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January 22, 2007

AGY Holding Corp. Announces Preliminary Fourth Quarter and Fiscal Year Results and Bondholder and Investor Conference Call

AIKEN, S.C.--(BUSINESS WIRE)--AGY Holding Corp.'s ("AGY" or the "Company") financial performance for the year ended December 31, 2006 exceeded prior year performance. The Company's preliminary, unaudited financial statements are summarized below. Detailed financial disclosure will be made available at a later date after the audit of the annual consolidated financial statements is completed.

Summary Financial Performance
($ in millions)

	Year Ending December 31,		**Quarter Ending December 31,**	
	2006	**2005**	**2006**	**2005**
Net sales	$ 170.6	$ 160.6	$ 40.5	$ 40.6
Adjusted EBITDA [1]	45.7	43.3	10.7	10.9

(1) Adjusted EBITDA has been calculated in a manner consistent with what was prepared in the Company's final offering memorandum dated October 20, 2006 relating to its 11% Senior Second Lien Notes due 2014.

Net sales increased $10.0 million, or 6.2% in 2006 compared to 2005. Excluding the impact of the Porcher equity incentive, sales increased by $7.7 million, or 4.7%. In addition to improved pricing conditions, increased sales to some of AGY's higher margin markets and applications, including defense (39% increase) and specialty electronics (14% increase), resulted in a favorable product mix compared to last year. Adjusted EBITDA increased primarily due to improved manufacturing efficiencies, cost reduction and a 2% decrease in energy costs, partially offset by higher repair costs and increased labor costs since the renegotiation of the union agreements in the fourth quarter of 2006, compared to the same period last year. The Company's cash balance as of December 31, 2006 was approximately $1.5 million and the net funded debt has decreased by approximately $11.0 million since the acquisition of the Company by KAGY Holding Company in April 2006.

Net sales remained flat in the fourth quarter of 2006 compared to the fourth quarter of 2005. Excluding the Porcher equity incentive, sales decreased $1.1 million, or 2.7%. Demand was down primarily in the construction market (24% decrease) reflecting the slowdown in US construction markets but this decrease was offset by improved pricing conditions, increased sales to specialty electronics (12% increase) and stable sales to defense applications that resulted in a favorable product mix compared to the same period last year. Adjusted EBITDA was down slightly in the fourth quarter of 2006 compared to the fourth quarter of 2005. Adjusted EBITDA decreased primarily due to higher repair costs and increased labor costs resulting from the renegotiation of the union agreements effective November 1, 2006, partially offset by improved manufacturing efficiencies, cost reduction, a lower variable compensation accrual and a 25% decrease in energy costs compared to the same period last year.

The Company renegotiated the labor agreements with each of its unions in the fourth quarter of 2006, reaching a new three-year agreement with its Huntingdon employees and a three-and-one-half year agreement with its Aiken employees. Operations were not significantly impacted by the approximately one-week work stoppage initiated by the Huntingdon hourly workers and no sales were delayed during the quarter as a result of the work stoppage. Expenses associated with the new labor agreements, excluding non-recurring signing bonuses, resulted in an increase in cost of goods sold for the fourth quarter of 2006 of approximately 4%. The Company plans to offset increases in labor costs with continued efficiency gains and cost reduction, the net result being a minimal anticipated change in operating expenses.

Summary Financial Performance
($ in millions)

	Year Ending December 31,		Quarter Ending December 31,	
	2006	2005	2006	2005
Net Sales	$ 170.6	$ 160.6	$ 40.5	$40.6
Adjusted EBITDA	45.7	43.3	10.7	10.9
Reconciliation to Adjusted EBITDA (1) (Preliminary and Unaudited, Subject to Change)				
Net income (loss)	(15.7)	3.1	(3.2)	(2.3)
Interest expense (income), net (2)	21.0	9.1	10.4	2.1
Income tax expense (benefit) (3)	(9.9)	1.5	(2.3)	(2.0)
Depreciation and amortization	16.3	12.2	4.5	3.3
EBITDA	11.7	25.9	9.4	1.1
Adjustments to EBITDA:				
Non-cash purchase accounting inventory adjustment	3.2			
Non-cash alloy depletion charge, net	5.6	3.6	1.5	0.7
Non-cash Porcher Equity Incentive adjustment	1.6	3.9		1.0
Non-cash compensation charges	19.0	5.4	0.3	5.4
Acquisition costs	4.4	0.6		0.6
Excess variable compensation		1.7		0.3
Variable natural gas price increase	0.2	0.8		0.8
Manufacturing consolidation inefficiencies		1.0		1.0
Management fees	0.6		0.2	
Union signing bonuses (4)	0.7		0.7	
Others (5)	(1.3)	0.4	(1.4)	
Adjusted EBITDA	$ 45.7	$ 43.3	$ 10.7	$ 10.9

(1) Adjusted EBITDA has been calculated in a manner consistent with what was prepared in the Company''s final offering memorandum dated October 20, 2006 relating to its 11% Senior Second Lien Notes due 2014, copies of which are available from the Company upon request.

(2) Includes $5.7million of early extinguishment of debt following the October 2006 $175.0 million notes refinancing.

(3) Preliminary and subject to change after the potential adjustment of deferred taxes.

(4) Includes non-recurring signing bonuses associated with renegotiated labor agreements with each of the Company's unions in the fourth quarter of 2006.

(5) Includes $1.2 million gain on alloy disposition in 2006.

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