

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

Year-End and Fiscal Quarters Ending December 2007 and March 2008

Hannibal, Ohio – May 12, 2008 – Ormet Corporation, an independent U.S. producer of aluminum, announced a first quarter 2008 income from continuing operations of \$10.0 million and a net income \$9.4 million after discontinued operations. The first quarter of 2008 benefited significantly from the FIFO impact of lower priced anodes and alumina consumed in the first quarter. This compares to 2007 results for the same period of a loss from continuing operations of \$21.9 million and \$23.9 million net loss after discontinued operations.

Net sales from continuing operations for the three month period ending March 31, 2008 were \$162.3 million compared to \$50.4 million for the same period in 2007. The near full operation of the smelter in Hannibal, Ohio, during the 2008 period was the principal cause of the \$111.9 million increase in total sales. Overall aluminum sow sales increased to \$154.9 million versus \$20.2 million in 2007; volume (60,115 metric tons in 2008 versus 7,412 metric tons in 2007) accounted for approximately \$143.3 million of the \$134.7 million increase, while a decline in the average sow selling price of \$144/metric ton accounted for an \$8.7 decrease. The remaining \$22.9 million decrease in total net sales was mainly a result of the absence of billet sales in 2008 (\$29.7 million), partially offset by an increase in miscellaneous other sales of \$6.9 million. During the three month period the monthly average cash settlement price on the LME including the Midwest premium was \$1.28 per pound (\$2,828/metric ton) and \$1.30 per pound (\$2,871/metric ton) in 2008 and 2007, respectively.

Gross profit of \$19.6 million for the three month period ending March 31, 2008 compared to a gross loss of \$9.1 million for the same period in 2007. Increased sow margin of \$19.7 million and absence of the 2007 restart expenses of \$8.1 million were partially offset by loss \$1.2 million of 2007's billet margin. All other costs favorably affected the margin change by \$2.1 million.

Operating expenses for the three month period ending March 31, 2008 totaled \$5.8 million, a \$5.2 million improvement compared to the same period in 2007. Absence of the 2007 one-time employment-related expense of \$5.0 million was the principal cause of the improvement.

For the three month period ended March 31, 2008, the Company reported a \$13.8 million operating profit compared to an operating loss of \$20.0 million in the same period of 2007.

The average number of shares of common stock issued and outstanding during the three month period ended March 31, 2008 was 17,818,628 shares. The resulting net income for the period was \$.53 per share compared to a loss for the same period of 2007 of \$(2.57) per share.

"The first quarter was a big step forward for Ormet. We improved operating results including increased metal production close to capacity, greatly improved metal quality and reduced costs. We put in place a tolling agreement with Glencore to reduce variability and free up working capital and probably most important in the long run, Ohio's new energy law was signed by Governor Strickland on May 1. These accomplishments are a tribute to our employees and our supporters throughout the region." said Mike Tanchuk, Ormet's CEO.

2007 Highlights

A loss from continuing operations totaled \$96.1 million and net loss after discontinued operations totaled \$111.4 million. Net sales from continuing operations for 2007 were \$449.7 million. Net sales of billet products for the period totaled \$84.5 million including sales to billet tolling customers of \$6.8 million. Net sales of aluminum ingot/sow for the period totaled \$338.7 million. All other sales totaled \$26.5 million including sale of excess alumina of \$22.6 million. During the year the monthly average cash settlement price on the LME including the Midwest premium ranged from a high in April of \$1.31 per pound (\$2,893 per metric ton) to a low in December of \$1.11 per pound (\$2,449 per metric ton).

Total shipments of aluminum billet products for the year were approximately 42,958 metric tons including shipments of billet products for tolling customers of 17,330 metric tons. Total shipments of aluminum ingot/sow were approximately 132,941 metric tons in 2007.

For 2007, the Company incurred an operating gross loss from continuing operations of \$27.9 million. During this period, the Company's financial performance was adversely affected by one-time costs incurred to restart the aluminum smelter of \$14.1 million, a \$12.7 million cost of VEBA contributions (plus expenses) associated with stock options sold and an \$11.7 million charge associated with impairment of inventory at the alumina facility.

Operating expenses for 2007 totaled \$56.3 million. This total included all of the selling, general and administrative expenses required to manage and support the Company's operations and the costs related to the general corporate affairs of the Company. In addition, a \$22.3 million charge is included to reduce the fixed assets of the alumina facility to fair value associated with the application of *SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets*. During this nine month period, these expenses also included one-time employment-related expenses of \$8.5 million.

For 2007, the Company incurred an operating loss of \$84.2 million from continuing operations.

