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Ormet Releases Financial Results

For the three months ended March 31, 2010

Hannibal, Ohio – May 11, 2010 – Ormet Corporation, an independent U.S. producer of aluminum, announced its results of operations for the three months ended March 31, 2010. The results for the three months ended March 31, 2010 were a net profit of \$0.2 million compared to a net profit of \$9.6 million for the same period of 2009. The 2010 first quarter results include one-time charges of \$5.0 million associated with the March 2, 2010 refinancing and non-recurring other income of \$3.2 million associated with a legal dispute settlement.

Results of Operations for the three months ended March 31, 2010

Net sales from continuing operations for the three months ended March 31, 2010 were \$100.2 million compared to \$126.5 million for the same period in 2009. The decrease is primarily attributed to a 33% reduction in operations in the 2010 period as a result of the ending of the tolling agreement with Glencore in the third quarter of 2009, which was partially offset by higher realized selling prices of approximately \$115/ metric tonne (ton or tons) for the 2010 period compared to the 2009 period when Ormet was tolling alumina for Glencore. Sales for the 2009 period benefited from the tolling agreement, which, when imputing a price for alumina, was at a level significantly above the London Metal Exchange (LME) during the first quarter of 2009. The monthly average cash settlement price on the LME including the Midwest premium was \$2,293 /ton and \$1,450/ton during the first quarters of 2010 and 2009, respectively. Total volume of sow sold was 44,219 tons and 66,619 tons for the three month period ended March 31, 2010 and 2009, respectively.

The gross profit for the three months ended March 31, 2010 was \$8.9 million compared to a gross profit of \$19.7 million for the same period in 2009. The sales decline of \$26.3 million from 2009 was partially offset in 2010 by lower cost of goods sold. Cost of goods sold for the three month period ended March 31, 2010 was \$91.3 million compared to \$106.8 million in 2009. The absence of alumina costs in 2009 (due to the tolling agreement) amounted to an increase in cost of goods sold in the 2010 period of \$28.3 million for alumina, which increased costs were more than offset by lower power and anode costs in the 2010 period totaling \$46.2 million as compared to 2009 levels. Power unit costs decreased from \$38.84/MWh for the three months ended March 31, 2009 to \$25.42/MWh for the three months ended March 31, 2010, while anode costs declined from \$941/ton for the three months ended March 31, 2009 to \$569/ton for the three months ended March 31, 2010. During the first quarter 2010, the Company's average rate paid for electric power consumed during that period was \$14.98/MWh, reflecting full utilization of the maximum monthly discount available. The Company is accruing the monthly discount amount based upon the annual estimated power consumption divided into the annual estimated discount amount, with the difference between the billed amount and the amount expensed being recorded as a deferred credit.

Operating expenses for the three months ended March 31, 2010 totaled \$5.4 million, a decrease of \$0.2 million from the \$5.6 million for the same period in 2009.

For the three months ended March 31, 2010, the Company reported a \$4.0 million operating profit compared to an operating profit of \$14.1 million in the same period of 2009.

Non operating expense totaled \$3.1 million versus \$3.6 million for the three months ended March 31, 2010 and 2009, respectively. The increase was due to \$4.0 million in higher interest expense and financing costs including a prepayment premium of \$2.7 million and accretion expense of \$1.4 million associated with the refinancing of the Company's long term debt on March 2, 2010. These were offset by the reversal of a \$3.2 million contingent liability resulting from the settlement of an alumina/bauxite contract dispute from 2006.

As a result of its net operating loss carry-forward, the Company did not record any tax expense or tax benefit. As of March 31, 2009, the Company has approximately \$182.1 million of net operating losses ("NOL") to carry-forward and apply to income tax liabilities in future years. The Company recorded certain valuation reserves and, as a result, no deferred tax assets or deferred tax liabilities are reflected on the balance sheet. As a result of a change of control, as defined in Section 382 of the Internal Revenue Code, in May 2007, NOL of \$96.4 million were estimated to be subject to an annual Section 382 limitation of \$12.6 million as of March 31, 2010. Unrestricted NOL as of March 31, 2010 were estimated to be approximately \$85.6 million.

The cost for discontinued operations of \$0.7 million for the three months ended March 31, 2010 compared to \$1.0 million for the same period in 2009 principally reflects a decrease in long term employee benefit expenses.

The average number of shares of common stock issued and outstanding during the three months ended March 31, 2010 and 2009 was 18,461,952. The resulting income from continuing operations for the three month period ended March 31, 2010 was \$0.05 per share compared to a net profit from continuing operations for the three month period ended March 31, 2009 of \$0.57 per share. Net income per share was \$0.01 during the three month period ended March 31, 2010 compared to a net profit for the three month period ended March 31, 2009 of \$0.52 per share.

