the "***Action Date***"), Buyer may at any time thereafter (but is not required to) elect (A) to terminate this Agreement pursuant to Sections 4.03(b) or (m) hereof (provided that such election shall be made in writing to Sellers within ten (10) Business Days after such conditions have failed, or such right to terminate shall be deemed waived) or (B) proceed with the Closing but, pursuant to written notice given to Sellers not later than five (5) Business Days before the Closing, not assume the Power Agreement, in which event Sellers shall reject such contract; and/or

(ii) in the event that all of the conditions set forth in Article IX hereof have been satisfied (or waived) except the conditions set forth in Section 9.02(g), without limiting its right of termination with respect to this Agreement Buyer may at any time thereafter (but is not required to) elect (A) not to proceed with the Closing until the conditions set forth in Section 9.02(g) are satisfied or (B) proceed with the Closing but,

pursuant to written notice given to Sellers not later than five (5) Business Days before the Closing, not assume the Power Agreement as of the Closing Date, provided, however, that the Power Agreement shall be governed by the provisions of Section 2.01(e) pending a ruling by the PUCO and (x) if the PUCO subsequently issues a ruling satisfying the conditions set forth in Section 9.02(g), Buyer shall then assume the Power Agreement and Seller shall give any required notices to third parties of the assumption and assignment thereof and the Cure Costs associated therewith or (y) if the PUCO issues a ruling that does not satisfy the conditions set forth in Section 9.02(g) hereof, Buyer shall not assume the Power Agreement and Sellers shall reject such contract.

Notwithstanding any other provision in this Agreement to the contrary, in the event the Power Agreement has not yet been amended in accordance with Section 9.02(g) hereof, Buyer may elect, pursuant to written notice given to Sellers at any time not later than five (5) Business Days before the Closing, to waive the condition set forth in Section 9.02(g) and assume the existing Power Agreement without material amendment or modification thereto. For the avoidance of doubt, nothing in this Section 7.09(b) will be construed to modify or limit Buyer's rights to terminate this Agreement at any time in accordance with Section 4.03 hereof or the provisions of Section 10.13 hereof.

(c) Sellers shall give written notice to Buyer prior to the submission of any motion in their Chapter 11 Case to assume or reject any executory contracts or unexpired leases, and, without the prior written consent of Buyer in its sole discretion, Sellers shall not assume or reject any executory contract or unexpired lease. Any executory contracts or unexpired leases that are assumed subject to Bankruptcy Court approval after complying with the provisions of this Section 7.09 shall constitute Assets at Closing (subject to the rights of Buyer and Sellers in subsection (c) below) and any executory contracts or unexpired leases that are rejected subject to Bankruptcy Court approval after complying with the provisions of this Section 7.09 (subject to rights of Buyer and Sellers in subsection (c) below) shall constitute Excluded Assets at Closing. Promptly, but, in any event, no later than thirty (30) days after the Petition Date, Sellers shall provide Buyer with a written schedule (the "***Contract & Cure Schedule***") containing a list of, and Sellers' best estimate of the Cure Costs for, each executory contract or unexpired lease to which each Seller is a party or is otherwise bound (and if no Cure Cost is estimated to be applicable with respect to any particular Assumed Contract, the amount of such Cure Cost has been designated for such Assumed Contract as "$0.00"). From the date the Contract & Cure Schedule is provided through (and including) the Closing, promptly following any changes to the information set forth on such schedule (including any new Contracts included in the Assets to which any Seller becomes a party and any change in the Cure Cost of any such Contract), Sellers shall provide Buyer with a schedule that updates and corrects the Contract & Cure Schedule. Buyer may, at any time and from time to time but not later than five (5) Business Days before the Closing, include or exclude any Contract (other than the Power Agreement, which can only be excluded pursuant to subsection (b) above) from the Contract & Cure Schedule and require Sellers to give notice to the third parties to any such Contract of Sellers' assumption and assignment thereof to Buyer and the amount of Cure Costs associated with such Contract or the rejection thereof. If any Contract is added to (or excluded from) the Contract & Cure Schedule as permitted by this Section 7.09, then Buyer and Sellers shall make appropriate additions, deletions or other changes to any applicable schedule to this Agreement to reflect such addition or exclusion. Sellers shall be responsible for the verification of all Cure Costs for each Assumed

Contract and shall use best efforts to establish the proper Cure Costs, if any, for each Assumed Contract prior to the Closing Date. Buyer shall not be required to make any payment for Cure Costs for, or otherwise have any liabilities with respect to, any Contract that is not an Assumed Contract as of the Closing Date.

(d) Any monetary amount by which any of the executory contracts or unexpired leases is in default shall be satisfied, in accordance with section 365(b)(1) of the Bankruptcy Code, except as otherwise specified herein, by payment of such amount in Cash, on or as soon as reasonably practicable after the Closing Date, or upon such other terms as Sellers (with the consent of Buyer), and the non-debtor party to such executory contract or unexpired lease may otherwise agree. In the event of a dispute regarding (i) Cure or (ii) the ability of Buyer or Sellers to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, the assumption of such executory contract or unexpired lease shall be conditioned upon resolution of such dispute by the Bankruptcy Court. Sellers (with the consent of Buyer) or Buyer, as applicable, reserve the right either to reject or nullify the assumption of an executory contract or unexpired lease (other than the Power Agreement, which can only be rejected or have the assumption nullified pursuant to subsection (b) above) no later than ten (10) days after a Final Order determining Cure or any request for adequate assurance of future performance.

7.10 Certain Tax Matters.

(a) If a Party determines, based on advice from outside tax counsel, that amending or otherwise modifying the provisions of this Agreement would result in a tax benefit or a reduction of adverse tax consequences for such Party without having a material adverse tax or material adverse economic impact on any other Party, such Party may propose such amendments or modifications to the other Parties by providing written notice containing the text of the proposed amendments or modifications and, upon the request of a Party, a reasonably detailed tax analysis of their impact on all of the Parties. Each of the Parties agrees, for a period of twenty (20) days after the date of such notice, to negotiate in good faith amendments or modifications to this Agreement to achieve the tax benefits, or reduce the adverse tax consequences, as outlined in such notice, provided that no party shall be obligated to agree to any amendment or modification that such party determines, in its own judgment after consulting with its tax advisors, would have an adverse tax impact, adverse economic impact, or other adverse impact on such Party and, provided further that the foregoing covenant to negotiate in good faith shall not relieve any Party of its other obligations contained in this Agreement nor shall it be construed as a waiver of the performance by any other Party hereunder.

(b) Unless Buyer notifies Sellers otherwise in writing no later then 5 days prior to the Closing Date:

(i) Buyer shall treat the Reorganization Transactions as a reorganization pursuant to Section 368(a)(1)(G) of the Tax Code with any actual or deemed distribution by Buyer qualifying solely under Sections 354 and 356 of the Tax Code but not under Section 355 of the Tax Code (a "***G Transaction***").

(ii) Sellers shall use their reasonable best efforts, and Buyer shall use reasonable best efforts to assist Sellers to effectuate such treatment of the Reorganization Transactions as a G Transaction and the Parties shall not take any action or position inconsistent with, or fail to take any necessary action in furtherance of, such treatment.

(iii) The Parties agree that this Agreement shall constitute a "plan" of Ormet and Buyer for purposes of Sections 368 and 354 of the Tax Code. The board of directors of Ormet has approved, and Buyer shall approve, in each case by resolution, the execution of this Agreement and expressly recognize its treatment as a "plan" of Ormet and Buyer for purposes of Sections 368 and 354 of the Tax Code, and the treatment of the Reorganization Transactions as a G Transaction for federal income Tax purposes. No Party shall take any position with respect to the Reorganization Transactions that is inconsistent with the position determined in accordance with this Section 7.10.

(iv) Sellers shall provide Buyer with a statement setting forth the adjusted Tax basis of the Assets and the amount of net operating losses and other material Tax attributes of Sellers and any Purchased Assets that are available as of the Closing Date and after the close of any taxable year of any Seller that impacts the numbers previously provided, all based on the best information available, but with no Liability to Sellers, for any errors or omissions in information.

