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**UNITED STATES BANKRUPTCY COURT**
**SOUTHERN DISTRICT OF NEW YORK**

| | | |
|---|---|---|
| **IN RE:** | : | **Chapter 11** |
| **ALMATIS B.V., *et al.*,** | : | **Case No. 10-12308 (MG)** |
| **Debtors.** | : | **Jointly Administered** |

# DISCLOSURE STATEMENT WITH RESPECT TO FIRST AMENDED JOINT PLAN OF REORGANIZATION FOR THE DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: August 23, 2010
New York, New York

**THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL TO THE BANKRUPTCY COURT BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME.**

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 4:00 P.M. PREVAILING U.S. EASTERN TIME ON SEPTEMBER 13, 2010, UNLESS EXTENDED BY ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK.**

## DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (THIS "***DISCLOSURE STATEMENT***") IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ONCE APPROVED, THIS DISCLOSURE STATEMENT AND THE RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ACCEPTING OR REJECTING THE PLAN. NO REPRESENTATIONS ARE AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTORS, THEIR BUSINESS OPERATIONS, THE VALUE OF THEIR ASSETS OR THE VALUES OF THE EQUITY SECURITIES DESCRIBED HEREIN TO BE ISSUED OR BENEFITS OFFERED PURSUANT TO THE PLAN, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS, APPENDICES, AND/OR SCHEDULES ATTACHED HERETO, INCORPORATED BY REFERENCE OR REFERRED TO HEREIN OR ANY OTHER DISCLOSURE STATEMENT OR OTHER DOCUMENT APPROVED FOR DISTRIBUTION BY THE BANKRUPTCY COURT. HOLDERS OF CLAIMS AND/OR INTERESTS SHOULD NOT RELY UPON ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

EACH HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE CASTING A BALLOT. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT. PLEASE BE ADVISED, HOWEVER, THAT THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND HOLDERS OF CLAIMS AND INTERESTS

REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAS NOT BEEN ANY CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF UNLESS SO SPECIFIED. THE DEBTORS UNDERTAKE NO DUTY TO UPDATE THE INFORMATION CONTAINED HEREIN. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125(g) OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. ALL PERSONS HOLDING CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE REORGANIZED DEBTORS, THE NEW TOWER COMPANIES OR ANY OTHER PERSON. EACH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS WITH RESPECT TO ANY MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY.

**THE DEBTORS' BOARDS OF DIRECTORS OR MANAGERS (AS APPLICABLE) HAVE APPROVED THE PLAN AND RECOMMEND THAT THE HOLDERS OF CLAIMS IN ALL IMPAIRED CLASSES ENTITLED TO VOTE (CLASSES 3(c)-(m), 4(c)-(m), 5(b)-(f), AND 8(b)-(m)) VOTE TO ACCEPT THE PLAN.**

THE DEBTORS PRESENTLY INTEND TO SEEK TO CONSUMMATE THE PLAN AND TO CAUSE THE EFFECTIVE DATE TO OCCUR PROMPTLY AFTER CONFIRMATION OF THE PLAN. THERE CAN BE NO ASSURANCE, HOWEVER, AS TO WHEN AND WHETHER CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE ACTUALLY WILL OCCUR. THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT, SOME OF WHICH MAY NOT BE SATISFIED. SEE SECTION XIII. – "CONDITIONS PRECEDENT TO CONSUMMATION." THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED. PROCEDURES FOR DISTRIBUTIONS UNDER THE PLAN ARE DESCRIBED UNDER SECTION X. – "PROVISIONS GOVERNING DISTRIBUTIONS; PROCEDURES FOR TREATING AND RESOLVING DISPUTED CLAIMS." DISTRIBUTIONS WILL BE MADE ONLY IN COMPLIANCE WITH THESE PROCEDURES.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS AND INTERESTS THAT DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR THAT ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

**ACCEPTANCE OF THE PLAN BY HOLDERS OF CLAIMS WILL BE DEEMED TO CONSTITUTE APPROVAL OF THE MANAGEMENT INCENTIVE PLAN FOR PURPOSES OF SECTIONS 162(M) AND 422 OF THE INTERNAL REVENUE CODE OF 1986 AS AMENDED, AND ANY SIMILAR LAW IN ANY FOREIGN COUNTRY.**

IF THE RESTRUCTURING OF INDEBTEDNESS CONTEMPLATED BY THE PLAN IS NOT APPROVED AND CONSUMMATED, THERE CAN BE NO ASSURANCE THAT THE DEBTORS WILL BE ABLE TO EFFECTUATE AN ALTERNATIVE FINANCIAL RESTRUCTURING OR SUCCESSFULLY EMERGE FROM THEIR CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE, AND SOME OR ALL OF THE DEBTORS MAY BE FORCED INTO A LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE OR UNDER THE LAWS OF OTHER COUNTRIES. AS REFLECTED IN THE LIQUIDATION ANALYSIS, THE DEBTORS BELIEVE THAT IF THEY ARE LIQUIDATED UNDER CHAPTER 7 OR OTHERWISE, THE VALUE OF THE ASSETS AVAILABLE FOR PAYMENT OF CREDITORS WOULD BE SIGNIFICANTLY LOWER THAN THE VALUE OF THE DISTRIBUTIONS CONTEMPLATED BY AND UNDER THE PLAN.

**THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY, AND THE ALMATIS TOPCO 1 EQUITY INTERESTS TO BE ISSUED UNDER THE PLAN WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH, THE SECURITIES AND EXCHANGE COMMISSION (THE "*SEC*") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR FOREIGN COUNTRY UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS OR THE LAWS OF ANY FOREIGN COUNTRY. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE OR FOREIGN SECURITIES REGULATORY AUTHORITY, AND NEITHER THE SEC NOR ANY STATE OR FOREIGN SECURITIES REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.**

THIS DISCLOSURE STATEMENT CONTAINS PROJECTED FINANCIAL INFORMATION REGARDING THE REORGANIZED DEBTORS AND CERTAIN OTHER FORWARD-LOOKING STATEMENTS, ALL OF WHICH ARE BASED ON VARIOUS

ESTIMATES AND ASSUMPTIONS. THE DEBTORS' MANAGEMENT PREPARED THE PROJECTIONS WITH THE ASSISTANCE OF THEIR PROFESSIONALS. THE DEBTORS' MANAGEMENT DID NOT PREPARE THE PROJECTIONS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("***GAAP***") OR INTERNATIONAL FINANCIAL REPORTING STANDARDS ("***IFRS***") OR TO COMPLY WITH THE RULES AND REGULATIONS OF THE SEC OR ANY FOREIGN REGULATORY AUTHORITY.

THE PROJECTIONS AND FORWARD-LOOKING STATEMENTS HEREIN ARE SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE RISKS, INCLUDING, AMONG OTHERS, THOSE SUMMARIZED HEREIN. SEE SECTION XVIII. – "PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN." CONSEQUENTLY, ACTUAL EVENTS, CIRCUMSTANCES, EFFECTS, AND RESULTS MAY VARY SIGNIFICANTLY FROM THOSE INCLUDED IN OR CONTEMPLATED BY THE PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS CONTAINED HEREIN WHICH, THEREFORE, ARE NOT NECESSARILY INDICATIVE OF THE FUTURE FINANCIAL CONDITION OR RESULTS OF OPERATIONS OF THE REORGANIZED DEBTORS AND SHOULD NOT BE REGARDED AS REPRESENTATIONS BY THE DEBTORS, THE REORGANIZED DEBTORS, THE NEW TOWER COMPANIES, THEIR ADVISORS, OR ANY OTHER PERSONS THAT THE PROJECTED FINANCIAL CONDITION OR RESULTS CAN OR WILL BE ACHIEVED. NEITHER THE DEBTORS' INDEPENDENT AUDITORS NOR ANY OTHER INDEPENDENT ACCOUNTANTS HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE FINANCIAL PROJECTIONS AND THE LIQUIDATION ANALYSIS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR ITS ACHIEVABILITY.

THE PROJECTIONS SET FORTH HEREIN ARE PUBLISHED SOLELY FOR PURPOSES OF THIS DISCLOSURE STATEMENT. THE PROJECTIONS ARE QUALIFIED IN THEIR ENTIRETY BY THE DESCRIPTION THEREOF CONTAINED IN THIS DISCLOSURE STATEMENT. THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS WILL PROVE CORRECT OR THAT THE DEBTORS' OR REORGANIZED DEBTORS' ACTUAL RESULTS WILL NOT DIFFER MATERIALLY FROM THE RESULTS PROJECTED IN THIS DISCLOSURE STATEMENT. THE DEBTORS AND THEIR PROFESSIONALS DO NOT UNDERTAKE ANY OBLIGATION, EXPRESS OR IMPLIED, TO UPDATE OR OTHERWISE REVISE ANY PROJECTIONS OR INFORMATION DISCLOSED HEREIN TO REFLECT ANY CHANGES ARISING AFTER THE DATE HEREOF OR TO REFLECT FUTURE EVENTS, EVEN IF ANY ASSUMPTIONS CONTAINED HEREIN ARE SHOWN TO BE IN ERROR. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN,

INCLUDING THOSE ASSOCIATED WITH THE CONSUMMATION AND IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, COMMODITY PRICE FLUCTUATIONS, CURRENCY EXCHANGE RATE FLUCTUATIONS, MAINTENANCE OF GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS AND OTHER MARKET AND COMPETITIVE CONDITIONS.

HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS.

SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT; MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS PREPARED THE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

IN THIS DISCLOSURE STATEMENT, THE DEBTORS RELY ON AND REFER TO INFORMATION AND STATISTICS REGARDING THEIR INDUSTRY. THE DEBTORS OBTAINED THIS MARKET DATA FROM INDEPENDENT INDUSTRY PUBLICATIONS OR OTHER PUBLICLY AVAILABLE INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SOURCES ARE RELIABLE, THE DEBTORS HAVE NOT INDEPENDENTLY VERIFIED AND DO NOT GUARANTEE THE ACCURACY AND COMPLETENESS OF THIS INFORMATION.

# TABLE OF CONTENTS

# I. INTRODUCTION AND SUMMARY OF THE PLAN

Almatis B.V., DIC Almatis Holdco B.V., DIC Almatis Midco B.V., DIC Almatis Bidco B.V., Almatis Holdings 3 B.V., Almatis Holdings 9 B.V., Almatis Holdings 7 B.V., Almatis US Holding, Inc., Almatis, Inc., Almatis Asset Holdings, LLC, Blitz F07-neunhundert-sechzig-drei GmbH, Almatis Holdings GmbH, and Almatis GmbH, as debtors and debtors in possession (collectively, the "***Debtors***" or the "***Company***"), submit this Disclosure Statement, pursuant to section 1125 of the Bankruptcy Code, to Holders of Claims and Interests in connection with (a) the solicitation of votes to accept or reject the *First Amended Plan of Reorganization for the Debtors under Chapter 11 of the Bankruptcy Code, revised August 23, 2010* (as the same may be amended, modified, or supplemented from time to time, the "***Plan***") which was filed by the Debtors with the United States Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***"), and (b) confirmation of the Plan at the confirmation hearing which is scheduled for September 20, 2010 at 10:00 a.m. (prevailing U.S. Eastern time) (as the same may be adjourned or continued from time to time, the "***Confirmation Hearing***"). The Plan incorporates and constitutes a separate chapter 11 subplan for each of the Debtors. Each Debtor's separate chapter 11 subplan is designated by a letter (from (a) to (m)). A Uniform Glossary of Defined Terms for Plan Documents, including this Disclosure Statement, is attached as **Appendix A** to the Plan and incorporated herein by reference.

On April 30, 2010 (the "***Petition Date***"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court (the "***Chapter 11 Cases***"). The Debtors are operating their businesses and managing their property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases. The United States Trustee for the Southern District of New York (the "***U.S. Trustee***") has not convened an organizational meeting or appointed a consolidated official committee of unsecured creditors for the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

Attached as exhibits to this Disclosure Statement are copies of the following documents: (a) the Plan (**Exhibit A**); (b) the Liquidation Analysis (**Exhibit B**), which sets forth estimated recoveries in a chapter 7 liquidation of the Debtors, as compared to estimated recoveries under the Plan; (c) the Projections (**Exhibit C**), which set forth the analysis, and related financial projections, showing that, after the Effective Date, the Debtors will be able to fund their ongoing business and debt service obligations and will likely not require further financial reorganization; (d) the Restructuring Term Sheet (**Exhibit D**); (e) the Plan Support Agreement (**Exhibit E**), exclusive of exhibits thereto; (f) the SSN Term Sheets (**Exhibit F**); (g) the RCF Term Sheet (**Exhibit G**); (h) the MIP Term Sheet (**Exhibit H**); (i) the Management Term Sheet (**Exhibit I**); (j) the Implementation Memorandum (**Exhibit J**); (k) the KEIP Term Sheets (**Exhibit K**); (l) the Proposed Confirmation Order (**Exhibit L**); (m) the DIC Equity Commitment Letter (**Exhibit M**); and (n) the DIC Investment Escrow Agreement (**Exhibit N**).. In addition, for those Holders of Claims and Interests entitled to vote under the Plan, a Ballot (together with voting instructions) for the acceptance or rejection of the Plan is separately enclosed.

The Plan represents a compromise and settlement of various significant Claims against the Debtors. The Plan seeks to preserve the value of the Debtors for their Creditors while

recognizing the impact of the Intercreditor Agreement on the relationship between the various classes of the Debtors' Financial Lenders.

**THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO THE DEBTORS' CREDITORS AND THE BEST POSSIBLE PROSPECT FOR THE DEBTORS' SUCCESSFUL REORGANIZATION. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS AND URGE ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN. THE PLAN IS SUPPORTED BY THE SECOND LIEN LENDERS, MEZZANINE LENDERS, AND JUNIOR MEZZANINE LENDERS THAT HAVE EXECUTED THE PLAN SUPPORT AGREEMENT. HOLDERS OF AT LEAST TWO-THIRDS IN AMOUNT AND A MAJORITY IN NUMBER OF SECOND LIEN CLAIMS, MEZZANINE CLAIMS, AND JUNIOR MEZZANINE CLAIMS IN CLASSES 3(c)-(m), 4(c)-(m), AND 5(b)-(f) OF THE PLAN HAVE AGREED, SUBJECT AND PURSUANT TO THE PLAN SUPPORT AGREEMENT THAT, SUBJECT TO REVIEW AND CONSIDERATION OF THE PLAN AND THIS DISCLOSURE STATEMENT, THEY WILL VOTE IN FAVOR OF THE PLAN.**

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are (i) "impaired" by a plan of reorganization and (ii) entitled to receive a distribution under such plan are entitled to vote on the Plan. Only Claims or Interests in Classes 3(c)-(m), 4(c)-(m), 5(b)-(f), and 8(b)-(m) are impaired by and entitled to receive a distribution under the Plan, and only the Holders of Claims or Interests in those Classes are entitled to vote to accept or reject the Plan. Claims or Interests in Classes 1(a)-(m), 2(c)-(m), 6(a)-(m), 7(a)-(m), 8(a), 9(a), and 10(a)-(m) are unimpaired by the Plan, and the Holders of Claims or Interests in such Classes are conclusively presumed to have accepted the Plan. Claims in Classes 9(b)-(m), which receive no distribution under the Plan on account of their Claims and Interests, are impaired and, because they receive no distribution under the Plan, Holders of Claims in such Classes are deemed to have rejected the Plan and are not entitled to vote.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the rationale for the Debtors' decision to seek chapter 11 protection, significant events that have occurred or are expected to occur during the Chapter 11 Cases, and the anticipated organization, operations, and liquidity of the Reorganized Debtors upon successful emergence from chapter 11. This Disclosure Statement also describes certain terms and provisions of the Plan, certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders entitled to vote under the Plan must follow for their votes to be counted.

This Disclosure Statement describes certain aspects of the Plan, the Debtors' operations, the Debtors' projections, and other related matters. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS, APPENDICES, AND SCHEDULES HERETO AND THERETO IN THEIR ENTIRETY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS

DISCLOSURE STATEMENT, THE PLAN IS CONTROLLING. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE TERMS OF THE CONFIRMATION ORDER, THE CONFIRMATION ORDER IS CONTROLLING.

## A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly situated holders of claims and equity interests, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the debtor's legal and equitable interests in property as of the commencement of the chapter 11 case. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any issuer of securities under the plan, any person acquiring property under the plan, any holder of a claim against or equity interest in a debtor and all other persons as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code, to the terms and conditions of the confirmed plan. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan provides for the treatment of claims and equity interests in accordance with the terms of the confirmed plan and discharges a debtor from its prepetition obligations.

After a plan of reorganization has been filed, certain holders of claims against and interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of a proposed chapter 11 plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the chapter 11 plan. The purpose of this Disclosure Statement, submitted in accordance with the requirements of section 1125 of the Bankruptcy Code, is to provide such information.

## B. PURPOSE AND EFFECT OF THE PLAN TRANSACTIONS

The Debtors believe that the transactions contemplated by the Plan will (a) significantly de-leverage their balance sheet, and (b) provide sufficient working capital to (i) fund the Company's emergence from chapter 11, (ii) appropriately capitalize the Reorganized Debtors, and (iii) facilitate the implementation of the Reorganized Debtors' business plan, including the funding of key capital projects. The Debtors believe that any alternative to Confirmation of the Plan, such as conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or liquidation under the laws of a foreign jurisdiction, would diminish the value of the Debtors' business and assets, result in significant delays, litigation and additional costs, and/or substantially lower, and in certain cases eliminate entirely, the recoveries for Holders of Allowed Claims.

## 1. Overview of Restructuring

The operating business of the Debtors is sound. However, the Debtors are currently saddled with too much debt that arose from the acquisition of the Debtors by the Dutch Co-op, an entity in which Dubai International Capital LLC ("***DIC***") is the primary shareholder. That acquisition, which took the form of a leveraged buyout, left the Debtors with in excess of $1,000,000,000 in debt owed to the Senior Lenders, the Second Lien Lenders, the Mezzanine Lenders and the Junior Mezzanine Lenders (collectively, the "***Financial Lenders***"). Accordingly, the primary purpose of the Plan is to effect a financial reorganization of the Claims of the Financial Lenders against the Debtors. In connection with consummation of the Plan, the capital structure of the Debtors will be rationalized. On the Effective Date, Senior Lenders will be paid in full, Second Lien Lenders will receive the Class 3 PIK Note for €52.1 million and indirect ownership of the Reorganized Debtors will be transferred to a newly created entity, Almatis Topco 1, a newly formed Dutch corporation which will indirectly (through Almatis Topco 2) hold 100% of the Interests in Reorganized DIC Almatis Holdco B.V. and all of its subsidiaries, whether Reorganized Debtors or non-Debtors.[1] On the Effective Date, Almatis Topco 1 will be owned 60% by the DIC Investor and 40% by the Mezzanine Lenders and the Junior Mezzanine Lenders, subject to dilution by SSN Share Warrants issued to the Senior Secured Noteholders, Management Options which could be issued to certain members of senior management in accordance with the MIP Term Sheet, and additional Almatis Topco 1 Shares issued to the DIC Investor in the event that it decides to equitize its fees in accordance with the SSN Term Sheets (the "***Fee Equitization Option***").

## 2. Implementation of Restructuring

Because the Debtors are U.S., Dutch, and German entities, significant attention has been given to implementation of the Restructuring. The Implementation Memorandum describes the implementation procedures and mechanics to effect the Restructuring. These procedures and mechanics enhance the ability to enforce the provisions of the Plan on a world-wide basis after the Effective Date and ensure that the Restructuring is accomplished in as tax efficient manner as is possible.

Prior to the Restructuring, the Debtors owe in excess of $1,000,000,000 to the Financial Lenders and are ultimately owned by the Dutch Co-op. The Plan provides for the infusion of €77,657,236.47 (the Euro equivalent of $100 million (as of the Conversion Date as defined in the DIC Investment Escrow Agreement)) in new equity by DIC, in exchange for the DIC Investor receiving beneficial ownership of €38,828,618.23 (the Euro equivalent of $50 million as of the Conversion Date as defined in the DIC Investment Escrow Agreement) of Senior Preference Shares in Almatis Topco 1 and 60% of the ordinary equity in Almatis Topco 1, and for borrowings from the Senior Secured Noteholders of approximately $564 million in connection

[1] In accordance with the Restructuring Term Sheet and by agreement of the Parties thereto, Almatis Topco 1 may be formed through a conversion of the Dutch Co-op. If that occurs, DIC Almatis Holdco B.V. shall be Almatis Topco 2.

with the issuance of the new Senior Secured Notes. For a discussion of the rights of the DIC Investor as the Holder of Senior Preference Shares, please refer to Section I.B.3 below and to the Restructuring Term Sheet. This funding enables the payment in full, together with accrued pre and post petition interest at the default rate, of the Senior Lender Claims.

The Plan further provides for resolution of the Second Lien Claims through issuance of the Class 3 PIK Notes by Almatis Topco 2, a wholly owned, newly created subsidiary of Almatis Topco 1 and the owner of the Reorganized Debtors. The Mezzanine Lenders and Junior Mezzanine Lenders will receive, through the Mezzanine Lender Junior Preference STAK 2 Depository Receipts and the Junior Mezzanine Lender Junior Preference STAK 2 Depository Receipts, respectively, beneficial ownership of Junior Preference Shares issued by Almatis Topco 1 with a liquidation preference of $16.7 million, plus accrued interest, in the event of an Exit (as described in the Restructuring Term Sheet). For a discussion of the rights of Holders of Junior Preference Shares, please refer to Section I.B.3 below and to the Restructuring Term Sheet. The Mezzanine Lenders and Junior Mezzanine Lenders will also receive, in consideration of their Mezzanine Claims and Junior Mezzanine Claims, 35.08% and 4.92%, respectively, of the ordinary shares of Almatis Topco 1.

The ordinary shares of Almatis Topco 1 issued to DIC, the Mezzanine Lenders and the Junior Mezzanine Lenders will be subject to dilution from exercise of the SSN Share Warrants, by Management Options to be issued to certain members of senior management as provided in the MIP Term Sheet, and by any Almatis Topco 1 Shares issued to the DIC Investor under the Fee Equitization Option. There is a possibility of further dilution by the exercise of the PIK Preference Warrants to be issued to the Holders of the Class 3 PIK Notes if such Notes are not repaid within five (5) years after the Effective Date.

Certain of the implementation mechanics contemplated by the Implementation Memorandum facilitate tax efficiency and structural components of the Restructuring. For example, in connection with implementation of the Restructuring, the New Tower Companies will be established. The New Tower Companies are Almatis Topco 1 and Almatis Topco 2. Almatis Topco 1 will own 100% of the Interests in Almatis Topco 2, which will own 100% of the Interests in Reorganized DIC Almatis Holdco B.V., and all of its subsidiaries, whether Reorganized Debtors or non-Debtors. These entities include all of the operating entities of the Almatis Group (as hereinafter defined) throughout the world. In addition, STAK 1 and STAK 2 will be formed as Dutch trust foundations to hold the Senior Preference Shares and the Junior Preference Shares, respectively, for the benefit of the DIC Investor, the Senior Secured Noteholders, and/or the Mezzanine Creditor Group, as applicable. Reorganized Almatis Holdings 9 B.V. will issue the Senior Secured Notes, Almatis Topco 2 will issue the PIK Notes and PIK Preference Warrants, and Almatis Topco 1 will issue the Senior Preference Shares, the Junior Preference Shares, the Almatis Topco 1 Shares, the Management Options and the Almatis Topco 1 Warrants.

### 3. Issuance of Almatis Topco 1 Equity Interests

The New Articles of Association of Almatis Topco 1 will allow it to issue preferred and ordinary shares;[2] in addition, Almatis Topco 1 shall be authorized to issue the Almatis Topco 1 Warrants and the Management Options. On the Effective Date, Almatis Topco 1 will issue three classes of shares in the following order of liquidation preference: (1) Senior Preference Shares; (2) Junior Preference Shares; and (3) Almatis Topco 1 Shares (collectively, the "***Almatis Topco Shares***"). Except as may be required under the law of The Netherlands, the issuance of the Almatis Topco Shares by Almatis Topco 1 is authorized without the need for any further corporate or entity action by the Debtors and without any further action by the Holders of Claims or Interests.

The Senior Preference Shares are paid-in-kind preference shares issued by Almatis Topco 1. As such, they are structurally subordinate to the PIK Notes issued by Almatis Topco 2. They are senior to the Junior Preference Shares and the Almatis Topco 1 Shares. The coupon on the Senior Preference Shares will be 15% per annum and will accrue on a cumulative basis from the Effective Date until their maturity in 2070. On the Effective Date, the DIC Senior Preference Shares with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of €38,828,618.23 (the Euro equivalent of $50 million as of the Conversion Date as defined in the DIC Investment Escrow Agreement), plus accrued interest, will be issued to STAK 1 for the benefit of the DIC Investor and, pursuant to the exercise of the SSN Senior Preference Share Warrants described below, Senior Preference Shares with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of $4.177 million, plus accrued interest, will be issued to STAK 1 for the benefit of the Senior Secured Noteholders.

The Junior Preference Shares are paid-in-kind preference shares issued by Almatis Topco 1. They are structurally junior to the PIK Notes issued by Almatis Topco 2 and to the Senior Preference Shares, but senior to the Almatis Topco 1 Shares. The coupon on the Junior Preference Shares will be 15% per annum and will accrue on a cumulative basis from the Effective Date until their maturity in 2070. On the Effective Date, Junior Preference Shares with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of $16.7 million, plus accrued interest, will be issued to STAK 2 for the benefit of the Mezzanine Creditor Group and, pursuant to the exercise of the SSN Junior Preference Share Warrants described below, Junior Preference Shares with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of $1.395 million, plus accrued interest, will be issued to STAK 2 for the benefit of the Senior Secured Noteholders.

The Almatis Topco 1 Shares are ordinary shares in Almatis Topco 1 ranking junior to the PIK Notes, the Senior Preference Shares, and the Junior Preference Shares. Of the Almatis Topco 1 Shares which will be issued on the Effective Date, (a) 60% will be issued, as provided in the Restructuring Term Sheet, to the DIC Investor in exchange for €38,828,618.23 (the Euro equivalent of $50 million as of the Conversion Date as defined in the DIC Investment Escrow

[2] Ordinary shares of a Dutch B.V. are similar in character to "common" shares of a U.S. corporation.

Agreement), and (b) 40% will be issued as provided in Article IV of the Plan (*see* Section VI.C. below) to the members of the Mezzanine Creditor Group. The Almatis Topco 1 Shares will be subject to dilution by the exercise of Management Options issued pursuant to the Management Incentive Plan (*see* Section I.B.6. below), by the exercise of the SSN Share Warrants issued to the Senior Secured Noteholders, and by Almatis Topco 1 Shares issued to the DIC Investor pursuant to the Fee Equitization Option.

