

## **Ormet Current Developments Update**

Hannibal, Ohio – Ormet Corporation (the "Company") today entered into a Registration Rights Agreement relating to the Company's common stock. In connection with entering into the agreement, the Company reported the following recent events.

### **Entry into Financing Agreement**

On February 14, 2007, the Company and its subsidiaries entered into a credit agreement with a major financial institution, as administrative agent, and certain other lenders, which provides the Company with access to a revolving credit facility (including letters of credit) up to a maximum amount of \$100 million (the "Credit Facility") and a term loan of \$25 million. Approximately \$55 million of the initial proceeds of the Credit Facility was used to pay off the Company's prior credit facility, secure its existing letters of credit, and pay transaction fees and expenses associated with this financing. The Company intends to use additional amounts under the Credit Facility for working capital purposes.

### **Entry into Registration Rights Agreement; Modification and Deletion of Drag-Along Rights**

On February 22, 2007, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with stockholders affiliated with MatlinPatterson Global Advisers LLC (the "MatlinPatterson Shareholders") and Fursa Alternative Strategies LLC (the "Fursa Shareholders"). Other stockholders who are currently unable to freely sell all of their shares of the Company in ordinary market transactions can become party to the Registration Rights Agreement by delivering an executed joinder agreement to the Company within forty-five (45) days of the date of the Registration Rights Agreement.

In connection with their entry into the Registration Rights Agreement, the MatlinPatterson Shareholders and the Fursa Shareholders executed a stockholder action by written consent to delete from the Company's Certificate of Incorporation the rights in favor of the MatlinPatterson Shareholders to "drag-along" other stockholders of the Company in certain transactions entered into by the MatlinPatterson Shareholders. Such deletion will be effective upon the filing of a certificate of amendment to that effect with the Delaware Secretary of State. In addition, the MatlinPatterson Shareholders have irrevocably waived their "drag-along" rights under the Company's stockholders agreement with respect to any stockholders of the Company who are not party to the stockholders agreement.

Among other things, the Registration Rights Agreement provides the parties thereto (including their transferees) with the right to make two demands that their sales of "registrable shares" (as defined in the Registration Rights Agreement) be registered under applicable federal securities laws through the filing of a registration statement with the SEC. No demands may be made prior to November 1, 2007, with the first demand requiring at least 13% of the aggregate number of shares of common stock of the Company and that the demand be for a number of shares having a market value equal to at least \$20 million. The second demand would require at least 5% of the aggregate number of shares of common stock of the Company and have a market

value equal to at least \$10 million. In the event of a demand, subject to restrictions in the agreement, the other parties to the agreement may be able to register their shares for resale as well.

The registration rights under the Registration Rights Agreement are transferable in connection with a sale of Company common stock. To facilitate such transfers, the Company has agreed in the Registration Rights Agreement to make available to parties to the agreement and their prospective transferees certain information relating to the Company as may be necessary to enable the party to make sales of Company common stock pursuant to Rule 144A under the Securities Act of 1933. The Company has been advised by certain of its affiliated stockholders that they intend to make such sales in reliance on Rule 144A.

A copy of the Registration Rights Agreement is available on the Company's website, [www.ormet.com](http://www.ormet.com). Stockholders of the Company are urged to review the agreement in its entirety and to consult their own counsel before agreeing to enter into the agreement. The description of the Registration Rights Agreement provided in this Current Developments Update is provided for convenience only and the rights of parties to the agreement will be governed by the actual terms of the Registration Rights Agreement.

### **Ten for One Stock Split**

On February 20, 2007, the Company filed a certificate of amendment with the Delaware Secretary of State to effect a ten for one split of its common stock. Effective with the filing, each share of common stock, par value \$0.01 per share, has been converted into ten shares of common stock, par value \$0.001 per share. Certificates representing the additional shares of common stock will be sent to each stockholder in the near future.

### **Results of Operations for the Fourth Quarter of 2006**

As reported previously, the Company has curtailed its alumina production operations in Burnside, Louisiana and is in the process of fully restarting its operations at the Hannibal, Ohio aluminum smelter. Consequently, the Company does not believe that its pending financial results for the quarter and full-year ended December 31, 2006 will provide material guidance on the future operations of its businesses due to a combination of startup expenses at the aluminum smelter and the curtailment/wind-down costs at the alumina refinery. During the fourth quarter, neither of these two facilities was operating at normal levels of production and revenues and expenses during this period were not indicative of normal performance. Accordingly, the Company expects to report a substantial loss in the fourth quarter of 2006.

### **Completion of Private Stock Rights Offering**

On December 28, 2006, the Company completed a private stock offering to its existing stockholders. Approximately ninety-one percent (91%) of the shares available for subscription were purchased for by existing stockholders, with the balance going to the standby commitment providers, affiliates of MatlinPatterson Global Advisers LLC and Fursa Alternative Strategies

LLC. As a result of this offering, the Company sold 625,000 shares of its restricted common stock at \$80.00 per share, resulting in net proceeds after fees and expenses of approximately \$47.5 million. These proceeds were used to repay the Company's interim secured financing and to fund, in part, the restart costs and related capital expenditures of its aluminum smelter in Hannibal, Ohio, and to provide a portion of the working capital required to operate the smelter.

