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**Ormet Completed a \$35 million Private Placement of Senior Subordinated Secured Notes**

Hannibal, Ohio – Ormet Corporation, a top U.S. producer of aluminum, today announced that it has completed a \$35 million private placement of three year Senior Subordinated Secured Notes that are exchangeable into shares of Ormet's Common Stock. The exchange rate will be 66.6666 shares for each \$1,000 note. The notes will carry a 10% cash pay interest rate or 3% cash pay and 12% Payment-In-Kind (PIK) interest rate at Ormet's option. In addition, warrants to purchase 2,333,333 shares were issued with a \$3 per share strike price that have a four year life and may be exercised at any time.

At the same time Ormet entered into an amendment to its Revolving Credit Loan with a group of financial institutions. This amendment facilitated the sale of the notes, waived certain financial covenant violations, and amended its financial covenants.

A dramatic drop in metal prices necessitated this recent course of action to provide additional liquidity. Hurricane Dean, which disrupted delivery of supplies of alumina to Ormet's Hannibal smelter deferred the start up of the sixth potline which also affected our covenant compliance and will adversely affect our financial performance in the near term,

Ormet CEO Mike Tanchuk said, "These agreements will provide us with the additional liquidity that we need to restart the sixth potline which will occur sometime later this year. The sixth line will place our reduction plant at full capacity."

Ormet's smelter had been idled after a bankruptcy and long-term labor strike, until last December, when it restarted the first of six potlines. Since then, four more potlines have gone back online with the sixth and final potline expected to be operational within the next couple months.

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Headquartered in Hannibal, Ohio, Ormet Corporation is a major U.S. producer of aluminum, aluminum billet products and smelter-grade alumina. Ormet employs approximately 1,000 people. For more information, visit the website at [www.ormet.com](http://www.ormet.com).