The Plan also contemplates the issuance of the Almatis Topco 1 Warrants. The Almatis Topco 1 Warrants consist of the SSN Share Warrants, the SSN Senior Preference Share Warrants, the SSN Junior Preference Share Warrants, and the PIK Preference Warrants. The SSN Share Warrants will be issued to the Senior Secured Noteholders on the Effective Date, have an exercise price of €.01 per share, are exercisable at any time and entitle the Senior Secured Noteholders to acquire, in aggregate, up to 7.71% of the Almatis Topco 1 Shares. The SSN Senior Preference Share Warrants will be issued to the Senior Secured Noteholders on the Effective Date, have an exercise price of €.01 per share, are exercisable at any time and entitle the Senior Secured Noteholders to acquire, in aggregate, up to 7.71% of the Senior Preference Shares (which will be held through SSN Senior Preference STAK 1 Depository Receipts). The SSN Junior Preference Share Warrants will be issued to the Senior Secured Noteholders on the Effective Date, have an exercise price of €.01 per share, are exercisable at any time and entitle the Senior Secured Noteholders to acquire, in aggregate, up to 7.71% of the Junior Preferred Shares (which will be held through SSN Junior Preference STAK 2 Depository Receipts). The PIK Preference Warrants have an exercise price of €.01 per share and will be issued to the holders of PIK Notes beginning on the fifth anniversary of the Effective Date (provided that the PIK Notes remain outstanding on such date) and will entitle the holders of the PIK Notes to acquire, in aggregate, up to 12.5% of the then issued and outstanding Almatis Topco 1 Shares by the eighth anniversary of the Effective Date.[3]

All of the Almatis Topco Shares issued pursuant to the Plan shall be duly authorized, validly issued and fully paid. Each distribution and issuance referred to in Section VIII. below shall be governed by applicable Dutch law, the New Certificate of Formation of Almatis Topco 1, the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, including the Shareholders Agreement, which terms and conditions shall bind each Person receiving such distribution or issuance. The Senior Preference Shares held by the DIC Investor in the form of DIC Senior Preference STAK 1 Depository Receipts shall be stapled to the Almatis Topco 1 Shares issued to DIC on account of the DIC Equity Contribution. The Junior Preference Shares held by members of the Mezzanine Creditor Group in the form of Junior Preference STAK 2 Depository Receipts shall be stapled to the Mezzanine Shares issued to such members of the Mezzanine Creditor Group on account of their Claims.

[3] If the PIK Notes are outstanding on the fifth anniversary of the Effective Date, the Holders of PIK Notes shall be entitled to PIK Preference Warrants to purchase 5% of the ordinary shares; for each year thereafter that the PIK Notes are outstanding, the Holders of PIK Notes shall be entitled to PIK Preference Warrants to purchase another 2.5% with an aggregate cap of 12.5%.

The Almatis Topco Shares and Almatis Topco 1 Warrants shall be subject to dilution (as provided in the Restructuring Term Sheet) and to adjustment from time to time for any stock splits, stock dividends, reverse stock splits, reclassifications, and the like occurring after the Effective Date in respect of the Almatis Topco Shares and Almatis Topco 1 Warrants; *provided*, *however*, that the SSN Warrants (or Almatis Topco Shares issued pursuant to the exercise of such Warrants) shall have anti-dilution provisions that prevent the issuance of Management Options or Almatis Topco 1 Shares issued to the DIC Investor pursuant to the Fee Equitization Option from diluting the ownership percentages contemplated above. No dividends or other distributions will be paid on the Almatis Topco 1 Shares while the PIK Notes remain outstanding. Dividends or other distributions paid on the Management Options shall be subject to the provisions of the MIP Term Sheet. In addition, the Mezzanine Shares issued to the Mezzanine Creditor Group shall be subject to the Mezzanine Investor Ratchet described on pages 7-9 of the Restructuring Term Sheet as between the members of the Mezzanine Creditor Group holding such Mezzanine Shares on an Exit.

A more detailed description of the Almatis Topco Shares, Almatis Topco 1 Warrants, and Management Options is set forth in the Restructuring Term Sheet and the MIP Term Sheet.

**4. Shareholders Agreement**

The New Tower Companies and the Reorganized Debtors, as applicable, shall be authorized to enter into the Shareholders Agreement and such agreement shall be deemed to be valid, binding, and enforceable in accordance with its terms. Each holder of an Almatis Topco 1 Equity Interest shall enter into the Shareholders Agreement as a condition to receiving any Distribution under the Plan or otherwise becoming a holder of an Almatis Topco 1 Equity Interest; *provided*, *however*, that upon the Effective Date, the Shareholders Agreement shall be deemed to be valid, binding, and enforceable in accordance with its terms with respect to any such holder without regard to whether any such holder has executed the Shareholders Agreement. The Shareholders Agreement will govern the rights and obligations of the holders of Almatis Topco 1 Equity Interests. The basic terms of the Shareholders Agreement are as follows:

The Shareholders Agreement shall provide for certain consent rights with respect to actions of Almatis Topco 1. *See* Section I.B.5. below for a description of these rights.

Except with respect to (a) a sale pursuant to the Drag Along Right, (b) a sale pursuant to the Tag Along Right, (c) a sale to a Permitted Transferee, or (d) a DIC Co-Investor Sale (all of the foregoing capitalized terms as defined below), the holders of Almatis Topco 1 Shares shall have a right of first offer, on a pro rata basis, with respect to the proposed sale, transfer or other disposition of Almatis Topco 1 Shares by any other holder thereof. Issuances of Almatis Topco 1 Shares or other equity in Almatis Topco 1 are further restricted by additional terms that are set forth on pages 23-24 of the Restructuring Term Sheet.

Almatis Topco 1 Shares and unexercised warrants in respect thereof, including the SSN Warrants, will also be subject to a drag along right (the "***Drag Along Right***") whereby holders of the Almatis Topco 1 Shares and/or unexercised warrants in respect thereof shall be obligated to sell their shares and/or any unexercised warrants in respect thereof in the event that a bona fide

third party offer is received for all of the Almatis Topco 1 Shares and either: (i) such third party offer represents an Enterprise Value (as defined in the Restructuring Term Sheet) of not less than $1.2 billion and is accepted by the holders of 75% of the Almatis Topco 1 Shares in issue; or (ii) such third party offer is accepted by shareholders holding not less than 75% of the Almatis Topco 1 Shares in issue, including Mezzanine Lenders and Junior Mezzanine Lenders representing not less than 75% of the total number of Almatis Topco 1 Shares held by all Mezzanine Lenders and Junior Mezzanine Lenders. In addition, if one holder of Almatis Topco 1 Shares acquires at least 90% of the Almatis Topco 1 Shares in issue, such holder has the right to acquire all other Almatis Topco 1 Shares (along with any unexercised warrants in respect thereof) for an amount equal to the higher of (i) the fair market value of such shares and (ii) the highest per share price at which the purchasing holder has acquired Almatis Topco 1 Shares in the two-year period immediately preceding the exercise of the Drag Along Right.

Almatis Topco 1 Shares and unexercised warrants in respect thereof will also be subject to a tag along right (the "***Tag Along Right***") whereby holders of the Almatis Topco 1 Shares and/or unexercised warrants in respect thereof shall be entitled to force any acquirer of Almatis Topco 1 Shares that would become a holder of more than 50% of the outstanding Almatis Topco 1 Shares as a result of such acquisition, to purchase their Almatis Topco 1 Shares and/or unexercised at the same time as the other Almatis Topco 1 Shares being acquired. In addition, if any party offers to acquire any Almatis Topco 1 Shares from the DIC Investor such that the DIC Investor (together with any Permitted Transferees of DIC and/or any DIC Agreed Co-Investor) would hold: (i) 50% or less of the Almatis Topco 1 Shares in issue, the remaining holders of Almatis Topco 1 Shares shall have the right to require that a *pro rata* portion of their Almatis Topco 1 Shares and/or unexercised warrants in respect thereof are acquired simultaneously with such acquisition, and (ii) 35% or less of the Almatis Topco 1 Shares in issue, the remaining holders of Almatis Topco 1 Shares shall have the right to require that all of their Almatis Topco 1 Shares are acquired simultaneously with such acquisition, provided in each case that the DIC Investor may reduce the number of Almatis Topco 1 Shares it wishes to sell in the transaction giving rise to the Tag Along Right. The Tag Along Right shall be exercisable on the same terms as the best offer for Almatis Topco 1 Shares made by the acquiring party within the previous six months (if applicable), and otherwise on no less favorable terms than those being offered to the transferring holders of Almatis Topco 1 Shares.

All Almatis Topco 1 Shares shall be freely transferable to the Permitted Transferees described on pages 24-25 of the Restructuring Term Sheet (the "***Permitted Transferees***"), provided that proper notice is given and subject to execution of a Deed of Adherence, all in accordance with the Restructuring Term Sheet. Further, up to 20% of the Almatis Topco 1 Shares held by the DIC Investor shall be transferable to Agreed Co-Investors by virtue of a DIC Co-Investor Sale (as defined and described on pages 24-25 of the Restructuring Term Sheet). In addition, for a period of three years after the Effective Date (the "***Lock-Up Period***"), no sales of Almatis Topco 1 Shares will be permitted without the prior written consent of all of the other holders of Almatis Topco 1 Shares other than the following: (i) sales made pursuant to the exercise of the Drag Along Right, (ii) sales made pursuant to the exercise of the Tag Along Right, (iii) sales to Permitted Transferees, (iv) sales to other holders of Almatis Topco 1 Shares, (v) in the case of Almatis Topco 1 Shares held by a Mezzanine Lender or Junior Mezzanine Lender, sales to bona fide third parties (excluding (a) financial investors predominatly in the business of investing directly or indirectly in distressed assets, or (b) competitors of the

Reorganized Debtors, unless otherwise agreed by the DIC Investor), and (vi) in the case of Almatis Topco 1 Shares held by the DIC Investor, such sale is a DIC Co-Investor Sale.

Upon the occurrence of an Exit or a partial Exit, distributions will be made in the following order of priority on a cumulative basis: (i) first, to the holders of the PIK Notes in respect of any principal and accrued interest thereunder; (ii) second, to the holders of the Senior Preference Shares in respect of any principal and accrued interest thereunder; (iii) third, to the holders of the Junior Preference Shares in respect of any principal and accrued interest thereunder; and (iv) fourth, to the holders of Almatis Topco 1 Shares (subject in respect of the Mezzanine Shares, to the Mezzanine Investor Ratchet).

After 3 years and on or before 5 years from the Effective Date, any holder or group of holders who collectively hold in excess of 10% of the Almatis Topco 1 Shares in issue at the relevant time shall be able to require that there be an Exit, and provided that the Exit represents an Enterprise Value of not less than USD $1.2 billion, all parties to the Shareholders Agreement shall be obligated to take all reasonably necessary steps and actions to cause the Exit to take place. After the fifth anniversary of the Effective Date, any holder or group of holders who collectively hold in excess of 10% of the Almatis Topco 1 Shares in issue at the relevant time shall be able to require that there be an Exit of Almatis Topco 1 and all parties to the Shareholders Agreement shall be obligated to take all reasonably necessary steps and actions to cause the Exit to take place, provided that the relevant value is not less than the Fair Valuation (as defined on page 28 of the Restructuring Term Sheet).

A more detailed description of certain terms of the Shareholders Agreement is set forth at pages 14-30 of the Restructuring Term Sheet. The final form of the Shareholders Agreement shall be filed in the Plan Supplement.

**5. Management of Reorganized Debtors and New Tower Companies**

The managing board of Almatis Topco 1 (collectively, the "***Almatis Topco 1 Board***") shall be responsible for managing Almatis Topco 1; boards of directors and/or managers (as applicable) shall be appointed with respect to each of Almatis Topco 1's subsidiaries, including the Reorganized Debtors (collectively with the Almatis Topco 1 Board, the "***New Boards***").

The Almatis Topco 1 Board shall consist of up to 11 directors. On the Effective Date, it is expected that the Almatis Topco 1 Board will consist of 3 directors nominated by the DIC Investor, 2 directors nominated by the Mezzanine Creditor Group, two directors nominated by the holders of a majority of the aggregate principal amount of the Senior Secured Notes, two Independent Directors that will be selected by the other members of the Almatis Topco 1 Board (taking into consideration the factors listed on page 18 of the Restructuring Term Sheet), the Chief Executive Officer of Almatis Topco 1 (to be named in the Plan Supplement), and the Chief Financial Officer of Almatis Topco 1 (to be named in the Plan Supplement).

The New Articles of Association for Almatis Topco 1 will include a list of matters for which the vote/consent of 75% of the Almatis Topco 1 Shares in issue is required (the "***Shareholder Reserved Matters List***"). The Shareholder Reserved Matters List shall consist of the items set forth on pages 15-17 of the Restructuring Term Sheet. The New Articles of

Association for Almatis Topco 1 will also include a list of matters for which the approval of a majority of the Investor Directors (as defined on page 17 of the Restructuring Term Sheet, the "***Investor Directors***") is required (the "***Investor Director Reserved Matters List***"). The Investor Director Reserved Matters List shall include the items set forth on pages 19-20 of the Restructuring Term Sheet. Other than the Almatis Topco 1 Board, no New Board shall pass any resolution for any matter listed in the Investor Director Reserved Matters List, unless the Almatis Topco 1 Board has approved such action in accordance with the requirements of the Investor Director Reserved Matters List. If the Almatis Topco 1 Board has approved a matter, to the extent permissible, the board of any subsidiary of Almatis Topco 1 shall approve such matter (as required).

A more detailed description of certain terms of the corporate governance structure of the New Tower Companies and the Reorganized Debtors is set forth at pages 14-23 of the Restructuring Term Sheet.

### 6. Management Incentive Plan

The Management Incentive Plan shall contain the terms set forth in the MIP Term Sheet. The participants in the Management Incentive Plan shall be the Almatis Topco 1 CEO, the Almatis Topco 1 CFO, the Independent Directors (as defined in the Restructuring Term Sheet) and any other directors of the Group other than the Investor Directors, and other key members of management of the Reorganized Debtors and New Tower Companies as determined by the remuneration committee of the Almatis Topco 1 Board. On a cumulative basis, the Management Incentive Plan shall entitle the participants to Management Options to acquire up to 10% of the Almatis Topco 1 Shares, which Management Options may be issued pursuant to the Plan on the Effective Date and subsequent Distribution Dates (excluding any Almatis Topco 1 Shares issued to the Senior Secured Noteholders), with an initial award being made on the Effective Date of that amount of Management Options which would entitle the recipients thereof, upon the exercise of such Management Options, to an amount equal to 8% of the Almatis Topco 1 Shares that may be issued pursuant to the Plan on the Effective Date and subsequent Distribution Dates (excluding any Almatis Topco 1 Shares issued to the Senior Secured Noteholders). Recipients of the Management Options shall pay an Exercise Price calculated in accordance with the terms set forth in the MIP Term Sheet. Participants may also receive certain discretionary bonus payments. The Management Incentive Plan is designed to reward management of the Reorganized Debtors for successful post-Effective Date performance of the business and align the interests of management of the Reorganized Debtors with the interests of the holders of Almatis Topco Shares and Almatis Topco Warrants. The final form of the Management Incentive Plan shall be filed in the Plan Supplement.

### 7. Revolving Credit Facility

On the Effective Date, Almatis B.V. and its subsidiaries will obtain a revolving credit facility of up to $50 million from JP Morgan and Bank of America/Merrill. The purpose of the Revolving Credit Facility is to provide additional funding for working capital and general corporate purposes of the Reorganized Debtors and their affiliates. The Revolving Credit Facility will have a maturity date that is five years after the Effective Date.

As described more fully in the RCF Term Sheet, the Revolving Credit Facility will be guaranteed by all of the Debtors and will be collateralized by a first priority security interest in substantially all of the Debtors' assets. The Revolving Credit Facility will share in the security and guaranty package granted to the holders of the Senior Secured Notes. The New Intercreditor Agreement related to the Senior Secured Notes and the Revolving Credit Facility will provide that, in terms of security ranking, the Revolving Credit Facility will be senior to the Senior Secured Notes. Both the Revolving Credit Facility and the Senior Secured Notes will be structurally senior to the PIK Notes. The ability of the Debtors to grant the first priority security interest in substantially all of the Debtors' assets required by the RCF Term Sheet is dependent on the release of the existing security interests in the Transaction Security (as defined herein) in favor of the Financial Lenders.

The principal terms of the Revolving Credit Facility are set forth in the RCF Term Sheet. The definitive documents evidencing the Revolving Credit Facility shall be filed in the Plan Supplement.

**8. Senior Secured Notes**

On the Effective Date, Almatis Holdings 9 B.V. will issue the Senior Secured Notes. The Senior Secured Notes consist of $400 million of dollar denominated notes (the "***Dollar Notes***") and €110 million of Euro denominated notes (the "***Euro Notes***"), with an option to issue up to an additional $20 million in Dollar Notes (the "***Upsize Option***"). The Senior Secured Notes will be structurally senior to the PIK Notes.

As described more fully in the SSN Term Sheets, the Senior Secured Notes will be guaranteed by all of the Debtors and will be collateralized by a first priority security interest in substantially all of the Debtors' assets. The Senior Secured Notes will share in the security and guaranty package granted to the Revolving Credit Facility. The New Intercreditor Agreement related to the Senior Secured Notes and the Revolving Credit Facility provides that, in terms of security ranking, the Revolving Credit Facility will be senior to the Senior Secured Notes. The ability of the Debtors to grant the first priority security interest in substantially all of the Debtors' assets required by the SSN Term Sheets is dependent on the release of the existing security interests in the Transaction Security (as defined herein) in favor of the Financial Lenders.

The Senior Secured Notes will bear interest at USD-3m-LIBOR or EURIBOR (as applicable) plus 7.5% per annum cash interest (subject to a USD-3m-LIBOR/EURIBOR floor of 1.5% per annum) and 4.0%[4] per annum payment-in-kind (non-cash) interest (with a toggle mechanism as described on page 2 of the SSN Term Sheets), and will have a final maturity date of eight years after the Effective Date. The Senior Secured Notes may be prepaid at any time after the fourth anniversary of the Effective Date at a prepayment premium of 106.5% in year five and 103.25% in year six, and at par thereafter. Prior to the fourth anniversary of the

[4] The payment-in-kind interest rate will increase to 4.25% if the Upsize Option is exercised for an aggregate principal amount of additional Dollar Notes equal to or in excess of $10 million and the Fee Equitization Option is not exercised within 90 days of the Effective Date.

Effective Date, the Senior Secured Notes may be prepaid in part or in full in accordance with the provisions set forth on pages 5-6 of the SSN Term Sheets, which include a make-whole premium. Notwithstanding the foregoing, the Company will be permitted to apply excess cash flow generated from normal ordinary course business operations to prepay up to $150 million of principal amount of Senior Secured Notes (including additional Senior Secured Notes issued as PIK interest) at par plus accrued and unpaid interest at any time without premium or penalty on a pro rata basis. In addition, upon a Change of Control (as defined in the SSN Term Sheets), the Company will be required to make an offer to each holder of a Senior Secured Notes to purchase up to all of such holder's Senior Secured Notes at a price equal to 101% of principal amount plus accrued and unpaid interest to the purchase date. The obligations under the Senior Secured Note Facility will be guaranteed by certain members of the Almatis Group in accordance with the terms set forth on pages 3-4 of the SSN Term Sheets. Security for the Senior Secured Notes is set forth on pages 4-5 of the SSN Term Sheets.

Under the terms of the Senior Secured Notes Facility, Almatis Holdings 9 B.V. and certain other Reorganized Debtors will be required to comply with certain financial covenants relating to leverage, capital expenditure, additional indebtedness, and other items, as detailed in the SSN Term Sheets (collectively, the "***Financial Covenants***").

Pursuant to the SSN Secured Notes Facility, the holders of a majority of the Senior Secured Notes will have the right, once, to retranche the Senior Secured Notes into two or more tranches with varying maturities, rankings, prepayment penalties and rates and/or to redenominate all or a portion into Euro denominated notes provided that the weighted averages resulting from such retranching do not adversely change the terms set forth above. A more detailed description of the terms and conditions applicable to the retranching is set forth on pages 10-11 of the SSN Term Sheets.

As partial consideration for issuing the Senior Secured Notes, the Senior Secured Noteholders shall be entitled to receive the SSN Share Warrants, the SSN Senior Preference Share Warrants, and the SSN Junior Preference Share Warrants described in Section I.B.3 above, as well as the SSN PIK Notes. In addition, the majority holders of the Senior Secured Notes will be entitled to appoint two directors of Almatis Topco 1 (out of a total not to exceed eleven).

The terms of the Senior Secured Notes are set forth more fully in the SSN Term Sheets. The Senior Secured Notes will be evidenced by the Senior Secured Notes Facility, the final form of which shall be filed in the Plan Supplement.

**9. PIK Notes**

On the Effective Date, Almatis Topco 2 will issue the PIK Notes. The PIK Notes will be subordinate to the Senior Secured Notes and the Revolving Credit Facility. The PIK Notes will bear payment-in-kind (non-cash) interest at 2.00% (compounding annually), and will have a final maturity date of December 31, 2021. EUR €52.1 million in nominal face amount of PIK Notes will be issued to the Holders of Second Lien Claims and approximately EUR €4.35 million in nominal face amount of PIK Notes will be issued to the Senior Secured Noteholders. Transfer of the PIK Notes is subject to a right of first refusal available to the other holders of PIK Notes. If the PIK Notes are still outstanding on the fifth anniversary of the Effective Date, the holders

thereof shall be entitled to the PIK Preference Warrants described in Section I.B.3 above. The PIK Notes are redeemable in part or in full at any time after the Effective Date for their nominal value plus the value of all accrued coupon to the date of redemption with no additional penalty for repayment.

The principal terms of the PIK Notes Indenture, and the principal terms applicable to the sale of the PIK Preference Warrants, are set forth at pages 9-12 of the Restructuring Term Sheet. The final form of the PIK Notes Indenture governing the terms of the PIK Notes, including the issuance of PIK Preference Warrants (if required), shall be filed in the Plan Supplement.

**10. New Intercreditor Agreement**

On the Effective Date, the New Tower Companies, the Reorganized Debtors, the lenders under the Revolving Credit Facility and the Senior Secured Notes Facility, the Facility Agent for such Facilities, and the holders of the PIK Notes will enter into the New Intercreditor Agreement. Each holder of the Senior Secured Notes or PIK Notes or lender under the Revolving Credit Facility shall be required to enter into the New Intercreditor Agreement as a condition to receiving any Distribution under the Plan or otherwise becoming a holder of such debt, or a party to any such agreements. The New Intercreditor Agreement will provide for the intercreditor relationships between the parties to the Senior Secured Notes, Revolving Credit Facility, the PIK Notes and any Intercompany Claim. Generally, the New Intercreditor Agreement will provide that the priority of these obligations is, in descending order of priority, (1) Senior Secured Notes and Revolving Credit Facility, pari passu, and (2) Intercompany Claims and PIK Notes, pari passu. Notwithstanding the foregoing, although the Revolving Credit Facility will share in the security and guaranty package granted to the holders of the Senior Secured Notes, the New Intercreditor Agreement will provide that, in terms of security ranking, the Revolving Credit Facility will be senior to the Senior Secured Notes

The final form of the New Intercreditor Agreement shall be filed in the Plan Supplement.

## C. SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

**THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS AND THE PROJECTED RECOVERIES UNDER THE PLAN. *THE PROJECTED RECOVERIES SET FORTH BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE.* REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS. THE ALLOWANCE OF CLAIMS MAY BE SUBJECT TO LITIGATION OR OTHER ADJUSTMENTS, AND ACTUAL ALLOWED CLAIM AMOUNTS MAY DIFFER MATERIALLY FROM THE ESTIMATED AMOUNTS.**

## SUMMARY OF TREATMENT AND PROJECTED RECOVERIES

| Class | Type of Claim or Interest | Treatment of Claim/Interest | Projected Recovery Under the Plan[5] |
|---|---|---|---|
| Unclassified | Administrative Expense Claims | The Plan provides for payment of each Allowed Administrative Expense Claim in full in Cash. | 100% |
| Unclassified | Professional Compensation Claims | The Plan provides for payment of each Allowed Professional Compensation Claim in full in Cash. | 100% |
| Unclassified | Priority Tax Claims | These Claims are Unimpaired. The Plan provides that each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code, or at the Debtors' election upon notice to the Holder of an Allowed Priority Tax Claim no later than five days before the Confirmation Objection Deadline, in accordance with the terms set forth in section 1129(a)(9)(A) or 1129(a)(9)(B) of the Bankruptcy Code. | 100% |
| 1(a)-(m) | Other Priority Claims | Claims in these Classes are Unimpaired. The Plan provides for payment of each Allowed Other Priority Claim in full in Cash. | 100% |
| 2(c)-(m) | Senior Lender Claims | Claims in these Classes are Unimpaired. The Plan provides for payment of each Allowed Senior Lender Claim in full in Cash in the | 100% |

[5] Projected Recovery Under the Plan shows the projected recovery on total Claims by Class. In certain instances, the projected recovery represents a range of values based upon two differing views of the enterprise value of the Debtors: the opinion expressed by Moelis & Company, the Debtors' valuation expert, and the view expressed by Capstone Partners LLC, the valuation expert for certain Second Lien, Mezzanine, and Junior Mezzanine Lenders. As the Plan is a fully consensual Plan, valuation is not an issue and the Debtors disclose these ranges solely for the purpose of adequacy of disclosure. According to Moelis & Company, the mid-point valuation of the Debtors is $540 million. At this valuation, Holders of Second Lien Claims, Mezzanine Claims, and Junior Mezzanine Claims may not receive any recovery on account of their claims pursuant to the Plan. According to Capstone Partners LLC, the concluded fair market value of the Debtors is $858 million (including a weighted average of $46.8 million of cash). At this valuation, Holders of Second Lien Claims, Mezzanine Claims, and Junior Mezzanine Claims may achieve the high-end recoveries set forth herein. The Debtors do not adopt the Capstone Partners LLC valuation and certain Second Lien, Mezzanine and Junior Mezzanine Lenders dispute the valuation expressed by Moelis & Company.

| Class | Type of Claim or Interest | Treatment of Claim/Interest | Projected Recovery Under the Plan[5] |
|---|---|---|---|
| | | currency in which such Claim is denominated under the applicable agreements related thereto.[6] | |
| 3(c)-(m) | Second Lien Claims | Claims in these Classes are Impaired. Each Holder of an Allowed Second Lien Claim as of the Distribution Record Date shall, in exchange for transferring such Allowed Second Lien Claim to Almatis Topco 2 and in compliance with the Class 3 Distribution Procedures, receive its Pro Rata Share of the Class 3 Distribution, which consists of the Class 3 PIK Notes, which are €52,100,000 of senior paid-in-kind, unsecured notes issued by Almatis Topco 2 pursuant to the PIK Notes Indenture. In the event, the Class 3 PIK Notes are outstanding on the fifth ($5^{th}$) anniversary of the Effective Date, the then holders of those Notes will receive PIK Preference Warrants, which are warrants for the purchase of Almatis Topco 1 Shares that will be issued on and after the fifth anniversary of the Effective Date if and only if the PIK Notes remain outstanding at that time, and which over time will entitle the holders thereof to purchase up to 12.5% of Almatis Topco 1 Shares in issue on a fully-diluted basis. | 0%-90% |
| 4(c)-(m) | Mezzanine Claims | Claims in these Classes are Impaired. Each Holder of an Allowed Mezzanine Claim on the Distribution Record Date shall, in exchange for transferring such Allowed Mezzanine Claim to Almatis Topco 1 and in compliance with the Classes 4 and 5 Distribution Procedures, receive its Pro Rata Share of the Class 4 Distribution, which is composed of (i) the Mezzanine Lender Almatis Topco 1 Shares, consisting of 35.08% | 0%-26% |

[Footnote continued from previous page]

[6] Thus, a Senior Lender Claim denominated under the Senior Credit Agreement in dollars would be paid in full in dollars and a Senior Lender Claim denominated under the Senior Credit Agreement in Euros would be paid in full in Euros.