(v) Sellers shall provide Buyer with an estimate of the cancellation of Indebtedness income that Sellers anticipate realizing for the taxable year that includes the Closing Date, and shall provide revised numbers after the close of any taxable year of any Seller or Seller Group member that impacts this number.

(vi) Each Seller shall liquidate, as determined for U.S. federal income Tax purposes and to the satisfaction of Buyer, no later than 60 days (or such longer time as Buyer may agree in writing) after the Closing Date, and each such liquidation may include a distribution of assets to a "liquidating trust" within the meaning of Treas. Reg. § 301.7701-4, the terms of which shall be satisfactory to Buyer.

(vii) Sellers shall consult with Buyer with respect to the timing, manner, recipients and means of the distribution of the Buyer Securities Consideration, and shall not take any action with respect to such distribution that could be inconsistent with the treatment of the Reorganization Transactions as a G Transaction.

(viii) Effective no later than the Closing Date, Buyer shall cause itself to be treated as a corporation for federal income Tax purposes

7.11 Permits. Sellers shall provide commercially reasonable assistance to Buyer to assist Buyer in (i) obtaining or (ii) transferring Permits from Sellers to Buyer. Any and all fees required by any Governmental Entity or any Person to obtain or for the transfer of a Permit shall be the sole responsibility of Buyer.

7.12 HSR Act.

(a) Subject to the terms and conditions of this Agreement, each party shall use its commercially reasonable efforts to (i) if required, file a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby within five Business Days after entry of the Transaction Approval Order; (ii) supply as promptly as practicable any additional information and documentary material that may be requested or required pursuant to any Antitrust Law, including the HSR Act and (iii) if applicable, cause the expiration or termination of the applicable waiting periods under the HSR Act or any other Antitrust Law as soon as practicable.

(b) Each of the parties shall use commercially reasonable efforts to (a) cooperate with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (b) keep the other parties informed in all material respects of any material communication received by such party from, or given by such party to, any Governmental Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby and (c) permit the other party to review any material communication given to it by, and consult with each other in advance of any meeting or conference with any Governmental Entity, including in connection with any proceeding by a private party. The foregoing obligations in this Section 7.12 shall be subject to any confidentiality agreement in place between any Seller and any affiliate of Buyer and any attorney-client, work product or other privilege, and each of the parties hereto shall coordinate and cooperate fully with the other parties hereto in exchanging such information and providing such assistance as such other parties may reasonably request in connection with the foregoing and in seeking early termination of any applicable waiting periods under Antitrust Law. The parties will not take any action that will have the effect of delaying, impairing or impeding the receipt of any required authorizations, consents, Orders or approvals. Notwithstanding this Section 7.12, none of the Parties is obligated to (i) hold separately (in trust or otherwise), divest itself of, or otherwise rearrange the composition of, any of its assets; (ii) agree to any limitations on such Person's freedom of action with respect to future acquisitions of assets or with respect to any existing or future business or activities or on the enjoyment of the full rights or ownership, possession and use of any asset now owned or hereafter acquired by such Person; or (iii) agree to any of the foregoing or any other conditions or requirements of any Governmental Entity or to take, or to cause to be taken, any other steps or to make any other undertakings to avoid or eliminate impediments under any Antitrust Law that may be asserted by any Governmental Entity with respect to consummation of the transactions contemplated by this Agreement. "***Antitrust Law***" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, and all other applicable Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition. Fees incurred in connection with complying with any Antitrust Law shall be borne solely by Buyer.

(c) If any objections are asserted with respect to the transactions contemplated hereby under any Antitrust Law or if any suit is instituted by any Governmental Entity or any private party challenging any of the transactions contemplated hereby as violative of any Antitrust Law or if the filing pursuant to Section 7.12 is reasonably likely to be rejected or conditioned by federal or a state Governmental Entity, each of the parties shall use commercially

reasonable efforts to resolve such objections or challenge as such Governmental Entity or private party may have to such transactions, including to vacate, lift, reverse or overturn any Order, whether temporary, preliminary or permanent, so as to permit consummation of the transactions contemplated by this Agreement.

7.13 Casualty Loss. Notwithstanding any provision in this Agreement to the contrary, if, before the Closing, any portion of the Assets or Business is (a) condemned or taken by eminent domain or (b) is damaged or destroyed by fire, flood or other casualty, Sellers shall notify Buyer promptly in writing of such fact, and (i) in the case of condemnation or taking, Sellers shall assign or pay, as the case may be, any proceeds thereof to Buyer at the Closing, and (ii) in the case of fire, flood or other casualty, Sellers shall, at Buyer's option, either restore such damage or assign the insurance proceeds therefrom to Buyer at Closing. Notwithstanding the foregoing, the provisions of this Section 7.13 shall not in any way modify Buyer's other rights under this Agreement, including any applicable right to terminate the Agreement if any condemnation, taking, damage or other destruction resulted in a Material Adverse Effect.

7.14 Alternative Transactions. From the date hereof until the date of entry or denial of the Bid Procedures Order, the Sellers shall not (i) execute an agreement with respect to an Alternative Transaction, or (ii) seek or support Bankruptcy Court approval of a motion or order inconsistent in any material respect with the transactions contemplated hereby.

7.15 Compliance with WARN Act. Sellers shall comply with the covenants set forth on Schedule 7.15 hereto.

7.16 Certain Benefit Plans. Sellers shall comply with the covenants set forth on Schedule 7.16 hereto.

ARTICLE VIII

EMPLOYEE MATTERS

8.01 Offers of Employment.

(a) Buyer will offer to employ, upon compensation and terms and conditions of employment determined by Buyer in its sole discretion and/or any collective bargaining agreement in effect pursuant to Section 9.02(f), commencing immediately after the Closing Date, a majority of the Employees of Sellers who are, as of immediately prior to the Closing Date, (i) actively at work in connection with the Business, (ii) on short term disability or workers' compensation in connection with the Business, (iii) on layoff (with or without recall rights) in connection with the Business), or (iv) on a leave of absence approved by Sellers in connection with the Business, but not including any person on long term disability, layoff, or leave of absence with no prior agreement or understanding to return to employment with the Sellers at the end of such disability, layoff or leave.

(b) With respect to each Non-Union Employee of Seller Buyer will offer to employ, such Non-Union Employees of Sellers as Buyer shall determine in its sole discretion, provided, however, that Buyer shall provide to Sellers as soon as practicable, but in no event

later than 5 days before the Closing, a list of the Non-Union Employees to whom Buyer will offer employment commencing as of the Closing Date.

(c) Employees who accept such offers of employment will be referred to in this Agreement as "***Buyer Employees***". Schedule 8.01(c) sets forth all Employees who are on long term disability, layoff or leave of absence with a prior agreement or understanding to return to employment with the Sellers at the end of such disability, layoff, or leave. Notwithstanding the foregoing, nothing in this Agreement will, after the Closing Date, impose on the Buyer any obligation to retain any Buyer Employee in its employment.

8.02 Prior Service Credit. Except as described elsewhere in this Article VIII, the employment of each such Buyer Employee with Buyer will commence immediately upon the Closing Date. In the case of any individual who is absent from active employment and receiving short term disability or workers' compensation benefits, the employment of such individual with Buyer will commence upon his or her return to active work, and such individual will become a Buyer Employee as of such date.