On February 14, 2007, the Company entered into a new senior secured credit agreement that included a new term loan of \$25 million and a new revolving credit agreement of up to \$100 million (including a sub-limit for letters of credit in the aggregate amount not to exceed \$15 million), which was subsequently reduced to \$75 million. The revolving credit limit was further reduced to \$65 million in April 2008. The credit agreement matures on February 28, 2010.

On March 16, 2007, the Company entered into an amendment to its senior secured credit facility that included an increase in the revolving credit agreement to \$125 million accomplished by adding a new sub-facility of \$50 million for supplemental loans, which may be borrowed when borrowing base-supported revolving loans are not available.

On November 1, 2007, the Company and its lenders entered into Amendment No. 4 to the credit facility which, among other thing, waived the Company's compliance with the EBITDA covenant from July 31, 2007 through March 30, 2008, revised the Company's required production levels of molten aluminum and documented the consent of the lenders to the Company's issuance of \$35.0 million of convertible senior subordinated secured notes due 2010.

On November 9, 2007, the Company received a demand letter from counsel to a 4.6% shareholder, pursuant to 8 Del. C. Section 220 for inspection of books, records and documents associated with the recently completed senior subordinated secured note sale. The Company is providing information in response to this request.

Ormet spent \$21.4 million on capital expenditures during 2007. These capital expenditures were incurred at the aluminum smelter in Hannibal Ohio. As a result of the restart of the aluminum smelter, capital expenditures for 2008 (including pot relining) are estimated to be approximately \$16.2 million. The revolving credit agreement limits the Company's ability to make capital expenditures at its facilities in the future based on the projected amounts in the credit agreement.

In April 2008, Ormet announced it had entered into a tolling agreement with Glencore LTD. Under the tolling arrangement, which will be in effect for the remainder of 2008 and all of 2009 and will account for substantially all of Ormet's production during this period, Ormet will receive an up front payment in connection with the sale to Glencore of substantially all of Ormet's existing inventory of alumina, work in progress and finished goods, and will receive ongoing tolling fees as alumina is converted by Ormet into aluminum for Glencore under the agreement.

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

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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.

THIS INFORMATION AND DISCLOSURE STATEMENT HAS BEEN PREPARED TO FULFILL THE REQUIREMENTS OF (1) RULE 15C2-11(A)(5) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED AND (2) THE COMPANY'S BY-LAWS. IT IS INTENDED AS INFORMATION TO BE USED BY SECURITIES BROKERS AND DEALERS IN SUBMITTING OR PUBLISHING QUOTATIONS ON THE COMMON STOCK OF THE COMPANY AS CONTEMPLATED BY RULE 15C2-11.

NO BROKER, DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN IN CONNECTION WITH THE COMPANY. ANY REPRESENTATIONS NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY THE COMPANY.

THIS STATEMENT HAS NOT BEEN FILED BY THE COMPANY WITH THE SEC, THE NASD OR ANY OTHER REGULATORY AGENCY.

ORMET CORPORATION
CONSOLIDATED BALANCE SHEET
(000's omitted)

	(Unaudited)	
	<u>3/31/2008</u>	<u>12/31/2007</u>
ASSETS		
Cash	\$ 2,830	\$ 2,310
Restricted cash	150	150
Accounts receivable		
Trade	18,122	14,546
Other	164	1,907
Inventories (Note 2)	108,527	97,933
Prepaid Expense and Other Current Assets (Note 5)	<u>35,465</u>	<u>37,225</u>
Total current assets	165,258	154,071
Property and Equipment (Note 3)	53,855	49,931
Goodwill	42,284	42,284
Intangible Assets, net (Note 4)	485	414
Assets Held for Sale (Note 14)	3,025	3,025
Other Assets (Note 5)	<u>7,417</u>	<u>7,185</u>
TOTAL ASSETS	<u>\$ 272,324</u>	<u>\$ 256,910</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Accounts payable	\$ 11,187	\$ 13,205
Bank line of credit (Note 6)	73,279	56,040
Current portion of term debt (Note 7)	5,000	5,000
Accrued and other current liabilities		
Accrued compensation	7,369	8,120
Accrued interest	659	826
Postretirement obligations (Note 12)	2,340	2,340
Other accrued liabilities	<u>11,344</u>	<u>11,025</u>
Total current liabilities	111,178	96,556
Long Term Debt (Note 7)	38,359	38,057
Other Long-term Liabilities:		
Pension obligations (Note 11)	113,074	122,732
Postretirement obligations (Note 12)	62,263	61,887
Other liabilities	6,097	6,193
STOCKHOLDERS' EQUITY (DEFICIT)	<u>(58,647)</u>	<u>(68,515)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 272,324</u>	<u>\$ 256,910</u>

ORMET CORPORATION
CONSOLIDATED STATEMENT OPERATIONS (Unaudited)
(000's omitted)