| Class | Type of Claim or Interest | Treatment of Claim/Interest | Projected Recovery Under the Plan[5] |
|---|---|---|---|
| | | of the Almatis Topco 1 Shares (which are subject to dilution by the SSN Share Warrants, the PIK Preference Warrants and the Management Options, and which are also subject to the Mezzanine Investor Ratchet), and (ii) the Mezzanine Lender Junior Preference STAK 2 Depository Receipts, which represent the beneficial rights to Junior Preference Shares with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of approximately $14.65 million, plus accrued interest. | |
| 5(b)-(f) | Junior Mezzanine Claims | Claims in these Classes are Impaired. Each Holder of an Allowed Junior Mezzanine Claim as of the Distribution Record Date shall, in exchange for transferring such Allowed Junior Mezzanine Claim to Almatis Topco 1 and in compliance with the Classes 4 and 5 Distribution Procedures, receive its Pro Rata Share of the Class 5 Distribution, which is composed of (i) the Junior Mezzanine Lender Almatis Topco 1 Shares, consisting of 4.92% of the Almatis Topco 1 Shares (which are subject to dilution by the SSN Share Warrants, the PIK Preference Warrants, and the Management Options, and which are subject to the Mezzanine Investor Ratchet), and (ii) the Junior Mezzanine Lender Junior Preference STAK 2 Depository Receipts, which represent the beneficial rights to Junior Preference Shares with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of approximately $2.05 million, plus accrued interest. | 0%-9% |
| 6(a)-(m) | Other Secured Claims | Claims in these Classes are Unimpaired. Except to the extent that the Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, each Allowed Other Secured Claim shall be reinstated or otherwise rendered unimpaired. Each Allowed Other Secured Claim shall, for purposes of the Plan (and each | 100% |

| Class | Type of Claim or Interest | Treatment of Claim/Interest | Projected Recovery Under the Plan[5] |
|---|---|---|---|
| | | Subplan), be deemed to be in a separate class. | |
| 7(a)-(m) | General Unsecured Claims | Claims in these Classes are Unimpaired. Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, each Allowed General Unsecured Claim shall be reinstated, paid in full, or otherwise rendered Unimpaired and the applicable Reorganized Debtors shall remain liable for the Allowed General Unsecured Claim. If a General Unsecured Claim arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business or (ii) pursuant to an Executory Contract or Unexpired Lease, the Holder of such General Unsecured Claim shall be paid in Cash by the applicable Debtor (or, after the Effective Date, by the applicable Reorganized Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such General Unsecured Claim. | 100% |
| 8(a) | Intercompany Claims against DIC Almatis Holdco B.V. | Intercompany Claims in Class 8(a) will be reinstated as of the Effective Date. Pursuant to the Restructuring Term Sheet, DIC has agreed to cause Dutch Co-op to transfer such Claims as provided in the Implementation Memorandum. | |
| 8(b)-(m) | Intercompany Claims | Claims in these classes are Impaired. Intercompany Claims in Classes 8(b)-(m) will be reinstated as of the Effective Date, except as provided in the Implementation Memorandum. | N/A |
| 9(a) | Subordinated Claims against DIC Almatis Holdco B.V. | Claims in Class 9(a) are Unimpaired. Except to the extent that a Holder of an Allowed Subordinated Claim in Class 9(a) agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed Subordinated Claim in Class 9(a) shall be reinstated, paid in full, or otherwise rendered Unimpaired and DIC Almatis Holdco B.V. shall remain liable for such Allowed Subordinated Claim. | 100% |

| Class | Type of Claim or Interest | Treatment of Claim/Interest | Projected Recovery Under the Plan[5] |
|---|---|---|---|
| 9(b)-(m) | Other Subordinated Claims | Subordinated Claims in Classes 9(b)-(m) are Impaired. Each Allowed Subordinated Claim in Classes 9(b)-(m) shall be cancelled and discharged and the Holder of such Allowed Subordinated Claim shall not receive any distribution under the Plan. | 0% |
| 10(a), 10(c), 10(d) | Interests in DIC Almatis Holdco B.V., DIC Almatis Bidco B.V., and Almatis Holdings 3 B.V. | Interests in Classes 10(a), 10(c), and 10(d) are Unimpaired. In exchange for a payment of €1.00, for each Class of Interests, the Holder of the Interests in Classes 10(a), 10(c), and 10(d) will transfer such Interests to Almatis Topco 2 on the Effective Date in accordance with the provisions of the Implementation Memorandum. | N/A |
| 10(b), 10(e)-(m) | Other Interests | Interests in these Classes are Unimpaired. To preserve the Debtors' corporate structure for the benefit of the Holders of Allowed Second Lien Claims, Allowed Mezzanine Claims, and Allowed Junior Mezzanine Claims, the Interests in each of Classes 10(b) and 10(e)-(m) shall be Reinstated. | N/A |

## II. VOTING AND CONFIRMATION PROCEDURES

### A. PERSONS ENTITLED TO VOTE ON THE PLAN

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims or Interests that are not Impaired by the Plan are presumed to accept the Plan under section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan. Holders of Claims or Interests that will not receive a distribution or retain any property under the Plan are deemed to reject the Plan under section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan.

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class for purposes of voting on the Plan and of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in

that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date.

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

**1. Classes 1(a)-(m): Other Priority Claims.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 1(a) | Other Priority Claims against DIC Almatis Holdco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(b) | Other Priority Claims against DIC Almatis Midco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(c) | Other Priority Claims against DIC Almatis Bidco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(d) | Other Priority Claims against Almatis Holdings 3 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(e) | Other Priority Claims against Almatis Holdings 9 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(f) | Other Priority Claims against Almatis B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(g) | Other Priority Claims against Almatis Holdings 7 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(h) | Other Priority Claims against Almatis US Holding, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(i) | Other Priority Claims against Almatis, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(j) | Other Priority Claims against Almatis Asset Holdings, LLC | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(k) | Other Priority Claims against Blitz F07- neunhundertsechzig-drei GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 1(l) | Other Priority Claims against Almatis Holdings GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 1(m) | Other Priority Claims against Almatis GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

**2. Classes 2(c)-(m): Senior Lender Claims.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 2(c) | Senior Lender Claims against DIC Almatis Bidco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(d) | Senior Lender Claims against Almatis Holdings 3 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(e) | Senior Lender Claims against Almatis Holdings 9 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(f) | Senior Lender Claims against Almatis B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(g) | Senior Lender Claims against Almatis Holdings 7 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(h) | Senior Lender Claims against Almatis US Holding, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(i) | Senior Lender Claims against Almatis, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(j) | Senior Lender Claims against Almatis Asset Holdings, LLC | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(k) | Senior Lender Claims against Blitz F07- neunhundertsechzig-drei GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(l) | Senior Lender Claims against Almatis Holdings GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 2(m) | Senior Lender Claims against Almatis GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

### 3. Classes 3(c)-(m): Second Lien Claims.

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 3(c) | Second Lien Claims against DIC Almatis Bidco B.V. | Impaired | Entitled to vote |
| Class 3(d) | Second Lien Claims against Almatis Holdings 3 B.V. | Impaired | Entitled to vote |
| Class 3(e) | Second Lien Claims against Almatis Holdings 9 B.V. | Impaired | Entitled to vote |
| Class 3(f) | Second Lien Claims against Almatis B.V. | Impaired | Entitled to vote |
| Class 3(g) | Second Lien Claims against Almatis Holdings 7 B.V. | Impaired | Entitled to vote |
| Class 3(h) | Second Lien Claims against Almatis US Holding, Inc. | Impaired | Entitled to vote |
| Class 3(i) | Second Lien Claims against Almatis, Inc. | Impaired | Entitled to vote |
| Class 3(j) | Second Lien Claims against Almatis Asset Holdings, LLC | Impaired | Entitled to vote |
| Class 3(k) | Second Lien Claims against Blitz F07- neunhundertsechzig-drei GmbH | Impaired | Entitled to vote |
| Class 3(l) | Second Lien Claims against Almatis Holdings GmbH | Impaired | Entitled to vote |
| Class 3(m) | Second Lien Claims against Almatis GmbH | Impaired | Entitled to vote |

### 4. Classes 4(c)-(m): Mezzanine Claims.

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 4(c) | Mezzanine Claims against DIC Almatis Bidco B.V. | Impaired | Entitled to vote |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 4(d) | Mezzanine Claims against Almatis Holdings 3 B.V. | Impaired | Entitled to vote |
| Class 4(e) | Mezzanine Claims against Almatis Holdings 9 B.V. | Impaired | Entitled to vote |
| Class 4(f) | Mezzanine Claims against Almatis B.V. | Impaired | Entitled to vote |
| Class 4(g) | Mezzanine Claims against Almatis Holdings 7 B.V. | Impaired | Entitled to vote |
| Class 4(h) | Mezzanine Claims against Almatis US Holding, Inc. | Impaired | Entitled to vote |
| Class 4(i) | Mezzanine Claims against Almatis, Inc. | Impaired | Entitled to vote |
| Class 4(j) | Mezzanine Claims against Almatis Asset Holdings, LLC | Impaired | Entitled to vote |
| Class 4(k) | Mezzanine Claims against Blitz F07- neunhundertsechzig-drei GmbH | Impaired | Entitled to vote |
| Class 4(l) | Mezzanine Claims against Almatis Holdings GmbH | Impaired | Entitled to vote |
| Class 4(m) | Mezzanine Claims against Almatis GmbH | Impaired | Entitled to vote |

**5. Classes 5(b)-(f): Junior Mezzanine Claims.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 5(b) | Junior Mezzanine Claims against DIC Almatis Midco B.V. | Impaired | Entitled to vote |
| Class 5(c) | Junior Mezzanine Claims against DIC Almatis Bidco B.V. | Impaired | Entitled to vote |
| Class 5(d) | Junior Mezzanine Claims against Almatis Holdings 3 B.V. | Impaired | Entitled to vote |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 5(e) | Junior Mezzanine Claims against Almatis Holdings 9 B.V. | Impaired | Entitled to vote |
| Class 5(f) | Junior Mezzanine Claims against Almatis B.V. | Impaired | Entitled to vote |

**6. Classes 6(a)-(m): Other Secured Claims.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 6(a) | Other Secured Claims against DIC Almatis Holdco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(b) | Other Secured Claims against DIC Almatis Midco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(c) | Other Secured Claims against DIC Almatis Bidco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(d) | Other Secured Claims against Almatis Holdings 3 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(e) | Other Secured Claims against Almatis Holdings 9 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(f) | Other Secured Claims against Almatis B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(g) | Other Secured Claims against Almatis Holdings 7 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(h) | Other Secured Claims against Almatis US Holding, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(i) | Other Secured Claims against Almatis, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(j) | Other Secured Claims against Almatis Asset Holdings, LLC | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(k) | Other Secured Claims against Blitz F07- neunhundertsechzig-drei GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 6(l) | Other Secured Claims against Almatis Holdings GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 6(m) | Other Secured Claims against Almatis GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

**7. Classes 7(a)-(m): General Unsecured Claims.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 7(a) | General Unsecured Claims against DIC Almatis Holdco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(b) | General Unsecured Claims against DIC Almatis Midco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(c) | General Unsecured Claims against DIC Almatis Bidco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(d) | General Unsecured Claims against Almatis Holdings 3 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(e) | General Unsecured Claims against Almatis Holdings 9 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(f) | General Unsecured Claims against Almatis B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(g) | General Unsecured Claims against Almatis Holdings 7 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(h) | General Unsecured Claims against Almatis US Holding, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(i) | General Unsecured Claims against Almatis, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(j) | General Unsecured Claims against Almatis Asset Holdings, LLC | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(k) | General Unsecured Claims against Blitz F07- neunhundertsechzig-drei GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 7(l) | General Unsecured Claims against Almatis Holdings GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 7(m) | General Unsecured Claims against Almatis GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

**8. Classes 8(a)-(m): Intercompany Claims.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 8(a) | Intercompany Claims against DIC Almatis Holdco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 8(b) | Intercompany Claims against DIC Almatis Midco B.V. | Impaired | Entitled to vote |
| Class 8(c) | Intercompany Claims against DIC Almatis Bidco B.V. | Impaired | Entitled to vote |
| Class 8(d) | Intercompany Claims against Almatis Holdings 3 B.V. | Impaired | Entitled to vote |
| Class 8(e) | Intercompany Claims against Almatis Holdings 9 B.V. | Impaired | Entitled to vote |
| Class 8(f) | Intercompany Claims against Almatis B.V. | Impaired | Entitled to vote |
| Class 8(g) | Intercompany Claims against Almatis Holdings 7 B.V. | Impaired | Entitled to vote |
| Class 8(h) | Intercompany Claims against Almatis US Holding, Inc. | Impaired | Entitled to vote |
| Class 8(i) | Intercompany Claims against Almatis, Inc. | Impaired | Entitled to vote |
| Class 8(j) | Intercompany Claims against Almatis Asset Holdings, LLC | Impaired | Entitled to vote |
| Class 8(k) | Intercompany Claims against Blitz F07- neunhundertsechzig-drei GmbH | Impaired | Entitled to vote |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 8(l) | Intercompany Claims against Almatis Holdings GmbH | Impaired | Entitled to vote |
| Class 8(m) | Intercompany Claims against Almatis GmbH | Impaired | Entitled to vote |

**9. Classes 9(a)-(m): Subordinated Claims.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 9(a) | Subordinated Claims against DIC Almatis Holdco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 9(b) | Subordinated Claims against DIC Almatis Bidco B.V. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(c) | Subordinated Claims against DIC Almatis Bidco B.V. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(d) | Subordinated Claims against Almatis Holdings 3 B.V. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(e) | Subordinated Claims against Almatis Holdings 9 B.V. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(f) | Subordinated Claims against Almatis B.V. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(g) | Subordinated Claims against Almatis Holdings 7 B.V. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(h) | Subordinated Claims against Almatis US Holding, Inc. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(i) | Subordinated Claims against Almatis, Inc. | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(j) | Subordinated Claims against Almatis Asset Holdings, LLC | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(k) | Subordinated Claims against Blitz F07- neunhundertsechzig-drei GmbH | Impaired | Not entitled to vote (Deemed to reject) |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 9(l) | Subordinated Claims against Almatis Holdings GmbH | Impaired | Not entitled to vote (Deemed to reject) |
| Class 9(m) | Subordinated Claims against Almatis GmbH | Impaired | Not entitled to vote (Deemed to reject) |

**10. Classes 10(a)-(m): Interests.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 10(a) | Interests in DIC Almatis Holdco B.V. | Unmpaired | Not entitled to vote (Presumed to accept) |
| Class 10(b) | Intercompany Interests in DIC Almatis Midco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(c) | Intercompany Interests in DIC Almatis Bidco B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(d) | Intercompany Interests in Almatis Holdings 3 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(e) | Intercompany Interests in Almatis Holdings 9 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(f) | Intercompany Interests in Almatis B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(g) | Intercompany Interests in Almatis Holdings 7 B.V. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(h) | Intercompany Interests in Almatis US Holding, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(i) | Intercompany Interests in Almatis, Inc. | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(j) | Intercompany Interests in Almatis Asset Holdings, LLC | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(k) | Intercompany Interests in Blitz F07-neunhundertsechzig-drei GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class 10(l) | Intercompany Interests in Almatis Holdings GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |
| Class 10(m) | Intercompany Interests in Almatis GmbH | Unimpaired | Not entitled to vote (Presumed to accept) |

For a detailed description of the treatment of the Classes of Claims and the Classes of Interests under the Plan, *see* Article IV of the Plan (*see* Section VI.C. below).

## B. ACCEPTANCE OR REJECTION OF THE PLAN

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the allowed claims in that class that cast ballots for acceptance or rejection of the plan. With respect to each Impaired Class that votes, or is deemed, to reject the Plan, the Debtors will seek to confirm the Plan under section 1129(b) of the Bankruptcy Code, which permits the confirmation of a plan notwithstanding the non-acceptance by one or more Impaired Classes of Claims or Interests. Under section 1129(b) of the Bankruptcy Code, a plan may be confirmed if the plan does not discriminate unfairly and is "fair and equitable" with respect to the non-accepting classes. A more detailed discussion of these requirements is provided in Section XVII of this Disclosure Statement.

## C. VOTING PROCEDURES

To determine whether you are entitled to vote on the Plan, refer to Section II.A. above. If you are entitled to vote, you should carefully review this Disclosure Statement, including the attached exhibits and the instructions accompanying the Ballot. Then, indicate your acceptance or rejection of the Plan by voting for or against the Plan on the enclosed Ballot and return the Ballot in the postage-paid envelope provided, by overnight delivery or by email, in accordance with the Ballot Instructions. If you are a creditor of more than one of the Debtors, you may cast one vote with respect to the Subplans for each Debtor which are contained in the Plan, or you may vote separately with respect to each Subplan.

**To be sure your Ballot is counted, your Ballot must be received by Epiq Bankruptcy Solutions, LLC (the "*Balloting and Claims Agent*"), as instructed in the Ballot Instructions, no later than 4:00 p.m. Prevailing U.S. Eastern Time on September 13, 2010 (the "*Voting Deadline*"). Your Ballot will not be counted if received after the Voting Deadline.**

The Record Date for voting on the Plan is August 23, 2010. If, as of the Record Date, you are the record holder for Claims in Classes 3(c)-(m), 4(c)-(m), or 5(b)-(f) both on account of your proprietary interests in such Claims and on account of ownership interests in such Claims held on behalf of other beneficial owners, or otherwise held by your trading desk, you may vote such claims on behalf of such beneficial owners if you have the authority to do so or you may

send Ballots to such beneficial owners so that they may vote on the Plan. If you are a record holder as of the Record Date and are having the beneficial owners vote their Claims, you **must**, (i) obtain from the Balloting and Claims Agent a separate Ballot for each beneficial holder, (ii) cause the name of such beneficial holder and the amount of such beneficial holder's Claim to be printed on the Ballot, and (iii) send such Ballot to the beneficial holder with sufficient time to allow the beneficial holder to vote prior to the Voting Deadline. Each beneficial owner that desires to vote to accept or reject the Plan must complete, sign, and return the Ballot to the Balloting and Claims Agent so as to be received on or before the Voting Deadline. If you are a beneficial holder whose Claim is held in a different record name, in order for your vote to be counted, you must return a Ballot to the Balloting and Claims Agent, setting forth your name and the amount of the Claim held for your benefit. If you are casting a Ballot on behalf of another Person or entity, in order for the Ballot to be counted, you shall indicate the name of the Person or entity, your relationship with such Person or entity, the amount of the Claim(s) being voted and the capacity in which you are casting the Ballot. Additional Ballots and Ballots printed with the name of a beneficial holder may be obtained from the Balloting and Claims Agent as follows:

Epiq Bankruptcy Solutions, LLC
757 Third Avenue
New York, New York 10017
almatisvote@epiqsystems.com
646-282-2400
Attention: Almatis B.V. Ballot Processing

In respect of Claims held on the Record Date by you on behalf of a beneficial owner or held on the Record Date by your trading desk, it is acknowledged that the Person or entity you believe to be the beneficial owner (the "***Initial Beneficial Owner***") may have transferred the beneficial interest in such Claim or Claims to one or more subsequent beneficial owners or may hold such Claims through its or their trading desk (each such other Person or entity an "***Intermediate Beneficiary***," and together with the Initial Beneficial Owner and subsequent beneficial owners, the **"*Beneficial Owners***"). By returning or obtaining a Ballot, each such Beneficial Owner shall be deemed to consent to the certification and confirmation of its identity and the amount of Claims held on its behalf, notwithstanding any existing obligations of confidentiality.

If an ethical screen prevents you from communicating with a party or parties that control, as of the Record Date, the vote of a portion of your Claim, then in order for the vote of the screened party to be counted, such screened party must obtain and return a separate Ballot from the Balloting and Claims Agent. Ballots cast by such screened parties will be aggregated with or setoff against, as applicable, your Ballot.

If you must return your Ballot to your bank, broker, agent, or nominee, then you must return your Ballot to such bank, broker, agent, or nominee in sufficient time for such bank, broker, agent, or nominee to process your Ballot and return it to the Debtors' Balloting and Claims Agent before the Voting Deadline. Your Ballot will not be counted if received after the Voting Deadline.

**EACH BALLOT ADVISES CREDITORS THAT, IF THEY VOTE ON THE PLAN AND DO NOT ELECT TO OPT OUT OF THE RELEASE PROVISIONS CONTAINED IN SECTION 9.2.3 OF THE PLAN, THEY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE RELEASED PARTIES.**

DO NOT RETURN SECURITIES OR ANY OTHER DOCUMENTS WITH YOUR BALLOT.

It is important that creditors exercise their right to vote to accept or reject the Plan. Even if you do not vote to accept the Plan, you may be bound by it if it is accepted by the requisite holders of Claims. The amount and number of votes required for confirmation of the Plan are computed on the basis of the total amount and number of Claims actually voting.

**THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO THE DEBTORS' CREDITORS AND THE BEST POSSIBLE PROSPECT FOR THE DEBTORS' SUCCESSFUL REORGANIZATION. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS AND URGE ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN. THE PLAN IS SUPPORTED BY THE SECOND LIEN LENDERS, MEZZANINE LENDERS, AND JUNIOR MEZZANINE LENDERS THAT HAVE EXECUTED THE PLAN SUPPORT AGREEMENT. HOLDERS OF AT LEAST TWO-THIRDS IN AMOUNT AND A MAJORITY IN NUMBER OF SECOND LIEN CLAIMS, MEZZANINE CLAIMS, AND JUNIOR MEZZANINE CLAIMS IN CLASSES 3(c)-(m), 4(c)-(m), AND 5(b)-(f) OF THE PLAN HAVE AGREED SUBJECT AND PURSUANT TO THE PLAN SUPPORT AGREEMENT THAT, SUBJECT TO REVIEW AND CONSIDERATION OF THE PLAN AND THIS DISCLOSURE STATEMENT, THEY WILL VOTE IN FAVOR OF THE PLAN.**

## D. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to hold a hearing on confirmation of a plan filed under chapter 11 of the Bankruptcy Code. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

### 1. Confirmation Hearing Date

**The Confirmation Hearing will commence on September 20, at 10:00 a..m. (Prevailing U.S. Eastern Time)**, before The Honorable Martin Glenn**,** United States Bankruptcy Judge, in Room 501 of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on the Persons specified in Bankruptcy Rule 2002, all Persons who

have requested notice in these Chapter 11 Cases, and the Persons who have filed objections to the Plan ("***Plan Objections***"), without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

**2. Plan Objection Deadline**

**The Plan Objection Deadline is 4:00 p.m. (Prevailing U.S. Eastern Time) on September 13**. All Plan Objections must be filed with the Bankruptcy Court and served on the Debtors and certain other parties, in accordance with the confirmation hearing notice that was approved by the Disclosure Statement Approval Order the ("***Confirmation Hearing Notice***"), so as to be received on or before the Plan Objection Deadline. The Debtors believe that the Plan Objection Deadline will afford the Bankruptcy Court, the Debtors and other parties in interest reasonable time to consider the Plan Objections prior to the Confirmation Hearing.

**THE BANKRUPTCY COURT WILL NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED BY THE PLAN OBJECTION DEADLINE IN COMPLIANCE WITH THE DISCLOSURE STATEMENT APPROVAL ORDER.**

Any questions regarding (i) voting procedures, (ii) the Solicitation Package, (iii) the amount of a Claim, or (iv) a request for an additional copy of the Plan, Disclosure Statement, or any Exhibits to such documents should be directed to:

Epiq Bankruptcy Solutions, LLC
757 Third Avenue
New York, New York 10017
almatisvote@epiqsystems.com
646-282-2400
Attention: Almatis B.V. Ballot Processing

## III. GENERAL INFORMATION

### A. THE COMPANY'S CORPORATE HISTORY

The Debtors, together with their affiliates (collectively, the "***Almatis Group***"),[7] are a global leader in the development and production of premium specialty alumina materials. The Almatis Group has been in the business of manufacturing specialty alumina products for more

[7] The affiliates in the Almatis Group which have not filed petitions under chapter 11 of the Bankruptcy Code are: DIC Almatis Equityco Coöperatief U.A. (The Netherlands), Qingdao Almatis Co. Ltd. (China), Qingdao Almatis Trading Co. Ltd. (China), Almatis Ltd. (Japan), Almatis UK Ltd. (England and Wales), Almatis SARL (France), Almatis Srl (Italy), Almatis AAC Ltd. (India), and Almatis Alumina Private Ltd. (India).

than 90 years since its inception as a division of Alcoa, Inc. (together with its affiliates, "***Alcoa***"), one of the world's leading producers of alumina-based products. In February 2004, Almatis Holding B.V., an acquisition entity formed in The Netherlands by funds controlled by Rhône Capital L.L.C. ("***Rhône***") and its co-investor, Ontario Teachers' Pension Plan Board ("***OTPPB***"), acquired the operations of Alcoa Specialty Chemicals ("***ASC***") from Alcoa World Alumina LLC (a joint venture of Alcoa and Alumina, Inc.) and certain affiliates (the "***Alcoa Spin-off***"). The Alcoa Spin-off was financed by a combination of debt facilities and equity contributions by funds controlled by Rhône, OTPPB, and the ASC management team in place at the time of the Alcoa Spin-off.

Subsequently, in late 2007, DIC Almatis Bidco B.V. ("***Bidco***"), an acquisition entity formed in The Netherlands and indirectly controlled by DIC, purchased all of the issued and outstanding equity in Almatis Holdings 3 B.V. from Rhône, OTPPB, and other shareholders consisting principally of certain members of Almatis Group's management team in place at the time. The total purchase price for the company was approximately $1,200,000,000. The acquisition was financed by a combination of the secured financings described in Section III.C. below and equity contributions by DIC and the management team in place at the time of the acquisition by DIC. This transaction established Bidco as a wholly owned subsidiary of DIC Almatis Midco B.V., a wholly owned subsidiary of DIC Almatis Holdco B.V., which is ultimately wholly owned by DIC Almatis Equityco Coöperatief U.A. (the "***Dutch Co-op***").

## B. THE COMPANY'S BUSINESS OPERATIONS

The primary material, or feedstock, used to produce specialty alumina materials is alumina, which is derived from bauxite, an ore rich in aluminum oxide. The Almatis Group has developed manufacturing processes to modify the composition and physical properties of alumina, including its chemical and crystal structure, to maximize alumina's desirable characteristics for use in customer products. Alumina is a thermal and electrical insulator, is exceptionally hard, exhibits low heat retention, and has a high specific heat capacity. These physical properties make alumina a vital raw material in products used in a variety of specialized industrial applications.

As part of the Alcoa Spin-off, Alcoa entered into a long-term alumina feedstock supply agreement, dated February 27, 2004 (as amended and/or restated from time to time, the "***Feedstock Agreement***"), with certain of the Debtors. The Almatis Group has sourced alumina feedstock primarily from Alcoa pursuant to the Feedstock Agreement, which provides for a reliable supply of significant volumes of alumina feedstock for 20 years under agreed pricing formulae. The Feedstock Agreement allows the Almatis Group to purchase and requires Alcoa to supply certain volumes of alumina feedstock until 2024, which provides the Almatis Group with a stable and guaranteed supply of superior alumina feedstock, especially when feedstock supplies are limited. Pricing under the Feedstock Agreement, while originally very favorable compared to the market, becomes less favorable as the contract years elapse and, by 2014, will become essentially market-based.

End uses for the Almatis Group's alumina materials include the production of refractories. Refractories are materials designed to withstand extremely high temperatures

without softening, changing shape, conducting heat, or becoming reactive. As such, refractories are used to protect industrial equipment from the damaging effects of heat, wear, chemicals, impact, and erosion. Other applied uses of specialty alumina materials include the production of ceramics, glass, cement, petrochemicals, non-ferrous metals, electronics, paper, plastics, and carpets.