8.03 Employee Benefits Matters.

(a) Buyer shall assume all obligations under or Liabilities with respect to any Benefit Plans set forth on Schedule 8.03(a) (such plans, the "***Transferred Benefit Plans***") consistent with Section 2.01(c)(iv) of this Agreement as Assumed Liabilities. The Transferred Benefit Plans shall be assumed by and assigned to Buyer on the Closing Date in the manner described in this Agreement. Sellers shall make good faith efforts to consult with, and give reasonable assistance (including with respect to making amendments) to Buyer and its Affiliates in respect of any Transferred Benefit Plans, prior to and following the Closing Date. To the extent that service is relevant for purposes of eligibility and vesting, but not accrued under any benefit plan of Buyer or its Affiliates, including any Transferred Benefit Plan, Buyer shall credit (or cause to be credited) Buyer Employees for service earned prior to the Closing with Sellers in addition to service earned with Buyer on and after the Closing. To the extent the Buyer Employees and their eligible dependents enroll in any welfare benefit plan sponsored by Buyer or its Affiliates (including any Transferred Benefit Plan as applicable), unless prohibited such plan or by applicable Law, Buyer shall waive, or cause such waiver of, any preexisting condition limitations applicable to such Buyer Employees to the extent that the Buyer Employee's or eligible dependent's condition would not have operated as a preexisting condition under the applicable welfare benefit plan maintained by Sellers. In addition, unless prohibited by such plan or by applicable Law, Buyer shall (i) waive all waiting periods otherwise applicable to the Buyer Employees and their eligible dependents, other than waiting periods that are in effect with respect to such individuals as of the Closing to the extent not satisfied under the Transferred Benefit Plans or such other corresponding Benefit Plans of the Sellers and (ii) provide each Buyer Employee and his or her dependents with corresponding credit for any co-payments and deductibles paid by them under such Transferred Benefit Plans or corresponding Benefit Plans of Sellers during the portion of the respective plan year prior to the Closing. At any time and from time to time after the date hereof, the Sellers and Buyer shall take, or cause to be taken, any and all actions necessary to effectuate the terms of this Section 8.03(a), including taking all action necessary to assign and assume and adopt each Transferred Benefit Plan in the manner contemplated by this Agreement effective as of the Closing. Sellers will reasonably cooperate

with Buyer and its Affiliates and take, or cause to be taken, all reasonable actions as Buyer may reasonably request in order to effectuate the foregoing. Nothing herein shall prohibit Buyer or its Affiliates, as applicable, from terminating, amending, or otherwise affecting any Transferred Benefit Plan, at any time and from time to time following the Closing.

(b) As of the Closing Date, all of Buyer Employees will cease participation in any of the Company Benefit Plans that such Buyer Employees participated in immediately prior to the Closing Date that are not Transferred Benefits Plans.

(c) In accordance with Treasury Regulation Section 54.4980B-9 Q&A-7, as of the Closing Date, Buyer will assume all liability for providing and administering all required notices and benefits under Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA (usually referred to as "*COBRA*") to all current and former Employees of Sellers (including, without limitation, Buyer Employees). Prior to the Closing Date, Sellers shall provide to Buyer detailed information (including, without limitation, all pertinent information concerning individuals who have elected or continue to have a right to elect COBRA continuation coverage sufficient to enable Buyer to carry out its obligations under this Section 8.02(b). Sellers will have no COBRA liability or obligations to such current and former Employees after the Closing Date, except with respect to any violations of law that occurred prior to the Closing Date.

8.04 Buyer's Right to Participate in Labor Negotiations. From and after the date of this Agreement, if so requested in writing, Buyer shall have the right to directly participate in any substantive negotiations or discussions, and/or conduct its own substantive negotiations or discussions between the USW (or any other Union), the Sellers and other parties in connection with active bargaining over the terms and conditions of any Collective Bargaining Agreement, and the Sellers shall keep Buyer informed on a regular basis of any such negotiations or discussions.

ARTICLE IX

CONDITIONS TO OBLIGATIONS OF PARTIES

9.01 Conditions to Obligations of Sellers. The obligation of Sellers to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Sellers):

(a) Representations and Warranties. Each representation and warranty of Buyer contained herein shall have been true and correct in all material respects (except that any such representation or warranty that is qualified by reference to materiality or Material Adverse Effect shall, to the extent it is so qualified, have been true and correct in all respects) as of the date hereof and as of the Closing Date, as if made on the Closing Date (unless, in each case, such representations and warranties are expressly made as of a different date, in which case such representations and warranties shall have been so true and correct as of such other date); provided that the representations and warranties of Buyer contained in Sections 6.01 and

6.02(a)(i) shall be true and correct in all respects, and Buyer shall have delivered to Sellers a certificate, executed by the appropriate officer of Buyer, to such effect.

(b) Performance. Buyer shall have performed and complied, in all material respects, with all agreements, obligations and covenants required by this Agreement to be so performed or complied with by Buyer at or prior to the Closing Date, and Buyer shall have delivered to Sellers a certificate, executed by the appropriate officer of Buyer, to such effect.

(c) Closing Documents. On or prior to the Closing Date, Buyer shall have delivered to Sellers each of the documents listed in Section 4.02(a) hereof.

(d) Judgments, Decrees and Litigation. There shall not be in effect or exist any judgment, order, injunction or decree issued by a Governmental Entity restraining or prohibiting the consummation of or imposing material modifications on the transactions contemplated by this Agreement to the detriment of Sellers.

9.02 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Closing Date of each of the following conditions (any or all of which may be waived in whole or in part by Buyer).

(a) Representations and Warranties. Each representation and warranty of Sellers contained herein shall have been true and correct in all material respects (except that any such representation or warranty that is qualified by reference to materiality or Material Adverse Effect shall, to the extent it is so qualified, have been true and correct in all respects) as of the date hereof and as of the Closing Date, as if made on the Closing Date (unless, in each case, such representations and warranties are expressly made as of a different date, in which case such representations and warranties shall have been so true and correct as of such other date); provided that the representations and warranties of Sellers contained in Sections 5.01(a) and (b), the second sentence of Section 5.01(d), 5.02(i)(A), 5.07(i) and the first sentence of Section 5.24 shall be true and correct in all respects, and Sellers shall have delivered to Buyer one or more certificates, executed by the senior executive officer of each Seller, to such effect.

(b) Performance. Sellers shall have performed and complied, in all material respects, with all agreements, obligations and covenants required by this Agreement to be so performed and complied with by Sellers at or prior to the Closing, and Sellers shall have delivered to Buyer one or more certificates, executed by the President (or if there is no President, another senior executive officer) of each Seller, to such effect.

(c) Closing Documents. On the Closing Date, Sellers shall have executed and delivered to Buyer at the Closing each of the documents listed in Section 4.02(b) hereof.

(d) Approvals and Consents. Each of the approvals, authorizations, and consents of, and all filings with and notifications or declarations to, any Governmental Entity or third party as set forth on Schedule 9.02(d) hereto, shall have been obtained or effected, and all applicable waiting periods, if any, including any extensions thereof, under any law, statute, rule or regulation applicable to the consummation of the transactions contemplated hereby, shall have expired or terminated, if applicable.

(e) Judgments, Decrees and Litigation. There shall not be in effect or exist any judgment, order, injunction or decree issued by a Governmental Entity restraining or prohibiting the consummation of or imposing material modifications on the transactions contemplated by this Agreement or any pending or threatened litigation by a Governmental Entity or other third party seeking to restrain, prohibit or impose material modifications on the consummation of the transactions contemplated hereby or on the benefits Buyer expects herefrom.

(f) Collective Bargaining Agreements. Either:

(i) Sellers shall have completed negotiation and execution of new or amended Collective Bargaining Agreements with the Sellers' labor unions, including the USW, on terms and conditions acceptable to Buyer in its sole discretion, and such new or amended Collective Bargaining Agreements shall have been ratified by the labor unions and be fully effective in all respects prior to the Closing; or

(ii) if so requested by Buyer in its sole discretion after March 31, 2013, Sellers shall have obtained an Order from the Bankruptcy Court rejecting any Collective Bargaining Agreement(s) which Buyer has requested Sellers to reject pursuant to Section 1113 of the Bankruptcy Code and Buyer shall have entered into new collective bargaining agreements with the Sellers' labor unions, including the USW, on terms and conditions acceptable to Buyer in its sole discretion, and such new collective bargaining agreements shall have been ratified by the labor unions and be fully effective in all respects prior to the Closing

(g) Amendment/Modification of Power Agreement. The Power Agreement shall have been amended to reflect (and only to reflect) the modifications set forth on Schedule 9.02(g) hereto, and the PUCO shall have issued an order, in form and substance reasonably satisfactory to the Buyer, approving the Power Agreement as so amended, and such order shall be unmodified and in full force and effect.

(h) Material Adverse Effect. Since the date of this Agreement, there has not been any Material Adverse Effect.

ARTICLE X

MISCELLANEOUS

10.01 Fees and Expenses. Except to the extent expressly provided in this Agreement, each of Sellers and Buyer shall each respectively pay all fees and expenses incurred by it, or on behalf of it, in connection with, or in anticipation of, this Agreement and the consummation of the transactions contemplated hereby.

