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Ormet Releases Financial Results

For the three and six month periods ended June 30, 2010

Hannibal, Ohio – August 9, 2010 – Ormet Corporation, an independent U.S. producer of aluminum, announced its results of operations for the three and six month periods ended June 30, 2010. Results for the three months ended June 30, 2010 were a net profit of \$5.0 million compared to a net profit of \$4.3 million for the same period of 2009. Net income for the six months ended June 30, 2010 totaled \$5.2 million compared to \$13.9 million for the same period of 2009. The 2010 six month results include one-time charges associated with the March 2, 2010 refinancing of \$5.0 million and non-repeatable other income of \$3.2 million associated with a legal dispute settlement.

Results of Operations for the three months ended June 30, 2010

Net sales from continuing operations for the three months ended June 30, 2010 were \$108.3 million compared to \$116.1 million for the same period in 2009. The decrease is primarily attributed to a reduction in operations in the 2010 period, which was partially offset by higher average realized selling prices of approximately \$498/ metric tonne (ton or tons) for the 2010 period compared to the 2009 period and the impact of going from a toll based revenue stream to selling aluminum in 2010. Sales for the three month 2009 period benefited from the pre-pricing built into the tolling agreement which, when imputing a price for alumina, was at pricing significantly above the price of aluminum sold in the 2nd quarter of 2010. The monthly average cash settlement price on the London Metal Exchange (LME) including the Midwest premium was \$2,237 /ton and \$1,580/ton during the second quarters of 2010 and 2009, respectively. Total volume of sow sold was 44,814 tons and 60,152 tons (54,521 tons tolled) for the three month period ended June 30, 2010 and 2009, respectively.

The gross profit for the three months ended June 30, 2010 was \$14.1 million compared to a gross profit of \$16.7 million for the same period in 2009. The sales decline of \$7.8 million from 2009 was partially offset by lower cost of goods sold in 2010. Cost of goods sold for the three month period ended June 30, 2010 of \$94.2 million was \$5.9 million lower compared to the same period in 2009 cost of goods sold of \$99.3 million. Raw material costs were \$5.9 million lower in the second quarter of 2010 compared to the same period in 2009. Approximately \$17.1 million of the decrease was a result of lower production, in addition to lower cost power of \$10.7 million and anodes of \$5.5 million, partially offset by a \$28.0 million increase in alumina cost due to the absence of alumina costs in the 2009 period (due to the tolling agreement).

Operating expenses for the three months ended June 30, 2010 totaled \$4.6 million, a decrease of \$4.1 million from the \$8.7 million for the same period in 2009. The reduction was driven primarily by lower legal and professional fees in 2010 of \$3.4 million and lower loan amortization costs of \$0.7 million.

For the three months ended June 30, 2010, the Company reported a \$9.5 million operating profit compared to an operating profit of \$8.2 million in the same period of 2009.

Non operating expense totaled \$4.4 million versus non operating expenses of \$3.4 million for the three months ended June 30, 2010 and 2009, respectively. The increase was due to \$1.2 million in higher interest expense.

As a result of its net operating loss carry-forward, the Company did not record any tax expense or tax benefit. As of June 30, 2010, the Company had approximately \$177.0 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 June 30, 2010. Unrestricted NOL as of June 30, 2010 was estimated to be approximately \$80.6 million.

The discontinued operations cost of \$0.1 million for the three months ended June 30, 2010 compared to \$0.5 million for the same period in 2009 principally reflect a decrease in long term employee benefit expenses

The average number of shares of common stock issued and outstanding during the three months ended June 30, 2010 and 2009 was 18,461,952. The resulting income from continuing operations for the three month period ended June 30, 2010 was \$0.28 per share compared to income from continuing operations for the three month period ended June 30, 2009 of \$0.26 per share. Net income per share was \$0.27 during the three month period ended June 30, 2010 compared to a net income for the three month period ended June 30, 2009 of \$0.23 per share.

Results of Operations for the six months ended June 30, 2010

Net sales from continuing operations for the six months ended June 30, 2010 were \$208.5 million related to the sale of 89,034 tons compared to \$242.6 million for 126,773 tons(108,777 tons tolled) for the same period in 2009, a \$34.1 million decrease. The decrease is attributed to the reduction in operations that began in May 2009 due to the contractual dispute with Glencore, which had a negative volume impact of \$73.0 million, offset by the effect of higher average realized selling prices in 2010 and the transition from tolling of alumina to sale of aluminum totaling \$38.9 million. The monthly average cash settlement price on the LME including the Midwest premium was \$2,266/metric ton and \$1,515/metric ton during the first six months of calendar years 2010 and 2009, respectively. The realized price for sow for the first 6 months of 2010 was \$2,329/ metric ton, versus \$1,893/ metric ton for the same period in 2009. Sales in 2009 also benefitted from the tolling agreement with Glencore, which realized prices significantly higher than the LME when you would consider the imputed price of alumina incorporated into the toll.

