

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

ORMET CORPORATION

AND THE OTHER SIGNATORIES HERETO

AND THE OTHER PERSONS WHO BECOME PARTIES HERETO
AS DESCRIBED HEREIN

Dated as of February 23, 2007

TABLE OF CONTENTS

	Page
Article I	DEFINITIONS
Section 1.1	Definitions..... 1
Section 1.2	Headings 4
Section 1.3	Singular, plural, gender..... 4
Section 1.4	References to persons and companies..... 4
Section 1.5	References to subsidiaries..... 5
Section 1.6	Schedules etc..... 5
Section 1.7	Information 5
Section 1.8	Interpretation..... 5
Article II	REGISTRATION RIGHTS
Section 2.1	Demand Registration 5
Section 2.2	Piggyback Registrations..... 9
Section 2.3	SEC Registration Statements 11
Section 2.4	Holdback Agreements..... 12
Section 2.5	Registration Procedures 12
Section 2.6	Suspension of Dispositions 18
Section 2.7	Registration Expenses..... 18
Section 2.8	Indemnification 19
Section 2.9	Joinder, Transfer of Registration Rights 22
Section 2.10	Rule 144; Other Information..... 23
Section 2.11	Preservation of Rights..... 23
Section 2.12	Applicability of Rights to Holders in the Event of an Acquisition..... 23
Section 2.13	Further Assurances..... 24
Article III	TERMINATION
Section 3.1	Termination..... 24
Article IV	MISCELLANEOUS
Section 4.1	Whole Agreement 25
Section 4.2	Successors and Assigns..... 25
Section 4.3	Variation etc..... 25
Section 4.4	Invalidity 25
Section 4.5	No Third Party Beneficiaries 25
Section 4.6	Waivers 26
Section 4.7	Counterparts..... 26
Section 4.8	Notices 26
Section 4.9	Governing Law and Venue; Waiver of Jury Trial 27

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**"), dated as of February 23, 2007, is entered into by and among Ormet Corporation, a Delaware corporation (the "**Company**"), the other persons signatories hereto (collectively and together with the other persons who became parties to this Agreement in accordance with the terms hereof, the "**Holder**s").

RECITALS

Whereas, the Company's common stock, par value \$0.001 per share ("**Company Common Stock**") is currently subject to certain drag-along rights granted by the Company's Certificate of Incorporation (the "**Certificate**") and the stockholders agreement, dated as of April 1, 2005 (the "**Stockholders Agreement**") in the event that MatlinPatterson (as defined in the Certificate and Stockholders Agreement) enters into certain transactions involving the Company Common Stock;

Whereas the Company has determined that it is in the best interests of the Company and its shareholders to eliminate such drag-along rights by deleting the sections of the Certificate granting such drag-along rights and by MatlinPatterson agreeing to irrevocably waive such drag-along rights with respect to any holder of Company Common Stock who is not party to the Stockholders Agreement (such irrevocable waiver, the "**Waiver**"), in consideration for the registration rights granted to the Company's shareholders by this Agreement, and the Company and the initial parties to this Agreement shall provide for the deletion of the drag-along rights in the Certificate and such Waiver of the Stockholders Agreement forthwith;

Whereas, the Company has determined that it is in the interests of the Company and its shareholders to provide the registration rights provided for herein to persons holding shares of Company Common Stock that cannot currently be freely sold to purchasers in a transaction without registration under the Securities Act (as more fully described herein), in all cases on the terms and subject to the conditions set forth herein;

Now, Therefore, in consideration of the mutual covenants and agreements hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions

The following terms shall have the meanings set forth below:

"**Adverse Effect**" has the meaning set forth in Section 2.1(e) of this Agreement.

"**Advice**" has the meaning set forth in Section 2.6 (f) of this Agreement.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such first Person. As used in this definition, "**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 policies of a Person by reason of ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the introductory paragraph of this Agreement.

"**beneficial owner**" has the meaning set forth in Rule 13d-3 under the Exchange Act.

"**Business Day**" means any day other than a Saturday, Sunday or day on which banking institutions in New York are authorized or obligated by law or executive order to be closed.

"**Certificate**" has the meaning set forth in the recitals to this Agreement.

"**Change of Control**" means any sale, transfer, lease, conveyance, exchange or other disposition of all or substantially all of the consolidated properties or assets of the Company (taken together with its subsidiaries) or any merger, consolidation, recapitalization or similar transaction involving the Company or one or more of its subsidiaries, in each and every case whether effected in a single transaction or through a series of related transactions and following which the shareholders of the Company immediately prior to such transaction do not collectively Beneficially Own at least a majority of the Total Voting Power and at least a majority of the Outstanding Company Common Stock *provided* however, that any such transaction resulting in MatlinPatterson Global Advisers LLC or its Affiliates Becoming beneficial owners of at least a majority of the Total Voting Power and at least a majority of the Outstanding Company Common Stock shall not be deemed to be a Change of Control. In the event of a dispute, the good faith determination of the Board with respect to whether a Change of Control has occurred shall conclusively establish the occurrence or non-occurrence of such event, absent manifest error.

"**Company**" has the meaning set forth in the preamble to of this Agreement and will include any successors pursuant to Section 2.12.

"**Company Common Stock**" has the meaning set forth in the recitals to this Agreement and shall include any securities issued or issuable with respect to the shares of Company Common Stock by way of a stock dividend or a stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

"**Contract**" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable law.

"**Covered Persons**" has the meaning set forth in Section 2.8(a) of this Agreement.

"**Demand Registration**" has the meaning set forth in Section 2.1(a)(i) of this Agreement.

"**Demand Request**" has the meaning set forth in Section 2.1(a)(i) of this Agreement.

"Demanding Holders" has the meaning set forth in Section 2.1(a)(i) of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC thereunder.

"Excluded Registration" means a registration under the Securities Act of (i) securities pursuant to one or more Demand Registrations pursuant to Section 2 hereof, (ii) securities registered on Form S-8 or any similar successor form, and (iii) securities registered to effect the acquisition of, or combination with, another Person registered on Form S-4 or any similar successor form.

"First Demand Registration" means the first Demand Registration undertaken pursuant to this Agreement.

"Governmental Authority" means any court, governmental or other regulatory, self-regulatory or administrative agency or commission.

"Holder" means (i) each of the Holders and (ii) any other Person (A) who is the transferee, directly or indirectly, of Registrable Shares from a Holder and (B) who shall have become a party to this Agreement in accordance with Section 2.9.

"Holders" has the meaning set forth in the preamble to this Agreement.

"Inspectors" has the meaning set forth in Section 2.5(m) of this Agreement.

"Joinder Agreement" has the meaning set forth in Section 2.9(a) of this Agreement.

"Majority" means the Holders of a majority of the Registrable Shares held by Demanding Holders, in the case of a Demand Registration, to be included in any Demand Registration or the holders of a majority of the Registrable Shares to be included in any Piggyback Registration, as the case may be (or, in the absence of a clear majority among such Holders in interest, the Holders in interest owning a plurality of the Registrable Shares to be included in such registration.)