The Almatis Group operates through two business segments: Refractory, Ceramics, and Polishing ("***RCP***"); and Specialty Hydrates ("***SH***").

- **RCP.** RCP is the Almatis Group's primary business segment. The RCP segment accounts for in excess of 95% of the total revenues of the Almatis Group. The RCP segment provides specially formulated alumina products for use in manufacturing refractories. The refractories are incorporated into industrial equipment—such as crucibles, kilns, incinerators, ladles, troughs, and flow control pieces—to extend its useful life. The refractories that the Almatis Group's customers produce are used to line equipment in contact with corrosive molten metal and, consequently, require regular replacement (dependent on the final application, replacement can be required on a weekly or even daily basis). The Almatis Group's products are also key materials used in the production of standard and technical ceramics and for polishing applications.

- **SH.** The SH segment produces primarily ground Bayer hydrates and accounts for less than 5% of the total revenues of the Almatis Group. SH products are flame-retardant and suitable for a number of applications. The Debtors are in the process of winding down the SH segment.

The Almatis Group is geographically diverse, with operations in the United States, The Netherlands, Germany, China, India, and Japan, in strategic proximity to its main customers and close to its raw material sources. The Debtors comprise the U.S. and European operations of the Almatis Group's business.

Operations of the Almatis Group in the United States account for a significant percentage of the business of the Almatis Group. Four of the nine production facilities of the Almatis Group are located in the United States.[8] In addition, approximately 300 of the 850 employees of the Almatis Group are based in the United States.[9] In 2009, the U.S. operations contributed approximately 34% of the revenue and 43% of the EBITDA (prior to pro forma items mainly related to restructuring costs) of the Almatis Group.

In 2009, aggregate revenue for the Almatis Group was approximately $400 million and EBITDA was approximately $81 million (prior to pro forma items mainly related to restructuring

[8] The Debtors' production facilities in the United States are located in Bauxite, Arkansas, Dalton, Georgia, Leetsdale, Pennsylvania, and Neville, Pennsylvania.

[9] Employment figures used herein represent the number of full-time equivalent employees.

costs). 'The Almatis Group is projecting 2010 revenue at $534 million and EBITDA at $96 million. Exclusive of restructuring costs and any other pro forma items, the Almatis Group generates approximately $5 million in positive cash flow per month, prior to income taxes, capital expenditure and any financing related items.

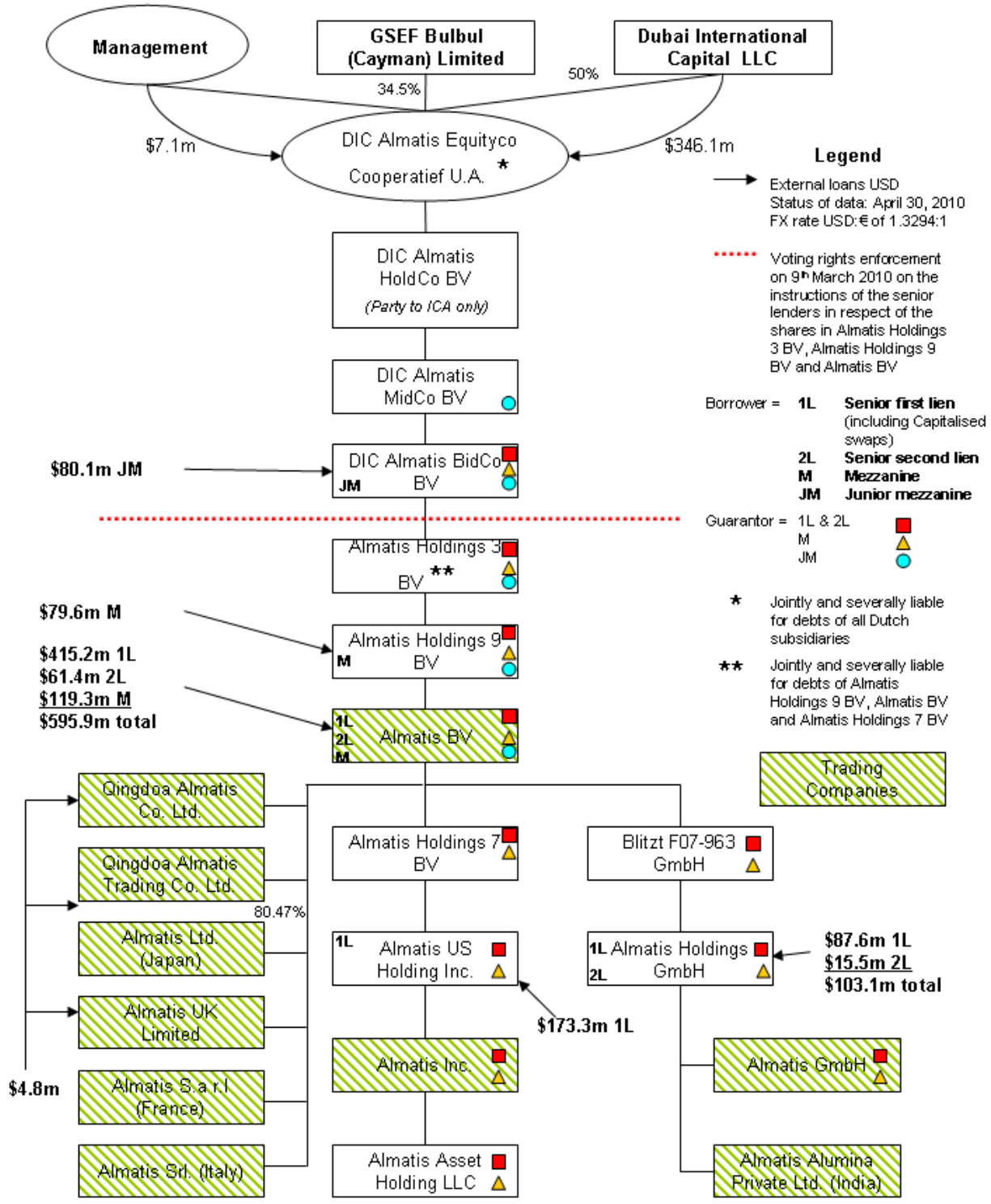
In addition to its global geographic reach, the Almatis Group has many other competitive strengths that enable it to attract business. Refractories produced from the Group's processed alumina are superior in quality to refractories made from other products. This enables the refractories produced from the Almatis Group's processed alumina to be replaced less frequently, resulting in less downtime for the manufacturing facilities that use these refractories. The benefits provided by the Feedstock Agreement are set forth above. In addition, the alumina customer supply chain has significant pre-qualification requirements, which reduces the risk of high customer churn. The Almatis Group also has longstanding relationships with its customer base built upon leading know-how, technology, reputation for unmatched product consistency, and best-in-class service. These factors give the Almatis Group a competitive advantage, enabling it to attract and retain customers that are willing to pay a premium for a steady supply of high-quality alumina.

## C. THE COMPANY'S PREPETITION CORPORATE AND CAPITAL STRUCTURE

As discussed above, the ultimate parent of the Almatis Group is Dutch Co-op, a cooperative entity incorporated under the laws of The Netherlands. In excess of 85% of the membership interests in Dutch Co-op are held by DIC and its affiliate, GSEF Bulbul (Cayman) Limited. Several members of current and former senior management in the Almatis Group hold the remaining membership interests in Dutch Co-op. The relationship between the members of Dutch Co-op, including those members who are also the Executive Management of the Almatis Group, is governed by an investment agreement dated as of December 19, 2007 (as amended and/or restated from time to time, the "***Investment Agreement***"). While the Investment Agreement is governed by German law, the Investment Agreement also provides that it does not override Dutch mandatory law. Dutch mandatory law imposes obligations on management that are similar to the fiduciary duties imposed on management under Delaware corporate law.

The Almatis Group's corporate and capital structure is as follows:

[*Remainder of page intentionally left blank*]




Note:

(1) GSEF Bulbul (Cayman) Limited ("Bulbul"), an affiliated entity of DIC, owns approximately 34.5% of Almatis' membership positions by virtue of a transfer of that stake by DIC to Bulbul in June 2009. That transfer includes a call option right for DIC to reacquire the stake at any time.

As of the Petition Date, the Debtors owed approximately $1,032.9 million to the Financial Lenders (using an exchange rate of US$1.33 to EUR€1.00). The Debtors are indebted under the following prepetition credit arrangements:

### 1. Senior Lender Claims

Senior Lender Claims consist of the First Lien Lender Claims and the Hedge Counterparty Claims. Each of these is described below.

#### a. First Lien Facilities

Almatis B.V., Almatis US Holding, Inc., and Almatis Holdings GmbH (collectively, the "***Senior Facility Borrowers***") are borrowers pursuant to the Senior Credit Facility. The Senior Credit Facility, which is documented by the Senior Credit Agreement, consists of 14 term loan subfacilities (of which eight term loan subfacilities are denominated in Euros and six term loan subfacilities are denominated in U.S. dollars) and two multicurrency revolving subfacilities. Pursuant to the Senior Credit Facility, UBS Limited is facility agent (in such capacity, the "***Senior Agent***"), and security trustee, for the First Lien Lenders that loaned the Senior Facility Borrowers the principal amount of approximately €286 million (equivalent to approximately $411 million at the Senior Agent's rate of exchange on December 18, 2007) in Euro term loans and approximately $198 million in U.S. dollar term loans, and made available an aggregate principal amount of up to $50 million under two multicurrency revolving credit facilities (collectively, the "***First Lien Facilities***"). Currently, the largest holders of the debt issued under the First Lien Facilities are certain companies or investment funds owned and/or managed by Oaktree, which hold, in the aggregate, approximately 46% of the First Lien Lender Claims.

#### b. Swap Agreements

To hedge interest rate risk, the Debtors are parties to swap agreements, including that certain ISDA Master Agreement dated as of January 4, 2008, between UBS Limited and Almatis B.V., that certain ISDA Master Agreement dated as of January 4, 2008, between UBS AG, London Branch and Almatis Holdings GmbH, that certain ISDA Master Agreement dated as of January 4, 2008, between UBS AG, London Branch and Almatis US Holding Inc., that certain ISDA Master Agreement dated as of January 14, 2008, between Almatis Holdings GmbH and Commerzbank Aktiengesellschaft, and that certain ISDA Master Agreement dated as of March 20, 2008, between Almatis B.V. and Commerzbank Aktiengesellschaft (collectively, the swap agreements are referred to herein as the "***Swap Agreements***", and the non-Debtor parties to such Swap Agreements are referred to as the "***Hedge Counterparties***" and, together with the First Lien Lenders, the "***Senior Lenders***"). The Hedge Counterparties have exercised early termination provisions under the Swap Agreements, and the termination claims related to the exercise of these provisions are the basis of the Hedge Counterparty Claims.

#### c. Collateral for First Lien Claims and Hedge Counterparty Claims

Obligations under the Senior Credit Facility are guaranteed by DIC Almatis Bidco B.V.; Almatis Holdings 3 B.V.; Almatis Holdings 9 B.V.; Almatis B.V.; Almatis Holdings 7 B.V.; Almatis US Holding, Inc.; Almatis, Inc.; Almatis Asset Holdings, LLC; Blitz F07-neunhundertsechzig-drei GmbH; Almatis Holdings GmbH; and Almatis GmbH. Obligations

under the First Lien Facilities and the Swap Agreements are secured on a *pari passu* basis by first priority security interests on certain assets of the Senior Facility Borrowers and the guarantors and first priority security interests in the equity of certain intermediate holding companies that are subsidiaries of DIC Almatis Bidco B.V. and certain operating subsidiaries of DIC Almatis Bidco B.V. (collectively, the "***Transaction Security***"). Under the terms of the Intercreditor Agreement (described below), obligations under the Second Lien Facilities (as discussed below) are secured by the Transaction Security on a second priority basis.

**d. Amount of Senior Lender Claims**

As of the Petition Date, the aggregate outstanding amount owed (using an exchange rate of US$1.33 to EUR€1.00) on account of Senior Lender Claims (including amounts owed to the First Lien Lenders under the Senior Credit Facility and to the Hedge Counterparties under the Swap Agreements and including accrued interest) was approximately $677.0 million (the "***Senior Lender Claims***"), consisting of First Lien Lender Claims of approximately $659.6 million (including accrued interest) and Hedge Counterparty Claims of approximately $17.4 million. Except for the provisions of section 506 of the Bankruptcy Code, interest would continue to accrue from and after the Petition Date at the default rate until the Senior Lender Claims are paid in full. The accrued and unpaid amount of post-Petition interest, at the default rate, as of the Plan Supplement Date will be filed in the Plan Supplement. The Senior Lender Claims are classified in Classes 2(c)-(m).

**2. Letters of Credit; Guarantees**

Certain of the Debtors have, pursuant to the agreements related to the Senior Credit Facility, caused various letters of credit and guarantees to be issued in favor of certain of their creditors (the "***L/Cs and Guarantees***"). As of the Petition Date, the total amount of these letters of credit and guarantees was approximately $1.3 million. Of this amount, approximately $0.9 million relates to a letter of credit issued by UBS Limited in favor of JPMorgan Chase Bank N.A. in connection with natural gas hedging; the balance relates to limited guarantees that have been issued. Pursuant to agreements with the Holders of the Claims related to the L/Cs and Guarantees, the L/Cs and Guarantees will be left in place on the Effective Date and the potential amounts arising thereunder will be cash collateralized by the Debtors on the Effective Date. Claims arising under the L/Cs and Guarantees are classified in Class 6 and, as a result of the agreements with the Holders of these L/C and Guarantee Claims, will be Unimpaired under the Plan.[10]

**3. Second Lien Lender Claims**

Under the Senior Credit Agreement, UBS Limited, as lead arranger, Senior Agent, and security trustee, with the other lender parties thereto from time to time, including UBS AG, London Branch (collectively, the "***Second Lien Lenders***) also lent Almatis B.V. and Almatis

[10] If any of the L/Cs and Guarantees are called, this will result in an Ancillary Facility Claim which will also be classified in Class 6 and will be Unimpaired under the Plan.

Holdings GmbH Euro term loans in the principal amount of approximately €52 million (equivalent to approximately $75 million at the Senior Agent's rate of exchange on December 18, 2007) pursuant to the second lien subfacilities (the "***Second Lien Facilities***"). As of the Petition Date, the aggregate outstanding amount of the Second Lien Lender Claims owed to Second Lien Lenders under the Second Lien Facilities (using an exchange rate of US$1.33 to EUR€1.00) was approximately $76.9 million (including accrued interest). Second Lien Claims are classified in Classes 3(c)-(m).

**4. Mezzanine Credit Agreement**

Almatis B.V. and Almatis Holdings 9 B.V. (the "***Mezzanine Facility Borrowers***") are borrowers pursuant to the Mezzanine Credit Agreement. Pursuant to the Mezzanine Credit Agreement, UBS Limited was the original mezzanine agent, and remains security trustee for the Mezzanine Lenders. Wilmington Trust (London) Limited ("***Wilmington Trust***") is the successor to UBS Limited as the mezzanine agent. The Mezzanine Credit Agreement consists of two term loan subfacilities denominated in Euros in an aggregate principal amount of €121,536,218 (equivalent to $175 million at UBS Limited's rate of exchange on December 18, 2007).

The obligations under the Mezzanine Credit Agreement are guaranteed by DIC Almatis Bidco B.V.; Almatis Holdings 3 B.V.; Almatis Holdings 9 B.V.; Almatis B.V.; Almatis Holdings 7 B.V.; Almatis US Holding, Inc.; Almatis, Inc.; Almatis Asset Holdings, LLC; Blitz F07-neunhundertsechzig-drei GmbH; Almatis Holdings GmbH; and Almatis GmbH. Under the terms of the Intercreditor Agreement (described below), obligations under the Mezzanine Credit Agreement are secured by the Transaction Security on a third priority basis. As of the Petition Date, the aggregate Mezzanine Claims (including accrued interest) owed under the Mezzanine Credit Agreement was approximately $198.9 million (using an exchange rate of US$1.33 to EUR€1.00). The Mezzanine Claims are classified in Classes 4(c)-(m).

**5. Junior Mezzanine Credit Agreement**

DIC Almatis Bidco B.V. is the borrower under the Junior Mezzanine Credit Agreement. Pursuant to the Junior Mezzanine Credit Agreement, UBS Limited was the original junior mezzanine agent, and remains security trustee for the Junior Mezzanine Lenders. Wilmington Trust is the successor to UBS Limited as the junior mezzanine agent. The Junior Mezzanine Credit Agreement consists of a Euro-denominated term loan facility in the principal amount of €41,699,560 (equivalent to $60 million at UBS Limited's rate of exchange on December 18, 2007).

Obligations under the Junior Mezzanine Credit Agreement are guaranteed by DIC Almatis Midco B.V.; DIC Almatis Bidco B.V.; Almatis Holdings 3 B.V.; Almatis Holdings 9 B.V.; and Almatis B.V. Under the terms of the Intercreditor Agreement (described below), obligations under the Junior Mezzanine Credit Agreement are secured by a fourth priority pledge of the equity interests in Almatis Holdings 7 B.V.; Almatis B.V.; Almatis Holdings 9 B.V. and Almatis Holdings 3 B.V.; and by a first priority pledge of the equity interests in DIC Almatis Bidco B.V. As of the Petition Date, the aggregate Junior Mezzanine Claims (including accrued interest) owed under the Junior Mezzanine Credit Agreement was approximately $80.1 million

(using an exchange rate of US$1.33 to EUR€1.00). The Junior Mezzanine Claims are classified in Classes 5(b)-(f).

### 6. The Intercreditor Agreement

The Senior Credit Facility, the Swap Agreements, the Mezzanine Credit Agreement, and the Junior Mezzanine Credit Agreement (collectively the "***Prepetition Credit Facilities***") are subject to the Intercreditor Agreement between the borrowers under the Prepetition Credit Facilities and UBS Limited, as Senior Agent, original mezzanine agent, original junior mezzanine agent, and security trustee, among others. The Intercreditor Agreement sets forth the relative ranking among the Prepetition Credit Facilities regarding rights and priority to payment and collateral and contains broad subordination and turnover provisions. Pursuant to the Intercreditor Agreement, the relative payment priorities among the Prepetition Credit Facilities are, in descending order of priority, (i) the Senior Lender Claims; (ii) the Second Lien Claims; (iii) the Mezzanine Claims; (iv) the Junior Mezzanine Claims; and (v) the Intercompany Claims.

### 7. Capitalized Finance Leases

The Debtors lease certain equipment under capitalized finance leases. As of the Petition Date, approximately $7.7 million in debt was outstanding on equipment and other property subject to capitalized finance leases with various third parties. Claims arising under these capitalized finance leases are classified in Class 6 and will be Unimpaired under the Plan.

### 8. Other Claims

In addition to the obligations described above to the Financial Lenders, the Debtors, on the Petition Date, owed Intercompany Claims and General Unsecured Claims to third party creditors. These obligations are treated in Classes 7(a)-(m) and 8(a)-(m) of the Plan, respectively. Except with respect to Claims subordinated by virtue of the Intercreditor Agreement, the Debtors are not presently aware of the existence of any Subordinated Claims, however, in the event that any such Claims are determined to exist, they are treated in Classes 9(a)-(m) of the Plan.

## IV. EVENTS LEADING TO DECISION TO COMMENCE CHAPTER 11 CASES

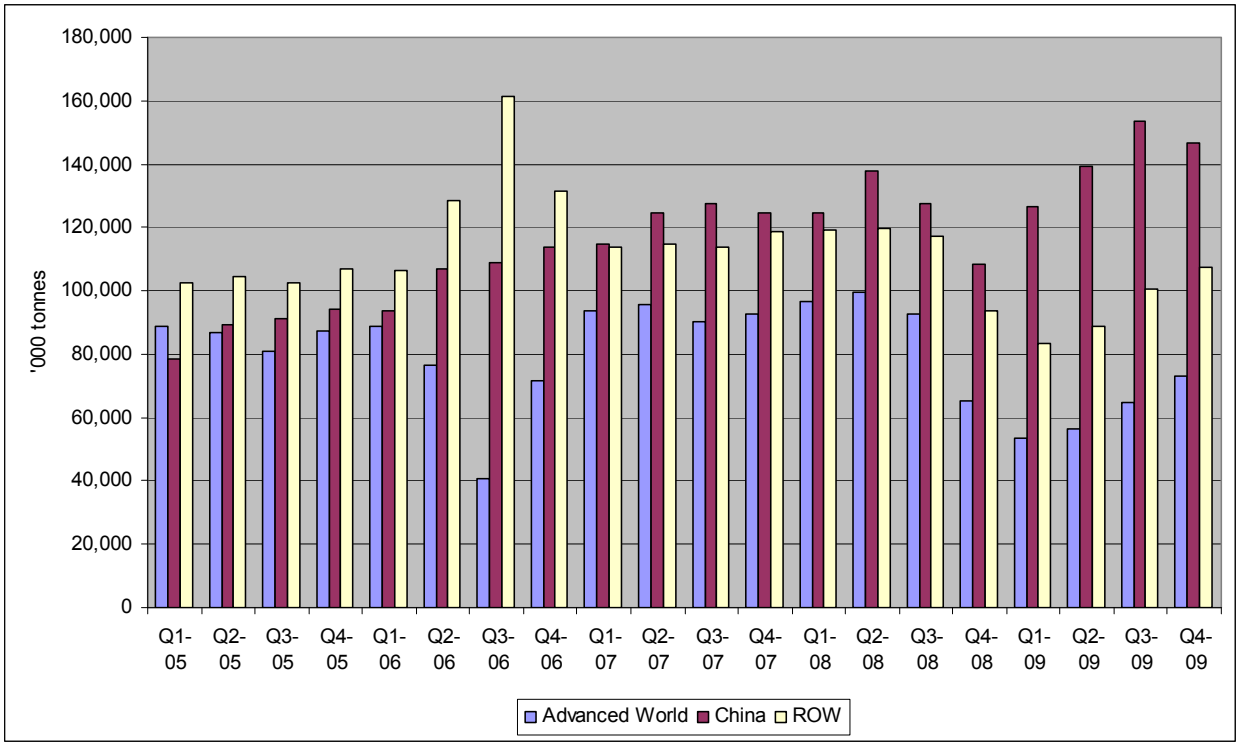
### A. IMPACT OF GLOBAL RECESSION

In the last quarter of 2008 and early 2009, a number of factors coalesced that significantly strained the Debtors' ability to continue servicing their indebtedness and ultimately led to the Debtors' filing of the Chapter 11 Cases. Those events include the overall slowdown of the global economy generally and, specifically, in the steel industry, an increase in the cost of commodities, the Debtors' unsuccessful attempts to implement an out-of-court restructuring, and the Debtors' default under the Prepetition Credit Facilities.

The general slowdown of the global economy resulted in reduced demand for the entire spectrum of the Debtors' products. The Debtors' business, however, is particularly dependent on

the level of global steel production because a majority of their revenues are derived from sales of alumina products for use in refractories in steel production facilities. Historically, steel production levels have experienced worldwide growth, recently bolstered by demand in developing nations. During the third quarter of 2008, however, global steel production experienced a downturn. Indeed, world crude steel output for the fourth quarter of 2008 decreased by 20.4% compared to the fourth quarter of 2007, dropping from 336,145,000 to 267,419,000 metric tons.

Global Crude Steel Production 2005-2009[11]




Steel production continued to decrease during the first six months of 2009, with world steel output down 21.4% compared to the same period in 2008. The global steel market experienced an increase in demand in the second half of 2009, with volumes up 6.9% compared with the same period in 2008. However, production volume in Europe and North America, which represent the Debtors' principal markets, was still 12.7% lower in the second half of 2009 than it was in the second half of 2008.

The steel production downturn coincided with an increase in the cost of commodities, including the alumina feedstock that the Debtors use to manufacture their alumina products. For its first several years, the Feedstock Agreement provided the Almatis Group with fixed, favorable pricing for the alumina feedstock. In March 2009, however, pursuant to its terms, the

[11] Data taken from World Steel Association (January 2010).

Feedstock Agreement switched to an index-based pricing model for alumina feedstock. This pricing switch resulted in greater expense for the Debtors to produce products.

The adverse market conditions described above negatively affected the Debtors' financial performance. Sales of the Almatis Group's products decreased from approximately 310,000 metric tons in the first half of 2008 to approximately 160,000 metric tons in the first half of 2009—a year-over-year decline of approximately 50%. Consequently, the Almatis Group's sales revenues declined from approximately $311.3 million in the first half of 2008 to approximately $162.0 million in the first half of 2009. In addition, the Almatis Group's adjusted EBITDA fell from $86.7 million in the first half of 2008 to $27.2 million in the first half of 2009—a year over year decline of approximately 69%. The Almatis Group experienced a partial recovery in sales volumes in the second half of 2009, with sales rebounding to 237,100 metric tons. Despite this improvement, overall sales volumes in the second half of 2009 were still approximately 24% lower than they were in the first half of 2008. As a result of these factors, and the pricing adjustments applicable to the Feedstock Agreement, the Almatis Group's EBITDA in the second half of 2009 was approximately $54.0 million. Sales volumes of the Almatis Group continued to recover in the first half of 2010 and reached in excess of 263,000 metric tons. Consequently, the Almatis Group's sales revenues increased to $265.1 million in the first half of 2010. In line with the improvement in sales, EBITDA increased by approximately 95% from the first half of 2009 to approximately $53 million for the first half of 2010.

In response to the decreased demand for its products and increased cost of supplies, the Almatis Group took aggressive measures to right-size its operations and to reduce overhead. Consequently, the Almatis Group reduced overall headcount from approximately 950 to approximately 850. This reduction was significant because the Almatis Group was already very leanly staffed for a business of its size and global scope. In addition, the Almatis Group was able to reduce overhead through cost-cutting measures related to energy, transportation, and the consolidation of production. The Almatis Group also took advantage of certain programs and/or subsidies from the German and Dutch governments to defray certain employee-related costs. The Almatis Group estimates that these measures collectively resulted in approximately $25 million in savings in fiscal year 2009.

Additional steps undertaken by the Almatis Group included rationalization of its alumina feedstock purchases. Pursuant to the Feedstock Agreement, the Almatis Group ordered its quota of feedstock for 2009 in September 2008—just before the global economic downturn began to impact the business of the Almatis Group. Using then-current predictions for its expected requirements to service customers, the Almatis Group committed to purchasing 550,000 metric tons of alumina feedstock in the year 2009. This commitment, and corresponding capital obligation, threatened the Almatis Group's access to sufficient cash to fund its operations. Accordingly, the Almatis Group entered into discussions with Alcoa to reduce the Group's purchasing commitment for 2009. As a result of these discussions, the Almatis Group successfully negotiated a reduction of its commitment, so that in 2009, Almatis was able to purchase only 349,019 metric tons of alumina feedstock; however, these negotiations also resulted in certain concessions to Alcoa related to the Feedstock Agreement that are not favorable to the Almatis Group.

Despite their restructuring and cost-alignment efforts, and as a result of declining sales and revenues in the face of increasing costs of raw materials, the Debtors other than the Debtors incorporated in Germany were unable to make (i) scheduled principal and interest payments of amounts equaling approximately $17.5 million due June 22, 2009 and June 30, 2009 under the Senior Credit Facility and (ii) scheduled payments of amounts equaling approximately $17.3 million under the Swap Agreements (together, the "***Senior Payment Default***"). Further, the Debtors other than the Debtors incorporated in Germany were unable to make scheduled interest payments of amounts equaling approximately €4.8 million due June 30, 2009 under the Mezzanine Credit Agreement (the "***Mezzanine Payment Default***"). As a result of the Senior Payment Default and the Mezzanine Payment Default, the Debtors were advised that they were at risk of being in default under the Material Adverse Event of Default and Cross Default provisions of the Prepetition Credit Facilities (the "***Cross Default Provisions***," and together with the Senior Payment Default and the Mezzanine Payment Default, the "***Specified Defaults***").