	Three Months Ended	
	3/31/2008	3/31/2007
Net Sales from Continuing Operations	\$162,276	\$50,443
Cost of Sales		
Production	142,721	51,471
Restart expenses	-	8,067
Total cost of sales	142,721	59,538
Gross Profit (Loss)	19,555	(9,095)
Operating Expenses	5,796	10,953
Operating Income (Loss)	13,759	(20,048)
Nonoperating (Income) Expenses		
Other (income) expense, net	(84)	74
Interest expense	3,869	1,754
Total Nonoperating Expenses	3,785	1,828
Income (Loss) Before Income Tax	9,974	(21,876)
Income Tax Expense	-	-
Income (Loss) From Continuing Operations	9,974	(21,876)
Loss From Discontinued Operations	(620)	(2,015)
Net Income (Loss)	\$ 9,354	\$ (23,891)

ORMET CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)
(000's omitted)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2007	\$ 19	\$ 175,843	\$ (220,867)	\$ (23,510)	\$ (68,515)
Comprehensive income:					
Net income	-	-	9,354	-	9,354
	-	-	-	-	-
Total comprehensive Income	-	-	9,354	-	9,354
Stock option grants (Note 20)	-	514	-	-	514
Balance March 31, 2008	\$ 19	\$ 176,357	\$ (211,513)	\$ (23,510)	\$ (58,647)

ORMET CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
(000's omitted)

	Three Months Ended March 31,	
	2008	2007
Cash Flows from Operating Activities		
Net income/(loss)	\$ 9,354	\$ (23,891)
Adjustments to Reconcile Net Loss to Net Cash Used:		
Depreciation and Amortization	2,387	1,233
Bad Debt Expense	-	647
Deferred/Non-cash Interest	1,675	-
Stock Option Compensation Expense	514	-
Amortization of Deferred Financing Costs	1,424	1,420
Net change in:		
Trade Accounts Receivable	(1,832)	(19,426)
Inventory	(10,594)	(25,490)
Accounts Payable	(2,018)	7,014
Pension and Other Postretirement	(9,315)	(363)
All Other Items	1,143	(12,136)
Net Cash Used in Operating Activities	(7,262)	(70,992)
Cash Flows from Investing Activities		
Capital Spending	(6,382)	(4,324)
Net Cash Used in Investing Activities	(6,382)	(4,324)
Cash Flows from financing activities		
(Payments) Proceeds of long term loan	(1,250)	25,000
Debt issuance costs	(1,825)	(5,501)
Proceeds from bank line of credit – Net	17,239	31,050
Net cash provided by financing activities	14,164	50,549
Net (decrease) increase in cash	520	(24,767)
Cash - beginning of period	2,460	32,056
Cash - end of period	\$ 2,980	\$ 7,289

Prior period amounts have been reclassified for comparability.

Ormet Corporation
Consolidated Balance Sheet
(\$000)

	As Of December 31,	
	2007	2006
ASSETS		
Current Assets		
Cash	\$ 2,310	\$ 31,906
Restricted cash	150	150
Accounts Receivable		
Trade	16,366	17,082
Other	87	1,491
Inventory	97,933	80,820
Prepaid expenses and other current assets	37,224	6,885
 Total current assets	 154,070	 138,334
 Property and Equipment	 49,931	 78,664
Goodwill	42,284	42,284
Intangible Assets	414	1,183
Assets Held for Sale	3,025	4,424
Other Assets	7,185	17,239
 Total assets	 \$ 256,909	 \$ 282,128
LIABILITIES and STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	\$ 13,207	\$ 22,843
Bank line of credit	56,040	42,246
Current portion of notes payable	5,000	-
Accrued and other current liabilities		
Accrued compensation	8,120	6,469
Accrued interest	826	344
Postretirement obligations	2,340	8,636
Pension obligations	-	50,300
Other accrued liabilities	11,024	7,918
 Total current liabilities	 96,557	 138,756
 Notes Payable	 38,057	 -
Other Long-term Liabilities		
Pension obligations	122,732	68,527
Postretirement obligations	61,887	60,040
Other liabilities	6,193	5,768
 Stockholders' Equity (Deficit)	 (68,517)	 9,037
 Total liabilities and stockholders' equity (deficit)	 \$ 256,909	 \$ 282,128

Ormet Corporation
Consolidated Statement of Operations
(\$000)