"Material Disclosure Event" means, as of any date of determination, any pending or imminent event or circumstance relating to the Company or any of its subsidiaries, which, in the good faith determination of the board of directors of the Company after consultation with counsel to the Company (i) would require disclosure of material, non-public information relating to such event or circumstance in any registration statement or related prospectus including Registrable Shares (including documents incorporated by reference therein) so that such registration statement would not be materially misleading, (ii) would not otherwise be required to be publicly disclosed by the Company at that time in a periodic report to be filed with or furnished to the SEC under the Exchange Act but for the filing of such registration statement or related prospectus and (iii) if publicly disclosed at the time of such event or circumstance, could reasonably be expected to have a material adverse effect on the business, financial condition or prospects of the Company and its subsidiaries or could reasonably be expected to materially adversely affect a pending or proposed material acquisition, merger, recapitalization, consolidation, reorganization, financing or similar transaction, litigation, investigation or contract, or negotiations with respect thereto.

"**NASD**" has the meaning set forth in Section 2.5(o) of this Agreement.

"**Notice**" has the meaning set forth in Section 4.9(a) of this Agreement.

"**Outstanding Company Common Stock**" means the issued and outstanding Company Common Stock (excluding any Company Common Stock held in Treasury and not on behalf of third parties).

"**Party**" means any party to this Agreement.

"**Person**" or "**person**" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or other business entity and a Governmental Authority.

"**Piggyback Registration**" has the meaning set forth in section 2.2(a) of this Agreement.

"**Records**" has the meaning set forth in Section 2.5(m) of this Agreement.

"**Registration Statement**" has the meaning set forth in the recitals to this Agreement.

"**register**," "**registered**" and "**registration**" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"**Registrable Shares**" means those shares of Company Common Stock owned by the Holders that cannot be sold in a transaction that would result in the purchaser of such shares who is unaffiliated with the Company receiving from such Holder freely tradable shares of Company Common Stock; *provided, however*, that Registrable Shares shall cease to be Registrable Shares as set forth in Section 3.1. For the purposes of this Agreement, shares of Company Common Stock subject to holding periods or offering restrictions (pursuant to the federal securities laws or private agreements entered into on account of the federal securities laws) shall be deemed not to be "freely tradable". Whether any shares of Company Common Stock constitute Registrable Shares shall be determined by the Company, which determination shall be conclusive absent manifest error.

"**Requesting Holders**" shall mean any Holder(s) requesting to have its (their) Registrable Shares included in any Demand Registration or Shelf Registration or Piggyback Registration.

"**Required Filing Date**" has the meaning set forth in Section 2.1(a) (ii) of this Agreement.

"**Requisite Percentage**" means, with respect to the First Demand Registration, at least 13% of the aggregate number of shares of Company Common Stock then outstanding, and thereafter, at least 5% of the aggregate number of shares of Company Common Stock then outstanding.

"**Rule 144**" means Rule 144 promulgated under the Securities Act, as the same may be amended from time to time, and any successor or similar rule or regulation hereafter adopted by the SEC.

"SEC" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shelf Registration" has the meaning set forth in Section 2.1(b) of this Agreement.

"Stockholders Agreement" has the meaning set forth in the recitals to this Agreement.

"Suspension Notice" has the meaning set forth in Section 2.6 of this Agreement.

"Suspension Period" has the meaning set forth in Section 2.6 of this Agreement.

"Total Voting Power" means the aggregate number of votes that may be cast by the holders of the issued and outstanding Voting Securities of the Company (excluding any such securities held in treasury and not held on behalf of third parties).

"Voting Securities" means any and all classes of securities entitled to vote in the ordinary course in the election of directors or persons serving in a similar governing capacity of any partnership, limited liability company or other entity, including the voting rights attached to such securities.

"Waiver" has the meaning set forth in the recitals to this Agreement.

Section 1.2 Headings

Headings shall be ignored in construing this Agreement.

Section 1.3 Singular, plural, gender

References to one gender include all genders and references to the singular include the plural and vice versa.

Section 1.4 References to persons and companies

References to:

- (a) a person include any company, partnership or unincorporated association (whether or not having separate legal personality); and
- (b) a company shall include any company, corporation, limited liability company or any body corporate, wherever incorporated.

Section 1.5 References to subsidiaries

An entity is a "subsidiary" of another entity if that other entity, directly or indirectly, through one or more subsidiaries:

- (a) holds a majority of the voting rights in it;
- (b) is a member or shareholder of it and has the right to appoint or remove a majority of its board of directors or equivalent managing body;
- (c) is a member or shareholder of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or
- (d) has the right to exercise a dominant influence over it, for example by having the right to give directions with respect to its operating and financial policies, with which directions its directors or equivalent persons are obliged to comply.

Section 1.6 Schedules etc.

References to this Agreement shall include any *Schedules*, *Exhibits* and Recitals to it and references to Sections and Schedules are to Sections of, and Schedules to, this Agreement. References to paragraphs and Parts are to paragraphs and Parts of the Schedules.

Section 1.7 Information

References to books, records or other information mean books, records or other information in any form including paper, electronically stored data, magnetic media, film and microfilm.

Section 1.8 Interpretation

In this Agreement, unless the context otherwise requires, any reference to "including" or "in particular" shall be illustrative only and without limitation.

ARTICLE II REGISTRATION RIGHTS

Section 2.1 Demand Registration

- (a) Request for Registration
 - (i) Commencing on November 1, 2007, any Holder or Holders holding, in the aggregate, the Requisite Percentage shall have the right from time to time to require the Company to file a registration statement on Form S-1, S-2, S-3 or S-4 or any similar or successor to such forms under the Securities Act or any other appropriate form under the Securities Act or the Exchange Act for a public offering of all or part of its or their Registrable Shares (a "**Demand Registration**"), by delivering to the Company written notice stating that such right is being exercised, specifying the Registrable Shares held by such Holders that are to be included in such registration (collectively, the "**Demanding Holders**") and, subject to Section 2.1(c) hereof, describing the intended method of distribution thereof (a "**Demand Request**").

- (ii) Each Demand Request shall specify the aggregate number of Registrable Shares proposed to be sold. Subject to Section 2.1(f), the Company shall file the registration statement in respect of a Demand Registration as soon as practicable and, in any event, before the date that is ninety (90) days after receiving a Demand Request (such date, the "**Required Filing Date**") and shall use its reasonable best efforts to cause the same to be declared effective by the SEC as promptly as practicable after such filing; *provided, however*, that:
 - (A) the Company shall not be obligated to effect a Demand Registration pursuant to this Section 2.1(a) within ninety (90) days after the effective date of a previous Demand Registration, other than a Shelf Registration pursuant to this Article 2;
 - (B) the Company shall not be obligated to effect a Demand Registration pursuant to this Section 2.1(a) unless the Demand Request is for a number of Registrable Shares with a market value that is equal to at least, in the case of the First Demand Registration, twenty million dollars (\$20,000,000.00), and thereafter ten million dollars (\$10,000,000.00), in each case as of the date of such Demand Request;
 - (C) the Company shall not be obligated to effect pursuant to this Section 2.1(a) more than two (2) Demand Registrations.
- (b) Shelf Registration;

With respect to any Demand Registration, the Majority may request the Company to effect a registration of the Company Common Stock in a continuous offering pursuant to Rule 415 under the Securities Act (or any successor rule) (a "**Shelf Registration**") and to keep such Shelf Registration continuously effective until the date which is the earlier of (i) two years after the effective date of the Registration Statement, or (ii) the date when all Registrable Securities covered by such Shelf Registration have been sold (but not before the expiration of the 90 day period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable);

