

June 30, 2006

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Ormet and USW Reach Tentative Agreement

Hannibal, OH – Ormet Corporation announced today that it has reached a tentative labor agreement on all outstanding issues with the United Steelworkers.

Full details of the new agreement have not been made public, though Ormet did reveal that a signing bonus, wage increases and profit sharing are among the terms. The agreements cover the aluminum reduction facility in Hannibal, Ohio, the alumina refinery in Burnside, La., and the aluminum rolling mill in Hannibal (which was sold to Aleris International last December). The USW has also agreed to drop all bankruptcy-related claims as part of this comprehensive settlement.

“Both the Company and the USW were determined to do what it took to settle our differences and get the workforce from the Hannibal reduction facility back on the job,” said Ormet’s CEO, Ken Campbell. “Both sides made concessions and did what was necessary to make it happen. I greatly appreciate the constructive approach the USW took toward the negotiations that I have participated in over the past couple of months. Because of their attitude, I believe the odds of getting the reduction plant up and operational look very good.”

The terms still must be ratified by the affected USW members. Once ratified, the agreement will end a 19-month-long labor strike at Ormet’s reduction and rolling mill facilities, avoid a potential strike at Burnside and end all significant bankruptcy issues facing the company.

“Perhaps more importantly for the employees, shareholders and other constituents, both sides have made a commitment to do business a different way,” Campbell said. “We have a long history of less-than-ideal relations between the labor force and management that we are determined to change. I think this change will be difficult but critical and I am personally committed to make it happen.”

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Page 2 -- Ormet and USW Reach Tentative Agreement (continued)

In other recent news, the company has made progress with the regulatory process that the company has been pursuing to get access to affordable power. The Public Utilities Commission of Ohio ruled June 14, that South Central Power "does not provide, or propose to provide, physically adequate service" to Ormet. This is a positive step but is only one in many necessary steps in a regulatory process which could take a long time to complete. The Company hopes to negotiate a new power contract without relying on the regulatory process and has begun discussions toward that goal.

"Now that we have our labor force back in the fold, the company's remaining challenge is to get access to electricity for the Hannibal reduction facility at an affordable cost," stated Campbell. "It is the only thing keeping Ormet from restarting the potlines and recalling the employees back to work. When I joined Ormet in April, I stated that the company had two major challenges; the labor agreement and power - one down, one to go."

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Based in Hannibal Ohio and Burnside Louisiana, Ormet Corporation is a major U.S. producer of smelter-grade alumina and aluminum for world-wide markets and aluminum billet products for the U.S. market. Ormet employs approximately 1,200 people.