10.02 Further Assurances. From time to time after the Closing, if Buyer or Sellers consider or are advised that any deeds, bills of sale, instruments of conveyance, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm ownership (of record or otherwise) in Buyer or one or more Buyer Designees, its right, title or interest in, to or under any or all of the Assets or otherwise to carry out this Agreement, including

the assumption of the Assumed Liabilities, Buyer or Seller shall execute and deliver all deeds, bills of sale, instruments of conveyance, powers of attorney, assignments, assumptions and assurances and take and do all such other actions and things as may be requested by the other party in order to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in Buyer or one or more Buyer Designees or otherwise to carry out this Agreement. Sellers and Buyer shall cooperate with each other and provide each other with such assistance as reasonably may be requested by either of them, including with respect to the prosecution and defense of claims. The party requesting assistance hereunder shall reimburse the party providing assistance for all reasonable third-party out-of-pocket expenses incurred in providing such assistance.

10.03 Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or sent by nationally recognized overnight courier, facsimile transmission or electronic mail:

If to Sellers to:

Ormet Corporation
43840 State Route 7
Hannibal, OH 43931
Attention: James Burns Riley
Telephone: 740-483-2602
Facsimile: 740-483-2622
Email: Jim.Riley@ormet.com

with copies to:

Dinsmore & Shohl LLP
255 East Fifth Street, Suite 1900
Cincinnati, OH 45202
Attention: Kim Martin Lewis, Esq.
Telephone: 513-977-8200
Facsimile: 513-977-8141
Email: kim.lewis@dinsmore.com

and

Morris, Nichols, Arsht & Tunnell LLP
1201 North Market Street, 18th Floor
P.O. Box 1347
Wilmington, DE 19899-1347
Attention: Robert J. Dehney
Telephone: 302.351.9353
Facsimile: 302.425.4673
Email: rdehney@mnat.com

If to Buyer, to:

c/o Wayzata Investment Partners LLC
701 East Lake St., Suite 300
Wayzata, MN 55391
Attention: Ray Wallander
Telephone: (952) 345-0727
Facsimile: (952) 345-8901
Email: rwallander@wayzpartners.com

with a copy to:

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036
Attention: Scott Alberino, Esq.
Facsimile: 202-887-4288
Email: salberino@akingump.com

or to such other person or address as any Party shall specify by notice in writing to the other Party. All such notices, requests, demands, waivers and communications shall be deemed to have been received on the date on which so personally-delivered, faxed, emailed or delivered by overnight courier.

10.04 Entire Agreement. This Agreement, the Other Agreements, the Schedules and the Exhibits contain the entire understanding of the parties hereto with respect to their subject matter. This Agreement supersedes all prior agreements and understandings, oral and written, with respect to its subject matter.

10.05 Severability. Should any provision of this Agreement for any reason be declared invalid or unenforceable by a court of competent jurisdiction, such decision shall not affect the validity or enforceability of any of the other provisions of this Agreement, which other provisions shall remain in full force and effect and be enforced to the fullest extent permitted by Law.

10.06 Binding Effect. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

10.07 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, directly or indirectly, by any party hereto without the prior written consent of the other Parties; provided, however, that Buyer may assign its rights under this Agreement and the Other Agreements to a Buyer Designee without the prior consent of Sellers, however, any such assignment shall not relieve Buyer of its obligations (financial or otherwise) hereunder or under any Other Agreement.

10.08 No Third-Party Beneficiaries. This Agreement, the Other Agreements, and the Schedules and Exhibits hereto and thereto are not intended, and shall not be deemed, to confer upon or give any Person (including, without limitation, any past or current Business Employee) except the Parties hereto and their respective successors and permitted assigns any remedy, claim, benefit, liability, reimbursement, cause of action or other right under or by reason of this Agreement.

10.09 Counterparts. This Agreement may be executed by facsimile or PDF signature and in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.10 Interpretation. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement.

10.11 Governing Law. This Agreement and any claim related directly or indirectly to this Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the principles of conflicts of law thereof that would defer to the substantive laws of any other jurisdiction. The Parties agree that, during the period from the date hereof until the date on which Sellers' the Chapter 11 Case is closed or dismissed (the "***Bankruptcy Period***"), the Bankruptcy Court shall have exclusive jurisdiction to resolve any controversy, claim or dispute arising out of or relating to this Agreement or any other agreement entered into in connection herewith, other than any financing arrangements provided to Buyer. The Parties further agree that, following the Bankruptcy Period, any action or proceeding with respect to such controversy, claim or dispute shall be brought against any of the Parties exclusively in either the United States District Court for the Southern District of New York or any state court of the State of New York located in such district, and each of the parties hereby consents to the personal jurisdiction of such court and the Bankruptcy Court (and to the appropriate appellate courts) in any such action or proceeding and waives any objection, including, without limitation, any objection to the laying of venue or on the grounds of forum non conveniens, which any of them may now or hereafter have to the bringing of such action or proceeding in such respective jurisdictions. Each Party hereby irrevocably consents to the service of process of any of the aforesaid courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the other Parties to such action or proceeding. Each Party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues, and therefore each Party hereby irrevocably and unconditionally waives any right such party may have to a trial by jury.

10.12 Remedies. Neither the exercise of nor the failure to exercise a right of set-off or to give notice of a claim under this Agreement will constitute an election of remedies or limit Sellers or Buyer in any manner in the enforcement of any other remedies that may be available to any of them, whether at law or in equity.

10.13 Amendments; Waivers.

(a) This Agreement may not be amended, modified or supplemented except pursuant to an instrument in writing signed by each of the Parties hereto. Any failure of Sellers to comply with any term or provision of this Agreement may be waived by Buyer at any time by an instrument in writing signed on behalf of Buyer and any failure of Buyer to comply with any term or provision of this Agreement may be waived by Sellers at any time by an instrument in writing signed on behalf of Sellers, but any such waiver or failure to insist upon strict compliance with such term or provision shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

(b) Notwithstanding the foregoing, in the event that any of the conditions in Section 9.02(f) are not satisfied by the Auction Date or any of the conditions in Section 9.02(g) are not satisfied by the Action Date, then, upon Buyer's request, Sellers will negotiate in good faith to amend this Agreement to take into account the failure of such conditions to be satisfied, including amendments to provide, among other things, that (x) Buyer shall have no obligation to hire any Employees or otherwise assume any employee-related liabilities incurred prior to the Petition Date (including any Transferred Benefit Plans), provided that, in the event the condition set forth in Section 9.02(f) hereof is not satisfied, and Buyer nonetheless elects to amend this Agreement and proceed with the Closing, Buyer shall provide Sellers with sixty-five (65) days' prior notice of Closing, (y) Buyer shall have no obligation to assume the Power Agreement and/or (z) Buyer shall have no obligation to operate the Business as a going concern. For the avoidance of doubt, nothing in this Section 10.13 will be construed to modify or limit Buyer's rights to terminate this Agreement at any time in accordance with Section 4.03 hereof.

10.14 Litigation Support. In the event and for so long as any Party hereto is actively contesting or defending any action, suit, grievance, arbitration, proceeding, hearing, investigation, charge, complaint, claim or demand with respect to any third party in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act or transaction on or prior to Closing relating to or involving the Business, the Assets, the Employees or the Assumed Liabilities, the other Parties will reasonably cooperate with such contest or defense and make reasonably available its personnel, records and information applicable to such matter as may be necessary in connection with prudent handling of such contest or defense, at the contesting or defending Party's expense.

10.15 Terms Generally. As used in this Agreement (a) words in the singular shall be held to include the plural and vice versa, (b) words of one gender shall be held to include the other genders as the context requires, (c) the terms "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement and not to any particular provision of this Agreement, (d) references to Article, Section, paragraph, Annex, Exhibit and Schedule are references to the Articles, Sections, paragraphs, Annexes, Exhibits and Schedules to this Agreement, unless otherwise specified, (e) the word "including" and words of similar import when used in this Agreement, shall mean "including, without limitation", unless otherwise specified, (f) the word "or" shall not be exclusive, and (g) the word "days" shall mean calendar days.

10.16 Mutual Drafting. This Agreement is the result of the joint efforts of Buyer and Sellers, and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Parties and there is to be no construction against either Party based on any presumption of that Party's involvement in the drafting thereof.