(c) Selection of Underwriters

At the request of the Majority, the offering of Registrable Shares pursuant to a Demand Registration, including pursuant to a Shelf Registration, shall be in the form of a "firm commitment" underwritten offering. The Majority shall select (i) with respect to the First Demand Registration, the investment banking firm or firms to manage the underwritten offering, *provided* that such selection shall be subject to the consent of the Company, which consent shall not be unreasonably withheld or delayed, and (ii) counsel to the Requesting Holders. For any underwritten Demand Registration other than the First Demand Registration, the Company shall be entitled to select the investment banking firm to manage the underwritten offering. No Holder may participate in any registration pursuant to Section 2.1(a) unless such Holder (x) agrees to sell such Holder's Registrable Shares on the basis provided in any underwriting or other arrangements described above and (y) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting or other arrangements; provided, however, that no such Holder shall be required to make any representations or warranties in connection with any such registration other than representations and warranties as to (i) such Holder's ownership of his or its Registrable Shares to be transferred free and clear of all liens, claims, and encumbrances created by such Holder, (ii) such Holder's power and authority to effect such transfer, and (iii) such matters pertaining to compliance with securities laws as may be reasonably requested; provided, further, however, that any obligation of such Holder to indemnify any Person pursuant to any such underwriting or other arrangements shall be several, not joint and several, among such Holders selling Registrable Shares, and such liability shall be limited to the net amount received by such Holder from the sale of his or its Registrable Shares pursuant to such registration (which amounts shall include the amount of cash or the fair market value of any assets, including shares of Company Common Stock, received in exchange for the sale or exchange of such Registrable Shares or that are the subject of a distribution), and the relative liability of each such Holder shall be in proportion to such net amounts.

(d) Rights of Other Holders

Upon receipt of any Demand Request, the Company shall promptly (but in any event within ten (10) Business Days) give written notice of such proposed Demand Registration to all other Holders, who shall have the right, exercisable by written notice to the Company within ten (10) Business Days of their receipt of the Company's notice, to elect to include in such Demand Registration such portion of their Registrable Shares as they may request, so long as such Registrable Shares are proposed to be disposed of in accordance with the method or methods of disposition requested pursuant to Section 2.1(a)(i). All Holders requesting to have their Registrable Shares included in a Demand Registration in accordance with the preceding sentence and all Demanding Holders shall be deemed to be "Requesting Holders" for purposes of this Agreement.

(e) Priority on Demand Registrations

If the managing underwriter of a Demand Registration advises the Company (or, in the case of the First Demand Registration other than a Shelf Registration, the Majority, acting reasonably, determines) that the inclusion of Registrable Shares requested to be included in the registration statement would cause an Adverse Effect, then the Company shall be required to include in such registration statement, to the extent of the amount of securities that the managing underwriter advises (or, if applicable, the Majority determines) may be sold without causing such Adverse Effect, (i) first, the Registrable Shares requested to be included in such registration by the Demanding Holders and Presumed Affiliates *pro rata* among the Demanding Holders and Presumed Affiliates on the basis of the number of Registrable Shares owned by each such Demanding Holder or Presumed Affiliate, as applicable, (ii) second, the securities the Company proposes to sell; (iii) third, the Registrable Shares requested to be included in such registration by other Requesting Holders, *pro rata* among the other Requesting Holders on the basis of the number of Registrable Shares owned by each such other Requesting Holder; and (iv) fourth, any other securities requested to be included in such registration. If as a result of the provisions of this Section 2.1(e) any Holder shall not be entitled to include all Registrable Shares in a registration that such Holder has requested to be so included, such Holder may withdraw such Holder's request to include Registrable Shares in such registration statement. For the purposes of this Section 2.1(e), "Presumed Affiliate" shall include any Requesting Holder who may be deemed an "affiliate" of the Company under applicable SEC rule or policy, and shall include any such Holder who either (i) is the beneficial owner of ten percent (10%) or greater of any class of equity securities of the Company and/or (ii) has nominated a representative currently serving on the Company's Board of Directors or is entitled to nominate such a representative. A determination by the Company that a Holder is a Presumed Affiliate for the purposes of this Section 2.1(e) shall be conclusive, absent manifest error.

(f) Deferral of Filing

The Company may defer the filing (but not the preparation) of a registration statement required by this Section 2.1 until a date not later than thirty (30) days after the Required Filing Date if (i) at the time the Company receives the Demand Request, there exists a Material Disclosure Event, or (ii) for a period not to exceed ninety (90) days, if prior to receiving the Demand Request, the Company had determined to effect a registered underwritten public offering of Company Common Stock, or securities convertible into or exchangeable for Company Common Stock, for the Company's account in connection with a material public financing transaction and the Company had taken substantial steps (including, but not limited to, selecting a managing underwriter for such offering) and is proceeding with reasonable diligence to effect such offering. A deferral of the filing of a registration statement pursuant to this Section 2.1(f) shall be lifted, and the requested registration statement shall be filed forthwith, if, in the case of a

deferral pursuant to clause (i) of the preceding sentence, the Material Disclosure Event is disclosed or terminated, or, in the case of a deferral pursuant to clause (ii) of the preceding sentence, the proposed registration for the Company's account is abandoned or the filing of a registration statement with respect to any such proposed registration is delayed by more than forty-five (45) days from the time of receipt of the applicable Demand Request. In order to defer the filing of a registration statement pursuant to this Section 2.1(f), the Company shall promptly (but in any event within ten (10) days), upon determining to seek such deferral, deliver to each Requesting Holder a certificate signed by an executive officer of the Company stating that the Company is deferring such filing pursuant to this Section 2.1(f), a general statement of the reason for such deferral and an approximation of the anticipated delay. Within twenty (20) days after receiving such certificate, the Majority may withdraw such Demand Request by giving notice to the Company; if withdrawn, the Demand Request shall be deemed not to have been made for all purposes of this Agreement. The Company may defer the filing of a particular registration statement pursuant to this Section 2.1(f) only twice in any consecutive twelve (12) month period; *provided, however*, that any deferral pursuant to clause (i) of the first sentence of this Section 2.1(f) shall be deemed to be a "Suspension Period" for purposes of Section 2.6 and shall be subject to the limitations on Suspension Periods set forth in Section 2.6.

(g) Withdrawal and Cancellation

Any Requesting Holder may withdraw its Registrable Shares from a Demand Registration at any time, and the Majority shall have the right to cancel a proposed Demand Registration of Registrable Shares pursuant to this Section 2.1(i). Upon such cancellation, the Company shall cease all efforts to secure registration and such Demand Registration shall not be counted as a Demand Registration under this Agreement for any purpose.

(h) Inclusion of Other Securities

In any registration requested pursuant to this Section 2.1, the Company shall not register securities for sale for the account of any Person, other than securities registered for the account of any of the Holders or the Company, unless permitted to do so by the Majority.

Section 2.2 Piggyback Registrations

(a) Right to Piggyback

Each time the Company proposes to register any of its equity securities (other than pursuant to an Excluded Registration or a Demand Registration) under the Securities Act for sale to the public (whether for the account of the Company or the account of any security holder of the Company) (a "**Piggyback Registration**"), the Company shall give prompt written notice to each Holder of Registrable Shares (which notice shall be given not less than twenty (20) days

prior to the anticipated filing date of the Company's registration statement), which notice shall offer each such Holder the opportunity to include any or all of its Registrable Shares in such registration statement, subject to the limitations contained in Section 2.2(b) hereof. Each Holder who desires to have its Registrable Shares included in such registration statement shall so advise the Company in writing (stating the number of Registrable Shares desired to be registered) within ten (10) days after the date of such notice from the Company. Any Holder shall have the right to withdraw such Holder's request for inclusion of such Holder's Registrable Shares in any registration statement pursuant to this Section 2.2(a) by giving written notice to the Company of such withdrawal. Subject to Section 2.2(b) below, the Company shall include in such registration statement all such Registrable Shares so requested to be included therein; *provided, however*, that the Company may at any time withdraw or cease proceeding with any such registration if it shall at the same time withdraw or cease proceeding with the registration of all other equity securities originally proposed to be registered.