## B. WAIVERS AND FORBEARANCES

The Debtors were able to obtain waiver and forbearance agreements with certain of their lenders, which agreed to waive certain breaches and prevent acceleration of the debts, as follows:

### 1. June 2009 Waivers and Forbearances

On June 18, 2009 certain of the First Lien Lenders and the Second Lien Lenders, the Hedge Counterparties, and the Ancillary Lender agreed to waive and/or forbear, as applicable, in respect of certain events of default under the Senior Credit Agreement and the Swap Agreements until August 14, 2009 under the terms of the senior waiver and forbearance letter dated June 14, 2009 (the "***June 2009 Senior Waiver and Forbearance Letter***").

Unfortunately, the Debtors were unable to obtain waivers and forbearances from the Mezzanine Lenders and the Junior Mezzanine Lenders in June 2009. On July 6, 2009, Wilmington Trust Limited (London) ("***WT***") acting as Mezzanine Agent served a mezzanine enforcement notice on UBS Limited as Senior Agent under the Senior Credit Agreement in accordance with the Intercreditor Agreement as a result of the Mezzanine Payment Default. Pursuant to the Intercreditor Agreement, the serving of the mezzanine enforcement notice started the clock on a 90-day mezzanine standstill period ending on October 2, 2009 (the "***Mezzanine Standstill Period***"). During the Mezzanine Standstill Period, the Mezzanine Lenders could not, among other things, accelerate the debt outstanding under the Mezzanine Credit Agreement and/or take any enforcement action against the Debtors.

### 2. August 2009 Waivers and Forbearances

On August 18, 2009 certain of the First Lien Lenders and the Second Lien Lenders, the Hedge Counterparties and the Ancillary Lender agreed to waive and/or forbear, as applicable, in respect of certain events of default under the Senior Credit Agreement and the Swap Agreements until September 23, 2009 under the terms of the senior forbearance and waiver letter dated August 18, 2009 (the "***August 2009 Senior Waiver and Forbearance Letter***").

### 3. September 2009 Waivers and Forbearances

On September 29, 2009 certain of the First Lien Lenders and the Second Lien Lenders, the Hedge Counterparties and the Ancillary Lender agreed to waive and/or forbear, as applicable, in respect of certain events of default under the Senior Credit Agreement and the Swap Agreements until October 2, 2009 under the terms of the senior forbearance and waiver letter dated September 29, 2009 (the "***September 2009 Senior Waiver and Forbearance Letter***").

### 4. October 2009 Waivers and Forbearances

On October 8, 2009 certain of the First Lien Lenders and the Second Lien Lenders, the Hedge Counterparties, and the Ancillary Lender agreed to waive and/or forbear, as applicable, in respect of certain events of default under the Senior Credit Agreement and the Swap Agreements until October 31, 2009 under the terms of the senior forbearance and waiver letter dated October 8, 2009 (the "***October 2009 Senior Waiver and Forbearance Letter***").

Unfortunately, on the expiration of the Mezzanine Standstill Period, the Debtors were unable to obtain any waivers and forbearances from the Mezzanine Lenders and Junior Mezzanine Lenders. As a consequence of the failure to obtain these waivers and forbearances, the conditions precedent to the effectiveness of the October 2009 Senior Waiver and Forbearance Letter were not met. As a result, the waivers and forbearances under it did not become effective.

### 5. December 2009 Waivers and/or Forbearances

On December 22, 2009 certain of the Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Mezzanine Credit Agreement until January 31, 2010 under the terms of the mezzanine forbearance and waiver letter dated December 22, 2009 (the "***December 2009 Mezzanine Waiver and Forbearance Letter***").

On December 22, 2009 certain of the Junior Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Junior Mezzanine Credit Agreement until January 31, 2010 under the terms of the junior mezzanine forbearance and waiver letter dated December 22, 2009 (the "***December 2009 Junior Mezzanine Waiver and Forbearance Letter***").

On December 23, 2009 certain of the First Lien Lenders and the Second Lien Lenders, the Hedge Counterparties and the Ancillary Lender agreed to waive and/or forbear in respect of certain events of default under the Senior Credit Agreement and the Swap Agreements until January 31, 2010 under the terms of the senior forbearance and waiver letter dated December 23, 2009 (the "***December 2009 Senior Waiver and Forbearance Letter***").

### 6. February 2010 Waivers and/or Forbearances

On January 29, 2010 certain of the Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Mezzanine Credit Agreement until February 26, 2010 under the terms of the mezzanine forbearance and waiver letter dated January 29, 2010 (the "***February 2010 Mezzanine Waiver and Forbearance Letter***").

On January 29, 2010 certain of the Junior Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Junior Mezzanine Credit Agreement until February 26, 2010 under the terms of the junior mezzanine forbearance and waiver letter dated January 29, 2010 (the "***February 2010 Junior Mezzanine Waiver and Forbearance Letter***").

On February 1, 2010 certain of the First Lien Lenders and the Second Lien Lenders, the Hedge Counterparties and the Ancillary Lender agreed to waive and/or forbear in respect of certain events of default under the Senior Credit Agreement and the Swap Agreements until February 26, 2010 under the terms of the senior forbearance letter dated February 1, 2010 (the "***February 2010 Senior Forbearance Letter***").

**7. March 2010 Waivers and/or Forbearances**

On February 26, 2010 certain of the Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Mezzanine Credit Agreement until March 31, 2010 under the terms of the mezzanine forbearance and waiver letter dated February 26, 2010 (the "***March 2010 Mezzanine Waiver and Forbearance Letter***").

On February 26, 2010 certain of the Junior Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Junior Mezzanine Credit Agreement until March 31, 2010 under the terms of the junior mezzanine forbearance and waiver letter dated February 26, 2010 (the "***March 2010 Junior Mezzanine Waiver and Forbearance Letter***").

On March 1, 2010 certain of the First Lien Lenders and the Second Lien Lenders, the Hedge Counterparties and the Ancillary Lender agreed to waive and/or forbear, as applicable, in respect of certain events of default under the Senior Credit Agreement and the Swap Agreements until March 31, 2010 under the terms of the senior forbearance letter dated March 1, 2010 (the "***March 2010 Senior Forbearance Letter***" and together with the March 2010 Mezzanine Waiver and Forbearance Letter and the March 2010 Junior Mezzanine Waiver and Forbearance Letter, the "***March 2010 Forbearance Letters***").

**8. April 2010 Waivers and/or Forbearances**

On March 9, 2010 UBS Limited as the security trustee under the Senior Credit Facility, on the instructions of the majority of the First Lien Lenders, delivered to the relevant Debtors the voting rights notices under certain of the Dutch law deeds of pledge each dated December 20, 2007 in respect of Almatis Holdings 3 B.V., Almatis Holdings 9 B.V., and Almatis B.V., respectively. Pursuant to the March 2010 Forbearance Letters, the serving of the voting rights notices resulted in the termination of the March 2010 Forbearance Letters.

On the expiry of the March 2010 Forbearance Letters, the Debtors did not obtain any specific waivers and forbearances from the First Lien Lenders, the Hedge Counterparties and the Ancillary Lender. However, the Debtors received on March 9, 2010 a copy of the Prepetition Plan Support Agreement executed by Holders of more than two thirds in amount of the Senior Lender Claims. The Prepetition Plan Support Agreement contained agreements to forbear and refrain from taking actions against the Debtors made by the signatories to the Prepetition Plan Support Agreement until the completion of the restructuring of the Debtors.

On March 16, 2010 certain of the Second Lien Lenders agreed to forbear in respect of certain events of default under the Senior Credit Agreement until April 15, 2010 under the terms of the second lien forbearance letter dated March 16, 2010 (the "***April 2010 Second Lien Forbearance Letter***").

On March 16, 2010 certain of the Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Mezzanine Credit Agreement until April 15, 2010 under the terms of the mezzanine forbearance and waiver letter dated March 16, 2010 (the "***April 2010 Mezzanine Waiver and Forbearance Letter***").

On March 16, 2010 certain of the Junior Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Junior Mezzanine Credit Agreement until April 15, 2010 under the terms of the junior mezzanine forbearance and waiver letter dated March 16, 2010 (the "***April 2010 Junior Mezzanine Waiver and Forbearance Letter***").

**9. May 2010 Waivers and/or Forbearances**

On April 20, 2010 certain of the Second Lien Lenders agreed to forbear in respect of certain events of default under the Senior Credit Agreement until May 31, 2010 under the terms of the second lien forbearance letter dated April 20, 2010.

On April 16, 2010 certain of the Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Mezzanine Credit Agreement until May 31, 2010 under the terms of the mezzanine forbearance and waiver letter dated April 16, 2010.

On April 16, 2010 certain of the Junior Mezzanine Lenders agreed to waive and/or forbear in respect of certain events of default under the Junior Mezzanine Credit Agreement until May 31, 2010 under the terms of the junior mezzanine forbearance and waiver letter dated April 16, 2010.

## C. EFFORTS TO RESTRUCTURE THE CAPITAL STRUCTURE

Based on consideration of current EBITDA projections and advice from the Debtors' financial and legal professionals, the Debtors concluded that the Debtors' current capital structure cannot be sustained and must be restructured considerably for the Debtors to maintain a solid financial footing. In making this determination, the Debtors considered, among other things, the following:

- The Debtors are over-leveraged and unable to meet their debt service obligations, or the covenants, under the Prepetition Credit Facilities;
- Restructuring the Debtors' capital structure will facilitate the Debtors' ability to compete and undertake key capital projects and improvements; and
- As discussed above, the Debtors have been in default under the Prepetition Credit Facilities since June 2009, and were dependent upon the continued willingness of the Financial Lenders to forbear from accelerating the debts related thereto and/or

enforcing their security rights or initiating insolvency or bankruptcy proceedings against the Debtors.

Accordingly, in the 12 months prior to the Petition Date, the Debtors carefully considered a number of alternative plans and proposals to rationalize the Debtors' balance sheet, while at the same time maximizing the value of the Debtors for the benefit of their stakeholders. These proposals included:

- Multi-jurisdictional insolvency filings in the United States, The Netherlands, and Germany;

- Proposals to sell the Debtors' assets to DIC through multi-jurisdictional insolvency proceedings;

- A proposal by DIC that it act as a "stalking horse" bidder for a purchase of the Debtors' assets under section 363 of the Bankruptcy Code;

- A DIC/Oaktree proposal to restructure the debt owed under the Prepetition Credit Facilities, coupled with an offer to inject $75 million of new equity into the Debtors;

- A proposal by the Debtors (supported by DIC) and the Senior Coordinating Committee to restructure, through a chapter 11 case, the Debtors' prepetition indebtedness under the Senior Credit Agreement with $325 million in senior debt and $175 million of junior debt (with such junior debt being stapled to the ordinary shares of the reorganized Debtors) with the Senior Lenders emerging with the majority of the equity in the reorganized Debtors, subject to an offer by DIC to invest $50 million to buy a portion of the junior debt (and its stapled ordinary shares);

- A proposal sponsored by DIC and certain of the Mezzanine Lenders to restructure the debt owed to the Senior Lenders and inject $50 million in new equity into the Debtors in exchange for DIC and the lenders other than the Senior Lenders receiving a majority of the equity in the reorganized Debtors;

- A proposal sponsored by DIC and certain of the Mezzanine Lenders to amend the Senior Credit Agreement to provide for a long-term forbearance of existing defaults; and

- A proposal by DIC to restructure the Debtors' capital structure based on a DIC equity investment of $100 million and a refinancing of the Senior Lender Claims with the proceeds of an underwritten high yield debt offering; this proposal is different from the restructuring proposal implemented by the Plan..

For a variety of reasons, the Debtors' management and boards of directors (or managers), as applicable, with the advice of their counsel and financial advisors, determined that none of the foregoing proposals provided a sufficiently credible or feasible way to preserve the Debtors'

value and restructure the Debtors' indebtedness. Those that required implementation through a chapter 11 plan presented insurmountable confirmation issues for a number of reasons, including feasibility issues and fair and equitable issues raised by the inability to obtain requisite Senior Lender support.

During the months preceding the Petition Date, the Debtors, while continuing to evaluate the proposals described above, also engaged in discussions with the coordinating committee of the Senior Lenders (the "***Senior Coordinating Committee***") and Oaktree which, as a result of its ownership of approximately 46% of the Senior Lender Claims, holds a blocking position relative to such Claims, for the purpose of voting to accept any chapter 11 plan of reorganization for the Debtors. The goal of these discussions was to develop a proposal that left the Reorganized Debtors with a properly leveraged capital structure, was feasible, and could garner the support of Oaktree and a sufficient number of the other Senior Lenders to enable the proposal to be successfully implemented through a confirmed chapter 11 plan of reorganization.

These negotiations resulted in a series of term sheets (the "***Prepetition Term Sheets***") that provided a blueprint for a prepackaged plan of reorganization under chapter 11 of the Bankruptcy Code (the "***Initial Plan***"). Senior Lenders holding more than two-thirds in amount of the Senior Lender Claims and various other parties executed the Prepetition Plan Support Agreement that bound the Debtors to propose the Initial Plan implementing the Prepetition Term Sheets and bound the supporting Senior Lenders, after consideration of the Initial Plan and related disclosure statement, and subject to the terms of the Prepetition Plan Support Agreement, to support and vote to accept the Initial Plan.

Shortly after execution of the Prepetition Plan Support Agreement by these Senior Lenders, but before its execution by the Debtors and the filing of the Chapter 11 Cases, the Senior Lenders instructed the Security Trustee under the Intercreditor Agreement to enforce its voting rights against the shares of Almatis B.V., Almatis Holdings 9 B.V., and Almatis Holdings 3 B.V., thereby transferring voting control over the Interests in these Debtors to the Security Trustee in order to ensure the preservation of the current management structure of the Debtors.

Although the terms of the Initial Plan, if confirmed, would have reduced the aggregate bank debt of the Debtors from approximately $1.044.9 billion to approximately $414.6 million, the lion's share of the recoveries provided for in the Initial Plan was reserved for the Senior Lenders, while the Second Lien, Mezzanine, and Junior Mezzanine Lenders stood to receive only limited recoveries, or in the case of the Junior Mezzanine Lenders, no recovery at all.

The Debtors, among other things, evaluated execution risks involved in each proposal, including the likelihood that the particular proposal could be delivered at all and, even if it could be delivered, would be determined to comply with the confirmation requirements of the Bankruptcy Code. Despite the fact that recoveries under the Initial Plan would be highly concentrated among the Senior Lenders, the Debtors came to the conclusion that the proposal contemplated by the Prepetition Plan Support Agreement represented the only credible and feasible restructuring proposal available at the time.

## D. THE PROCESS LEADING TO THE DECISION TO EXECUTE THE PREPETITION PLAN SUPPORT AGREEMENT AND PROPOSE THE INITIAL PLAN

Notwithstanding the strongly held view of the Debtors' management that the Prepetition Plan Support Agreement was in the best interests of the Debtors and that, accordingly, they should recommend its approval by the boards of directors or managers (as applicable) of the Debtors, management also believed that, prior to presentation of the Prepetition Plan Support Agreement for final approval to the boards of directors or managers (as applicable) of the Debtors, they should consult with the Supervisory Board of the Debtors' ultimate parent, the Dutch Co-op, so that its views could be taken into consideration when making the recommendation to the boards of directors or managers (as applicable) of the Debtors. In this regard, it is clear under the law governing each of the Debtors, whether they be incorporated or organized under the laws of Delaware (in the case of the U.S. entities), the laws of the Federal Republic of Germany (in the case of the German entities) or the laws of The Netherlands (in the case of the Dutch entities) that the decision to execute the Prepetition Plan Support Agreement and to consummate the Initial Plan and transactions contemplated thereunder is in the sole discretion of the boards of directors of the U.S. and German Debtors and of the managing boards of the Dutch Debtors. Nevertheless, because the ultimate parent of the Debtors, Dutch Co-op, has a two-tier board structure which includes a Supervisory Board, the management and the boards of directors or managers (as applicable) of the Debtors believed it appropriate to solicit the views of the Supervisory Board before formally considering approval of the Prepetition Plan Support Agreement.

The meeting of the Supervisory Board initially took place on March 11, 2010. At that meeting, the DIC appointees to the Supervisory Board requested management to meet with certain investment banks that, according to DIC, would be willing to provide a fully underwritten high yield refinancing of the entire amount of the Senior Lender Claims. Although management had reservations that such a refinancing was practicable, particularly in light of the fact that DIC had been afforded many previous opportunities to bring such a refinancing to the table and none had materialized, management agreed to explore this alternative, but it quickly became apparent that no such fully underwritten refinancing was either available or likely to be implemented in any reasonable time frame. The initial party that DIC surfaced to provide this underwriting, a major international investment bank, withdrew from consideration for conflicts reasons. Before withdrawing, however, it submitted only a broad proposal for an outline of a refinancing proposal that might be possible, although not on a fully underwritten basis. Thereafter, the Debtors' management met with two other reputable investment banks and each confirmed that it would not be willing to provide a fully underwritten offer in the required timeframe.

Based on this investigation, and the risk that delay in execution of the Prepetition Plan Support Agreement might cause some of the supporting Senior Lenders who had executed the Prepetition Plan Support Agreement to withdraw their offer to be bound by the Prepetition Plan Support Agreement, management of the Debtors convened another Supervisory Board meeting on March 17, 2010, to report on these developments and inform the Supervisory Board of their intent to recommend to the Debtors' boards of directors or managers (as applicable) that the Prepetition Plan Support Agreement be executed and the Chapter 11 Cases be commenced. At that meeting, management provided DIC with the opportunity to file a petition with the Dutch Court questioning the authority of the managing boards of the Dutch Debtors to execute the

Prepetition Plan Support Agreement or commence the Chapter 11 Cases, and seeking to enjoin them from taking these actions. On March 19, 2010, DIC filed a petition with the Dutch Court seeking, among other things, to enjoin the Debtors from commencing the Chapter 11 Cases without the consent of the holders of a majority of the membership interests in Dutch Co-op (which holder is DIC and its affiliates) or a special restructuring director which DIC has requested be appointed. The Debtors responded on March 31, 2010. On April 8, 2010, the Dutch Court conducted a hearing on the petition and, on April 12, 2010, ruled that there were no grounds to grant any of the relief requested by DIC in its petition, thereby allowing the Debtors to proceed with the restructuring process (the "***Dutch Court Ruling***").

Immediately prior to the April 8th hearing before the Dutch Court, DIC presented another proposal for the repayment in full of the Senior Lender Claims. This proposal relied on a $350 million tranche of senior secured debt to be provided by a group of financial institutions, a $165 million tranche of senior subordinated debt to be provided by a reputable hedge fund, and a $25 million revolving line of credit (although there was no written commitment for provision of this facility). In addition to this financing, DIC proposed to provide $100 million in additional equity. All of these funds, together with Cash available at the Almatis Group, were to be used to repay the Senior Lender Claims in a non-chapter 11 restructuring. Equity in the restructured entities was to be owned, subject to a negotiation that had not yet occurred, in part by DIC and in part by the Financial Lenders other than the Senior Lenders, subject to a 10% warrant in favor of the reputable hedge fund.

Management of the Debtors considered and found several deficiencies in this latest DIC proposal. First, while DIC presented letters from the hedge fund and the financial institutions that were to provide the debt financing in which these parties indicated that they were highly confident that the financing could be arranged, none of such letters represented an unconditional or fully underwritten financing proposal and all of them were subject to numerous conditions precedent, including due diligence, no material change in the financing markets, and other contingencies. Second, DIC provided no evidence of its financial ability to provide or procure the provision of $100 million in new equity or that a $25 million revolving line of credit had been committed to by the financial institutions. Given the widely reported financial stress of DIC, management was uncertain whether DIC could, in fact, provide such funds. Third, management of the Debtors questioned whether, even if funding were available, the Debtors would have sufficient remaining Cash to operate their business and commence necessary capital projects. Fourth, management was not provided with any certainty that the junior lenders had agreed to unconditionally waive their debt in exchange for an agreed amount of equity. Finally, management of the Debtors believed that it would take several months to determine whether the DIC proposal could be finalized, yet the agreement of the Senior Lenders to support the Initial Plan could have been terminated by such Senior Lenders if the Debtors did not commence the Chapter 11 Cases and pursue Confirmation of the Plan.

Consideration of these factors led management of the Debtors to advise DIC that the Debtors could not evaluate the DIC proposal unless, no later than the close of business on April 11, 2010, the Debtors received from DIC, among other things, evidence of committed, unconditional financing for the debt tranches and for DIC's equity investment and a projection of sources and uses of Cash that demonstrated the feasibility of the proposal. No such evidence was received by April 11, although Executive Management indicated its willingness, in the

exercise of its fiduciary duties and consistent with the Prepetition Plan Support Agreement, to evaluate any such evidence provided at a subsequent date.

On April 14 and April 22, 2010, Executive Management participated in further meetings with the Supervisory Board. At these meetings, DIC presented another proposal to repay the Senior Lender Claims. This proposal was substantially similar to the proposal presented by DIC on April 8, except that: (i) DIC had identified two financial institutions willing to provide a revolving credit facility on a super priority senior secured basis of up to $40 million and of $50 million, respectively; (ii) DIC presented a commitment letter and evidence that it had in excess of $100 million in bank and other deposit accounts, together with a proposal to place these funds in an escrow account until 31 May 2010 in order to segregate this amount for the purpose of an investment in the Debtors; (iii) DIC circulated a revised commitment letter from the hedge fund stating that it would provide up to $210 million (but in no event less than $170 million) of senior subordinated debt and that it would further be highly interested in providing up to $75 million of the senior secured debt, but such commitment letter still was subject to contract and to various conditions precedent, including diligence conditions, and certain financial conditions to closing, and (iv) DIC provided a draft of an equity term sheet. The Debtors, and their Professional advisors, carefully evaluated this new proposal and determined, in the exercise of their business judgment, that the Restructuring contemplated in the Initial Plan continued to be in the best interests of their creditors and maximized the value of the Debtors' business. In particular, the Debtors concluded that the conditionality of various components of the new DIC proposal presented a substantial execution risk that could not be justified when compared to the risks involved in garnering the necessary support for the Plan and its ultimate confirmation and consummation. Further, the Debtors were unable to confirm that, even if the execution risks could be overcome, the DIC proposal would be feasible given the Debtors' current business plan and Projections.

Accordingly, the boards of directors or managers (as applicable) of the Debtors convened and, after consideration of the recommendation of management, the Dutch Court Ruling and such other facts and circumstances as the members of the boards believed appropriate, approved execution of the Prepetition Plan Support Agreement and the Initial Plan. The Debtors then solicited votes in favor of the Initial Plan from April 23, 2010 up to the Petition Date, and thereafter, the Debtors continued to accept, but not solicit, votes to accept or reject the Initial Plan until the voting deadline of May 7, 2010.

## E. POSTPETITION DEVELOPMENTS: WITHDRAWAL OF THE INITIAL PLAN AND FILING OF THE PLAN

On April 30, 2010, the Debtors commenced the Chapter 11 Cases. Almost immediately, DIC and a number of Junior Lenders filed with the Bankruptcy Court a request for discovery proceedings related to the Prepetition Plan Support Agreement, the Initial Disclosure Statement, and the Initial Plan. The Court granted the DIC and Junior Lenders' request, and the various parties to the discovery proceedings have taken numerous depositions, and have produced countless number of pages of relevant documents. In the meantime, the Debtors continued to prosecute the confirmation of the Initial Plan, as they had concluded that it was the only feasible

restructuring plan available, and the Court set the combined hearing to consider the approval of the Initial Disclosure Statement and confirmation of the Initial Plan for July 19, 2010.

On July 2, 2010, on the date set as the deadline for parties to file objections to the approval of the Initial Disclosure Statement and confirmation of the Initial Plan, DIC submitted a proposal for an alternative chapter 11 plan (the "***DIC Proposal***"). The Debtors and their professionals quickly evaluated the DIC Proposal to determine whether it was credible, feasible and deliverable and whether further evaluation and negotiation would be appropriate. This initial evaluation proved promising. Although it resembled other proposals that DIC had presented to the Debtors, there were crucial differences between those proposals and the DIC Proposal first presented on July 2, 2010. First, the DIC Proposal appeared to be supported by Junior Lenders holding at least two-thirds in amount and more than one-half in number of Claims in each of the Second Lien, Mezzanine, and Junior Mezzanine Classes, a key factor which had been absent from DIC's past proposals and, while paying Senior Lender Claims in full, appeared to provide those junior Classes with meaningful opportunity for significant recoveries. Second, the DIC Proposal contemplated what appeared to be a feasible capital structure with debt service payments within the Debtors' financial capability. Third, the DIC Proposal not only proposed the repayment in full of the Senior Lender Claims, but it also appeared to be supported by firm financing and equity commitments from the Senior Secured Noteholders and DIC that would enable such repayment to be effectuated.

These three factors led the Debtors to conclude that further evaluation and negotiation of the DIC Proposal would be appropriate and that, if those discussions proved fruitful, the DIC Proposal would present a compelling alternative to the Initial Plan. Based on this conclusion, the Debtors requested that the Court adjourn the combined hearing pending the outcome of the more in-depth negotiation by and among the Debtors, DIC, and the Junior Lenders.

On July 19, 2010, after extensive negotiations, the Debtors, DIC, and the Requisite Junior Lenders were able to reach an agreement to enter into the Plan Support Agreement, subject to the Bankruptcy Court's approval. As part of that agreement, DIC deposited the DIC Equity Commitment of $100 million into the escrow account at JP Morgan Chase Bank, N.A. pursuant to the DIC Investment Escrow Agreement. At the status conference held before the Court on the same date, the Debtors announced their intention to exercise the "fiduciary out" provisions in the Prepetition Plan Support Agreement, and to seek the Court's approval to enter into the Plan Support Agreement, and thereafter seek confirmation of the Plan that implements the terms of the restructuring proposal contained in the Plan Support Agreement. To that end, on July 23, 2010 the Debtors filed the Debtors' Motion Pursuant to Sections 105(a), 363(b), and 1125(b) of the Bankruptcy Code and Bankruptcy Rule 6004 for an Order Authorizing: (A) the Debtors to Enter Into the Plan Support Agreement; (B) the Debtors to Execute the DIC Investment Escrow Agreement and the Commitment Letters and Pay the Fees, Other Amounts, and Reimbursement of Expenses Required Thereunder; and (C) the Debtors to Enter Into Currency Rate Hedging Transactions [Docket No. 309] (the "***Authorization Motion***").

On August 3, 2010, the Court granted the Authorization Motion. Thereafter, the Debtors exercised the fiduciary out in the Prepetition Plan Support Agreement and executed the Plan Support Agreement. The Debtors, then, withdrew the Initial Plan and filed the Plan.

## F. OUTLINE OF THE BASIC PLAN ECONOMICS

Section VI of this Disclosure Statement below contains a detailed description of the Plan. The basic economics of the Plan, however, are set forth below.