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
Net Sales from Continuing Operations	\$ 133,576	\$ 37,697	\$ 449,688	\$ 235,967
Cost of Sales				
Production	150,975	47,495	463,518	259,583
Restart expenses	490	5,894	14,092	7,678
Total cost of sales	<u>151,465</u>	<u>53,389</u>	<u>477,610</u>	<u>267,261</u>
Gross Loss	(17,889)	(15,692)	(27,922)	(31,294)
Operating Expenses	<u>28,794</u>	<u>19,140</u>	<u>56,281</u>	<u>26,765</u>
Operating Loss	(46,683)	(34,832)	(84,203)	(58,059)
Nonoperating Income (Expense)				
Interest Expense	(3,073)	(1,297)	(9,989)	(2,846)
Other income (expense)	<u>(1,521)</u>	<u>196</u>	<u>(1,912)</u>	<u>1,429</u>
Total nonoperating expense	<u>(4,594)</u>	<u>(1,101)</u>	<u>(11,901)</u>	<u>(1,417)</u>
Loss - Before Income Taxes	(51,277)	(35,933)	(96,104)	(59,476)
Income Tax Recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>
Loss from Continuing Operations	(51,277)	(35,933)	(96,104)	(58,976)
Discontinued Operations				
Loss from discontinued operations	(12,616)	(1,485)	(15,554)	(15,080)
Gain on sale of property and equipment	<u>-</u>	<u>-</u>	<u>259</u>	<u>-</u>
Net Loss	<u>\$ (63,893)</u>	<u>\$ (37,418)</u>	<u>\$ (111,399)</u>	<u>\$ (74,056)</u>
Shares Outstanding				
Average during period	17,819	9,279	17,315	9,279
As of December 31	17,819	15,841	17,819	15,841
Average net loss per share outstanding	\$ (3.59)	\$ (4.03)	\$ (6.43)	\$ (7.98)

Ormet Corporation
Consolidated Statement of Stockholders' Equity (Deficit)
(\$000)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2005	\$ 10	\$ 70,786	\$ (35,413)	\$ (405)	\$ 34,978
Comprehensive income (loss):					
Net loss	-	-	(74,056)	-	(74,056)
Minimum pension liability adjustment	-	-	-	294	294
Total comprehensive loss					<u>(73,762)</u>
Issuance of common stock	<u>7</u>	<u>47,814</u>			<u>47,821</u>
Balance - December 31, 2006	17	118,600	(109,469)	(111)	9,037
Comprehensive income (loss):					
Net loss	-	-	(111,399)	-	(111,399)
Minimum pension liability adjustment	-	-	-	(19,339)	(19,339)
Total comprehensive loss					<u>(130,738)</u>
Adjustment to initially apply SFAS No. 158	-			(4,060)	(4,060)
Issuance of common stock	1	36,364	-	-	36,365
Compensation expense	-	2,089	-	-	2,089
Issuance of stock warrants	-	6,115	-	-	6,115
Issuance of stock options	<u>-</u>	<u>12,675</u>	<u>-</u>	<u>-</u>	<u>12,675</u>
Balance - December 31, 2007	<u>\$ 18</u>	<u>\$ 175,843</u>	<u>\$ (220,868)</u>	<u>\$ (23,510)</u>	<u>\$ (68,517)</u>

Ormet Corporation
Consolidated Statement of Cash Flows
(\$000)

	Year Ended December 31,	
	2007	2006
Cash Flows from Operating Activities		
Net loss	\$ (111,399)	\$ (74,056)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	17,623	14,201
Bad debt expense	688	2,061
Impairment of fixed assets	25,023	10,000
Deferred interest expense	1,005	-
Compensation expense related to options	2,089	-
Amortization of deferred financing costs	5,005	4,563
(Gain) loss on sale of property and equipment	(259)	222
Net change in:		
Accounts receivable	1,432	10,497
Inventory	(17,113)	(16,235)
Prepaid expenses and other	(15,969)	(1,793)
Accounts payable	(9,936)	(11,965)
Accrued liabilities and other	5,664	(6,577)
Pensions and postretirement	(23,943)	(7,986)
Net cash used in operating activities	<u>(120,090)</u>	<u>(77,068)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(21,405)	(5,679)
Proceeds from disposition of property and equipment	6,481	3,395
Proceeds from disposal of assets held for sale	3,859	-
Cash paid for intangible assets	(121)	-
Net cash used in investing activities	<u>(11,186)</u>	<u>(2,284)</u>
Cash Flows from Financing Activities		
Proceeds from notes payable	53,885	-
Payments on note payable	(11,833)	(27,894)
Debt issuance costs	(9,321)	(1,597)
Proceeds from bank line of credit - Net of repayments	13,794	42,246
Proceeds from issuance of equity interests	36,365	47,821
Proceeds from issuance of stock warrants	6,115	-
Proceeds from issuance of stock options	12,675	-
Net cash provided by financing activities	<u>101,680</u>	<u>60,576</u>
Net Decrease in Cash	(29,596)	(18,776)
Cash - Beginning of period	<u>32,056</u>	<u>50,832</u>
Cash - End of period	<u>\$ 2,460</u>	<u>\$ 32,056</u>