(b) Priority on Piggyback Registrations

- (i) If the managing underwriter of a Piggyback Registration advises the Company (or, if the Piggyback Registration is not underwritten, the Company, acting reasonably, determines) that the inclusion of Registrable Shares requested to be included in the registration statement would cause an Adverse Effect, then the Company shall be required to include in such registration statement, to the extent of the amount of securities that the managing underwriter advises (or, if applicable, the Company determines) may be sold without causing such Adverse Effect, (i) first, the securities the Company proposes to sell on its own account or on account of any other security holder (ii) second, in the event that the Company's registration caused a deferral of a Demand Registration pursuant to clause (ii) of the first sentence of Section 2.1(f), the Registrable Shares requested to be included in such registration by any Demanding Holders whose registration was so deferred and the Registrable Shares requested to be included in such registration by any Presumed Affiliates, *pro rata* among the Demanding Holders and Presumed Affiliates on the basis of the number of Registrable Shares owned by each such Demanding Holder or Presumed Affiliate, as applicable, (iii) third, the Registrable Shares requested to be included in such registration by any other Holder, *pro rata* among the Holders of such Registrable Shares on the basis of the number of Registrable Shares owned by each such other Holder; and (iv) fourth, any other securities requested to be included in such registration. If as a result of the provisions of this Section 2.2(b)(i) any Holder shall not be entitled to include all Registrable Shares in a registration that such Holder has requested to be so included, such Holder may withdraw such Holder's request to include Registrable Shares in such registration statement.

- (ii) No Holder may participate in any registration statement in respect of a Piggyback Registration hereunder unless such Holder (x) agrees to sell such Holder's Registrable Shares on the basis provided in any underwriting arrangements approved by the Company and (y) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents, each in customary form, reasonably required under the terms of such underwriting arrangements; *provided, however*, that no such Holder shall be required to make any representations or warranties in connection with any such registration other than representations and warranties as to (i) such Holder's ownership of his or its Registrable Shares to be sold or transferred free and clear of all liens, claims, and encumbrances, (ii) such Holder's power and authority to effect such transfer, and (iii) such matters pertaining to compliance with securities laws as may be reasonably requested; *provided, further, however*, that the obligation of such Holder to indemnify pursuant to any such underwriting arrangements shall be several, not joint and several, among such Holders selling Registrable Shares, and the liability of each such Holder shall be in proportion to, and *provided, further*, that such liability shall be limited to, the net amount received by such Holder from the sale of his or its Registrable Shares pursuant to such registration.
- (c) Selection of Underwriters and Counsel
- (i) If any Piggyback Registration is an underwritten offering, the Company shall select an investment banking firm or firms to manage the offering. The Majority shall have the right to select one counsel for the Holders whose Registrable Shares will be included in such registration.
 - (ii) No registration of the Registrable Shares effected under this Section 2.2 shall relieve the Company of its obligation to effect a registration of Registrable Shares pursuant to Section 2.1.

Section 2.3 SEC Registration Statements

- (a) The Company shall use its reasonable best efforts to cause Demand Registrations to be registered on Form S-3 (or any successor form), if applicable, once the Company becomes eligible to use Form S-3, and if the Company is not then eligible under the Securities Act to use Form S-3, Demand Registrations shall be registered on the form for which the Company then qualifies. The Company shall use its reasonable best efforts to become eligible to use Form S-3 and, after becoming eligible to use Form S-3, shall use its reasonable best efforts to remain so eligible.
- (b) All such registration statements shall comply with applicable requirements of the Securities Act and the rules and regulations thereunder, and, together with each prospectus included, filed or otherwise furnished by the Company in connection therewith, shall not contain any untrue statement of material fact or omit to state a

material fact required to be stated therein or necessary to make the statements therein not misleading. Notwithstanding the foregoing, the Company shall not be required to undertake or produce any audit for any periods ending prior to April 1, 2005.

Section 2.4 Holdback Agreements.

- (a) The Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, except pursuant to registrations on Form S-4 or Form S-8 or any successor form or unless the underwriters managing any such public offering otherwise agree, during the seven (7) days prior to and during the earlier of (x) 90-day period beginning on the effective date of any registration statement in connection with a Demand Registration (other than a Shelf Registration) and (y) the date on which all of the Registrable Shares subject to such registration statement have been sold.
- (b) If any Holders of Registrable Shares notify the Company in writing that they intend to effect an underwritten sale of Company Common Stock registered pursuant to a Shelf Registration pursuant to Article 2 hereof, the Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for its equity securities, during the seven (7) days prior to and during the 90-day period beginning on the pricing of such underwritten offering, except pursuant to registrations on Form S-4 or Form S-8 or any successor form or unless the underwriters managing any such public offering otherwise agree.
- (c) Each Holder agrees, in connection with any initial underwritten offering by the Company (whether for the account of the Company or otherwise), not to offer, sell, contract to sell or otherwise dispose of any Registrable Securities, or any securities convertible into or exchangeable or exercisable for such securities, including any sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten offering), during the seven (7) days prior to, and during the 120-day period (or such lesser period as the lead or managing underwriters or the Majority may require) beginning on, the effective date of the registration statement for such underwritten offering (or, in the case of an offering pursuant to an effective shelf registration statement pursuant to Rule 415, the pricing date for such underwritten offering).

Section 2.5 Registration Procedures

Whenever any Holder has requested that any Registrable Shares be registered pursuant to this Agreement, the Company shall use its reasonable best efforts to effect the registration and the sale of such Registrable Shares in accordance with the intended method of disposition thereof as promptly as is practicable, and pursuant thereto the Company shall as expeditiously as possible:

- (a) prepare and file with the SEC (in the case of a Demand Registration, prior to the Required Filing Date) a registration statement on the appropriate form under the Securities Act with respect to such Registrable Shares and use its reasonable best efforts to cause such registration statement to become effective as soon as practicable after the initial filing thereof, *provided* that as far in advance as practicable before filing such registration statement or any amendment thereto, the Company shall furnish to the selling Holders copies of reasonably complete drafts of all such documents prepared to be filed (including exhibits), and any such Holder shall have the opportunity to object to any information contained therein and the Company shall make corrections reasonably requested by such Holder with respect to such information prior to filing any such registration statement or amendment. Notwithstanding the foregoing (i) in the event that the SEC comments on a registration statement filed by the Company, to the extent that the Company is diligently and in good faith working to resolve such comments, the Company shall be held to be complying with its obligations under this Section 2.5(a), despite any delay in the registration statement becoming effective that may have been caused thereby and (ii) the Company shall not be obligated pursuant to this Section 2.5(a) to undertake or produce any audit for any period ending prior to April 1, 2005.
- (b) except in the case of a Shelf Registration, prepare and file with the SEC such amendments, post-effective amendments, and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than one hundred eighty (180) days (or such lesser period as is necessary for the underwriters in an underwritten offering to sell unsold allotments) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;
- (c) in the case of a Shelf Registration, prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares subject thereto for a period ending on the earlier of (x) twenty four (24) months after the effective date of such registration statement and (y) the date on which all the Registrable Shares subject thereto have been sold pursuant to such registration statement;
- (d) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares subject thereto for a period ending on the earlier of (x) twenty four (24) months after the effective date of such registration statement and (y) the date on

which all the Registrable Shares subject thereto have been sold pursuant to such registration statement;