On the Effective Date, each Senior Lender will receive payment in full in cash of such Senior Lender's Allowed Senior Lender Claim. The payment will include postpetition interest from the Petition Date through the Effective Date at the default rate required by the Senior Credit Agreement and accrued and unpaid fees and expenses, and other obligations, owed to such Senior Lender under the Senior Credit Facility. The payment will be made in the currency in which such Senior Lender Claim is denominated under the applicable agreements related thereto, such that Senior Lender's holding dollar denominated Senior Lender Claims will be paid in dollars and Senior Lenders' holding Euro denominated Senior Lender Claims will be paid in Euros. The payment of the Senior Lender Claims will be financed by a combination of the Debtors' available cash and the proceeds of (i) the Dollar Notes, (ii) the Euro Notes and (iii) the $100 million DIC Equity Contribution.

Each Second Lien Lender will receive its Pro Rata Share of the PIK Notes, which are senior unsecured notes accruing 2% per annum payable-in-kind interest with the aggregate principal amount of €52.1 million, maturing on December 31, 2021. If the PIK Notes are still outstanding on the fifth ($5^{th}$) anniversary of the Effective Date, the holders of such PIK Notes will be entitled to the PIK Preference Warrants. The PIK Notes and the PIK Preference Warrants will be issued by Almatis Topco 2, which will be the intermediate parent of the Reorganized Debtors on the Effective Date.

Each Mezzanine Lender will receive its Pro Rata Share of (i) 35.08% of the issued and outstanding shares of Almatis Topco 1 (which are subject to dilution by the SSN Share Warrants, the PIK Preference Warrants, the Management Options, and any Almatis Topco 1 Shares issued to the DIC Investor pursuant to the Fee Equitization Option, and which are subject to the Mezzanine Investor Ratchet), which will be the Reorganized Debtors' ultimate parent, and (ii) the Mezzanine Lender Junior Preference STAK 2 Depository Receipts, which represent the beneficial rights to Junior Preference Shares issued by Almatis Topco 1, which are 15 percent paid-in-kind junior preferred shares, with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of $14.65 million, plus accrued interest.

The Restructuring Term Sheet defines Exit as (i) a sale, in one or more related transactions, of (A) all of the Ordinary Shares; or (B) all or substantially all of the assets of the Group by way of a stock sale, merger or other business combination transaction, (ii) any admission to listing or to trading on a securities exchange (a "**Listing**") of Almatis Topco 1, a reorganised Almatis Topco 1 (as a Listco or otherwise),or a material subsidiary of the Group.

Each Junior Mezzanine Lender will receive its Pro Rata Share of (i) 4.92% of the issued and outstanding shares of Almatis Topco 1 (which are subject to dilution by the SSN Share Warrants, the PIK Preference Warrants and the Management Options, and which are subject to the Mezzanine Investor Ratchet), and (ii) the Junior Mezzanine Lender Junior Preference STAK 2 Depository Receipts, which represent the beneficial rights to Junior Preference Shares issued

by Almatis Topco 1 with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of $2.05 million, plus accrued interest.

Finally, in consideration of the DIC Equity Contribution, DIC will receive (i) 60% of the issued and outstanding shares of Almatis Topco 1 (which are subject to dilution by the SSN Share Warrants, the PIK Preference Warrants and the Management Options), and (ii) the DIC Senior Preference STAK 1 Depository Receipts, which represent the beneficial rights to Senior Preference Shares issued by Almatis Topco 1 (and are subject to dilution by the SSN Senior Preference Share Warrants), which are senior to the Junior Preference Shares but are junior to the PIK Notes, with a liquidation preference in the event of an Exit (as described in the Restructuring Term Sheet) of €38,828,618.23 (the Euro equivalent of $50 million as of the Conversion Date as defined in the DIC Investment Escrow Agreement), plus accrued interest.

To preserve the corporate structure of the Debtors for the benefit of the new equity owners, Intercompany Claims will be preserved under the Plan, except as provided in the Implementation Memorandum. Similarly, Interests in the Reorganized Debtors will be reinstated under the Plan, except Interests in DIC Almatis Holdco B.V., DIC Almatis Bidco B.V., and Almatis Holdings 3 B.V., which will each be preserved, but will be transferred and assigned to Almatis Topco 2, each for €1.00. The preservation of the Intercompany Claims and the Interests are intended only to facilitate the implementation of the Plan.

The Restructuring Term Sheet also contains the terms and conditions of the corporate structure and the corporate governance of the Reorganized Debtors, and, as more particularly described in the Implementation Memorandum, the mechanics that will be implemented to effectuate the restructuring transactions contemplated by the Plan in a tax efficient manner.

## V. RELIEF GRANTED IN THE CHAPTER 11 CASES

On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, commencing the Chapter 11 Cases. Pursuant to an order of the Bankruptcy Court, the Debtors' Chapter 11 Cases are being jointly administered under the caption of *In re Almatis B.V., et al.,* Case No. 10-12308 (MG), by the Honorable Martin Glenn, United States Bankruptcy Judge, in the Bankruptcy Court for the Southern District of New York.

Upon commencement of the Chapter 11 Cases, all actions and proceedings against the Debtors and all acts to obtain property from the Debtors were stayed, and continue to be stayed, under section 362 of the Bankruptcy Code. The Debtors are continuing to operate their business and manage their property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Since the commencement of the Chapter 11 Cases, the Debtors filed various motions with the Bankruptcy Court seeking the entry of various orders granting the relief necessary to facilitate the administration of the Chapter 11 Cases. The relief granted by the Bankruptcy Court by the numerous orders entered by the Bankruptcy Court in the Chapter 11 Cases are summarized below.

## A. MOTION TO APPROVE DISCLOSURE STATEMENT AND SOLICITATION PROCEDURES

On August 6, 2010, the Debtors filed a motion seeking, among other things, an order (i) approving this Disclosure Statement, (ii) approving the procedures by which the Debtors will seek solicitation of votes to accept the Plan, and the dissenting parties in interest may object to the confirmation of the Plan (the "***Solicitation and Objection Procedures***"), (iii) approving the form and manner of the notice of the confirmation hearing required by the Bankruptcy Rules, and (iv) scheduling a confirmation hearing to consider the confirmation of the Plan.

By order dated August __, 2010, the Bankruptcy Court approved this Disclosure Statement as containing adequate information, approved the Solicitation and Objection Procedures, approved the form and manner of the notice of the confirmation hearing, and set the confirmation hearing for September 20, 2010, at 10:00 a.m. [Docket No. [_]].]

At the confirmation hearing, the Debtors will seek confirmation of the Plan through the Confirmation Order, the proposed form of which is attached hereto as **Exhibit L**.

## B. MOTION TO EXTEND DEADLINE TO FILE SCHEDULES OR WAIVE REQUIREMENT TO FILE SCHEDULES UPON CONFIRMATION OF PLAN

The Debtors have more than 1,000 creditors throughout the United States, Germany, The Netherlands and other non-U.S. jurisdictions. The breadth of the Debtors' business operations require the Debtors to maintain voluminous books and records and complex accounting systems. Given the size, complexity, and geographical diversity of their business operations, and the number of creditors, the Debtors, on the Petition Date, requested the entry of an order granting additional time to file their schedules and statements of financial affairs required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007. At the "first day" hearing on the Petition Date, the Bankruptcy Court granted the Debtors an extension through and including June 29, 2010 to file the schedules and statements of financial affairs [Docket No. 51]. Subsequent extensions set the deadline for the filing of the schedules and statements of financial affairs for July 30, 2010.

On July 30, 2010, the Debtors filed their schedules and statement of financial affairs which are on file with the Clerk of the Bankruptcy Court for the Southern District of New York, and may be accessed through the Clerk's website at http://www.nysb.uscourts.gov by following the directions for accessing the ECF system on such website, or through the website maintained by the Balloting and Claims Agent, www.epiqbankruptcysolutions.com.

## C. DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS (A) AUTHORIZING THE USE OF CASH COLLATERAL, (B) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED LENDERS, AND (C) SCHEDULING A FINAL HEARING

The Transaction Security (as defined herein) is subject to security interests in favor of the Financial Lenders. By virtue of the Intercreditor Agreement and the financing documents evidencing the Prepetition Credit Facilities, the Financial Lenders are entitled to be paid in the

following priority: Senior Lenders, Second Lien Lenders, Mezzanine Lenders and Junior Mezzanine Lenders.

Upon the filing of the Chapter 11 Cases, the Debtors expected to have an immediate and urgent need for the use of Cash to continue to operate their businesses, to pay vendors to supply necessary goods and services, to pay employees, to satisfy other working capital and operational needs, and to fund their reorganization. All of these requirements for the use of Cash needed be satisfied for the Debtors to preserve and maintain their going-concern value and, ultimately, their ability to reorganize successfully pursuant to chapter 11. Without use of Cash during the Chapter 11 Cases, the Debtors would have been forced to shut down their businesses, lay off employees, and cease operations. This immediate and irreparable harm would have been to the extreme detriment of the Debtors, their Estates and stakeholders, including the Financial Lenders that have a security interest in the Debtors' Cash. Further, certain of the Debtors could have been required to file insolvency cases in the country in which they are operating or organized, resulting in a liquidation.

Accordingly, on the Petition Date, the Debtors filed a motion (the "***Cash Collateral Motion***") to use Cash that is pledged (the "***Cash Collateral***") to secure the debt owed to the Financial Lenders. In the Cash Collateral Motion, the Debtors sought to use Cash Collateral, and proposed to provide the Senior Lenders, Second Lien Lenders, and Mezzanine Lenders (collectively, the "***Prepetition Secured Lenders***") with adequate protection in exchange for such use of Cash Collateral.

On the Petition Date, the Bankruptcy Court entered its first interim order approving the Debtors' proposed adequate protection to the Prepetition Secured Lenders, and authorizing the Debtors to use up to $12 million of the Cash Collateral through May 5, 2010 [Docket No. 59]. The Debtors were later authorized by the Court to use the entire Cash Collateral in accordance with the budget agreed to by the Debtors and the Senior Lenders, by the Court's second interim and final orders dated May 5, 2010 and May 17, 2010 [Docket Nos. 78 and 113, respectively].

The adequate protection granted to the Prepetition Secured Lenders under the Court's orders authorizing the Debtors' use of Cash Collateral consisted of the following:

(i) Replacement Liens (as defined in the Cash Collateral Motion) attached to all property of the Debtors, whether now owned or hereafter acquired, specifically excluding causes of action under sections 544, 545, 547, 548, 550, and 553 of the Bankruptcy Code, but not the proceeds thereof. The Replacement Liens had the same relative priority among the Financial Lenders as the relative priority that existed among them prepetition.

(ii) Grant to the Prepetition Secured Lenders of claims entitled to super-priority administrative status in accordance with section 507(b) of the Bankruptcy Code, with priority in payment equivalent to that granted pursuant to section 364(1) of the Bankruptcy Code, over any and all other administrative expenses in the Chapter 11 Cases, subject only to the Carve-Out (as defined in the Cash Collateral Motion).

The Replacement Liens and the superpriority claims would have been junior to the Carve-Out if the Debtors had obtained a debtor-in-possession financing facility. The Carve-Out consisted of the following: (a) security interests permitted under the Senior Credit Facility to be senior to the liens granted or purported to be granted to the Prepetition Secured Lenders, which security interests were actually granted and perfected prior the Petition Date; (b) the U.S. Trustee Fees; (c) the reasonable expenses approved by the Bankruptcy Court at any time of members of a Committee, if any, appointed in the Chapter 11 Cases (excluding fees and expenses of professionals employed by such Committee members individually) in an aggregate amount (collectively, for all members) not to exceed $75,000; (d) all unpaid fees and expenses allowed by the Bankruptcy Court at any time of Professionals that were incurred through the date upon which the Debtors receive from the Security Trustee written notice of a Termination Event (as defined in the Cash Collateral Motion); and (e) after the date upon which the Debtors receive from the Security Trustee written notice of a Termination Event, to the extent allowed at any time, the payment of fees, expenses, and taxes of Professionals in an aggregate amount not to exceed $6,000,000. The use of Cash Collateral was also subject to certain reporting requirements and Testing Metrics (as defined in the Cash Collateral Motion) intended to ensure the Debtors' compliance with the Budget attached to the Cash Collateral Motion, in accordance with the Debtors' agreement with the Senior Lenders for the use of Cash Collateral.

The termination of the Prepetition Plan Support Agreement constituted an automatic Termination Event (as defined in the final order with respect to the initial Cash Collateral Motion) related to the Debtors' use of Cash Collateral. Accordingly, on July 23, 2010, the Debtors, in anticipation that the Authorization Motion would be granted and that the Prepetition Plan Support Agreement would be terminated, filed an emergency motion (the "***Emergency Cash Collateral Motion***") for the continued use of the Cash Collateral. The Emergency Cash Collateral Motion sought to continue the use of Cash Collateral on terms substantially similar to the terms that were previously approved in the final order with respect to the initial Cash Collateral Motion). After consideration of the Emergency Cash Collateral Motion, the Court entered an order approving the Debtors' use of Cash Collateral on an interim basis under terms substantially similar to those previously approved by the Court [Docket No. 347]. Thereafter, on August 23, 2010, the Court entered an order approving the Debtors' continued use of Cash Collateral on a final basis.

### D. DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS (A) AUTHORIZING DEBTORS TO (I) CONTINUE EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS, AND BUSINESS FORMS AND (II) CONTINUE ORDINARY COURSE INTERCOMPANY TRANSACTIONS; AND (B) WAIVING COMPLIANCE WITH THE REQUIREMENTS OF SECTION 345(B) OF THE BANKRUPTCY CODE

The Debtors believed that absent an order of the Court allowing the Debtors to maintain their prepetition cash management practices and procedures, the administrative hardship that any operating changes with regard to cash management would impose on them would impede the Debtors' business operations to the detriment of their Estates and their creditors. The Debtors also believed, on the other hand, that continued use of the existing cash management system, bank accounts and business forms, investment guidelines, and intercompany trading practices

would facilitate the Debtors' smooth and orderly transition into chapter 11, minimize the disruption of their businesses while in chapter 11 and expedite their emergence from chapter 11.

Accordingly, on the Petition Date, the Debtors sought authority, on a postpetition basis, to continue to use their existing cash management system, bank accounts and business forms, to follow their internal investment and deposit guidelines, and engage in intercompany transactions in the ordinary course of business.

An interim order granting the authority the Debtors sought was entered by the Court on the Petition Date [Docket No. 45], and gave the Debtors 45 days from the Petition Date to comply with the requirements of section 345(b) of the Bankruptcy Code, especially with respect to the Debtors' funds being held in bank accounts located outside the U.S.

The Debtors and their banks located outside the U.S., however, could not come to satisfactory agreements by which the Debtors' funds in accounts held with such banks would be ensured the same degree of protections afforded to funds deposited in accounts held with U.S. banks. A subsequent order entered by the Bankruptcy Court granted the Debtors an extension until July 19, 2010 to comply with the requirements of section 345(b) of the Bankruptcy Code [Docket No. 207].

## E. PROTECTIVE RELIEF RELATING TO CROSS-BORDER ISSUES

### 1. Debtors' Motion for Interim and Final Orders (A) Authorizing, but not Directing, Debtors to Pay Prepetition Obligations Owed to Foreign Creditors; and (B) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers

In light of the international scope of the Debtors' businesses, the Debtors incur obligations to numerous foreign creditors, including, but not limited to, vendors, landlords, suppliers, trade creditors, contractors, shippers, common carriers, private concessionaires, public facility operators, warehousemen, distributors, brokers, mechanics, materialmen, utility providers, service providers, customs agents, duty collectors, governmental agencies, quasi-governmental agencies, and taxing authorities (collectively, the "***Foreign Creditors***") in connection with their core business operations. The Foreign Creditors supply goods and services without which the Debtors' businesses could not operate, and therefore the continued cooperation of these Foreign Creditors is an essential element in bringing the Debtors' specialty alumina products to market. The success of the Debtors' operations depends upon the continued supply by Foreign Creditors' of the high quality goods and services necessary for the Debtors to produce and transport their specialty alumina products to customers located throughout the world.

While the Foreign Creditors are subject to the automatic stay as a matter of U.S. bankruptcy law, as a practical matter the Debtors' ability to enforce the stay provisions may be limited. Indeed, based on the substantial experience of the Debtors' management in the industry and their knowledge of the Foreign Creditors, there is a significant risk that the Foreign Creditors may consider themselves to be beyond the jurisdiction of the Bankruptcy Court, disregard the automatic stay, and engage in conduct that disrupts the Debtors' domestic and international operations, including, but not limited to, commencing competing insolvency proceedings in

foreign countries. In Germany and The Netherlands, the commencement of insolvency proceedings would require the Debtors to liquidate, thereby thwarting any attempt to reorganize under Chapter 11.

By a motion filed on the Petition Date, the Debtors requested authority to pay the Foreign Creditors all prepetition amounts due to them in an aggregate amount not to exceed $23 million. A final order authorizing the Debtors to pay up to $23 million to Foreign Creditors on account of their prepetition claims was entered by the Bankruptcy Court on May 17, 2010 [Docket No. 117].

**2. Debtors' Motion for Interim and Final Orders Confirming the Protections of Sections 362 and 365 of the Bankruptcy Code and Restraining Any Action in Contravention Thereof**

As a result of the Debtors' worldwide operations, the Debtors have thousands of foreign creditors, customers and counterparties to contracts that may be unfamiliar with the global-reach of the protections afforded by the Bankruptcy Code. Due to this lack of familiarity, certain Foreign Creditors may attempt to seize assets located outside of the United States to the detriment of the Debtors, their Estates, and creditors, or may take other actions in contravention of the automatic stay imposed by section 362 of the Bankruptcy Code. In addition, Foreign Creditor counterparties to unexpired leases and executory contracts may attempt to terminate those leases or contracts due to the commencement of the Chapter 11 Cases in contravention of section 365 of the Bankruptcy Code.

To assist the Debtors in explaining the protections of the Bankruptcy Code to the Foreign Creditors, the Debtors filed a motion on the Petition Date seeking an order of the Bankruptcy Court that confirms, restates, and restrains any action taken in violation of two key protections afforded to the Debtors by the Bankruptcy Code: (a) the automatic stay provisions of section 362; and (b) the prohibition of section 365 against terminating agreements and leases due to *ipso facto* provisions.

On May 17, 2010, the Bankruptcy Court entered an order granting the Debtors' motion [Docket No. 114].

**3. Debtors' Motion for Interim and Final Orders Pursuant to Sections 105(a) and 362(a) of the Bankruptcy Code (A) Limiting Certain Transfers of Claims Against the Debtors, and (B) Approving Related Notice Procedures**

A significant percentage of the Financial Lenders have connections in the United States. This connection provides some measure of assurance that these parties will not take actions in violation of the Bankruptcy Code and, if they do, that the Bankruptcy Court has an adequate remedy. This benefit is lost, however, to the extent that a Financial Lender is able freely to transfer its Claims to an entity that lacks minimum contacts with the United States and is not likely to be subject to the jurisdiction of this Court or the provisions of the Bankruptcy Code (a "***Foreign Transferee***"). A Foreign Transferee might consider itself to be beyond the jurisdiction of the Bankruptcy Court, disregard the automatic stay, and institute proceedings to enforce a Claim in a foreign jurisdiction that has not agreed to give effect to the bankruptcy laws of the

United States. Such a scenario could result in drastic remedies that could threaten the Debtors' ability to preserve their assets and business operations, such as the triggering of an involuntary liquidation of some or all of the Debtors' foreign operations.

On the Petition Date, the Debtors filed a motion seeking the Bankruptcy Court's approval of certain procedures by which the Debtors would be provided with notice of and opportunity to object to transfers of claims by the Financial Lenders to parties who are not domiciled in the U.S. or otherwise has its principal place of business outside the U.S., in order to provide the Debtors with some protection against such transfers. Specifically, the motion sought an order that (1) prevents the transfer of Claims against the Debtors to a Foreign Transferee unless such Foreign Transferee agrees to the jurisdiction of the Bankruptcy Court and to be bound by the automatic stay, and (2) provides the Debtors' advance notice, and an opportunity to object, to any proposed transfers of Claims against the Debtors to a Foreign Transferee.

The Bankruptcy Court approved the above procedures by its order on May 17, 2010 [Docket No. 112].

## F. MOTIONS FOR AUTHORITY TO HONOR PREPETITION OBLIGATIONS TO EMPLOYEES, INSURANCE CARRIERS, U.S. CRITICAL VENDORS, U.S. TAXING AUTHORITIES, AND U.S. SHIPPERS AND LIEN CLAIMANTS

The Debtors believe that they have valuable assets in their work force, and that any delay in paying prepetition compensation or benefits to their employees, independent contractors and temporary workers would have significantly jeopardized the Debtors' relationships with employees, independent contractors and temporary workers and irreparably harmed morale at a time when the need for continued dedication, confidence, and cooperation of the Debtors' employees, independent contractors and temporary workers was most critical. Accordingly, by a motion filed on the Petition Date, the Debtors sought authority to pay compensation and benefits that were accrued but unpaid as of the Petition Date, and to continue their employee benefit programs in the ordinary course of business postpetition. The Bankruptcy Court granted the Debtors such authority by its order on May 17, 2010 [Docket No. 118].

The Debtors also had prepetition obligations to various third parties, including insurance carriers, U.S. "critical" vendors, U.S. taxing authorities, and U.S. shippers and other lien claimants. The Debtors believe that the continuation of their positive relationships with such parties is imperative to their continued business operations and reorganization efforts, and that payment of such obligations in the ordinary course of business was essential to preserve and enhance the value of the Debtors' Estates.

Accordingly, on the Petition Date, the Debtors filed several motions in which they requested the Bankruptcy Court to exercise its equitable powers and authorize the Debtors to pay their pre-petition obligations to certain insurance carriers, U.S. critical vendors, U.S. taxing authorities, and U.S. shippers and other lien claimants up to amounts set forth in the orders entered by the Bankruptcy Court. Upon consideration of the foregoing motions, the Bankruptcy Court entered several final orders authorizing the Debtors pay (i) the amounts the Debtors deem necessary and appropriate to maintain their insurance policies [Docket No. 116], (ii) up to

$400,000 to their U.S. critical vendors [Docket No. 119], (iii) all applicable prepetition taxes and fees due to U.S. taxing authorities [Docket No. 115], and (iv) up to $2 million to their U.S. shippers and other lien claimants [Docket No. 120].

The Bankruptcy Court also ordered that the Debtors provide bi-weekly written reports to the U.S. Trustee of all payments by the Debtors to their U.S. critical vendors, shippers, and other lien claimants. The Debtors have worked cooperatively with the U.S. Trustee to timely provide such reports throughout the Chapter 11 Cases.

## G. DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS (A) PROHIBITING UTILITIES FROM ALTERING, REFUSING, OR DISCONTINUING SERVICES TO, OR DISCRIMINATING AGAINST, THE DEBTORS ON ACCOUNT OF PREPETITION INVOICES; (B) DETERMINING THAT THE UTILITIES ARE ADEQUATELY ASSURED OF FUTURE PAYMENT; (C) ESTABLISHING PROCEDURES FOR DETERMINING REQUESTS FOR ADDITIONAL ASSURANCE; AND (D) PERMITTING UTILITY COMPANIES TO OBJECT TO SUCH PROCEDURES

Section 366 of the Bankruptcy Code protects debtors from utility service cutoffs upon a bankruptcy filing while providing utility companies with adequate assurance that the debtors will pay for postpetition services. The Debtors' U.S. utilities are vital to the Debtors' ability to continue operations and exist as a going concern. On the Petition Date, the Debtors, by a motion to the Bankruptcy Court, sought an order authorizing the Debtors to provide their U.S. utilities with a deposit equal to the approximate value of two weeks of utility services as the adequate assurance required by section 366 of the Bankruptcy Code. The Debtors also requested that the utilities be prevented from altering, refusing, or discontinuing service on account of any unpaid prepetition charges or the commencement of Debtors' chapter 11 cases and that the Bankruptcy Court approve procedures under which utilities could request additional assurance.

At a hearing held on May 12, 2010, the Bankruptcy Court entered an order authorizing the Debtors to provide to their U.S. utilities an adequate assurance deposit, prohibiting the U.S. utilities from altering, refusing, or discontinuing service on account of any unpaid prepetition charges or the commencement of the Debtors' Chapter 11 Cases, and establishing procedures under which the U.S. utilities could request additional assurance [Docket No. 99].

## H. ADMINISTRATIVE MOTIONS

The Debtors filed several motions seeking certain relief to ease the administrative burdens of the Chapter 11 Cases on the Debtors and other parties in interest. After consideration of those motions, the Bankruptcy Court entered the following orders in the Chapter 11 Cases:

- an order directing joint administration of the Chapter 11 Cases under the caption of *In re Almatis B.V., et al.*, Case No. 10-12308 (MG) [Docket No. 49];

- an order (A) waiving the requirement that each Debtor file a list of creditors; (B) authorizing the filing of a single, consolidated list of the 50 largest unsecured creditors in lieu of filing separate lists of the 20 largest unsecured creditors of

each Debtor; (C) approving certain notice, management, and administrative procedures for the Debtors to supply notice to creditors and parties in interest,; and (D) authorizing the Debtors to maintain a consolidated list of creditors in lieu of a matrix [Docket No. 53];

- an order implementing certain case management procedures [Docket No. 95];

- an order approving the retention of Epiq Bankruptcy Solutions, LLC as balloting and claims agent [Docket No. 46]; and

- orders providing the Debtors an extension until July 13, 2010 to file the reports of financial information required by Bankruptcy Rule 2015.3 [Docket Nos. 56 and 216]

## I. PROFESSIONAL RETENTION APPLICATIONS AND PROFESSIONAL-RELATED MOTIONS

The Debtors sought and obtained the Bankruptcy Court's approval to retain the following restructuring professionals to represent the Debtors and assist them in connection with the Chapter 11 Cases (with the docket number for the order approving the retention of each professional in square brackets):

- Gibson, Dunn & Crutcher LLP as bankruptcy counsel [Docket No. 151];

- Linklaters LLP as special corporate counsel regarding English and German law [Docket No. 149; order clarifying the scope of retention at Docket No. 278];

- DeBrauw Blackstone Westbroek N.V. as counsel regarding Dutch law [Docket No. 186];

- Schultze & Braun GmbH Rechtsanwaltsgesellschaft as counsel to the Company's management regarding German law [Docket No. 202];

- Schultze & Braun GmbH Rechsanwaltsgesellschaft Wirtschaftsprufungsgesellschaft as German auditor [Docket No. 201]

- DC Advisory Partners, f/k/a Close Brothers Corporate Finance Limited, as financial advisor [Docket No. 199];

- Moelis & Company as special valuation consultant [Docket No. 188];

- Talbot Hughes McKillop LLP as cash management advisor [Docket No. 185];

- Ernst & Young Belastingadviseur LLP as Dutch tax advisor [Docket No. 187]

- Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as German tax advisor [Docket No. 267].

In addition to the orders approving the Debtors' retention of the above professionals, the Bankruptcy Court, upon the Debtors' motions, entered, orders (i) authorizing implementation of orderly procedures for interim monthly payment of fees and expenses of restructuring professionals [Docket No. 150], and (ii) authorizing the employment of ordinary course professionals and setting forth procedures for their compensation [Docket No. 148].

## J. OAKTREE SETTLEMENT

On August 6, the Debtors submitted their Motion, Pursuant to Bankruptcy Rule 9019, For An Order Authorizing And Approving the Settlement Agreement With Oaktree Capital Management, L.P. and Its Affiliates (the "***Oaktree Settlement Motion***"). The Oaktree Settlement Motion sought court approval to enter into the Oaktree Settlement compromising and settling disputes with Oaktree related to its Senior Lender Claims under the Plan, the currency in which such Claims would be paid, Oaktree's support for the Plan, and Oaktree's support for the continued use of cash collateral. The Oaktree Settlement Motion also sought court approval for the exchange of mutual releases between the Debtors and Oaktree, including but not limited to releases related to a potential cause of action by the Debtors for equitable subordination of the Senior Lender Claims of Oaktree that certain of the Debtor's junior lenders believed had merit. As part of the Oaktree Settlement, Oaktree agreed to support confirmation of the Plan and the Debtors' continued use of cash collateral, and not to pursue costly, time consuming, and delaying litigation with respect to the Plan.