The Company spent \$1.4 million on capital expenditures during the three months ended March 31, 2010, including \$1.3 million for relining 17 pots during the period. All capital expenditures were incurred at the aluminum smelter in Hannibal, Ohio. The ABL facility limits the Company's ability to make capital expenditures at its facilities. The limit for the year 2010 is \$20.0 million.

Liquidity and Capital Resources

The net cash used by operating activities was \$19.6 million for the three months ended March 31, 2010. The use of cash was principally caused by pension and VEBA funding requirements (net of accrued expenses) and an additional pension contribution in connection with the March 2, 2010 debt refinancing totaling \$30.9 million. Working capital increases consumed \$2.1 million in cash. Cash was increased by net income adjusted for non-cash expenses of \$9.0 million. All other operating items contributed \$4.4 million in cash

Net cash used in investing activities was \$0.9 million and was directly related to the relining of certain “pots” at the aluminum smelter and other capital expenditures totaling \$1.4 million, partially offset by proceeds from the sale of unused land at the Company’s Burnside alumina facility of \$0.5 million.

Net cash provided from financing activities was \$43.9 million, which was the excess proceeds from the refinancing of the Company’s long term debt and payoff of the Company’s prior revolving credit facility.

The cash balance of the Company at March 31, 2010 was \$27.5 million, an increase of \$23.4 million from the \$4.1 million balance at December 31, 2009.

The ongoing sources of liquidity for the Company are existing cash balances, cash flows from continuing operations and available borrowings under the Company’s new ABL facility. As of April 30, 2010, there was a cash balance of \$30.4 million, no outstanding loan balance on the ABL facility, outstanding letters of credit were \$5.6 million, and the Company’s remaining borrowing availability was \$20.4 million.

Primary uses of cash are for funding the aluminum smelter operations, including raw material purchases, electricity costs, increases in working capital, capital expenditures, labor costs and funding of the Ormet pension plan and contractual payments to the VEBA Benefit Trusts. Total inventory at March 31, 2010 of \$77.5 million was \$6.3 million lower than the \$83.8 million at December 31, 2009. This reduction was principally due to a reduction in alumina inventory in the first three months of 2010. The inventory at March 31, 2009 is principally composed of anodes totaling \$19.3 million, alumina of \$29.8 million and operating materials and supplies (bath, molten pad, potlining material, copper bars, stores and other operating supplies) totaling \$28.4 million.

Comments from the President and CEO

Mike Tanchuk, Ormet’s President and CEO commented that, “I am extremely pleased by our results and our position going forward. We refinanced the Company, made a significant additional contribution to the pension plan and locked in sound metal prices for the remainder of 2010. The due diligence on the Mead carbon facility is proceeding well and we continue to evaluate next steps for Ormet.

What I am most proud of is the performance of the Hannibal operation. The smelter has reached and sustained world class current efficiency that put us right up there with much newer technologies. This only happens when the hearts and minds of every employee are fully focused on safety and operating performance.”

The complete Ormet first quarter 2010 disclosure and financial statements will be available on the Company’s website. Please visit the Investor section of the website at www.ormet.com.

Cautionary Statement

This Statement contains forward-looking statements that can be identified by use of words such as “anticipates,” “believes,” “estimates,” “expects,” “hopes,” “targets,” “should,” “forecast,” “outlook,” “projects” or other words of similar meaning. All statements that address the Company’s expectations or projections about the future, including statements about the Company’s strategy for growth, cost reduction goals, expenditures, financial results, liquidity and capital needs, as well as other statements contained in this press release, are forward-looking statements. Forward-looking statements are based on the Company’s estimates, assumptions and expectations of future events and are subject to a number of risks and uncertainties and may or may not be realized. The Company cannot guarantee its future performance or results

of operations. All forward-looking statements in this press release are based on information available to the Company on the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking statements, except as may be required by law. The Company's business is subject to a number of significant risks and uncertainties. Reference is made to the risk factors and other disclosures contained in the Company's Information and Disclosure Statements for the year ended December 31, 2009 and the quarter ended March 31, 2010, which are available on the Company's website at www.ormet.com. Given the significant uncertainties and risks to which the Company is subject (a) the reader should not place undue reliance on forward-looking statements contained in this press release and (b) the Company's future results could differ materially from the Company's current results and from those anticipated in the Company's forward-looking statements.