- (e) furnish to each seller of Registrable Shares and the underwriters of the securities being registered or the dealer managers for such offering such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), any documents incorporated by reference therein and such other documents as such seller, underwriters or dealer manager may reasonably request in order to facilitate the disposition of the Registrable Shares owned by such seller or the sale of such securities by such underwriters (it being understood that, subject to Section 2.5 and the requirements of the Securities Act and applicable state securities laws, the Company consents to the use of the prospectus and any amendment or supplement thereto by each seller, the underwriters and dealer manager in connection with the offering and sale of the Registrable Shares covered by the registration statement of which such prospectus, amendment or supplement is a part);
- (f) use its reasonable best efforts to register or qualify such Registrable Shares under such other securities or "blue sky" laws of such jurisdictions as the managing underwriter or dealer manager reasonably requests (or, in the event the registration statement does not relate to an underwritten offering, as the holders of a majority of such Registrable Shares or dealer manager may reasonably request); use its reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the period in which such registration statement is required to be kept effective; and do any and all other acts and things which may be reasonably necessary or advisable to enable each seller to consummate the disposition of the Registrable Shares owned by such seller in such jurisdictions (*provided, however*, that the Company shall not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or (B) consent to general service of process in any such jurisdiction);
- (g) promptly notify each selling Holder, each underwriter or dealer manager and (if requested by any such Person) confirm such notice in writing (A) when a prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to a registration statement or any post-effective amendment, when the same has become effective, (B) of the issuance by any state securities or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Shares under state securities or "blue sky" laws or the initiation of any proceedings for that purpose, and (C) of the happening of any event which makes any statement made in a registration statement or related prospectus untrue or which requires the making of any changes in such registration statement, prospectus or documents so that they shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and, promptly thereafter, prepare and file with the SEC

and furnish a supplement or amendment to such prospectus so that, as thereafter deliverable to the purchasers of such Registrable Shares, such prospectus shall not contain any untrue statement of a material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

- (h) permit (i) any selling Holder which, in such Holder's sole and exclusive judgment, might reasonably be deemed to be an underwriter or a controlling person of the Company and (ii) the Majority, to participate in the preparation of such registration statement or related prospectus and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such Holder and its counsel should be included;
- (i) solely in the case of a Demand Registration, make reasonably available senior management of the Company, as selected by the Majority, for assistance in the selling effort relating to the Registrable Shares covered by such registration, including, but not limited to, the participation of such members of the Company's senior management in road show presentations;
- (j) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, including the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder, and make generally available to the Company's security holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act as soon as practicable and in no event later than forty-five (45) days after the end of the twelve (12) month period beginning with the first day of the Company's first fiscal quarter commencing after the effective date of a registration statement (provided that, in the event that such twelve (12) month period corresponds with the Company's fiscal year, such earnings statement shall be delivered as soon as practicable and in no event later than ninety (90) days after the end of such period), which earnings statement shall cover said twelve (12) month period, and which requirement shall be deemed to be satisfied if the Company timely files complete and accurate information on Forms 10-Q, 10-K and 8-K under the Exchange Act as required by the Exchange Act and otherwise complies with Rule 158 under the Securities Act;
- (k) if requested by the managing underwriter, dealer manager or any selling Holder promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter, dealer manager or any selling Holder reasonably requests to be included therein, including, without limitation, with respect to the Registrable Shares being sold by such selling Holder, the purchase price being paid therefor by the underwriters and with respect to any other terms of the underwritten offering of the Registrable Shares to be sold in such offering, and promptly make all required filings of such prospectus supplement or post-effective amendment;

- (l) as promptly as practicable after filing with the SEC of any document which is incorporated by reference into a registration statement (in the form in which it was incorporated), deliver a copy of each such document to each selling Holder;
- (m) cooperate with the selling Holders, the managing underwriter and any dealer manager to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under applicable law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter, dealer manager or such selling Holders may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;
- (n) promptly make available for inspection by any selling Holder and any underwriter or dealer manager participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained by any such selling Holder, underwriter or dealer manager (collectively, the "**Inspectors**"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information requested by any such Inspector in connection with such registration statement; *provided, however*, that, unless the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement or the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, the Company shall not be required to provide any information under this subparagraph (x) if (A) the Company makes a determination in good faith, after consultation with counsel for the Company, that to do so would cause the Company to forfeit an attorney-client privilege that was applicable to such information or (B) if either (1) the Company has requested and been granted from the SEC confidential treatment of such information contained in any filing with the SEC or documents provided supplementally or otherwise or (2) the Company reasonably determines in good faith that such Records are confidential and so notifies the Inspectors in writing, unless prior to furnishing any such information with respect to clause (B) such Holder of Registrable Shares requesting such information agrees to enter into a confidentiality agreement in customary form and subject to customary exceptions; and *provided, further*, that each Holder of Registrable Shares agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential;
- (o) furnish to each managing underwriter and selling Holder that is an Affiliate of the Company a signed counterpart of (A) an opinion or opinions of counsel to the Company addressed to them, and (B) a comfort letter or comfort letters from the Company's independent public accountants addressed to them, each in customary form and covering such matters of the type customarily covered by opinions or

comfort letters, as the case may be, as such selling Holder or managing underwriter may reasonably request;

- (p) cause the Registrable Shares included in any registration statement to be (A) listed on each securities exchange, if any, on which similar securities issued by the Company are then listed, or (B) quoted on the National Association of Securities Dealers, Inc. ("NASD") Automated Quotation System or the Nasdaq National Market (or any successor markets or systems thereof) if similar securities issued by the Company are quoted thereon;
- (q) provide a transfer agent and registrar for all Registrable Securities registered hereunder;
- (r) use its reasonable best efforts to cause Registrable Shares covered by such registration statement to be registered with or approved by such other government agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Shares;
- (s) cooperate with each selling Holder and each underwriter or dealer manager participating in the disposition of such Registrable Shares and their respective counsel in connection with any filings required to be made with the NASD;
- (t) as may be required in connection with the initial filing of any registration statement, and during the period when the prospectus is required to be delivered under the Securities Act, promptly file all documents required to be filed with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act;
- (u) notify each seller of Registrable Shares promptly of any request by the SEC for the amending or supplementing of such registration statement or prospectus or for additional information;
- (v) if applicable, enter into an underwriting agreement or dealer manager agreement for such offering, such agreement to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements or dealer manager agreements with respect to that offering, including, without limitation, indemnities and contribution to the effect and to the extent provided in Section 2.8 and the provision of opinion of counsel and accountants' letters to the effect and to the extent provided in Section 2.5(o). The selling Holders shall be parties to any such underwriting agreement or dealer manager agreement, and the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters or dealer manager shall also be made to and for the benefit of such Selling Holders; and
- (w) advise each seller of such Registrable Shares, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the SEC suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for such purpose and promptly use its reasonable

best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued.