Among other things, the Oaktree Settlement releases potential claims of the Debtors against Oaktree, including equitable subordination claims that certain junior lenders had requested authority to pursue on behalf of the Debtors. These junior lenders alleged that Oaktree's Senior Lenders Claims should be equitably subordinated because Oaktree (1) tried to improperly gain control of Almatis, and (2) manipulated the reorganization process. The Debtors did not believe these claims had merit and had declined to bring them.

The Debtors' decision not to pursue, and in the Oaktree Settlement to release, any alleged equitable subordination claims was based on the Debtors' evaluation of applicable law, the Debtors' knowledge of the conduct of Oaktree during the reorganization process and the Debtors' view of the extensive discovery record developed during litigation related to the Initial Plan. The Debtors' concluded that no legal or factual basis exists to equitably subordinate Oaktree's Senior Lender Claims.

The decision to release any alleged equitable subordination claims against Oaktree was also based on three additional factors: first, the Debtors' conclusion that, in any event, there was no harm to creditors – a key legal element of an equitable subordination claim - caused by Oaktree's actions. Second, the Debtors' conclusion that Oaktree received no unfair advantage as a result of its actions. Pursuant to the Plan and the Oaktree Settlement, Oaktree will not receive any distribution other than what it (and every other Holder of a Senior Lender Claim) is entitled to under the terms of the Senior Credit Facility. Third, the Debtors' conclusion that pursuit of equitable subordination claims against Oaktree would be expensive, time consuming and ultimately unsuccessful, and therefore counterproductive to the Debtors' restructuring efforts and rapid confirmation and consummation of the Plan.

While the junior lenders who had sought to pursue equitable subordination claims against Oaktree on the Debtors' behalf did not necessarily concur in all respects with the Debtors' conclusions, they did not object to the Oaktree Settlement Motion and, in fact, withdrew their request for authority to pursue such claims. On August 23, 2010, the Court approved the Oaktree Settlement Motion.

The Oaktree Settlement provides, among other things, in relevant part:

a. Oaktree will support the Plan and continued use of cash collateral;

b. On the Effective Date, Oaktree will receive, as will other similarly situated Holders of Senior Lender Claims, payment in full, in cash, of its Senior Lender Claims, plus accrued pre- and post- petition interest, with such payment being made in the currency in which the Claims are denominated under the applicable agreements related thereto;

c. If the Effective Date occurs, Oaktree will receive an agreed administrative claim for expense reimbursement for its professional advisors in the amount of $5.25 million to be paid on the Effective Date;

d. If and to the extent permissible under applicable law and as approved by the Court in connection with the confirmation of the Plan, Oaktree will be included as a participant in the release and exculpation provisions of the Plan; and

e. Subject to the occurrence of the Effective Date, Oaktree (and certain related parties) on the one hand and the Debtors (and certain related parties) on the other, will exchange mutual releases of any direct claims.[12]

## VI. SUMMARY OF THE PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN THAT ACCOMPANIES THIS DISCLOSURE STATEMENT, TO THE EXHIBITS ATTACHED HERETO, AND THE DOCUMENTS FILED IN THE PLAN SUPPLEMENT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE

[12] The Oaktree Settlement does not itself release any direct, non-derivative claims held by DIC or any non-Debtor against Oaktree, or any direct, non-derivative claims held by Oaktree against DIC or any non-Debtor, though such claims may be released pursuant to the Plan by virtue of Oaktree's inclusion as a Released Parties.

STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE REORGANIZED DEBTORS, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICTS BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL. IN THE EVENT OF ANY CONFLICTS BETWEEN THE CONFIRMATION ORDER AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE CONFIRMATION ORDER WILL CONTROL.

The Plan described herein provides for the restructuring of the Debtors' liabilities in a manner designed to maximize recoveries to Holders of Claims against and Interests in the Debtors.

The terms of the Plan are based upon, among other things, the Debtors' assessment of their ability to achieve the goals of their business plan, make the Distributions contemplated under the Plan, and pay their continuing obligations in the ordinary course of their businesses. Under the Plan, the Claims against and Interests in the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, (i) the Claims in certain Classes will be reinstated or modified and receive Distributions equal to the full amount of such Claims, (ii) the Claims in certain other Classes will be modified and receive Distributions constituting of a partial recovery on such Claims, and (iii) the Claims and Interests in certain other Classes will receive no recovery on such Claims or Interests. On the Distribution Date and at certain times thereafter, the Disbursing Agent, including the Disbursing Agent under the Disbursing Agent Agreement, will make or cause to be made the Distributions as provided in the Plan. The Classes of Claims and Interests established by the Plan, the treatment of those Classes under the Plan, and various other aspects of the Plan are described below.

## A. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides the Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which, pursuant to section 1123(a)(1) are not required to be classified). The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and

Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan as are necessary to permit Confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated amount of such Claim and, accordingly, the total Allowed Claims with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the Plan may be adversely (or favorably) affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of the Claims and Interests and the nature of the Distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtors' assets. In view of the deemed rejection by Classes 9(b)-(m), however, as set forth below, the Debtors will seek Confirmation of the Plan over the deemed rejection of such Classes, and over the rejection of any voting Class, pursuant to the "cram down" provisions of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all impaired classes of claims and interests. *See* Section VII.C. below. Although the Debtors believe that the Plan can be confirmed under section 1129(b), there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

## B. TREATMENT OF UNCLASSIFIED CLAIMS UNDER THE PLAN: ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS, DIP FACILITY CLAIMS, AND PROFESSIONAL COMPENSATION CLAIMS

### 1. Administrative Expense Claims

On the later of (i) the Effective Date or (ii) if an Administrative Expense Claim is not Allowed as of the Effective Date, 30 days after the date on which such Administrative Expense

Claim becomes Allowed, the Debtors will either (x) pay to each Holder of an Allowed Administrative Expense Claim, in Cash, the full amount of such Allowed Administrative Expense Claim, or (y) satisfy and discharge such Administrative Expense Claim in accordance with such other terms that the Debtors and such Holder shall have agreed upon; *provided, however*, that such agreed-upon treatment shall not be more favorable than the treatment provided in clause (x). Other than with respect to Professional Compensation Claims and Cure Claims, notwithstanding anything in the Plan to the contrary, if an Administrative Expense Claim arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business during the Postpetition Period or (ii) pursuant to an Executory Contract or Unexpired Lease, the Holder of such Administrative Expense Claim shall be paid in Cash by the applicable Debtor (or after the Effective Date, by the applicable Reorganized Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such Administrative Expense Claim without the need or requirement for the Holder of such Administrative Expense Claim to file a motion, application, claim or request for allowance or payment of an Administrative Expense Claim with the Bankruptcy Court.

The Commitment Letters commit the Debtors to pay certain fees and expenses. As is normal with financing commitments, the Debtors, if they are authorized to enter into the commitment letters, will be obligated to pay the fees and expenses set forth in those commitment letters.

The aggregate arranger/underwriting fees payable under the commitment letters with JPM, BofA, GSO, Sankaty and Goldentree are $26.6 million and the aggregate expense reimbursement due under those letters is $2,915,000. Pursuant to the Seal Order, we have filed redacted copies of the commitment letters but provided the Court, the U.S. Trustee and professionals for the parties that have appeared with unredacted copies of these letters; the unredacted letters show the breakdown of the arranger/underwriting fees.

Pursuant to the Restructuring Term Sheet and the settlement with Oaktree, additional expense reimbursement has been agreed to be paid to reimburse DIC, the Junior Lenders (and, as described relative to the settlement with Oaktree) and Oaktree for professional advisory expenses; these additional fees and expenses are up to $6 million to DIC, up to $9.2 million to the Junior Advisors and $5.25 million to Oaktree pursuant to the Oaktree Settlement.

The Debtors believe that the aggregate financing fees and agreed expense reimbursement are typical for transactions of this type and the payment of these fees and expenses is fully included in the Debtors' cash and feasibility calculations. Most importantly, the vast majority of the fees and expenses agreed to be reimbursed will only be payable if the Effective Date of the Plan occurs, and such payments will be made only to the extent permitted by law, and are subject to approval of the Bankruptcy Court. If the Effective Date of the Plan does not occur, no fees will be payable and the maximum expense reimbursement will be $2.915 million, which represents the maximum expense reimbursement that would be owed to the revolver lenders ($1.5 million), to GSO ($1 million) and to Goldentree/Sankaty ($415,000).

### 2. Professional Compensation Claims

Notwithstanding any other provision of the Plan dealing with Administrative Expense Claims, any Person asserting a Professional Compensation Claim shall, no later than 30 days after the Confirmation Date, file a final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date. To the extent that such an application is granted by the Bankruptcy Court, the requesting Person shall receive: (i) payment of Cash in an amount equal to the amount Allowed by the Bankruptcy Court less all interim compensation paid to such Professional during the Chapter 11 Cases, such payment to be made within the later of (a) the Effective Date or (b) three (3) business days after the order granting such Person's final fee application becomes a Final Order; or (ii) payment on such other terms as may be mutually agreed upon by the Holder of the Professional Compensation Claim and the Reorganized Debtors (but in no event shall the payment exceed the amount Allowed by the Bankruptcy Court less all interim compensation paid to such Professional during the Chapter 11 Cases). All Professional Compensation Claims for services rendered after the Confirmation Date shall be paid by the Reorganized Debtors (or the Debtors prior to the Effective Date) upon receipt of an invoice therefor, or on such other terms as the Reorganized Debtors (or the Debtors prior to the Effective Date) and the Professional may agree, without the requirement of any order of the Bankruptcy Court.

### 3. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim will be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code or, at the Debtors' election upon notice to the Holder of an Allowed Priority Tax Claim no later than five days before the Confirmation Objection Deadline, in accordance with the terms set forth in section 1129(a)(9)(A) or 1129(a)(9)(B) of the Bankruptcy Code.

### 4. U.S. Trustee Fees

U.S. Trustee Fees incurred prior to the Effective Date will be paid on the Distribution Date in accordance with the applicable schedule for payment of such fees. Until each of the Chapter 11 Cases is closed by entry of a final decree of the Bankruptcy Court, any additional U.S. Trustee Fees will be paid by the Reorganized Debtors.

## C. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

### 1. Summary

Pursuant to section 1122 of the Bankruptcy Code, the Plan designates Classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class for the purposes of voting on the Plan and receiving Distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been paid, released, withdrawn, or otherwise settled prior to the Effective Date. The fact that a particular Class of Claims is designated for a Debtor does not necessarily

mean there are any Allowed Claims in such Class against such Debtor. The Plan constitutes a separate chapter 11 subplan for each of the Debtors.

### 2. Classification of Claims and Interests

The classification of Claims and Interests against the Debtors pursuant to the Plan is as set forth in Sections II.A.1. through II.A.10. hereof (*see* Article III of the Plan). In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8), respectively, of the Bankruptcy Code have not been classified and their treatment is set forth in Article II of the Plan (*see* Section VI.B. above).

### 3. Effect of Non-Voting; Modifications

At the Confirmation Hearing, the Debtors will seek a ruling that if no Holder of a Claim or Interest eligible to vote in a particular Class timely votes to accept or reject the Plan, the Plan will be deemed accepted by the Holders of such Claims or Interests in such Class for the purposes of section 1129(b) of the Bankruptcy Code. Subject to section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors reserve the right to modify the Plan to the extent that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, *provided* such modifications are consistent with Section 12.5 of the Plan (*see* Section XV.E. below).

### 4. Classification and Treatment of Claims and Interests

To the extent a Class contains Allowed Claims or Allowed Interests with respect to the Debtors, the treatment provided to each Class for distribution purposes is specified below:

#### a. Treatment of Classes 1(a)-(m): Other Priority Claims

1. *Impairment and Voting.* Classes 1(a)-(m) are Unimpaired by the Plan. Each Holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. *Treatment.* On the Distribution Date, each Holder of an Allowed Other Priority Claim shall receive in full satisfaction, release, and discharge of and in exchange for such Claim: (i) payment of Cash in an amount equal to the unpaid portion of such Allowed Other Priority Claim, or (ii) such other treatment that the Debtors and such Holder shall have agreed upon in writing; provided, however, that such agreed-upon treatment shall not be more favorable than the treatment provided in clause (i).

#### b. Treatment of Classes 2(c)-(m): Senior Lender Claims

1. *Impairment and Voting.* Classes 2(a)-(m) are Unimpaired by the Plan. Each Holder of an Allowed Senior Lender Claim is conclusively presumed to have accepted the plan and is not entitled to vote to accept or reject the Plan.

2. *Treatment.* On the Distribution Date, the Senior Agent shall receive, on behalf of each Holder of an Allowed Senior Lender Claim as of the Distribution Record Date, in full satisfaction, release, and discharge of such Holder's Senior Lender Claim and in accordance with the provisions of the Senior Credit Facility, Cash in an amount equal to the amount of each such Holder's Allowed Senior Lender Claim. The payments with respect to Allowed Senior Lender Claims shall be made in the currency in which such Claims are denominated under the applicable agreements related thereto. For the avoidance of doubt, Senior Lender Claims shall include postpetition interest from the Petition Date through the Effective Date at the default rate required by the Senior Credit Agreement and accrued and unpaid fees and expenses, and other obligations, owed to such Senior Lender under the Senior Credit Facility.

**c. Treatment of Classes 3(c)-(m): Second Lien Claims**

1. *Impairment and Voting.* Classes 3(c)-(m) are Impaired by the Plan. Each Holder of an Allowed Second Lien Claim as of the Record Date is entitled to vote to accept or reject the Plan.

2. *Treatment.* On the Distribution Date, each Holder of an Allowed Second Lien Claim as of the Distribution Record Date shall, in exchange for transferring such Allowed Second Lien Claim to Almatis Topco 2 and in compliance with the Class 3 Distribution Procedures, receive its Pro Rata Share of the Class 3 Distribution.

**d. Treatment of Classes 4(c)-(m): Mezzanine Claims**

1. *Impairment and Voting.* Classes 4(c)-(m) are Impaired by the Plan. Each Holder of an Allowed Mezzanine Claim as of the Record Date is entitled to vote to accept or reject the Plan.

2. *Treatment.* On the Distribution Date, each Holder of an Allowed Mezzanine Claim as of the Distribution Record Date shall, in exchange for transferring such Allowed Mezzanine Claim to Almatis Topco 1 and in compliance with the Classes 4 and 5 Distribution Procedures, receive its Pro Rata Share of the Class 4 Distribution.

**e. Treatment of Classes 5(b)-(f): Junior Mezzanine Claims**

1. *Impairment and Voting.* Classes 5(b)-(f) are Impaired by the Plan. Each Holder of an Allowed Junior Mezzanine Claim as of the Record Date is entitled to vote to accept or reject the Plan.

2. *Treatment.* On the Distribution Date, each Holder of an Allowed Junior Mezzanine Claim as of the Distribution Record Date shall, in exchange for transferring such Allowed Junior Mezzanine Claim to Almatis Topco 1 and in compliance with the Classes 4 and 5 Distribution Procedures, receive its Pro Rata Share of the Class 5 Distribution.

### f. Treatment of Classes 6(a)-(m): Other Secured Claims

1. *Impairment and Voting.* Classes 6(a)-(m) are Unimpaired by the Plan. Each Holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. *Treatment.* Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each Allowed Other Secured Claim shall be Reinstated or otherwise rendered Unimpaired. Allowed Other Secured Claims include the L/C and Guarantee Claims. These claims will be resolved, pursuant to agreement between the Debtors and the Holders of such Claims, by a pledge of Cash to secure the obligations to these Holders.

### g. Treatment of Classes 7(a)-(m): General Unsecured Claims

1. *Impairment and Voting*. Classes 7(a)-(m) are Unimpaired by the Plan. Each Holder of an Allowed General Unsecured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. *Treatment*. Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Classes 7(a)-7(m) shall, in the discretion of the applicable Debtor, be Reinstated, paid in full, or otherwise rendered Unimpaired and the applicable Reorganized Debtors shall remain liable for the Allowed General Unsecured Claim until paid in full. Without limiting the generality of the foregoing, if an Allowed General Unsecured Claim arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business or (ii) pursuant to an Executory Contract or Unexpired Lease, the Holder of such General Unsecured Claim shall be paid in Cash by the applicable Debtor (or, after the Effective Date, by the applicable Reorganized Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such Allowed General Unsecured Claim. The Debtors reserve their rights to dispute in the Bankruptcy Court or any other court with jurisdiction the validity or amount of any General Unsecured Claim at any time prior to or after the Claims Objection Bar Date.

3. *Bar Date.* As previously disclosed, the Debtors do not intend to file a motion establishing a deadline to file proofs of claim.

### h. Treatment of Classes 8(a)-(m): Intercompany Claims

1. *Impairment and Voting.*

***Class 8(a).*** Class 8(a) is Unimpaired by the Plan. Each Holder of an Intercompany Claim in Class 8(a) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

***Classes 8(b)-(m).*** Classes 8(b)-(m) are Impaired by the Plan. Each Holder of an Allowed Intercompany Claim in Classes 8(b)-(m) is entitled to vote to accept or reject the Plan.

2. *Treatment.*

***Class 8(a).*** Intercompany Claims in Class 8(a) will be Reinstated as of the Effective Date. Pursuant to the Restructuring Term Sheet, DIC has agreed to cause Dutch Co-op to transfer such Claims as provided in the Implementation Memorandum.

***Class 8(b)-(m).*** Intercompany Claims in Classes 8(b)-(m) will be Reinstated as of the Effective Date, except as provided in the Implementation Memorandum

**i. Treatment of Classes 9(a)-(m): Subordinated Claims**

1. *Impairment and Voting.*

***Class 9(a).*** Class 9(a) is Unimpaired by the Plan. Each Holder of a Subordinated Claim in Class 9(a) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

***Classes 9(b)-(m).*** Classes 9(b)-(m) are Impaired by the Plan. Each Holder of an Allowed Subordinated Claim in Classes 9(b)-(m) is deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

2. *Treatment.*

***Class 9(a).*** Except to the extent that a Holder of an Allowed Subordinated Claim in Class 9(a) agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed Subordinated Claim in Class 9(a) shall be Reinstated, paid in full, or otherwise rendered Unimpaired and DIC Almatis Holdco B.V. shall remain liable for such Allowed Subordinated Claim.

***Classes 9(b)-(m).*** Each Allowed Subordinated Claim in Classes 9(b)-(m) shall be cancelled and discharged and the Holder of such Allowed Subordinated Claim shall not receive any distribution under the Plan.

**j. Treatment of Classes 10(a)-(m): Interests**

1. *Impairment and Voting.*

***Classes 10(a)-(m).*** Classes 10(a)-(m) are Unimpaired by the Plan. Each Holder of an Interest in Classes 10(a)-(m) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. *Treatment.*

***Classes 10(a), 10(c), and 10(d).*** In exchange for a payment of €1.00 for each Class of Interests, the Holders of the Interests in Class 10(a), 10(c), and 10(d) have agreed and will transfer such Interests to Almatis Topco 2 on the Effective Date in accordance with the provisions of the Implementation Memorandum.

***Classes 10(b), 10(e)-(m).*** To preserve the Debtors' corporate structure for the benefit of the Holders of Allowed Second Lien Claims, Allowed Mezzanine Claims,and Allowed Junior Mezzanine Claims, the Interests in each of Classes 10(b) and 10(e)-(m) shall be Reinstated.

## D. DISCLAIMER GOVERNING UNIMPAIRED CLAIMS

Except as otherwise provided in the Plan or the Oaktree Settlement, nothing under the Plan will affect the Company's rights in respect of any Unimpaired Claims, including, without limitation, all rights in respect of the assertion of legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

## E. ACCEPTANCE OR REJECTION OF THE PLAN

### 1. Voting Classes

Classes 3(c)-(m), 4(c)-(m), 5(b)-(f), and 8(b)-(m) are Impaired under the Plan and are entitled to vote to accept or reject the Plan.

### 2. Presumed Acceptance of the Plan

Classes 1(a)-(m), 2(c)-(m), 6(a)-(m), 7(a)-(m), 8(a), 9(a), and 10(a)-(m) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Claims and Interests in such Classes are conclusively presumed to have accepted the Plan and are therefore not entitled to vote to accept or reject the Plan.

### 3. Presumed Rejection of the Plan

Classes 9(b)-(m) are Impaired under the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, the Holders of Claims and Interests in such Classes are deemed to have rejected the Plan and are therefore not entitled to vote to accept or reject the Plan.

## F. CONFIRMATION PURSUANT TO SECTIONS 1129(A)(8) AND/OR (10) AND 1129(B) OF THE BANKRUPTCY CODE

The Debtors shall tabulate all votes on the Plan on a non-consolidated basis for purposes of determining whether the Plan satisfies sections 1129(a)(8) and/or (10) of the Bankruptcy Code. If no Impaired Classes accept the Subplan with respect to any Debtor, the Debtors may modify the Plan to appropriately address the rights of the Holders of Allowed Claims with

respect to such Debtor. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting or deemed rejecting Class of Claims or Interests.

### G. CONTROVERSY CONCERNING IMPAIRMENT

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

## VII. PROVISIONS REGARDING VOTING, EFFECT OF REJECTION BY IMPAIRED CLASSES, AND CONSEQUENCES OF NON-CONFIRMABILITY

### A. VOTING RIGHTS

Each Holder of an Allowed Claim as of the Record Date in an Impaired Class of Claims or Interests that is not deemed to have rejected the Plan shall be entitled to vote to accept or reject the Plan as provided in the Disclosure Statement Approval Order.

### B. ACCEPTANCE REQUIREMENTS

An Impaired Class of Claims shall have accepted the Plan if votes to accept the Plan have been cast by at least two-thirds in amount and more than one-half in number of the Allowed Claims in such Class that have voted on the Plan.

### C. CRAM DOWN

If all applicable requirements for Confirmation of the Plan are met as set forth in section 1129(a) of the Bankruptcy Code, except subsection 1129(a)(8) thereof, the Plan will be treated as a request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of subsection 1129(a)(8), on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims and Interests that is Impaired under, and has not accepted, the Plan or any Subplan incorporated in the Plan. If the Debtors, with the consent of DIC and the Requisite Junior Lenders, each acting reasonably, and as provided in the Plan Support Agreement, determine that the Plan cannot be confirmed under section 1129(b) of the Bankruptcy Code without eliminating the distribution to a junior Class or Classes, the Plan will be automatically modified to eliminate such distribution, the Class or Classes as to which distributions are eliminated will be deemed to be a rejecting Class or Classes, and the Plan will be treated as a request that the Bankruptcy Court confirm the Plan, as so modified, in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of section 1129(a)(8), on the basis that the Plan is fair and equitable and does not

discriminate unfairly with respect to each Class of Claims and Interests that is Impaired under, and has not accepted, the Plan.

### D. TABULATION OF VOTES

The Debtors will tabulate all votes on a non-consolidated basis by Class. If no Impaired Classes accept the Plan, or any Debtor's Subplan incorporated in the Plan, the Debtors may modify the Plan, or such Subplan, to appropriately address the rights of the Holders of Allowed Claims of such Debtor or Debtors.

### E. NON-CONFIRMABILITY

If the Plan, or any Debtor's Subplan incorporated in the Plan, has not been accepted by the Classes of Claims entitled to vote with respect thereto in accordance with Section 5.2 of the Plan (*see* Section VII.B. above), and the Debtors determine that the Plan, or such Subplan, cannot be confirmed under section 1129(b) of the Bankruptcy Code, or if the Bankruptcy Court, upon consideration, declines to approve Confirmation of the Plan, or such Subplan, the Debtors may seek to (i) propose a new plan or plans of reorganization for the Debtors or for the Debtor that is the subject of such Subplan, (ii) amend the current Plan or any Subplan incorporated therein to satisfy any and all objections, *provided*, *however*, that such amendment shall be with the consent of DIC and the Requisite Junior Lenders, each acting reasonably, and as provided in the Plan Support Agreement, (iii) withdraw the Plan or the relevant Subplan, or (iv) convert or dismiss the Chapter 11 Cases or the Chapter 11 Case of the Debtors or Debtor that are the subject of the Plan or the relevant Subplan.

## VIII. MEANS FOR IMPLEMENTATION OF THE PLAN AND POSTPETITION GOVERNANCE OF REORGANIZED DEBTORS

### A. GENERAL SETTLEMENT OF CLAIMS

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distribution, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan. Subject to Article VIII of the Plan (*see* Section X below), all Distributions made to Holders of Allowed Claims in any Class are intended to be and shall be final.

### B. SOURCES OF CONSIDERATION FOR PLAN DISTRIBUTIONS

#### 1. Debtors' Available Cash

Cash will be available from the Debtors' operations.

### 2. Revolving Credit Facility

Subject to, and on or before the occurrence of, the Effective Date, and without further notice to or order or other approval of the Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any person or entity (including the boards of directors of the Debtors), except for the Confirmation Order and as otherwise required by the Revolving Credit Loan Documents, the Reorganized Debtors shall enter into and perform and receive proceeds of the Revolving Credit Facility, and to execute and deliver the Revolving Credit Loan Documents, in each case consistent with the terms of the Plan and the Revolving Credit Facility Commitment Letter or otherwise on terms and conditions acceptable to the Revolving Credit Arranger Parties. Confirmation of the Plan shall be deemed to be, and the Confirmation Order shall provide for, (i) approval of the Revolving Credit Facility and the Revolving Credit Loan Documents, and all transactions contemplated thereby, including, without limitation, any supplemental or additional syndication of the Revolving Credit Facility, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein, and (ii) authorization for the Reorganized Debtors to enter into and execute the Revolving Credit Loan Documents and such other documents as the Reorganized Debtors and the Revolving Credit Arranger Parties may mutually agree are necessary or appropriate to effectuate the Revolving Credit Facility.

### 3. Senior Secured Notes

Subject to, and upon the occurrence of, the Effective Date, and without further notice to or order or other approval of the Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any person or entity (including the boards of directors of the Debtors), except for the Confirmation Order and as otherwise required by the Senior Secured Notes Facility Documents, the Reorganized Debtors shall enter into and perform and receive the proceeds of the Senior Secured Notes Facility, and Reorganized Almatis Holdings 9 B.V. shall issue the Senior Secured Notes, and execute and deliver the Senior Secured Notes Facility Documents, and each subsidiary required to be Guarantors (as defined in the SSN Term Sheets) shall enter in such guaranties as required by the SSN Term Sheets, in each case consistent with the terms of the Plan, the GSO Commitment Letter and the Sankaty and GoldenTree Commitment Letter. Confirmation of the Plan shall be deemed to be, and the Confirmation Order shall provide for, (i) approval of the Senior Secured Notes Facility and the Senior Secured Notes Facility Documents, and all transactions contemplated thereby, including, without limitation, any supplemental or additional syndication of the Senior Secured Notes Facility, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees indemnities, and expenses provided for therein, and (ii) authorization of the Reorganized Debtors to enter into and execute the Senior Secured Notes Facility Documents and such other documents as the Senior Secured Noteholders and the Reorganized Debtors may mutually agree are necessary or appropriate to effectuate the Senior Secured Notes Facility.