### **Restart of Aluminum Smelter**

As previously announced, the Company has commenced restarting the aluminum smelter that was idled in January 2005. The Company has successfully restarted two of the six potlines and the third line is fifty percent complete as of February 19, 2007. If the restart continues as planned, the Company expects to be operating all of its six potlines (1,032 pots) near the end of the second quarter of 2007. Following the restart, the Company intends to sell aluminum sow and aluminum billet products throughout the Midwestern U.S. The Company's restart strategy is dependent upon, among other things, (1) prices of aluminum remaining above approximately \$2,200 per metric tonne in 2007-8 and above \$2,000 per metric tonne thereafter, (2) the availability of electricity at affordable rates following expiration of its current electricity supply agreement at the end of 2008 and (3) the availability of alumina following expiration of its current alumina supply agreement at the end of 2007 at prices relative to aluminum that are consistent with historical levels. The Company estimates that the total investment, including the direct costs of restarting the smelter and the related working capital, required to resume operations of the aluminum smelter in Hannibal, Ohio will be in the range of \$125 million to \$140 million. When fully operational, monthly production volumes for the Hannibal, Ohio smelter generally average between 20,000 and 22,000 metric tonnes. When fully operational, the billet casting facility has billet production volumes that generally average between 4,500 and 5,500 metric tonnes.

As of February 20, 2007, the company has recalled all of the hourly workers represented by USW local 5724 (685) and has started to hire new employees for its smelter operation in Hannibal, Ohio. The new employees will include former employees of the Company's former adjacent rolling mill facility and other qualified applicants.

### **Curtailed operations of the Alumina Refinery in Burnside, Louisiana**

As previously announced, the Company has curtailed operations at its alumina refinery in Burnside, Louisiana. This facility has been curtailed in a manner such that the Company can re-open this facility if alumina prices recover. During the curtailment period in 2007, the Company will provide a minimal level of services to maintain and safeguard these assets. Based on the collective bargaining agreement with the United Steelworkers, the Company is obligated to provide supplemental unemployment benefits and ongoing healthcare coverage for the Burnside, Louisiana hourly employees for up to two years. The Company's current estimate for these expenses is approximately \$4.0 million.

### **Supply Agreement for Alumina**

With the curtailment of the Company's alumina facility in Burnside, Louisiana, the Company and one of the world's largest suppliers of commodities and raw materials have entered into an agreement whereby the supplier will sell to the Company approximately 400,000 metric tonnes of alumina at a price of \$270 per metric tonne beginning in March 2007 and continuing for a period of ten months. In conjunction with the exiting alumina inventory at the Company's Hannibal and Burnside facilities, this supply contract will provide 100% of the Company's alumina requirements for 2007.

### **Supply Agreement for Electricity**

On November 8, 2006, the Company entered into a new supply agreement with its Ohio based electric utility (AEP Corporation) for the supply of 520 megawatts of electric power to the aluminum smelter in Hannibal, Ohio. During 2007 and 2008, the Company agreed to a contract rate of \$50.60 in 2007 and \$49.50 in 2008 per megawatt hour for an uninterruptible supply of electricity. Beginning on January 1, 2009, the supply agreement commits the Company to pay the same tariff-based rates for electricity as all other large industrial users in the AEP service territory.

### **Pending Asset Sales**

The Company is currently in negotiations with two different third parties for the possible sale of the real estate underlying its former rolling mill facility in Hannibal, Ohio and the possible sale of its marine terminal facility in Burnside, Louisiana. Approximately 50% of the proceeds will be used to pay down debt.

### **Amendment to CEO Employment Agreement**

The Company has amended the CEO's employment agreement to provide that, upon termination without cause or resignation for good reason, the CEO is entitled to receive an amount of shares that underlie his equity award. The CEO's previous agreement provided for payment only in cash upon a change of control or initial public offering of the Company.

### **About Ormet Corporation**

Headquartered in Hannibal, Ohio, when in full operation, Ormet Corporation is a major U.S. producer of alumina, aluminum and aluminum billet products. Ormet Corporation owns facilities in Ohio and Louisiana and employs approximately 1,300 people when operating at full capacity.

## **Disclosure Regarding Forward-Looking Statements and Risks**

This Current Developments Update includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to business trends and other information that is not historical information. When used in this Current Developments Update, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management’s examination of historical operating trends, are based upon the Company's current expectations and various assumptions. The Company's expectations, beliefs and projections are expressed in good faith and the Company believes there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs and projections will result or be achieved.

There are a number of risks and uncertainties that could cause the Company's actual results to differ materially from the forward-looking statements contained in this Current Developments Update. There may be other factors not presently known to the Company or which the Company currently considers to be immaterial that may cause the Company's actual results to differ materially from the forward-looking statements. The reader should consider all risks and uncertainties described in the Company's Quarterly Information and Disclosure Statement for the Period Ended September 30, 2006, dated November 15, 2006, Quarterly Information and Disclosure Statement for the Period Ended June 30, 2006, dated August 16, 2006, Quarterly Information and Disclosure Statement for the Period Ended March 31, 2006, dated June 28, 2006, Rule 15c2-11 Information and Disclosure Statement for the Fiscal Year (Nine Months) Ended December 31, 2006, and Joint Plan of Reorganization and related Disclosure Statement, dated October 1, 2004, all of which are available at the Company's website, [www.ormet.com](http://www.ormet.com).

All forward-looking statements attributable to the Company or persons acting on the Company's behalf apply only as of the date of this Current Developments Update and are expressly qualified in their entirety by the cautionary statements included in this Current Developments Update. Except to the extent required by law, the Company undertakes no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.