Section 2.6 Suspension of Dispositions

Each Holder agrees that, upon receipt of any notice (a "**Suspension Notice**") from the Company of the happening of any Material Disclosure Event such Holder shall forthwith discontinue disposition of Registrable Shares until such Holder's receipt of the copies of the supplemented or amended prospectus, or until it is advised in writing (the "**Advice**") by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus, and, if so directed by the Company, such Holder shall deliver to the Company all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Shares current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of registration statements set forth in Sections 2.5(b) and 2.5(c) hereof shall be extended by the number of days during the period from and including the date of the giving of the Suspension Notice to and including the date when each seller of Registrable Shares covered by such registration statement shall have received the copies of the supplemented or amended prospectus or the Advice (such period, a "**Suspension Period**"). The Company shall use its reasonable best efforts and take such actions as are reasonably necessary to render the Advice as promptly as practicable. Notwithstanding anything herein to the contrary, the Company shall not be entitled to more than two (2) Suspension Periods during any consecutive twelve (12) month period, and which Suspension Periods shall have durations of not more than forty-five (45) days each; unless in the written opinion of counsel to the Company such Suspension Period must be extended to allow the Company to comply with its reporting obligations under the Securities Act and Exchange Act provided that no Suspension Period shall be extended by more than one hundred five (105) days; *provided; however*, that, in the event that any event of the type only described in clause (i) of the definition of Material Disclosure Event has occurred, the limitations on Suspension Periods in this sentence shall not apply. The fact that a Suspension Period is in effect under this Section 2.6 shall not relieve the contractual obligations of the Company as set forth in Section 2.5 or SEC rules to file timely reports and otherwise file material required to be filed under the Exchange Act.

Section 2.7 Registration Expenses

All reasonable, out-of-pocket fees and expenses incident to any Demand Registration including, without limitation, the Company's performance of or compliance with this Article 2, all registration and filing fees, all internal fees and expenses of the Company (including salary of employees), all fees and expenses associated with filings required to be made with the NASD (including, if applicable, the reasonable fees and expenses of any "qualified independent underwriter" as such term is defined in Schedule E of the By-Laws of the NASD, and of its counsel) or with any other applicable Governmental Authority, as may be required by the rules and regulations of the NASD or such other Governmental Authority, fees and expenses of compliance with securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with "blue sky" qualifications of the Registrable Shares), rating agency fees, printing expenses (including expenses of printing certificates for the Registrable Shares in a form eligible for deposit with Depository Trust Company and of printing prospectuses if the

printing of prospectuses is requested by a Holder of Registrable Shares), messenger, duplicating, distribution and delivery expenses, the fees and expenses incurred in connection with any listing or quotation of the Registrable Shares, fees and expenses of counsel for the Company and its independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance), the fees and expenses of any special experts retained by the Company in connection with such registration and the reasonable fees and expenses of one counsel for all Holders participating in such registration shall be paid for by the Company. Any underwriting discounts, commissions, or fees attributable to the sale of the Registrable Shares (but not any expenses of the underwriters), shall be borne by the Holders pro rata on the basis of the number of Registrable Shares so registered and the fees and expenses of any counsel, accountants, or other persons retained or employed by any Holder (other than as set forth in the preceding sentence) shall be borne by such Holder, whether or not any registration statement becomes effective.

Section 2.8 Indemnification

- (a) The Company agrees to indemnify and reimburse, to the fullest extent permitted by law, each seller of Registrable Shares, and each of its employees, advisors, agents, representatives, partners, members, officers, and directors and each Person who controls such seller (within the meaning of the Securities Act or the Exchange Act) and any agent or investment advisor thereof (collectively, the "**Covered Persons**") (A) against any and all losses, claims, damages, liabilities, and expenses, joint or several (including, without limitation, attorneys' fees and disbursements except as limited by Section 2.8(c)) based upon, arising out of, related to or resulting from any untrue or alleged untrue statement of a material fact contained in any registration statement, any prospectus, or preliminary prospectus included therein or any amendment or supplement thereto, or any document incorporated by reference therein, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) against any and all loss, liability, claim, damage, and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, and (C) against any and all costs and expenses (including reasonable fees and disbursements of counsel) as may be reasonably incurred in investigating, preparing, or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, or such violation of the Securities Act or Exchange Act, to the extent that any such expense or cost is not paid under subparagraph (A) or (B) above; except insofar as any such statements are made in reliance upon and in strict conformity with information furnished in writing to the Company by such seller or any Covered Person for use therein. The reimbursements required by this Section 2.8(a) shall be made by periodic payments during the course of the investigation or defense, as and when bills are received or expenses incurred.

- (b) In connection with any registration statement in which a seller of Registrable Shares is participating, each such seller shall furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the fullest extent permitted by law, each such seller shall indemnify the Company and each of its employees, advisors, agents, representatives, partners, officers and directors and each Person who controls the Company (within the meaning of the Securities Act) against any and all losses, claims, damages, liabilities, and expenses (including, without limitation, reasonable attorneys' fees and disbursements except as limited by Section 2.8(c)) resulting from any untrue statement or alleged untrue statement of a material fact contained in the registration statement, prospectus, or any preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission is contained in any information or affidavit so furnished in writing by such seller or any of its Covered Persons specifically for inclusion in the registration statement; *provided* that the obligation to indemnify shall be several, not joint and several, among such sellers of Registrable Shares, and the liability of each such seller of Registrable Shares shall be in proportion to, and shall be limited to, the net amount received by such seller from the sale of Registrable Shares pursuant to such registration statement; *provided, however*, that such seller of Registrable Shares shall not be liable in any such case to the extent that prior to the filing of any such registration statement or prospectus or amendment thereof or supplement thereto, such seller has furnished in writing to the Company information expressly for use in such registration statement or prospectus or any amendment thereof or supplement thereto which corrected or made not misleading information previously furnished to the Company.
- (c) Any Person entitled to indemnification hereunder shall (A) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (*provided* that the failure to give such notice shall not limit the rights of such Person) and (B) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; *provided, however*, that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (X) the indemnifying party has agreed to pay such fees or expenses, or (Y) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person. If such defense is not assumed by the indemnifying party as permitted hereunder, the indemnified party shall be entitled to assume and control such defense and to settle and agree to pay in full such claim without the consent of the indemnifying party without prejudice to the ability of the indemnified party to enforce its claim for indemnification against the indemnifying party hereunder.

- (d) The indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld). If such defense is assumed by the indemnifying party pursuant to the provisions hereof, such indemnifying party shall not settle or otherwise compromise the applicable claim unless (1) such settlement or compromise contains a full and unconditional release of the indemnified party or (2) the indemnified party otherwise consents in writing. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and disbursements of such additional counsel or counsels.
- (e) Each party hereto agrees that, if for any reason the indemnification provisions contemplated by Section 2.8(a) or Section 2.8(b) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities, or expenses (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, liabilities, or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the actions which resulted in the losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.8(e) were determined by pro rata allocation (even if the Holders or any underwriters or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 2.8(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities, or expenses (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or, except as provided in Section 2.8(c), defending any such action or claim. Notwithstanding the provisions of this Section 2.8(e), no Holder shall be required to contribute an amount greater than the dollar amount by which the net proceeds received by such Holder with respect to the sale of any Registrable Shares exceeds the amount of damages which such Holder has otherwise been required to pay by reason of any and all untrue or alleged untrue statements of material fact or omissions or alleged omissions of material fact made in any registration statement, prospectus or preliminary prospectus or any amendment

thereof or supplement thereto related to such sale of Registrable Shares. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations in this Section 2.8(e) to contribute shall be several in proportion to the amount of Registrable Shares registered by them and not joint.