10.17 No Survival of Representations, Warranties and Covenants. The representations and warranties of Buyer and Sellers contained in this Agreement and the covenants and agreements of Buyer and Sellers contained in this Agreement that, by their terms, are to be performed prior to the Closing shall not survive the Closing.

10.18 Specific Performance. It is understood and agreed by Buyer and Sellers that money damages would be an insufficient remedy for any breach of this Agreement by Buyer or Sellers and as a consequence thereof, after the entry of the Transaction Approval Order, each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach, including, without limitation, an order of the Bankruptcy Court or other court of competent jurisdiction requiring Buyer or any of Sellers to comply promptly with any of its obligations hereunder.

10.19 Sellers' Representative. Sellers, jointly and severally, hereby represent and warrant that the statements in this Section 10.19 and in Section 10.20 are correct and complete as of the date of this Agreement:

(a) Ormet has been appointed, and is authorized, and empowered to act, subject to Bankruptcy Court approval as necessary and required by Law, in connection with, and to facilitate the consummation of, the transactions contemplated by this Agreement and the Other Agreements and in connection with any activities to be performed by the Sellers under this Agreement and the Other Agreements, for the purposes and with the powers, and authority set forth in this Agreement, which will include the sole power and authority:

(i) to receive and distribute the Purchase Price or any other amount paid in connection with this Agreement or the Other Agreements to Sellers;

(ii) to enforce and protect the rights and interests of Sellers arising out of or under or in any manner relating to this Agreement and the Other Agreements (including in connection with any claims related to the transactions contemplated hereby and thereby) and, in connection therewith, to (A) assert any claim or institute any action, (B) investigate, defend, contest or litigate any action initiated by Buyer or any other Person pursuant to this Agreement and the Other Agreements and receive process on behalf of each Seller in any such action and compromise or settle on such terms as Ormet will determine to be appropriate, give receipts, releases and discharges on behalf of all or any Seller with respect to any such action, (C) file any proofs, debts, claims and petitions as Ormet may deem advisable or necessary, (D) settle or compromise any claims related to the transactions contemplated by this Agreement and the Other Agreements, (E) assume, on each Sellers' behalf, the defense of any claims related to the transactions contemplated by this Agreement and the Other Agreements, and (F) file and prosecute appeals from any decision, judgment or award rendered in any of the foregoing actions;

(iii) to enforce or refrain from enforcing any right of any Seller (prior to the Closing) and/or of Ormet arising out of or under or in any manner relating to this Agreement or the Other Agreements;

(iv) to take any action to be taken by one or more Sellers under or in connection with this Agreement or any Other Agreement; or

(v) to make, execute, acknowledge and deliver all such other Contracts, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that Ormet, in its sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the activities described Section 10.19(a)(i) through Section 10.19(a)(iii) and the transactions contemplated by this Agreement and the Other Agreements.

(b) Ormet's power and grant of authority is (i) coupled with an interest and is irrevocable and survives the bankruptcy or liquidation of any Seller and will be binding on any successor thereto; and (ii) may be exercised by Ormet acting by signing as the representative of any Seller.

10.20 Reliance. Buyer and its Affiliates and representatives may conclusively and absolutely rely, without inquiry, upon the action of Ormet as the action of each Seller (and may ignore any action taken or notice given by any Seller other than Ormet) in all matters relating to this Agreement, the Other Agreements or the transactions contemplated hereby and thereby. Any document delivered or notice delivered by or on behalf of Buyer or its Affiliates to, or action taken by or on behalf of Buyer or its Affiliates with respect to, Ormet shall be deemed to have been delivered to, or taken with respect to, all Sellers. Any amounts to be paid by Buyer to Sellers pursuant to this Agreement shall be divided by Sellers among themselves, but may be paid by Buyer to Ormet. Sellers shall be jointly and severally liable for any amounts due to be paid or owed by Sellers to Buyer pursuant to this Agreement.

10.21 Change of Name. As soon as practicable following the Closing, and subject to approval of the Bankruptcy Court, each Seller shall discontinue the use of its current name (and any other tradenames currently utilized by any Seller) and shall not subsequently change its name to or otherwise use or employ any name which includes the words "Ormet" or any similar designation without the prior written consent of Buyer, and each Seller shall cause the names of Sellers in the caption of the Chapter 11 Cases to be changed to the new names of each Seller in accordance with this Section 10.21. From and after the Closing, each of Sellers covenants and agrees not to use or otherwise employ any of the trade names, corporate names, "d/b/a" names or any mark that is confusingly similar to the Intellectual Property rights utilized by any of Sellers in the conduct of the Business or any Asset, which rights shall be included in the Assets purchased hereunder. As soon as practicable following the Closing, Sellers shall file all necessary organizational amendments with the applicable Secretary of State of each Seller's jurisdiction of formation and in each State in which each such Seller is qualified to do business and with the Bankruptcy Court to effectuate the foregoing.

10.22 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

10.23 Amendment to Asset Purchase Agreement. If, from and after the execution of this Agreement, all of the following conditions are satisfied, the Parties shall promptly execute the Amendment to Asset Purchase Agreement attached as Exhibit 10.23(a) hereto (the "***APA Amendment***"):

(a) Each representation and warranty of Sellers contained herein shall be true and correct in all material respects (except that any such representation or warranty that is qualified by reference to materiality or Material Adverse Effect shall, to the extent it is so qualified, have been true and correct in all respects); provided that the representations and warranties of Sellers contained in Sections 5.01(a) and (b), the second sentence of Section 5.01(d), 5.02(i)(A), 5.07(i) and the first sentence of Section 5.24 herein shall be true and correct in all respects;

(b) Sellers shall have performed and complied, in all material respects, with all agreements, obligations and covenants required by this Agreement to be so performed and complied with by Sellers; and

(c) The Restructuring Memorandum of Agreement between Ormet Corporation (Hannibal, Ohio) and the USW, dated as of the date hereof and attached as Exhibit 10.23(c) hereto (the "***Hannibal Restructuring Memorandum of Agreement***"), shall have been ratified by the USW representing Sellers' Hannibal, Ohio facility, and be fully effective but for the Closing.

10.24 No Consequential or Punitive Damages. WITHOUT LIMITING ANY RIGHTS OF ANY PARTY TO RECEIVE EXPENSE REIMBURSEMENT IN ACCORDANCE WITH SECTION 4.05 OF THIS AGREEMENT, NO PARTY (OR ITS AFFILIATES OR REPRESENTATIVES) SHALL, UNDER ANY CIRCUMSTANCE, BE LIABLE TO THE OTHER PARTY (OR ITS AFFILIATES OR REPRESENTATIVES) FOR ANY CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES CLAIMED BY SUCH OTHER PARTY UNDER THE TERMS OF OR DUE TO ANY BREACH OF THIS AGREEMENT, INCLUDING LOSS OF REVENUE OR INCOME, DAMAGES BASED ON ANY MULTIPLIER OF PROFITS OR OTHER VALUATION METRIC, COST OF CAPITAL, DIMINUTION OF VALUE OR LOSS OF BUSINESS REPUTATION OR OPPORTUNITY.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

SELLERS:

ORMET CORPORATION

By: _____
Name: JAMES B. RILEY
Title: CFO

ORMET PRIMARY ALUMINUM CORPORATION

By: _____
Name: JAMES B. RILEY
Title: CFO

ORMET ALUMINUM MILL PRODUCTS CORPORATION

By: _____
Name: JAMES B. RILEY
Title: CFO

ORMET RAILROAD CORPORATION

By: _____
Name: JAMES B. RILEY
Title: CFO

BUYER:

SMELTER ACQUISITION LLC
By: Wayzata Investment Partners, LLC, its Manager

By: _____
Name: Joseph M. Deigman
Title: Authorized Signatory

[Signature page to Purchase Agreement]

ANNEX A

Definitions

"***Accounts Receivable*** " shall have the meaning ascribed to it in Section 2.01(a)(iv) hereof.

"***Action Date***" shall have the meaning ascribed to it in Section 7.09(b)(ii) hereof.

"***Acquisition***" shall have the meaning ascribed to it in the recitals hereof.

"***Administrative Claims***" shall mean all claims against any Debtor for costs and expenses of administration under Section 503(b)(1) of the Bankruptcy Code.