The gross profit for the six months ended June 30, 2010 was \$23.0 million compared to a gross profit of \$36.4 million for the same period in 2009. The sales decline of \$34.1 million from 2009 was partially offset by lower cost of goods sold in 2010. Cost of goods sold for the first six months of 2010 of \$185.5 million was \$20.7 million lower than cost of goods sold of \$206.2 million in the same period of 2009. Raw material costs were \$25.2 million lower in the six month period of 2010 compared to the same period in 2009. Approximately \$45.2 million of the decrease was a result of lower production, in addition to lower cost power of \$20.4 million and anodes of \$15.7 million, partially offset by a \$56.3 million increase in alumina costs due to the absence of alumina costs in 2009 (due to the tolling agreement)

Operating expenses for the six months ended June 30, 2010 totaled \$9.9 million versus \$14.3 million from the same period in 2009. The \$4.4 million reduction was due to lower legal and professional expenses of \$3.6 million and stock compensation costs of \$0.8 million.

For the six months ended June 30, 2010, the Company reported a \$13.6 million operating profit compared to an operating profit of \$22.3 million in the same period of 2009.

Non operating expense totaled \$7.5 million versus non operating expenses of \$7.0 million for the six months ended June 30, 2010 and 2009, respectively. The increase was due to \$2.5 million in higher interest expenses and \$2.7 million of prepayment premiums related to the refinancing of the Company's debt, offset by the reversal of a \$3.2 million contingent liability related to settlement of the alumina contract dispute and \$1.2 million in retroactive interest income received from the prior power contract deposit.

As a result of its net operating loss carry-forward, the Company did not record any tax expense or tax benefit. As of June 30, 2010, the Company has approximately \$177.0 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 June 30, 2010. Unrestricted NOL as of June 30, 2010 was estimated to be approximately \$80.6 million.

The discontinued operations cost of \$0.8 million for the six months ended June 30, 2009 compared to the \$1.4 million cost for the same period in 2009 reflects a decrease in long term employee benefit expense.

The average number of shares of common stock issued and outstanding during the six months ended June 30, 2010 was 18,461,952. The resulting income from continuing operations for the six month period ended June 30, 2010 was \$0.33 per share compared to income from continuing operations for the six month period ended June 30, 2009 of \$0.83 per share. Net income per share was \$0.28 and \$0.75 during the six month periods ended June 30, 2010 and 2009, respectively.

Capital Expenditures- The Company spent \$3.3 million on capital expenditures during the six months ended June 30, 2010 including \$2.9 million for relining 38 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 \$8.7 million for the six months ended June 30, 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, 2010 debt refinancing totaling \$36.8 million. Working capital increases consumed \$8.5 million in cash. Cash from operations was increased by net income adjusted for non-cash expenses of \$36.6 million.

Net cash used in investing activities was \$2.8 million and was directly related to the relining of certain "pots" at the aluminum smelter and other capital expenditures totaling \$3.3 million; partially offset by proceeds from the sale of unused land at the Company's Burnside alumina facility \$0.5 million.

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

The Company's cash balance at June 30, 2010 was \$36.4 million, an increase of \$32.4 million from the \$4.0 million balance at December 31, 2009.

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 June 30, 2010 of \$86.8 million was \$3.0 million higher than the \$83.8 million at December 31, 2009. This was principally due to increases in alumina and aluminum fluoride inventory in the first six months of 2010. The inventory at June 30, 2010 is principally composed of anodes totaling \$23.9 million, alumina of \$32.9 million and operating materials and supplies (bath, molten pad, potlining material, copper bars, stores and other operating supplies) and finished goods totaling \$30.0 million.

At June 30, 2010 there were no outstanding borrowings on the ABL facility, while at December 31, 2009, there was \$4.1 million of outstanding borrowings on the prior credit facility. Outstanding letters of credit at June 30, 2010 and December 31, 2009 were \$5.6 million and \$5.9 million, respectively. Availability under the ABL at June 30, 2010 and prior revolving credit facility at December 31, 2009 was \$35.0 million and \$45.0 million, respectively.

The ongoing sources of liquidity for the Company are existing cash balances, cash flows from continuing operations and available borrowings under the new ABL facility. As of July 30, 2010, there was a cash balance of \$28.6 million, no outstanding loan balance on the ABL facility, outstanding letters of credit were \$5.6 million, and remaining borrowing availability was \$34.5 million.

Mike Tanchuk, Ormet's President and CEO commented that, "we made further progress with a sound second quarter. Our focus continues to be on securing a cost effective anode supply and looking at growth opportunities while we improve operations. We are essentially prepriced with metal for the rest of the year and will look for market opportunities to price metal going forward."