If indemnification is available under this Section 2.8, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 2.8(a) and Section 2.8(b) without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 2.8(e) subject, in the case of the Holders, to the limited dollar amounts set forth in Section 2.8(b).

- (f) The indemnification and contribution provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director, or controlling Person of such indemnified party and shall survive the transfer of securities.

Section 2.9 Joinder, Transfer of Registration Rights

- (a) Any Person shall be entitled to become party to this Agreement, and the rights and obligations of a Holder hereunder, if, as at the date hereof, such Person holds shares of Company Common Stock that cannot be sold in a transaction that would result in the purchaser of such shares who is unaffiliated with the Company receiving from such Holder freely tradable shares of Company Common Stock; *provided* that such Person agrees in writing to be subject to and bound by all the terms and conditions of this Agreement by executing a joinder to this Agreement in the form attached as Exhibit A (a "**Joinder Agreement**") and delivers an executed Joinder Agreement to the Company within 45 days of the date on which this Agreement is first publicly announced by the Company or (B) the Company shall otherwise agree. The Company shall attempt to provide notice of the ability of shareholders to become party to this Agreement to all those persons who it believes may be entitled to become a Holder hereunder and hold Registrable Shares, provided that the Company shall incur no liability to any person for any failure to provide such notice. A determination by the Company that a Person is qualified to become a Holder pursuant to this Section 2.9(a) shall be conclusive, absent manifest error.
- (b) The rights of each Holder under this Agreement may be assigned to any direct or indirect transferee of a Holder (other than in connection with a transfer made pursuant to Rule 144 or a registration statement) who agrees in writing to be subject to and bound by all the terms and conditions of this Agreement by executing a Joinder Agreement, a copy of which writing shall be promptly delivered to the Company. A Joinder Agreement executed pursuant to this Section 2.9(b) shall, subject to the terms hereof, be effective upon receipt by the

Company. A determination by the Company that a Person is qualified to become a Holder pursuant to this Section 2.9(b) shall be conclusive, absent manifest error.

Section 2.10 Rule 144; Other Information

- (a) The Company shall file the reports, if any, required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, shall, upon the request of the Holders, make publicly available other information, including information as may be required under Rule 15c2-11(a)(5)) and shall take such further action as the Holders may reasonably request, all to the extent required from time to time to enable the Holders to sell Company Common Stock without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the reasonable request of any Holder, the Company shall deliver to such parties a written statement as to whether it has complied with such requirements and shall, at its expense, forthwith upon the request of any such Holder, deliver to such Holder a certificate, signed by the Company's principal financial officer, stating (a) the Company's name, address and telephone number (including area code), (b) the Company's Internal Revenue Service identification number, (c) the Company's SEC file number, (d) the number of shares of each class of capital stock outstanding as shown by the most recent report or statement published by the Company, and (e) whether the Company has filed the reports required to be filed under the Exchange Act for a period of at least ninety (90) days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder.
- (b) Upon the reasonable request of any Holder, the Company agrees to furnish to any Holder and any prospective purchaser of the Company Common Stock held by such Holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Section 2.11 Preservation of Rights

The Company shall not enter into any agreement, take any action, or permit any change to occur, with respect to its securities that violates or subordinates the rights expressly granted to the Holders in this Agreement.

Section 2.12 Applicability of Rights to Holders in the Event of an Acquisition

Subject to Section 3.1 hereof, in the event the Company merges into, consolidates, sells substantially all of its assets to or otherwise becomes an Affiliate of a Person, pursuant to a transaction or series of related transactions in which members of the Holders receive equity securities of such Person (or of any Affiliate of such Person) in exchange for Company Common Stock held by such Holders, all of the rights of the Holders set forth in this Agreement with respect to the Registrable Shares held by such Holders shall continue in full force and effect and

shall apply to the Person the equity securities of which are received by such Holders pursuant to such transaction or series of related transactions.

Section 2.13 Further Assurances

The Company shall cooperate fully and shall cause its accountants, counsel, financial advisors and other representatives to cooperate fully with the Requesting Holders to the extent reasonably requested by such Requesting Holders, including by way of (x) providing to such Requesting Holders or their Inspectors (subject to the proviso contained in Section 2.5(m)) any information concerning the Company and its Subsidiaries reasonably requested by such Requesting Holders in connection with the sale, exchange or distribution of Registrable Shares (including any filing by such Requesting Holders with the SEC on Schedule 14A, 14C or TO under the Exchange Act or other applicable schedule or form under the Exchange Act or Securities Act) and (y) providing any consents, executing any other documents or instruments and making any filings, reasonably requested by such Requesting Holders.

ARTICLE III TERMINATION

Section 3.1 Termination

- (a) The registration rights hereunder shall cease to apply to any particular Registrable Shares when: (a) a registration statement covering such Registrable Shares has been declared effective under the Securities Act by the Commission and such Registrable Shares have been disposed of pursuant to such effective registration statement, (b) the entire amount of the Registrable Shares owned by a Holder may be sold in a single sale pursuant to Rule 144 (or any successor provision then in effect) under the Securities Act, (c) the Registrable Shares are proposed to be sold or distributed by a Person not entitled to the registration rights granted by this Agreement, (d) a Change of Control shall have occurred, or (e) prior to notice of a Demand Registration or Piggyback Registration and after expiration of any "lockup" period to which a Holder may be subject under the terms of this Agreement, a Holder of such Registrable Shares elects in writing to no longer be a Party to this Agreement. For purposes of determining compliance with this Section 3.1, the Company shall promptly upon the request of any Holder furnish to such Holder evidence of the aggregate number of the class of Registrable Shares then outstanding.
- (b) This Agreement shall terminate on the date that is five (5) years from the date hereof; provided that Section 2.8 and Article IV shall survive any termination hereof.

ARTICLE IV MISCELLANEOUS

Section 4.1 Whole Agreement

This Agreement (including any schedules and exhibits hereto) contains the whole agreement between the Parties relating to the subject matter of this Agreement at the date hereof to the exclusion of any terms implied by law which may be excluded by Contract and supersedes all prior agreements, understandings, indemnities, representations and warranties both written and oral among the Parties with respect to the subject matter covered in this Agreement.

Section 4.2 Successors and Assigns

This Agreement is personal to the Parties to it. Accordingly, except as expressly provided herein including, for the avoidance of doubt, Section 2.9, no Party may, without the prior written consent of the other Party, assign the benefit of or all or any of its rights or obligations under this Agreement. The Parties agree that this Agreement shall be binding upon and inure to the benefit of the Parties' respective successors, including any transferee of all or substantially all of its assets, and the Parties' permitted assigns.

Section 4.3 Variation etc.

No variation or modification of or amendment to this Agreement shall be effective unless such variation, modification or amendment is in writing in a document which specifically states that it is a variation or modification of or amendment to this Agreement and such document is signed by or on behalf of each of the Parties.

Section 4.4 Invalidity

- (a) If any provision in this Agreement is held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification as is absolutely necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties.
- (b) To the extent it is not possible to delete or modify the provision, in whole or in part, under Section 4.4(a), then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under Section 4.4(a), not be affected.

Section 4.5 No Third Party Beneficiaries

Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the Parties to this Agreement, including any permitted transferees that hereafter become Parties in accordance with Section 2.9, or any of their respective successors and permitted assigns any legal or equitable right, remedy or claim under or in respect of any agreement or provision contained herein.