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Headquartered in Hannibal, Ohio, Ormet Corporation is a major U.S. producer of aluminum. Ormet employs approximately 1,000 people. For more information, visit the website at www.ormet.com.

Ormet Corporation
Consolidated Financial Statements
March 31, 2010

Consolidated Balance Sheet

(000's omitted)

	Unaudited	
	<u>3/31/2010</u>	<u>12/31/2009</u>
ASSETS		
Cash	\$ 27,328	\$ 3,885
Restricted Cash	150	150
Trade accounts receivable, net	12,750	8,614
Inventories	77,544	83,817
Prepaid expense and other current assets	3,160	1,351
Total current assets	<u>120,932</u>	<u>97,817</u>
Property and equipment	51,605	54,131
Goodwill	42,284	42,284
Assets held for sale	3,016	3,016
Other assets	2,796	1,605
	<u>220,633</u>	<u>198,853</u>
TOTAL ASSETS	<u>\$ 220,633</u>	<u>\$ 198,853</u>
 LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	23,673	26,123
Bank line of credit	-	4,061
Accrued compensation	6,881	8,623
Accrued interest	1,297	2,635
Postretirement obligations	8,434	8,075
Other accrued liabilities	17,708	9,751
Total current liabilities	<u>57,993</u>	<u>59,268</u>
Long term debt	101,303	52,099
Other liabilities:		
Pension obligations	147,091	176,803
Postretirement obligations	49,545	51,107
Other liabilities	4,004	4,324
	<u>(139,303)</u>	<u>(144,748)</u>
STOCKHOLDERS' DEFICIT	<u>(139,303)</u>	<u>(144,748)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 220,633</u>	<u>\$ 198,853</u>

See the unaudited financial statements which will be available on the Company's website in the Investor's section— www.ormet.com.

Ormet Corporation
Consolidated Financial Statements
March 31, 2010

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
(000's; except per share)

	Three Months Ended	
	3/31/2010	3/31/2009
Net sales from continuing operations	\$ 100,246	\$ 126,502
Total cost of sales	91,320	106,829
Gross profit	8,926	19,673
Operating expenses (income)		
General and administrative expenses	5,356	5,566
Gain on sale of assets	(478)	(8)
Operating income	4,048	14,115
Non-operating (expenses) income		
Debt extinguishment premium	(2,702)	-
Other income (expense), net	4,484	(7)
Interest expense	(4,887)	(3,549)
Total non-operating income (expenses)	(3,105)	(3,556)
Income before income tax	943	10,559
Income tax expense	-	-
Income from continuing operations	943	10,559
Loss from discontinued operations	(732)	(976)
Net income	\$ 211	\$ 9,583
Shares outstanding:		
Average during period	18,462	18,462
As of March 31	18,462	18,462
Net income per share from continuing operations	\$ 0.05	\$ 0.57
Net income per share	\$ 0.01	\$ 0.52

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Ormet Corporation
Consolidated Financial Statements
March 31, 2010

CONSOLIDATED STATEMENT OF CASH FLOWS

(000's omitted)

Unaudited

Three Months Ended March 31,

2010

2009

	2010	2009
Cash flows from operating activities		
Net income (loss)	\$ 211	\$ 9,583
Adjustments to reconcile net income to net cash from:		
Depreciation and amortization	3,950	3,480
Bad debt expense	-	103
Deferred interest	2,210	1,852
Amortization of pension plan loss	1,602	864
Compensation expense related to options	266	801
Amortization of deferred financing costs	1,277	876
Gain (loss) on sale of property and equipment	(478)	8
Net change in:		
Trade accounts receivable	(4,136)	(4,186)
Inventory	6,273	25,225
Prepaid & other current assets	(1,808)	(1,571)
Accounts payable	(2,451)	(7,331)
Accrued liabilities & other assets	4,422	1,708
Pension and postretirement	(30,915)	(6,552)
Net cash provided (used) in operating activities	(19,577)	24,860
Cash flows from investing activities		
Proceeds from asset sales	516	38
Capital spending	(1,439)	(3,716)
Net cash used in investing activities	(923)	(3,678)
Cash flows from financing activities		
Repayment of long term loan	(54,035)	-
Proceeds from issuance of long term debt	104,500	-
(Repayment) proceeds on bank line of credit - net	(4,061)	11,820
Payment of financing fees	(2,461)	-
Net cash provided by financing activities	43,943	11,820
Net increase in cash	23,443	33,002
Cash - beginning of period	4,035	2,156
Cash - end of period	\$ 27,478	\$ 35,158