"***Affiliate***" shall mean, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"***Agreement***" shall have the meaning ascribed to it in the first paragraph of this agreement.

"***Allocation Statement***" shall have the meaning ascribed to it in Section 3.03 hereof.

"***Allowed***" shall mean, with respect to any Claim, such Claim or portion thereof: (a) as to which no objection or request for estimation has been filed, no litigation has commenced, and the Buyer otherwise has assented to the validity of such Claim; (b) as to which any objection or request for estimation that has been filed has been settled, waived, withdrawn or denied by Final Order; or (c) that is allowed by (i) a Final Order or (ii) an agreement between the holder of such Claim and the Buyer.

"***Alternative Transaction***" shall mean (i) any investment in, financing of, capital contribution or loan to, or restructuring or recapitalization of all or any portion of Sellers (including, without limitation, any exchange of Sellers' outstanding debt obligations for equity securities of Sellers), (ii) any merger, consolidation, share exchange or other similar transaction to which Sellers are a party, (iii) any sale of all or substantially all of the assets of, or any issuance, sale or transfer of any equity interests in, Sellers, or (iv) any other transaction, including a plan of liquidation or reorganization, that transfers or vests ownership of, economic rights to, or benefits in all or a substantial portion of the assets to any party other than Buyer or one or more Buyer Designee.

"***Amendment to APA***" shall have the meaning ascribed to it in Section 10.23 hereof.

"***Asset Acquisition***" shall have the meaning ascribed to it in the recitals hereof.

"***Assets***" shall have the meaning ascribed to it in Section 2.01(a) hereof.

"***Assignment and Assumption Agreement***" shall have the meaning ascribed to it in Section 4.02(a)(ii).

"***Assumed Contracts***" shall have the meaning ascribed to it in Section 2.01(a)(vi) hereof.

"***Assumed Liabilities***" shall have the meaning ascribed to it in Section 2.01(c) hereof.

"***Auction***" shall have the meaning ascribed to it in Section 7.08(b)(i) hereof.

"***Auction Date***" shall have the meaning ascribed to it in Section 4.03(m) hereof.

"***Bankruptcy Code***" shall mean 11 U.S.C. §§ 101 et seq., as amended.

"***Bankruptcy Court***" shall have the meaning ascribed to it in the recitals hereof.

"***Bankruptcy Period***" shall have the meaning ascribed to it in Section 10.11 hereof.

"Bidders" shall have the meaning set forth in Section 7.08(a).

"***Bidding Procedures***" shall mean the Bidding Procedures as approved by and contained in or annexed to the Bid Procedures Order (as may be amended by Order of the Bankruptcy Court in accordance with this Agreement).

"***Bid Procedures Order***" shall have the meaning ascribed to it in Section 7.08(b)(i).

"Bids" shall have the meaning set forth in Section 7.08(a).

"***Bill of Sale and Assignment***" shall have the meaning ascribed to it in Section 4.02(b)(ii).

"Books and Records" shall have the meaning ascribed to it in Section 2.01(a)(viii) hereof.

"***Burnside CBA***" shall mean the Agreement between Ormet Corporation (Burnside Louisiana Plant) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied Industrial and Service Workers International Union on behalf of Local Union 14465, dated March 1, 2011, as subsequently amended by the Restructuring Memorandum of Agreement dated the date hereof between the Company and the USW.

"***Business***" shall have the meaning set forth in the recitals hereof.

"***Business Day***" shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the city of New York.

"***Business Plan***" shall have the meaning ascribed to it in the DIP Financing Agreement.

"***Business Related Avoidance Actions***" shall mean any claim, right or cause of action of any Seller arising under Chapter 5 of the Bankruptcy Code against any person or entity (including trade vendors, suppliers, employees or customers) with whom the Buyer (or any of its

Affiliates that is engaged in substantially the same business that any of the Debtors are engaged in as of the date entry of the Transaction Approval Order) continues to do business following the Closing, but shall not include any such action (i) against Buyer (all such claims to be released at Closing); (ii) related to Assumed Contracts; or (iii) in connection with any setoffs related to Assets."

"***Buyer***" shall have the meaning ascribed to it in the first paragraph of this Agreement and shall also include any Buyer Designee.

"***Buyer Designee***" shall have the meaning ascribed to it in Section 2.01(a) hereof.

"***Buyer Employee***" shall have the meaning ascribed to it in Section 8.01(c) hereof.

"***Buyer Securities Consideration***" shall have the meaning ascribed to it in Section 2.02(e)(ii) hereof.

"***Chapter 11 Cases***" shall have the meaning ascribed to it in the recitals hereof.

"***Claim***" shall mean a "claim" as defined in Section 101(5) of the Bankruptcy Code against any Seller.

"***Closing***" shall have the meaning ascribed to it in Section 4.01 hereof.

"***Closing Date***" shall have the meaning ascribed to it in Section 4.01 hereof.

"***COBRA***" shall have the meaning ascribed to it in Section 5.16(f) hereof.

"***Code***" shall mean the Internal Revenue Code of 1986, as amended.

"***Collective Bargaining Agreement***" shall have the meaning ascribed to it in Section 5.16(n) hereof.

"***Company Benefit Plan***" shall have the meaning ascribed to it in Section 5.16(a) hereof.

"***Contract***" shall have the meaning ascribed to it in Section 5.12(a) hereof.

"***Contract and Cure Schedule***" shall have the meaning ascribed to it in Section 7.09(a) hereof.

"***Critical Vendor Claims***" shall mean a pre-petition claim of a vendor that has been authorized to be paid pursuant to: (a) Final Order Granting the Debtors' Motion for an Order Authorizing, on an Emergency Basis, Payment of Certain Prepetition Claims of Critical Vendors; (b) Final Order Granting the Debtors' Motion for an Order Authorizing, on an Emergency Basis, Payment of Certain Prepetition Claims of Foreign Vendors; or (c) Order Authorizing the Debtors to (A) Pay in the Ordinary Course of Business Prepetition Claims of Shippers and Warehousemen and (B) Satisfy Custom Duties Imposed on Shipments From Foreign Suppliers.

"***Cure***" shall mean all monetary liabilities, including pre-petition monetary liabilities, of Sellers that must be paid or otherwise satisfied to cure all of Sellers' monetary defaults under the

Assumed Contracts at the time of the assumption thereof and assignment, and all non-monetary defaults that must be cured at the time of the assumption thereof and assignment under the Assumed Contracts, each as determined by the Bankruptcy Court.

"***Cure Costs***" shall mean all monetary liabilities, including pre-petition monetary liabilities, of Sellers that must be paid or otherwise satisfied to cure all of Sellers' monetary defaults under the Assumed Contracts at the time of the assumption thereof and assignment to Buyer as provided hereunder as such amounts are determined by the Bankruptcy Court.

"***Deeds***" shall mean those certain limited warranty deeds (with release of dower if applicable) necessary to convey the Owned Real Property in form and substance satisfactory to Buyer in its sole discretion.

"***Defined Benefit Plan***" shall mean any defined benefit pension plan sponsored by Sellers or any ERISA Affiliate which is subject to the requirements of Title IV of the Employee Retirement Income Security Act of 1974, as amended, or Section 412 of the Code.

"***DIP Financing***" shall have the meaning set forth in the recitals hereof.

"***DIP Obligations***" shall mean all obligations of Sellers under the Senior DIP Financing Agreement and Term DIP Financing Agreement, and ancillary documents related thereto.

"***Disclosure Schedule***" shall mean the Disclosure Schedule attached hereto, dated as of the date hereof, delivered by Sellers to Buyer in connection with this Agreement.

"***DOL***" shall have the meaning ascribed to it in Section 5.16(c) hereof.

"***Effective Date***" shall have the meaning set forth in the Plan.

"***Employee***" shall have the meaning ascribed to it in Section 5.16(a).

"***Encumbrances***" shall mean any Interest, Claim, Lien, mortgage, pledge, security interest, obligation, encumbrance, lien (statutory or other), liability, charge, lease, covenant, easement, option, right of others, hypothecation, conditional sale agreement or restriction (whether on voting, sale, transfer, defenses, set-off or recoupment rights, disposition, or otherwise), whether imposed by agreement, understanding, law, equity, or otherwise.