Section 4.6 Waivers

Other than as expressly provided herein, no waiver of any provision of this Agreement shall be effective against or binding upon a Party unless and then only to the extent that such waiver is set forth in a writing in a document which specifically states that it is a waiver and such document is signed by the other Party intended to be bound thereby. No action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action. The waiver by any Party of any provision of, or a breach of any provision of, this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by any Party to exercise any right or privilege hereunder shall be deemed a waiver of such Party's rights or privileges hereunder or shall be deemed a waiver of such Party's rights to exercise the same at any subsequent time or times hereunder.

Section 4.7 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all the counterparts shall together constitute one and the same instrument *provided* that this Agreement shall only take effect upon all of the Parties having entered into this Agreement and shall be deemed to take effect upon the last Party entering into this Agreement.

Section 4.8 Notices

- (a) Any notice or other communication in connection with this Agreement (each, a "**Notice**") shall be:
 - (i) in writing in English;
 - (ii) delivered by hand, fax, registered post or by courier using an internationally recognized courier company.
- (b) A Notice to the Company shall be sent to the Company at the following address, or such other person or address as the Company may notify to the other Parties from time to time:

Ormet Corporation.
Southpointe Boulevard
380 Southpointe Boulevard, Suite 200
Canonsburg, PA 15317
Phone: (724) 820-1800
Attention: President and CEO

With a copy to:

Reed Smith LLP
435 Sixth Avenue
Pittsburgh, PA 15219
Phone: (412) 288-3131

Fax: (412) 288-3063
Attention: Alan E. London, Esq.

- (c) A Notice to any other Holder shall be sent to such Holder at the address indicated under such Holder's signature to this Agreement or in the Joinder Agreement executed by such Holder pursuant to Section 2.9 hereof.
- (d) A Notice shall be effective upon receipt and shall be deemed to have been received:
 - (i) at the time of delivery, if delivered by hand, registered post or courier; and
 - (ii) at the expiration of two hours after completion of the transmission, if sent by facsimile,

provided that if a Notice would become effective under the above provisions after 5.30 p.m. on any Business Day, then it shall be deemed instead to become effective at 9.30 a.m. on the next Business Day. References in this Agreement to time are to local time at the location of the addressee as set out in the Notice.
- (e) Subject to the foregoing provisions of this Section 4.8, in proving service of a Notice, it shall be sufficient to prove that the envelope containing such Notice was properly addressed and delivered by hand, registered post or courier to the relevant address pursuant to the above provisions or that the facsimile transmission report (call back verification) states that the communication was properly sent.

Section 4.9 Governing Law and Venue; Waiver of Jury Trial

- (a) THIS AGREEMENT SHALL BE DEEMED TO BE MADE UNDER, AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICT OF LAW PRINCIPLES THAT WOULD CAUSE THE LAWS OF ANY OTHER JURISDICTION TO APPLY.
- (b) Each Party hereby irrevocably submits to the jurisdiction of the courts of the State of New York and County of Manhattan and the Federal courts of the United States of America located in the State of New York, and hereby waive, and agree not to assert, as a defense in any such action, suit or proceeding for the interpretation or enforcement hereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the Parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a New York State or Federal court. The Parties hereby consent to and grant any such court jurisdiction over the person of such

parties and over the such subject matter and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 4.8 or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

- (c) 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 SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4.9.

(This space intentionally left blank)

In Witness Whereof, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

ORMET CORPORATION

By: /s/ Ken Campbell
Name: Ken Campbell
Title: CEO

**MATLINPATTERSON GLOBAL
OPPORTUNITIES PARTNERS II LP**

By: MatlinPatterson Global Advisers LLC, its
investment adviser

By: /s/ Robert H. Weiss
Name: Robert H. Weiss
Title: General Counsel

**MATLINPATTERSON GLOBAL
OPPORTUNITIES PARTNERS
(CAYMAN) II L.P.**

By: MatlinPatterson Global Advisers LLC, its
investment adviser

By: /s/ Robert H. Weiss
Name: Robert H. Weiss
Title: General Counsel

Address for Notices:

FURSA CAPITAL PARTNERS L.P.

By: Fursa Capital Advisors LLC, in its capacity
as General Partner

By: /s/ Patrick Brennan
Name: Patrick Brennan
Title: Chief Administrator Officer

FURSA MASTER AXIS-RDO FUND LIMITED

By: Fursa Alternative Strategies LLC, in its capacity as Sub-Manager on behalf of Axis Capital Management (Bahamas) Limited

By: /s/ Patrick Brennan
Name: Patrick Brennan
Title: Chief Administrator Officer

FURSA MASTER GLOBAL EVENT DRIVEN FUND LP

By: Fursa Company Ltd., in its capacity as General Partner

By: /s/ Patrick Brennan
Name: Patrick Brennan
Title: Chief Administrator Officer

FURSA MASTER REDISCOVERED OPPORTUNITIES FUND LP

By: Fursa Company Ltd., in its capacity as General Partner

By: /s/ Patrick Brennan
Name: Patrick Brennan
Title: Chief Administrator Officer

SERIES 2 OF BLACKFRIARS MASTER VEHICLE LLC (f.k.a. SERIES 2 OF BLACKFRIARS SPECIAL PURPOSE VEHICLE LLC)

By: /s/ Patrick Brennan
Name: Patrick Brennan
Title: Chief Administrator Officer

Address for Notices:

Exhibit A

FORM OF JOINDER AGREEMENT

Reference is hereby made to that certain Registration Rights Agreement (the "**Registration Rights Agreement**"), dated as of [●], 2007, by and among Ormet Corporation, a Delaware corporation (the "**Company**") and the other parties thereto. Capitalized terms used herein without definition shall have the meaning set forth in the Registration Rights Agreement.

WHEREAS,

[(a)] (i) the undersigned (the "**Joining Holder**") holds [____] shares (the "**Shares**") of Company Common Stock the cannot be sold in a transaction that would result in the purchaser of such shares who is unaffiliated with the Company receiving from such Holder freely tradable shares of Company Common Stock and (ii) the Joining Holder acknowledges and agrees that the execution of this Joinder Agreement is a condition precedent to such Joining Holder's ability to exercise the rights granted under the Registration Rights Agreement;

or

[(b)] (i) [name of transferring Holder] (the "**Transferring Holder**") holds [____] shares (the "**Shares**") of Company Common Stock that cannot be sold in a transaction that would result in the purchaser of such shares who is unaffiliated with the Company receiving from such Holder freely tradable shares of Company Common Stock (ii) the Transferring Holder desires to transfer the Shares to [name of joining Holder] (the "**Joining Holder**") and (iii) such Joining Holder acknowledges and agrees that such Joining Holder must join in and become a party to the Registration Rights Agreement as a condition to (x) the acquisition of the foregoing shares of Company Common Stock, and (y) such Joining Holder's ability to exercise the rights granted under the Registration Rights Agreement;

NOW, THEREFORE, the Joining Holder agrees with the Company and all of the Holders as follows:

The Joining Holder hereby agrees to become a "**Holder**" and a party to the Registration Rights Agreement, and hereby agrees to be subject to and bound by all of the rights, liabilities and obligations of a "Holder" for all purposes set forth in the Registration Rights Agreement and agrees to be bound by all of the terms and provisions of the Registration Rights Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Joinder Agreement this
____ day of _____, 20__.

[_____]

By: _____
Name:
Title:
[JOINING HOLDER]

Address for Notices:

[_____]

By: _____
Name:
Title:
[TRANSFERRING HOLDER, as to the Recitals
only],

Accepted:

ORMET CORPORATION

By: _____
Name:
Title: