

Contact Info:

Linda King
Director of Public Relations
James Communications, Inc.
412-428-0050 or 412-296-2284
lregelman@jamescomm.net

Ormet Releases Financial Results

Third Quarter 2009 and Nine Months Ending September 30, 2009

Hannibal, Ohio – November 6, 2009 – Ormet Corporation, an independent U.S. producer of aluminum, announced its third quarter 2009 and nine months ending September 30, 2009 results, realizing a net income of \$28.6 million and \$42.5 million, respectively, including an arbitration award.

In addition, the Company and the United Steelworkers of America (USWA) have agreed to an extension of their collective bargaining agreement to May 31, 2011. The agreement originally had a December 31, 2009 expiration date.

Third Quarter 2009 Results

Net sales from continuing operations for the three months ended September 30, 2009 were \$87.2 million compared to \$127.6 million for the same period in 2008. The decrease is primarily attributed to a 30% reduction in operations in the 2009 period compared to the 2008 period. Total volume of sow sold was 47,082 metric tonnes (ton or tons) and 66,252 tons for the three month period ended September 30, 2009 and 2008, respectively. Toll revenue in the third quarter of 2009 totaled \$46.1 million, a decline of \$76.8 million from toll revenue of \$122.9 million during the same period of 2008. Non-toll sow revenue increased to \$40.1 million during the third quarter of 2009 compared to \$2.3 million on the sale of 19,774 tons during the 2009 period compared to sale of 831 tons in the same period of 2008. The decline in toll volume and increase in non toll revenue was due to the ending of the Company's tolling agreement with Glencore, which occurred during August 2009. The monthly average cash settlement price on the London Metal Exchange (LME) including the Midwest premium was \$1,924/ton and \$2,883/ton during the third quarters of 2009 and 2008, respectively.

Gross profit for the three months ended September 30, 2009 was \$6.2 million compared to a gross profit of \$1.6 million for the same period in 2008. The \$40.4 million sales decline, described above, was offset by a \$45.0 million reduction in cost of sales. This cost of sales reduction was a result of the 30% decrease in production (approximately \$28.2 million) and the effect of lower unit costs for power and anodes of \$9.2 million and \$7.6 million, respectively. Power costs decreased from \$50.66/MKWh for the three months ended September 30, 2008 to \$38.39/MKWh for the three months ended September 30, 2009, while anode cost declined from \$902/ton for the three months ended September 30, 2008 to \$629/ton for the three months ended September 30, 2009.

Operating expenses for the three months ended September 30, 2009 totaled \$5.8 million, an increase of \$0.7 million from the \$5.1 million for the same period in 2008, due to increased legal and professional fees of \$0.8 million. The Company spent \$1.7 million in legal and professional fees during the three month period ended September 30, 2009 in connection with the arbitration with Glencore.

For the three months ended September 30, 2009, the Company reported a \$0.4 million operating profit compared to an operating loss of \$3.5 million in the same period of 2008.

Non operating income totaled \$28.9 million versus non operating expenses of \$3.8 million for the three months ended September 30, 2009 and 2008, respectively. This was due to the arbitration award, fees and associated interest paid by Glencore of \$31.2 million, and lower interest expense of \$0.4 million. As noted above, legal and professional fees associated with the arbitration were \$1.7 million during the third quarter 2009.

As a result of its net operating loss carry-forward, the Company did not record any tax expense or tax benefit. As of December 31, 2008, the Company has approximately \$191.9 million of 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 IRC, which took place in April 2005 and then again in May 2007, NOL of \$106.0 million were estimated to be subject to an annual Section 382 limitation of approximately \$3.0 million for the 2005 change of control and \$12.6 million for the 2007 change of control, as of December 31, 2008. Unrestricted NOL as of December 31, 2008 were estimated to be approximately \$84.2 million.

Expenses associated with discontinued operations totaled \$0.6 million for the three months ended September 30, 2009 compared to \$0.2 million for the same period in 2008 and principally reflect an increase in long term employee benefit expense and legal fees of \$0.2 million.

The average number of shares of common stock issued and outstanding during the three months ended September 30, 2009 was 18,461,952. The resulting net income from continuing operations for the three month period ended September 30, 2009 was \$1.59 per share compared to a net loss from continuing operations for the three month period ended September 30, 2008 of \$0.40 per share with an average of 18,458,612 shares outstanding during the 2008 three month period. Net income per share was \$1.55 during the three month periods ended September 30, 2009 compared to a net loss for the three month period ended September 30, 2008 of \$0.41 per share.

The Company spent \$1.6 million on capital expenditures during the three months ended September 30, 2009, including \$1.5 million for relining 20 pots during the period. All capital expenditures were incurred at the aluminum smelter in Hannibal, Ohio. The revolving credit agreement limits the Company's ability to make capital expenditures at its facilities. The limit amount for the year 2009 is \$26.4 million.

Nine Months Ended September 30, 2009 Results

Net sales from continuing operations for the nine months ended September 30, 2009 were \$329.8 million related to the tolling or sale of 173,851 tons compared to \$423.5 million for 193,405 tons for the same period in 2008. The decrease is primarily attributed to the absence of the tolling agreement in the first quarter of 2008 with the associated benefit of the higher LME prices realized during the first quarter of 2008 and the reduction in operations in 2009 due to the contractual dispute with Glencore and the ending of the tolling agreement with Glencore during August 2009. The monthly average cash settlement price on the LME including the Midwest premium was \$1,652/ton and \$2,917/ton during the first nine months of calendar years 2009 and 2008, respectively. Non-toll revenue in the first nine months of 2009 totaled \$65.6 million, a decline of 62% from revenue of \$171.6 million during the same period of 2008. Non-toll sow volume sold fell 43% during the first nine months of 2009 to 37,768 tons compared to 66,069 tons in the same period of 2008.

Gross profit for the nine months ended September 30, 2009 was \$42.6 million compared to a gross profit of \$27.6 million for the same period in 2008. The revenue decline described above of \$93.7 million was offset by a \$102.7 million decrease in cost of goods sold. The tolling agreement with Glencore removed the raw material cost of alumina from all of the 2009 (except for the month of September) cost of sales as compared to only the second and

third quarters of 2008. This accounts for the significantly lower cost of raw materials in first nine months of 2009 versus the same period in 2008. In addition, a reduction in the electric power rate to \$39.34/MKWh versus \$50.57/MKWh during the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008, had a favorable effect of \$31.3 million and the reduction of operations beginning in late May and forward for the remainder of 2009 to date caused a reduction of \$64.8 million in cost of goods sold. Improved operating efficiencies for the first nine months of 2009 versus the same period in 2008 further reduced cost of goods sold by \$6.6 million.

Operating expenses for the nine months ended September 30, 2009 totaled \$20.0 million, an increase of \$1.2 million from \$18.8 million in the same period in 2008, primarily due to increased legal and professional expenses of \$3.8 million related to the arbitration with Glencore, partially offset by a reduction of \$2.5 million in loan fee amortization costs.

For the nine months ended September 30, 2009, the Company reported a \$22.6 million operating profit compared to an operating profit of \$8.7 million in the same period of 2008.

Non-operating income totaled \$22.0 million for the nine months ended September 30, 2009 versus non-operating expenses of \$11.2 million for the nine months ended September 30, 2008. This increase in non-operating income was due to the arbitration award, fees and associated interest and fees paid by Glencore of \$31.2 million, and lower interest expense of \$0.7 million, in the nine months ended September 30, 2009. As noted above, legal and professional fees associated with the arbitration were \$3.8 million.

As a result of the Company's net operating loss carry-forward, noted above, the Company did not record any tax expense or tax benefit in the nine months ended September 30, 2009.

Expenses associated with discontinued operations totaled \$2.1 million for the nine months ended September 30, 2009 compared to a cost of \$0.9 million for the same period in 2008 and reflect an increase in long term employee benefit expense of \$0.5 million and increased environmental costs of \$0.2 million.

The average number of shares of common stock issued and outstanding during the nine months ended September 30, 2009 was 18,461,952. The resulting net income from continuing operations for the nine month period ended September 30, 2009 was \$2.42 per share compared to net loss from continuing operations for the nine month period ended September 30, 2008 of \$0.13 per share with an average of 18,245,982 shares outstanding during the 2008 nine month period. Net income per share was \$2.30 compared to a net loss of \$0.18 during the nine month periods ended September 30, 2009 and 2008, respectively.

The Company spent \$7.2 million on capital expenditures during the nine months ended September 30, 2009, including \$6.6 million for relining 83 pots during the period. All capital expenditures were incurred at the aluminum smelter in Hannibal, Ohio. The revolving credit agreement limits the Company's ability to make capital expenditures at its facilities. The limit amount for the year 2009 is \$26.4 million.

Year to Date Highlights

Due to a supply interruption by Glencore, on May 1, 2009 the Company reduced its production to 5 ½ potlines from 6 potlines. By May 20, 2009, a further reduction was made to 5 potlines, which was further reduced to approximately 4.6 lines by June 1, 2009. As a result of the ruling by the arbitration panel on the Company's contractual dispute with Glencore and decreased availability of alumina, production was reduced to 4 potlines by August 4, 2009. The arbitration panel's ruling effectively ended the contract with Glencore with a monetary award

which was received from Glencore by the Company on August 20, 2009. As a result, the Company began procuring its own alumina during the month of August 2009 and selling its production on the open market beginning in September 2009. The Company has been able to purchase sufficient alumina to meet its current operating needs and is working on the logistics to prevent any further disruption of operations since exiting the tolling agreement with Glencore. In addition, during fourth quarter of 2009, the Company expects to operate four potlines, maintain employment levels at or above 900 employees and has firm orders for all of its production with approximately 46% on a pre-priced basis.

On September 16, 2009 the Company and American Electric Power Ohio executed a new power agreement as approved by the Public Utilities Commission of Ohio (PUCO) on July 15, 2009. Under the agreement, the Company will receive up to the annual total maximum amount in electric rate discount if the aluminum pricing on the LME falls below annual targeted levels. This discount will be subject to adjustment if employment levels at the Hannibal facility fall below 650 employees. For calendar years 2010 through 2018, the PUCO approved the link of the Company's electric rate to the price of aluminum as reported on the LME, subject to the maximum annual electric discount for the Company of \$60 million annually for the years 2010 and 2011. For the year 2012 the annual maximum amount is \$54 million which is reduced by \$10 million each year for the years 2013 through 2018. On a monthly basis, this maximum discount cannot exceed 12.5% of such annual limit.

Net cash generated by operating activities was \$57.5 million for the nine months ended September 30, 2009, reflecting the arbitration award from Glencore of \$31.2 million. Net cash was increased by an inventory reduction of \$18.1 million, principally anodes, and non cash expenses of \$15.7 million, offset by pension and VEBA funding requirements (net of accrued expenses) totaling \$13.1 million. Net cash used in investing activities was \$6.8 million and was directly related to the relining of certain "pots" at the aluminum smelter in Ohio. Net cash used from financing activities was \$45.4 million, primarily from reducing the Company's credit facility balance. The cash balance of the Company at September 30, 2009 increased by \$5.3 million from the balance at December 31, 2008 to a total of \$7.4 million.

Mike Tanchuk, President and CEO commented, "We are very pleased that during the quarter we were able to get the long term power contract in place through 2018 and extend the Collective Bargaining Agreement until May 31, 2011. These accomplishments allow us to turn our focus towards trying to complete raw material supply and metal sales agreements and refinancing efforts. We are also very focused on newly introduced legislation (Preserve Benefit and Jobs Act of 2009) to revise the current pension funding requirements, which will reduce near term contributions."

For a complete review of Ormet's financial statements, please visit the Investor section of its website at www.ormet.com after November 10, 2009.

Cautionary Statement

This Statement contains forward-looking statements that can be identified by use of words like "anticipates," "believes," "estimates," "expects," "hopes," "targets," "should," "will," "will likely result," "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 disclaims any intention or obligation (other than as required by law) to update or revise any forward-looking statements.

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; however, the Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. When reading any forward-looking statements, the reader

should consider the risks and uncertainties referenced above as well the other disclosures contained in this press release and the risk factors and other disclosures contained in the Company's Information and Disclosure Statements for the quarter and nine months ended September 30, 2009 and for the year ended December 31, 2008 (copies of 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 these forward-looking statements 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.

#

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.