"***End Date***" shall have the meaning set forth in Section 4.03(h) hereof.

"***Environmental Claim***" shall mean all liabilities, damages, obligations, claims or losses of any kind whatsoever imposed, incurred or arising from or under any Environmental Law or resulting from the presence of any Hazardous Substance.

"***Environmental Laws***" shall mean any federal, state, local or foreign statute, law, ordinance or promulgated rule, regulation, code or directive, any duties imposed under common law, any judicial or administrative decree, order or judgment (whether or not by consent), any request or demand from a Governmental Entity which request or demand is currently uncontested by Sellers, or any provision or condition of any permit, license or other operating

authorization relating to (i) the protection of the environment or human, worker or public health and welfare, or the protection of the health and safety of any workers, employees, and the public or (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling or actual or potential release, discharge or emission of any Hazardous Substance, including but not limited to the Clean Water Act, the Toxic Substances Control Act, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the River and Harbor Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Toxic Substances Control Act, the Federal Mine Safety and Health Act, the Occupational Safety and Health Act, and any state or local law, ordinance, rule, regulation, code or directive regulating the same or similar matters.

"***Environmental Permits***" shall mean any and all Permits issued in accordance with or pursuant to any Environmental Law.

"***Equipment***" shall have the meaning ascribed to it in Section 2.01(a)(ii) hereof.

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"***ERISA Affiliate***" shall have the meaning ascribed to it in Section 5.16(a) hereof.

"***Excluded Assets***" shall have the meaning ascribed to it in Section 2.01(b) hereof.

"***Excluded Benefit Plans***" shall mean all Company Benefit Plans of the Sellers other than the Transferred Benefit Plans set forth on Schedule 8.03(a).

"***Excluded Liabilities***" shall have the meaning ascribed to it in Section 2.01(d) hereof.

"***Exit Facility***" shall mean the new financing facility to be entered into by the Buyer on the Closing Date, as the same may be subsequently modified, amended or supplemented, together with all instruments and agreements related thereto.

"***Expense Reimbursement***" shall have the meaning ascribed to it in Section 4.05(a) hereof.

"***FCPA***" shall mean the Foreign Corrupt Practices Act of 1977.

"***Final Order***" shall mean an order of the Bankruptcy Court (a) as to which the time to appeal shall have expired and as to which no appeal shall then be pending, or (b) if an appeal shall have been filed or sought, either (i) no stay of the order shall be in effect or (ii) if such a stay shall have been granted by the Bankruptcy Court, then (A) the stay shall have been dissolved or (B) a final order of the district court having jurisdiction to hear such appeal shall have affirmed the order and the time allowed to appeal from such affirmance or to seek review or rehearing thereof shall have expired and the taking or granting of any further hearing, appeal or petition for certiorari shall not be permissible, and if a timely appeal of such district court order or timely motion to seek review or rehearing of such order shall have been made, any court of appeals having jurisdiction to hear such appeal or motion (or any subsequent appeal or motion to seek review or rehearing) shall have affirmed the district court's (or lower appellate court's)

order upholding the order of the Bankruptcy Court and the time allowed to appeal from such affirmance or to seek review or rehearing thereof shall have expired and the taking or granting of any further hearing, appeal or petition for certiorari shall not be permissible.

"***Final DIP Financing Orders***" means, collectively, (i) entry of a Final Order approving the Senior DIP Financing Agreement and (ii) entry by the Bankruptcy Court of a Final Order approving the Term DIP Financing Agreement, each of which order is in effect and not stayed and is in form and substance satisfactory to the Buyer.

"***Financial Statements***" shall have the meaning ascribed to it in Section 5.03 hereof.

"G Transaction" shall have the meaning set forth in Section 7.10(b)(i).

"***GAAP***" shall have the meaning ascribed to it in Section 5.03 hereof.

"***Governmental Entity***" shall mean any court, administrative or regulatory agency or commission or other foreign, federal, state or local governmental authority or instrumentality.

"Hannibal CBA" shall mean the Agreement between Ormet Corporation (Hannibal, Ohio) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied Industrial and Service Workers International Union, dated June 6, 2011, as subsequently amended by the Memorandum of Agreement dated January 13, 2013, which was subsequently modified by that certain Addendum to Memorandum of Agreement dated the same date hereof.

"***Hannibal Restructuring Memorandum of Agreement***" shall have the meaning ascribed to it in Section 10.23(c) hereof.

"***Hazardous Substances***" shall mean any substance, waste, contaminant, pollutant or material regulated or governed by any Environmental Law, including, but not limited to, (a) all substances, wastes, contaminants, pollutants and materials defined or designated as hazardous, dangerous or toxic pursuant to any applicable Environmental Law and (b) asbestos, mold, polychlorinated biphenyls ("PCBs") and petroleum.

"***HSR Act***" shall mean the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

"***Improvements***" shall mean the buildings, improvements, structures and fixtures on the Real Property and/or demised under any lease of, or other contract or agreement for the use of, Real Property.

"***Indebtedness***" shall mean, at any time and with respect to any Person: (a) all indebtedness of such Person for borrowed money; (b) all indebtedness of such Person for the deferred purchase price of property or services (other than trade payables, other expense accruals and deferred compensation items arising in the ordinary course of business, consistent with past practice); (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeal bonds arising in the ordinary course of business in respect of which such Person's liability remains contingent); (d) all indebtedness of such Person created or arising under any conditional sale or other title retention

agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (e) all obligations of such Person under leases which have been or should be, in accordance with GAAP, recorded as capital leases, to the extent required to be so recorded; (f) all reimbursement, payment or similar obligations of such Person, contingent or otherwise, under acceptance, letter of credit or similar facilities; (g) all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss in respect of such Indebtedness; and (h) all Indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance upon or in property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

"***Intellectual Property***" shall have the meaning ascribed to it in Section 2.01(a)(v) hereof.

"***Interest***" shall mean "interest" as that term is used in Section 363(f) of the Bankruptcy Code.

"***Interim DIP Financing Orders***" means, collectively, (i) entry by the Bankruptcy Court of an order approving, on an interim basis, the Senior DIP Financing Agreement and (ii) entry by the Bankruptcy Court of an order approving, on an interim basis, the Term DIP Financing Agreement, each of which order is in effect and not stayed and is in form and substance satisfactory to the Buyer.

"***Interim Financial Statements***" shall have the meaning ascribed to it in Section 5.03 hereof.

"***Inventory***" shall have the meaning ascribed to it in Section 2.01(a)(iii) hereof.

"***IRS***" shall have the meaning ascribed to it in Section 5.16(c) hereof.

"***Law***" shall mean any domestic, foreign, federal, state, local or other law, statute, ordinance, writ, rule, regulation or governmental requirement of any kind, and the rules, regulations and orders promulgated thereunder and any final orders, decrees, judgments or injunction of any regulatory agency, court or other Governmental Entity.

"***Leases***" shall have the meaning ascribed to it in Section 5.17(a) hereof.

"***Legacy Workers Compensation Claims***" shall mean any Workers Compensation Claims related to sold or inactive facilities of Sellers or their Affiliates, including without limitation, Workers Compensation Claims from the Burnside Marine Terminal, located adjacent to the

Burnside refinery; the Hannibal Rolling Mill, located adjacent to the Hannibal Reduction Plan; the Jackson Coated Sheet and Foil Facility, located in Jackson, Tennessee; the Bens Run Recycling Plant, located in Friendly, West Virginia; the SBI Facility, located in Terre Haute, Indiana; or the Formcast Facility, located in Denver, Colorado.

"***Lien***" shall mean any mortgage, deed of trust, pledge, assignment, security interest, encumbrance, lien, mechanics lien, hypothecation, deemed trust, Action, easement, charge or otherwise, or claim of any kind or nature whatsoever in respect of any property, other than any license of Intellectual Property, including any of the foregoing created by, arising under, or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of a financing statement naming the owner of the property as to which such lien relates as the debtor under the Uniform Commercial Code or any comparable Law in any other jurisdiction.

"***Louisiana Economic Development Agreement***" shall mean the Cooperative Endeavor Agreement in connection with Economic Development Award Program (EDAP) and the Economic Development Loan Program (EDLOP) entered into by and between Louisiana Economic Development Corporation, acting through the Louisiana Department of Economic Development and Ormet Primary Aluminum Corporation.

"***Material Adverse Effect***" shall mean any change, effect, event, occurrence, development, circumstance or state of facts occurs which by itself or together with all other changes, effects, events, occurrences, developments, circumstances or states of facts, has had or would reasonably be expected to have (a) a materially adverse effect on the business, properties, operations, assets, financial condition or results of operations of Sellers (including its subsidiaries and their respective businesses), taken as a whole, or (b) which would materially impair Sellers' ability to perform its obligations under this Agreement or have a materially adverse effect on or prevent or materially delay the consummation of the transactions contemplated by this Agreement, except, in each case, for any such effects resulting from (i) the announcement or pendency of the Acquisition (including any loss of or adverse change in the relationship of the Sellers with their respective employees, customers, partners or suppliers related thereto), (ii) general economic or political conditions (including acts of terrorism or war) to the extent that such conditions do not disproportionately affect the Sellers, taken as a whole, as compared to other companies participating in the same industry as the Sellers, (iii) any changes (after the date hereof) in GAAP or Law (other than changes in labor, pension, benefits or similar Laws), (iv) any specific action at the written direction of Buyer from and after the execution of this Agreement, (v) any failure of the Sellers to meet any internal projections, budgets, plans or forecasts, including the Business Plan, in and of itself.

"***Material Contracts***" shall have the meaning ascribed to it in Section 5.12(a) hereof.

"***Material Customers***" shall have the meaning ascribed to it in Section 5.08(c) hereof.

"***Material Suppliers***" shall have the meaning ascribed to it in Section 5.08(a) hereof.

"***Multiemployer Plan***" shall have the meaning ascribed to it in Section 5.16(b) hereof.

"Non-Union Employees of Sellers" shall mean those employees of Sellers who are, immediately prior to the Closing, not subject to a Collective Bargaining Agreement.

"***OPAC***" shall have the meaning ascribed to it in the first paragraph of this Agreement.

"***Order***" shall mean any order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction, or other similar determination or finding by, before, or under the supervision of any governmental body, or any arbitrator, mediator, or other quasi-judicial or judicially sanctioned Person or body.

"***Ormet***" shall have the meaning ascribed to it in the first paragraph of this Agreement.

"Ormet Mill" shall have the meaning ascribed to it in the first paragraph of this Agreement.

"Ormet Railroad" shall have the meaning ascribed to it in the first paragraph of this Agreement.

"***Other Agreements***" shall mean the Deeds, the Bill of Sale and Assignment and the Assignment and Assumption Agreement.

"Owned Real Property" shall have the meaning ascribed to it in Section 5.17(f) hereof.

"***Parties***" shall mean the Buyer and the Sellers.

"***Party***" shall mean any of the Buyer or any Seller.

"***Permits***" shall have the meaning ascribed to it in Section 2.01(a)(x) hereof.

"***Permitted Encumbrances***" shall mean liens for Taxes which are not yet due and payable and, in connection with the consummation of the transactions contemplated by this Agreement, any lien or encumbrance granted or expressly permitted pursuant to the Exit Facility.

"***Person***" shall mean an individual, corporation, partnership, association, limited liability company, trust, joint venture, unincorporated organization, other legal entity or group (as defined in Section 13(d)(3) of the Securities and Exchange Act of 1934, as amended).

"***Petition Date***" shall have the meaning set forth in the recitals hereof.

"***Power Agreement***" shall mean the Power Agreement between Ormet Primary Aluminum Corporation and Ohio Power Company and Columbus Southern Power Company, as amended by order of the Public Utility Commission of Ohio entered on October 17, 2012.

"***Pre-Petition Term Loan A***" shall mean the loan evidenced by the Term Loan and Security Agreement by and among Ormet Corporation, Ormet Primary Aluminum Corporation, Ormet Aluminum Mill Products Corporation as Borrowers and Specialty Blanks Holding Corporation, Ormet Railroad Corporation as Guarantors, the Lenders from time to time Party

Hereto and The Bank of New York Mellon, as Agent, dated March 1, 2010, as amended and modified.

"***Pre-Petition Term Loan B***" shall mean the loan evidenced by the First Amendment to Term Loan and Security Agreement, by and among Ormet Corporation, Ormet Primary Aluminum Corporation, Ormet Aluminum Mill Products Corporation as Borrowers and Specialty Blanks Holding Corporation, Ormet Railroad Corporation as Guarantors, the Lenders from time to time Party Hereto and The Bank of New York Mellon, as Agent, dated May 6, 2011, as amended and modified.

"***PUCO***" shall mean the Public Utilities Commission of Ohio.

"***Purchase Price***" shall have the meaning ascribed to it in Section 3.02 hereof.

"***Real Property***" shall have the meaning ascribed to it in Section 2.01(a)(i) hereof.

"***Release***" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Substance (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance) into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Substances through or in the ambient air, soil, surface or ground water, or property.

"***Reorganization Transactions***" shall have the meaning ascribed to it in Section 7.08(b)(ii) hereof.

"***Sale Motion***" shall have the meaning ascribed to it in Section 7.08(a) hereof.

"***Schedule of Leases***" shall have the meaning ascribed to it in Section 5.17(b).

"***Schedule Update***" shall have the meaning ascribed to it in Section 7.07.

"***Sellers***" shall have the meaning ascribed to it in the first paragraph of this Agreement.

"***Senior DIP Agent***" shall have the meaning ascribed to it in the recitals hereof.

"***Senior DIP Financing***" shall have the meaning ascribed to it in the recitals hereof.

"***Senior DIP Financing Agreement***" shall have the meaning ascribed to it in the recitals hereof.

"***Specialty Holding***" shall have the meaning ascribed to it in the recitals hereof.

"***Steelworkers Pension Trust***" shall mean the Steelworkers Pension Trust, a Multi-Employer Plan.

"***Taxes***" shall mean all taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state, local or foreign taxing authority, including, but not limited to, income, gross receipts, license, stamp, occupation, premium, windfall profits,

environmental (including taxes under Code Sec. 59A), custom duty, capital stock or other equity, excise, real property, personal property, water and sewer charges, municipal utility district, ad valorem, sales, use, transfer, franchise, payroll, employment, withholding, severance, social security or other tax of any kind whatsoever, including any interest, penalties or additions attributable thereto, whether disputed or not.

"***Tax Return***" shall mean any return, declaration, report, claim for refund, information return or other document (including any related or supporting information) required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"***Term DIP Agent***" shall have the meaning ascribed to it in the recitals hereof.

"***Term DIP Financing***" shall have the meaning ascribed to it in the recitals hereof.

"***Term DIP Financing Agreement***" shall have the meaning ascribed to it in the recitals hereof.

"***Transaction Approval Order***" shall have the meaning ascribed to it in Section 7.08(b)(ii) hereof.

"***Transferred Benefit Plans***" shall have the meaning ascribed to it in Section 8.03(a) hereof.

"***Transfer Taxes***" shall mean any transfer, documentary, excise, sales, use, real property transfer or recording, gains, value-added, stamp, registration and other Taxes, any conveyance fees, any recording charges and any other similar fees and charges (including penalties and interest in respect thereof) attributable to the sale or transfer of the Acquired Assets, but excluding any taxes imposed on or measured by income or gross receipts.

"***Union***" shall have the meaning ascribed to it in Section 5.16(n) hereof

"***USW***" shall mean the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied Industrial and Service Workers International Union.

"***WARN Act***" shall mean, collectively, the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any other similar statutes or regulations of any jurisdiction relating to any plant closing or mass layoff.

"***Welfare Plan***" shall have the meaning ascribed to it in Section 5.16(f) hereof.

"***Wind Down Budget***" means a budget prepared in good faith by Sellers and acceptable to Buyer of the out of pocket administrative costs and expenses that Sellers expect to incur in connection with winding down their bankruptcy estates, setting forth a reasonably detailed breakdown of such costs and expenses by category, the initial form of which shall be provided in writing by Sellers to Buyer on or prior to the date of this Agreement, and the final form of which shall be delivered at Closing.

"***Year End Financial Statements***" shall have the meaning ascribed to it in Section 5.03 hereof.