The complete Ormet second quarter 2010 disclosure and financial statements will be available on the Company's website. In addition, the audio portion of the Company's annual meeting held on August 4, 2010 is also 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, 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,

which is 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
June 30, 2010

Consolidated Balance Sheet
(000's omitted)

	Unaudited	
	<u>6/30/2010</u>	<u>12/31/2009</u>
ASSETS		
Cash	\$ 36,300	\$ 3,885
Restricted Cash	150	150
Trade accounts receivable, net	6,809	8,614
Inventories	86,845	83,817
Prepaid expense and other current assets	2,833	1,351
Total current assets	<u>132,937</u>	<u>97,817</u>
Property and equipment	49,408	54,131
Goodwill	42,284	42,284
Assets held for sale	3,016	3,016
Other assets	2,648	1,605
TOTAL ASSETS	<u>\$ 230,293</u>	<u>\$ 198,853</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	20,424	26,123
Bank line of credit	-	4,061
Accrued compensation	7,501	8,623
Accrued interest	3,871	2,635
Postretirement obligations	8,799	8,075
Other accrued liabilities	26,130	9,751
Total current liabilities	<u>66,725</u>	<u>59,268</u>
Long term debt	101,835	52,099
Other liabilities:		
Pension obligations	142,398	176,803
Postretirement obligations	47,959	51,107
Other liabilities	3,633	4,324
STOCKHOLDERS' DEFICIT	<u>(132,257)</u>	<u>(144,748)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 230,293</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
June 30, 2010

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

(000's omitted)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
Net sales from continuing operations	\$ 108,301	\$ 116,075	\$ 208,547	\$ 242,577
Total cost of sales	<u>94,202</u>	<u>99,339</u>	<u>185,522</u>	<u>206,168</u>
Gross profit	14,099	16,736	23,025	36,409
Operating expenses (income)				
General and administrative expenses	4,550	8,715	9,906	14,281
Gain on sale of assets	<u>-</u>	<u>(155)</u>	<u>(478)</u>	<u>(163)</u>
Operating income	9,549	8,176	13,597	22,291
Non-operating (expenses) income				
Debt extinguishment premium	-	-	(2,702)	-
Other income (expense), net	117	(83)	4,601	(90)
Interest expense	<u>(4,519)</u>	<u>(3,311)</u>	<u>(9,406)</u>	<u>(6,860)</u>
Total non-operating expenses	<u>(4,402)</u>	<u>(3,394)</u>	<u>(7,507)</u>	<u>(6,950)</u>
Income before income tax	5,147	4,782	6,090	15,341
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income from continuing operations	5,147	4,782	6,090	15,341
Loss from discontinued operations (Note 13)	<u>(109)</u>	<u>(453)</u>	<u>(841)</u>	<u>(1,429)</u>
Net income	<u>\$ 5,038</u>	<u>\$ 4,329</u>	<u>\$ 5,249</u>	<u>\$ 13,912</u>
Shares outstanding:				
Average during period	18,462	18,462	18,462	18,462
As of June 30, 2010	18,462	18,462	18,462	18,462
Net income per share from continuing operations	<u>\$ 0.28</u>	<u>\$ 0.26</u>	<u>\$ 0.33</u>	<u>\$ 0.83</u>
Net income per share	<u>\$ 0.27</u>	<u>\$ 0.23</u>	<u>\$ 0.28</u>	<u>\$ 0.75</u>

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Ormet Corporation
Consolidated Financial Statements
June 30, 2010

CONSOLIDATED STATEMENT OF CASH FLOWS
(000's omitted)

	Unaudited	
	Six Months Ended June 30,	
	2010	2009
Cash flows from operating activities		
Net income	\$ 5,249	\$ 13,912
Adjustments to reconcile net income to net cash from:		
Depreciation and amortization	7,983	7,108
Bad debt expense	11	19
Non cash interest	2,841	3,766
Amortization of pension plan loss	3,351	1,729
Compensation expense related to options	525	1,546
Amortization of deferred financing costs	1,463	1,723
Gain on sale of property and equipment	(478)	(163)
Net change in:		
Trade accounts receivable	1,794	889
Inventory	(3,028)	26,253
Prepaid & other current assets	(1,482)	(773)
Accounts payable	(5,699)	(4,489)
Accrued liabilities & other assets	15,631	3,953
Pension and postretirement	(36,829)	(13,132)
Net cash provided (used) in operating activities	(8,668)	42,341
Cash flows from investing activities		
Proceeds from asset sales	516	375
Capital spending	(3,320)	(5,604)
Net cash used in investing activities	(2,804)	(5,229)
Cash flows from financing activities		
Repayment of long term loan	(54,035)	-
Proceeds from –long term debt	104,500	-
Repayment on bank line of credit - net	(4,061)	(35,668)
Payment of financing fees	(2,517)	(1,000)
Net cash provided (used) by financing activities	43,887	(36,668)
Net increase in cash	32,415	444
Cash - beginning of period	4,035	2,156
Cash - end of period	\$ 36,450	\$ 2,600