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three Months Ended		Nine Months Ended	
	9/30/2009	9/30/2008	9/30/2009	9/30/2008
Net Sales from Continuing Operations	\$ 87,177	\$ 127,566	\$ 329,754	\$ 423,532
Total cost of sales	80,967	126,013	287,135	395,940
Gross Profit	6,210	1,553	42,619	27,592
Operating expenses (income)				
General and administrative expenses	5,854	5,086	20,127	18,844
Gain on sale of assets	-	-	(155)	-
Operating Income (Loss)	356	(3,533)	22,647	8,748
Non-operating Expenses (Income)				
Income from arbitration award	(31,096)	-	(31,096)	-
Other (income) expense, net	(1,133)	180	(1,043)	261
Interest expense	3,318	3,662	10,178	10,914
Total Non-operating (Income) Expenses	(28,911)	3,842	(21,961)	11,175
Profit (Loss) Before Income Tax	29,267	(7,375)	44,608	(2,427)
Provision for income taxes	-	-	-	-
Profit (Loss) from Continuing Operations	29,267	(7,375)	44,608	(2,427)
Loss from discontinued operations	(634)	(232)	(2,063)	(901)
Net Income (Loss)	\$ 28,633	\$ (7,607)	\$ 42,545	\$ (3,328)
Shares Outstanding:				
Average during period	18,462	18,459	18,462	18,246
As of September 30	18,462	18,462	18,462	18,462
Net Income (Loss) per share from Continuing Operations	\$ 1.59	\$ (0.40)	\$ 2.42	\$ (0.13)
Net Income (Loss) per share	\$ 1.55	\$ (0.41)	\$ 2.30	\$ (0.18)

Consolidated Balance Sheet

	Unaudited <u>9/30/2009</u>	<u>12/31/2008</u>
ASSETS		
Cash	\$ 7,287	\$ 2,006
Restricted cash	150	150
Trade accounts receivable	6,333	13,308
Inventories	62,661	80,791
Prepaid expense and other current assets	13,759	17,781
Total current assets	90,190	114,036
Property and equipment	54,717	58,569
Goodwill	42,284	42,284
Intangible assets, net	327	380
Assets held for sale	3,016	3,016
Other assets	1,973	3,345
	\$ 192,507	\$ 221,630
TOTAL ASSETS		
 LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	\$ 7,118	\$ 22,755
Bank line of credit	3,752	48,079
Accrued and other current liabilities		
Accrued compensation	6,408	6,050
Accrued interest	189	410
Postretirement obligations	10,924	8,340
Other accrued liabilities	9,882	10,067
Total current liabilities	38,273	95,701
Long term debt	51,537	46,144
Other liabilities:		
Pension obligations	201,880	220,841
Postretirement obligations	50,666	56,648
Other liabilities	6,141	5,687
	(155,990)	(203,391)
STOCKHOLDERS' DEFICIT		
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 192,507	\$ 221,630

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Nine months ended September 30,	
	2009	2008
Cash flows from operating activities		
Net income	\$ 42,545	\$ (3,328)
Adjustments to reconcile net income to net cash from:		
Depreciation and amortization	10,818	8,254
Bad debt expense (over accrual)	19	(56)
Amortization of pension plan loss	2,593	-
Deferred interest	5,744	5,175
Stock based compensation expense	2,263	2,025
Amortization of deferred financing costs	2,472	4,999
(Gain) loss on sale of property and equipment	(155)	16
Net change in:		
Trade accounts receivable	6,956	(457)
Inventory	18,130	31,969
Prepaid expenses & other assets	4,056	13,453
Accounts payable	(15,637)	2,261
Accrued liabilities & other	53	(4,087)
Pension and other postretirement	(22,359)	(27,932)
Net cash provided by operating activities	57,498	32,292
Cash flows from investing activities		
Proceeds from asset sales	372	11
Capital spending	(7,162)	(17,411)
Net cash used in investing activities	(6,790)	(17,400)
Cash flows from financing activities		
Repayment of long term debt	-	(13,166)
Proceeds (Repayment)on bank line of credit net	(44,327)	3,953
Proceeds from long term debt	-	9,437
Proceeds from issuance of stock warrants	-	563
Payment of financing fees	(1,100)	(2,953)
Net cash used by financing activities	(45,427)	(2,166)
Net increase in cash	5,281	12,726
Cash - beginning of period	2,156	2,460
Cash - end of period	\$ 7,437	\$ 15,186