**4. DIC Equity Contribution.**

As part of the Plan, DIC has committed to make the DIC Equity Contribution in the amount of the Euro equivalent of $100 million (as of the Conversion Date as defined in the DIC Investment Escrow Agreement). In connection with the negotiations related to the Plan Support Agreement, the Debtors required assurances from DIC of its ability to fund the DIC Equity Contribution. DIC provided these assurances by depositing $100 million into the Escrow Account pursuant to the DIC Investment Escrow Agreement; on the following day, the DIC Investment Escrow Agent, as required by the DIC Investment Escrow Agreement, converted this amount into €77,657,236.47. The DIC Equity Contribution can be drawn by the Debtors upon their issuance to the DIC Investment Escrow Agent, JPMorgan Chase Bank, N.A., of a Disbursement Notice. The Disbursement Notice may be given when all of the conditions related to the Debt Financing have been satisfied, except those conditions related to the availability of the DIC Equity Contribution. This arrangement ensures the availability of the DIC Equity Contribution.

On the Effective Date, the Debtors shall direct the DIC Investment Escrow Agent to transfer the DIC Equity Contribution as directed in the Disbursement Notice (as defined in the DIC Investment Escrow Agreement). The DIC Equity Contribution will provide €77,657,236.47 in funding to implement the Plan. In exchange for making the DIC Equity Contribution, the DIC Investor shall receive, on the Effective Date and provided that it first complies with the DIC Investor Distribution Procedures, the DIC Investment Consideration. Confirmation of the Plan shall be deemed to be, and the Confirmation Order shall provide for, approval of the DIC Equity Contribution (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith) and authorization to issue to the DIC Investor the DIC Investment Consideration.

**5. Class 3 PIK Notes.**

On the Distribution Date, Almatis Topco 2 shall issue to each Holder of an Allowed Second Lien Claim its Pro Rata Share of the Class 3 PIK Notes in exchange for such Holder's Allowed Second Lien Claim, which Claim shall be transferred to Almatis Topco 2. Confirmation of the Plan shall be deemed to be, and the Confirmation Order shall provide for, approval of the issuance and distribution of the Class 3 PIK Notes (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith). Almatis Topco 2 shall issue the Class 3 PIK Notes to each Holder of an Allowed Second Lien Claim in accordance with the PIK Notes Indenture.

**6. Senior Preference Shares/STAK 1 Depository Receipts.**

On the Effective Date, Almatis Topco 1 shall, in exchange for the subscription price of €38,828,618.23 (the Euro equivalent of $50 million as of the Conversion Date as defined in the DIC Investment Escrow Agreement) paid as part of the DIC Equity Contribution, issue the DIC Senior Preference Shares to STAK 1, and STAK 1, upon receipt of the DIC Senior Preference Shares, shall issue the DIC Senior Preference STAK 1 Depository Receipts to the DIC Investor.

Confirmation of the Plan shall be deemed to be, and the Confirmation Order shall provide for, (a) approval of the issuance of the DIC Senior Preference Shares to STAK 1 (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith) and (b) authorization for (i) the DIC Investor to receive the DIC Senior Preference STAK 1 Depository Receipts and (ii) the issuance by STAK 1 of the DIC Senior Preference STAK 1 Depository Receipts to the DIC Investor.

**7. Junior Preference Shares/STAK 2 Depository Receipts.**

On the Distribution Date, Almatis Topco 1 shall issue the Mezzanine Junior Preferrence Shares to STAK 2, and STAK 2, upon receipt of the Mezzanine Junior Preference Shares, shall, in accordance with Article IV of the Plan (*see* Section VI.C.4. above), issue to the Mezzanine Lenders the Mezzaznine Lender Junior Preference Share STAK 2 Depository Receipts and to the Junior Mezzanine Lenders the Junior Mezzanine Lender Junior Preference Share STAK 2 Depository Receipts. Confirmation of the Plan shall be deemed to be, and the Confirmation Order shall provide for, approval of the (a) issuance of the Mezzanine Junior Preference Shares by Almatis Topco 1 and (b) (i) authorization for the Mezzanine Creditor Group to receive the Junior Preference Share STAK 2 Depository Receipts in exchange for the Allowed Claims of the Mezzanine Creditor Group being transferred to Almatis Topco 1 (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith) and (ii) the issuance by STAK 2 of the Mezzanine Lender Junior Preference STAK 2 Depository Receipts to the Mezzanine Lenders and the Junior Mezzanine Lender Junior Preference STAK 2 Depository Receipts to the Junior Mezzanine Lenders.

**8. Almatis Topco 1 Shares.**

Almatis Topco 1 shall issue (i) the Mezzanine Shares to the Mezzanine Creditor Group on the Distribution Date and (ii) the DIC Almatis Topco 1 Shares to the DIC Investor on the Effective Date, in each case subject to dilution by the SSN Share Warrants, the PIK Preference Warrants and the Management Options, as provided in the Restructuring Term Sheet.

**9. SSN Warrants and SSN PIK Notes.**

On the Distribution Date, provided that they first comply with the SSN Distribution Procedures, the Senior Secured Noteholders shall receive the SSN Warrants and the SSN PIK Notes. Almatis Topco 2 shall issue the SSN PIK Notes to the Senior Secured Noteholders in accordance with the PIK Notes Indenture.

**10. Issuance of Almatis Topco Shares, SSN Warrants and PIK Notes.**

The Almatis Topco Shares, Almatis STAK Depository Receipts, Almatis Topco 1 Warrants, and PIK Notes shall be issued as provided in Articles IV and VII of the Plan, as applicable (*see* Sections VI.C.4 above AND THIS SECTION VIII.).

All of the Almatis Topco Shares, Almatis STAK Depository Receipts, and Almatis Topco 1 Warrants shall be duly authorized, validly issued, and, to the extent applicable, fully

paid and non-assessable. Each Distribution and issuance referred to in Article VIII of the Plan shall be governed by applicable Dutch law, the New Certificates of Formation, the terms and conditions set forth in the Plan applicable to such Distribution or issuance, and by the terms and conditions of the instruments evidencing or relating to such Distribution or issuance, which terms and conditions shall bind each Person receiving such Distributions or issuance. Except as otherwise provided in the Shareholders Agreement or the Articles, every holder of an Almatis Topco Share, Almatis STAK Depository Receipt, or Almatis Topco 1 Warrant shall enter into the Shareholders Agreement and shall be deemed a party thereto whether or not such Holder executes the Shareholders Agreement; *provided, further,* that no Distribution shall be made with respect to a Second Lien Lender Claim, a Mezzanine Claim, or a Junior Mezzanine Claim unless the Holder of such Claim complies with the applicable Distribution Procedures, including execution of the Shareholders Agreement. The Almatis Topco 1 Shares hold by the Mezzanine Lenders and Junior Mezzanine Lenders shall be subject to the Mezzanine Investor Ratchet as provided in the Restructuring Term Sheet. The Almatis Topco 1 Shares shall be subject to dilution (as provided in the Restructuring Term Sheet) by exercise of the Almatis Topco 1 Warrants and the issue of Management Options, as and when applicable, and to adjustment from time to time for any stock splits, stock dividends, reverse stock splits, reclassifications, and the like occurring after the Effective Date.

### 11. Use of Proceeds

The Cash, debt, and equity available from the sources described in Sections VIII.B.1.-10 above will be used by the Disbursing Agent: (i) to fund the Debtors' exit from the Chapter 11 Cases, including, without limitation, the funding of (a) Allowed Administrative Expense Claims, (b) Allowed Professional Compensation Claims, (c) Allowed Priority Tax Claims, (d) Allowed Other Priority Claims, (e) Allowed Senior Lender Claims, Allowed Second Lien Claims, Allowed Mezzanine Claims, and Allowed Junior Mezzanine Claims, (f) Allowed General Unsecured Claims, and (g) any other distributions to be made on the Distribution Date; and (ii) to fund ongoing operating expenses of the Reorganized Debtors.

### 12. Transfer of Almatis Holdings 3 B.V., DIC Almatis Bidco B.V. and DIC Almatis Holdco B.V. Interests and Cancellation of Intercompany Claims of DIC Almatis Holdco B.V.

In accordance with the Implementation Memorandum, on or prior to the Effective Date, DIC will cause Dutch Co-op to contribute any Intercompany Claims to the share capital of DIC Almatis Holdco B.V. when and to the extent required by the Implementation Memorandum.

In accordance with the Implementation Memorandum, on the Effective Date, (a) upon the instruction of the Instructing Group, the Security Trustee and DIC Almatis Bidco B.V. will take the steps necessary to transfer all shares in the share capital of Almatis Holdings 3 B.V. to Almatis Topco 2 for EUR 1.00; and (b) the Security Trustee will release (i) all the Transaction Security and guarantees granted by Almatis Holdings 3 B.V. and its Subsidiaries and (ii) the Transaction Security granted over the shares in Almatis Holdings 3 B.V.

Subsequently, in accordance with the Implementation Memorandum, on the Effective Date (a) upon the instruction of the Instructing Group, the Security Trustee and DIC Almatis

Midco B.V. will take the steps necessary to transfer all shares in the share capital of DIC Almatis Bidco B.V. to Almatis Topco 2 for EUR 1.00; and (b) the Security Trustee will release (i) all the Transaction Security and guarantees granted by DIC Almatis Bidco B.V., (ii) the Transaction Security granted over the shares in DIC Almatis Bidco B.V., and (iii) the guarantee granted by DIC Almatis Midco B.V. in favor of the Junior Mezzanine Creditors.

Subsequently, in accordance with the Implementation Memorandum, on the Effective Date, DIC will cause Dutch Co-op to transfer all shares in the share capital of DIC Almatis Holdco B.V. to Almatis Topco 2 for EUR 1.00.

The Second Lien Lenders and Junior Mezzanine Lenders that have signed the Plan Support Agreement hold sufficient amounts of Second Lien Claims and Junior Mezzanine Claims to constitute an Instructing Group capable of issuing the instructions to the Security Trustee to effect the necessary releases of the Transaction Security and guarantees granted by the relevant Debtors.

**13. Reimbursement of Fees and Expenses Incurred by DIC and the Informal Junior Creditors Committee.**

Pursuant to the Restructuring Term Sheet, the Debtors have agreed, subject to the occurrence of the Effective Date of the Plan and the terms and conditions set forth in Schedule 8 of the Restructuring Term Sheet, to reimburse certain of the reasonable, actual, and documented fees and expenses of DIC and the Junior Advisors (as defined in Schedule 8 attached to the Restructuring Term Sheet). Except as provided in Schedule 8 attached to the Restructuring Term Sheet, the Debtors shall not be obligated to reimburse any of the fees and expenses of DIC or the Junior Advisors.

## C. RULE 2004 EXAMINATIONS

The power of the Debtors to conduct examinations pursuant to Bankruptcy Rule 2004 will be expressly preserved following the Effective Date.

## D. CONTINUED EXISTENCE

Except as provided in the Plan, each of the Debtors, as Reorganized Debtors, will continue to exist on or after the Effective Date as a separate corporate or other applicable entity, with all the rights and powers applicable to such entity under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable law, subject to the Implementation Memorandum.

## E. REVESTING OF ASSETS

Except as expressly provided in the Plan, the Assets of each Debtor's Estate shall revest with the respective Reorganized Debtor on the Effective Date. The Bankruptcy Court shall retain jurisdiction to determine disputes as to property interests created or vested by the Plan.

From and after the Effective Date, the Reorganized Debtors may operate their businesses, and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, except as provided herein. As of the Effective Date, all property of the Reorganized Debtors shall be free and clear of all Claims and Interests, except as, and to the extent, provided in the Plan.

## F. IMPLEMENTATION TRANSACTIONS

In connection with implementation of the Plan and the creation of Almatis Topco 1 and Almatis Topco 2, the Disbursing Agent and the Debtors (or, after the Effective Date, the Reorganized Debtors) (i) will effectuate the Plan through the transactions described in the Implementation Memorandum, (ii) may merge, dissolve, transfer assets, or otherwise consolidate any of the Debtors in furtherance of the Plan with the consent of DIC and the Requisite Junior Lenders (each acting reasonably) and (iii) may engage in any other transaction in furtherance of the Plan with the consent of DIC and the requisite Junior Lenders (each acting reasonably). Any such transaction may be effected prior to, on or subsequent to the Effective Date without the necessity for any further authorization by Holders of Interests or the directors, managers, or other responsible persons of any of the Debtors.

## G. CANCELLATION OF SECURITIES AND AGREEMENTS

On the Effective Date, the Plan shall be consummated in accordance with the provisions set forth herein and: (i) the Claims against and Interests in the Debtors, whether arising under the Senior Credit Facility, the Swap Agreements, the Mezzanine Credit Agreement, the Junior Mezzanine Credit Agreement, or under any other Certificate, Interest, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document, directly or indirectly, evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors (except such Certificates, notes, or other instruments or document evidencing indebtedness or obligation of or ownership interest in the Debtors that are Reinstated pursuant to the Plan), shall be cancelled, and the Reorganized Debtors shall not have any continuing obligations therefor; and (ii) the Claims against and Interests in the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation, formation or similar documents governing the shares, Certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents, evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors (except such agreements, Certificates, notes, or other instruments, evidencing indebtedness or obligations of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged; *provided, however*, that notwithstanding Confirmation or consummation, the Senior Credit Facility, the Swap Agreements, the Mezzanine Credit Agreement, the Junior Mezzanine Agreement, the Intercreditor Agreement and any other similar agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of allowing such Holder to receive Distributions under and in accordance with the Plan and with respect to any party that, notwithstanding the provisions of the Plan that are binding on creditors and equity holders of the Almatis Group wherever located, alleges not to be bound by the Plan; *provided further, however*, that the preceding proviso will not affect the discharge of Claims or Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or

result in any expense or liability to the Reorganized Debtors without the express, written consent of Almatis Topco 1; and *provided further, however*, that the foregoing will not effect the cancellation of the Almatis Topco 1 Shares, Almatis Topco 1 Warrants, or any Interest in any other Debtor.

## H. REORGANIZED DEBTORS; NEW TOWER COMPANIES

Dutch Foundation is a Dutch foundation (*Stichting*) that was formed on June 23, 2010 by an original incorporator that is not a Debtor. For convenience, the original incorporator was Remco de Jong, who will serve in this role without compensation and who has no economic interest in Dutch Foundation. Dutch Foundation will form and act as the initial owner of Almatis Topco 1 and its initial subsidiary, Almatis Topco 2. Dutch Foundation received a grant from Almatis B.V. in the amount of EUR €45,000, part of which shall be used to fund the initial share capital of EUR €18,000 required to form Almatis Topco 1. Dutch Foundation will enter into the Almatis Topco 1 Direction Agreement whereby, among other things, ownership of Almatis Topco 1 will be transferred in accordance with the terms of the Plan. Upon consummation of the transactions contemplated by the Plan (after the Forfeiture Date), Dutch Foundation will be liquidated under applicable laws of The Netherlands.

On the Effective Date, the New Boards of the New Tower Companies and each Reorganized Debtor will be appointed, and each will adopt its New Certificate of Formation, New Articles of Association, and/or New Bylaws (as applicable). The Reorganized Debtors will be authorized to adopt any other agreements, documents, and instruments and to take any other action necessary and desirable to consummate the Plan. The Corporate Structure and Governance Documents, which evidence the new corporate and corporate governance structure of the New Tower Companies and the Reorganized Debtors, will be substantially in the form filed in the Plan Supplement.

## I. POST EFFECTIVE DATE MANAGEMENT

Pursuant to the provisions of the Corporate Structure and Governance Documents and the Reorganized Debtors' operative constituent documents, which may be amended from time to time, the operation, management, and control of the New Tower Companies and the Reorganized Debtors will be the general responsibility of their respective board of directors or managers, and senior officers (as provided under applicable law), which will thereafter have the responsibility for the management, control, and operation of the New Tower Companies and the Reorganized Debtors. Entry of the Confirmation Order will ratify and approve all actions taken by each of the Debtors from the Petition Date through and until the Effective Date.

## J. DIRECTORS AND OFFICERS OF THE REORGANIZED DEBTORS

On and after the Effective Date, the business and affairs of the New Tower Companies and the Reorganized Debtors will be managed by the New Boards and the officers, directors, managers or other responsible persons identified in the Plan Supplement. Biographical information regarding these proposed officers, directors, managers, and other responsible

persons will be set forth in the Plan Supplement. A schedule of the annual compensation to be paid to persons serving as executives, officers, directors, managers, or responsible persons as of the Effective Date that are Insiders (as defined in the Bankruptcy Code) will be set forth in the Plan Supplement.

## K. NEW CERTIFICATES OF FORMATION, NEW BYLAWS OF THE REORGANIZED DEBTORS, AND NEW ARTICLES OF ASSOCIATION

The New Certificates of Formation, New Bylaws, and New Articles of Association of the Reorganized Debtors (as applicable), among other things, shall prohibit the issuance of non-voting equity securities to the extent required by section 1123(a) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their New Certificates of Formation, New Bylaws, and New Articles of Association (as applicable), as permitted under applicable laws, subject to the terms and conditions of such documents.

## L. MANAGEMENT INCENTIVE PLANS & RESTRUCTURING BONUSES

### 1. Key Employee Incentive Plans

In connection with the Restructuring, the Debtors have developed the Key Employee Incentive Plan for a core group of the Debtors' non-insider key employees strategically located throughout the world. This incentive plan is designed to bolster operations during the restructuring and facilitate a successful emergence from chapter 11. Under this incentive plan, no more than 19 of the Debtors' key employees and managers are eligible for an incentive bonus (in addition to their current salaries and ordinary course bonuses), which will equal an amount ranging up to 75% of their annual income. The total amount of payments to be made to all eligible employees under this incentive plan will not exceed $1.4 million in the aggregate. If a plan participant is terminated from his or her employment without good cause or resigns for good reason, then such participant would be entitled to a severance payment in an amount that depends upon the date of termination but which does not exceed the amount that he or she would have received if he or she had not been so terminated. Payment under the plan is conditioned upon the achievement of certain individual performance targets, which vary for each participant and which are designed to improve the Debtors' operations. The plan contemplates that payments of 50% of the total award to each participant will be deemed to have vested on June 30, 2010 (subject to achievement of the individual performance targets) and will be paid on the date that is 14 days after the Effective Date. The remaining 50% of the award is subject to individual performance targets having been satisfied by September 30, 2010 and is conditional upon the participant remaining in the employment of the relevant Debtor entity on the date that falls on the later of: (1) 14 days after the Almatis Topco 1 Board approves the full year audited accounts for the financial year ending on December 31, 2010; and (2) 14 days after the Effective Date, whereupon it shall become immediately payable.

In connection with the Restructuring, the Debtors have also developed the Key Senior Employee Incentive Plan. Certain members of the Debtors' senior management (other than the Chief Executive Officer and the Chief Financial Officer) that would be considered "insiders" as such term is defined in the Bankruptcy Code are to be incentivized by the Key Senior Employee

Incentive Plan. The Key Senior Employee Incentive Plan provides these management executives with incentive payments for meeting certain key financial and operation targets designed to align the interests of individual members of the senior management team to the interests of the Debtors during the Restructuring and after emergence from chapter 11. The total amount of the incentive payments to be made to all eligible senior management employees is capped at $900,000 in the aggregate.

Incentive payments are subject to satisfaction by each participant of the three personal operational targets set out in respect of each plan participant. Incentive payments will be further conditional upon the following corporate performance targets:

- The first payment (comprising 25% of the incentive) and the second payment (comprising 25% of the incentive) will be conditional on the Debtors or Reorganized Debtors, as applicable, having achieved, by June 30, 2010, EBITDA of at least 80% of $41.7 million (excluding restructuring fees) for the first six months of the 2010 financial year (although if the Debtors or the Reorganized Debtors, as applicable, fail to achieve 100% of this target EBITDA, the incentive payments will be reduced on a sliding scale basis);

- The final payment (comprising 50% of the incentive) will be conditional on the Debtors or the Reorganized Debtors, as applicable, having achieved, by December 31, 2010, EBITDA of at least 80% of $83.4 million (excluding restructuring fees) for the 2010 financial year (although if the Debtors or the Reorganized Debtors, as applicable, fail to achieve 100% of this target EBITDA, this incentive payment will be reduced on a sliding scale basis).

Incentive payments are further conditional upon the participant remaining in the employment of the relevant Debtor entity (and not being under notice of termination) on certain vesting dates. The first payment (comprising 25% of the incentive) shall be deemed to have vested on June, 30 2010. The second payment (comprising 25% of the incentive) vests on September 20, 2010. The final payment (comprising 50% of the incentive) vests on the later of: (a) 14 days after the Almatis Topco 1 Board approves the full year audited accounts for the financial year ending on December 31, 2010; and (b) 14 days after the Effective Date. If a plan participant is given notice of termination of employment without good cause or gives notice of resignation for good reason, then such participant would be entitled to a severance payment in an amount that depends upon the date of such termination but which will not exceed the amount that he or she would have received if he or she had not been so terminated.

If vested, incentive payments will be paid in two installments, as follows: (1) 50% on the later of (a) September 30, 2010 and (b) 14 days after the Effective Date; (2) 50% on the later of (a) 14 days after the Almatis Topco 1 Board approves the full year audited accounts for the financial year ending on December 31, 2010 and (b) 14 days after the Effective Date.

The KEIP Term Sheets set forth all the material terms of the Key Employee Incentive Plan and the Key Senior Employee Incentive Plan, and are annexed hereto as **Exhibit K**. The final form of the Key Employee Incentive Plan and the Key Senior Employee Incentive Plan and/or specimen award letters will be filed in the Plan Supplement.

### 2. Incentive Bonus for Chief Executive Officer and Chief Financial Officer

Pursuant to the Management Term Sheet, incentive bonuses are to be paid to the Debtors' current Chief Executive Officer (the "***CEO***") and Chief Financial Officer (the "***CFO***"). The CEO and CFO will each receive a $1 million incentive payment if a successful Restructuring of the Debtors is consummated and the Debtors achieve certain performance metrics. The CEO and CFO of the Debtors have been working night and day more than a year to address the Debtors' financial distress and, in addition, have been remarkably successful in their efforts to maximize the performance of the business of the Debtors. The incentive payments are designed to motivate the CEO and the CFO to continue those efforts to effectuate a successful Restructuring as quickly as possible and drive the Debtors to achieve critical EBITDA targets. The CEO and the CFO will receive their incentive bonuses in two installments: (1) 50% payable 14 days after the Effective Date; and (2) 50% payable on the later of (a) January 15, 2011, (b) 14 days after the Almatis Topco 1 Board approves the full year audited accounts for the financial year ending on December 31, 2010, and (c) 60 days after the Effective Date.

In both cases the second 50% payment is conditional upon: (a) the Executive not having given notice of termination of employment or having received notice of termination of employment for cause by the payment date; (b) the Debtor Group having achieved, by December 31, 2010, at least 90% of the forecast EBITDA of US $96.3 million (excluding restructuring fees) for the 2010 financial year; and (c) the Debtor Group's "Free Operating Cash Flow" for the 2010 financial year (or, if the Effective Date occurs after October 31, 2010, for the period from 1 January 2010 to the date which is 60 days after the Effective Date), being not more than 10% lower than US $52.7 million. The second payment will be reduced to $375,000 if the Debtor Group fails to achieve at least 95% of the forecast EBITDA for the 2010 financial year. In addition the CEO's second payment shall be additionally conditional upon at least US $10 million of capital expenditure having been committed towards the Debtor's Chinese operations before December 31, 2010.

The Management Term Sheet setting forth the terms of the incentive bonuses for the CEO and the CFO is annexed hereto as **Exhibit I**. The final form of the agreement related to the CEO and CFO bonuses will be filed in the Plan Supplement.

### 3. The MIP Term Sheet

After the Effective Date, certain members of senior management will be entitled to participate in the Management Incentive Plan. Under the Management Incentive Plan, participants will receive Management Options at the Exercise Price set forth in the MIP Term Sheet. Participants may also receive certain discretionary bonus payments. A full description of the commercial terms of the Management Incentive Plan is contained in the MIP Term Sheet, which is annexed hereto as **Exhibit H**. The final form of the Management Incentive Plan will be filed in the Plan Supplement.

### 4. Treatment of Executive Employment Agreements

The Debtors intend to assume all executive employment agreements, including the Executive Management Contracts. Further, other than as may be provided in the Management

Term Sheet, the Debtors intend to leave unaltered any and all rights (including, without limitation, any applicable notice periods, payments related thereto, and severance payments) of the Debtors' employees (including members of the Debtors' Executive Management) under their employment agreements in effect immediately preceding commencement of the Chapter 11 Cases.

## M. EMPLOYMENT, RETIREMENT, INDEMNIFICATION, AND OTHER RELATED AGREEMENTS

On the Effective Date, the New Boards of the Reorganized Debtors and the New Tower Companies shall, automatically and without further action on the part of the New Boards of the Reorganized Debtors, be authorized and directed to take any and all actions necessary and appropriate to perform under the Executive Management Contracts and any other employment agreements assumed by the Debtors, as provided in the Plan. On the Effective Date, the Management Incentive Plan, the Key Senior Employee Incentive Plan, the Key Employee Incentive Plan and the arrangements effectuated by the Management Term Sheet and the definitive documents evidencing same, shall, automatically and without further action on the part of the New Boards of the Reorganized Debtors, be deemed to be adopted by the Reorganized Debtors and the New Tower Companies and shall be fully operative and enforceable, and the Reorganized Debtors and the New Tower Companies, and their New Boards, shall be authorized and directed to take any and all actions necessary and appropriate to implement and perform under these Plans and agreements.

On and after the Effective Date, except as set forth above, the Reorganized Debtors shall have the authority, as determined by the New Boards, to: (i) maintain, amend, or revise existing employment, retirement, welfare, incentive, severance, indemnification, and other agreements with its active and retired directors or managers, officers, and employees, subject to the terms and conditions of any such agreement, and to continue to maintain and provide benefits, including all post-employment benefits, in connection therewith; and (ii) enter into new employment, retirement, welfare, incentive, severance, indemnification, and other agreements for active and retired employees.

## N. EFFECTUATING DOCUMENTS; FURTHER TRANSACTIONS

On and after the Effective Date, the New Tower Companies and the Reorganized Debtors, and the officers and members of the New Boards, are authorized to and may, in the name of and on behalf of the New Tower Companies and the applicable Reorganized Debtors, issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

## O. ENTITY ACTION

Upon the Effective Date, all actions contemplated by the Plan shall be deemed ratified, authorized, and approved in all respects, including but not limited to: (i) the assumption of the Executive Management Contracts, (ii) the selection of the directors and officers for the New Tower Companies and the Reorganized Debtors; (iii) the distribution of the Almatis Topco Shares and Almatis Topco 1 Warrants in accordance with the Plan; (iv) the execution and entry into the Revolving Credit Facility, the Senior Secured Notes, the PIK Notes, the SSN Warrants, and related transaction security agreements, indentures, and any other ancillary agreements relating thereto; (v) the adoption of the Management Incentive Plan (and the issuance of any Management Options thereunder), the Key Senior Employee Incentive Plan, and the Key Employee Incentive Plan; and (vi) all other actions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the entity structure of the Debtors, the Reorganized Debtors or the New Tower Companies, and any entity action required by the Debtors, the Reorganized Debtors or the New Tower Companies in connection with the Plan shall be deemed to have occurred and shall be in effect without any requirement of further action by the security holders, directors, or officers of the Debtors, the Reorganized Debtors, or the New Tower Companies. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors, the Reorganized Debtors, or the New Tower Companies, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors or the New Tower Companies, including, without limitation, the Revolving Credit Facility, the Senior Secured Notes, the SSN PIK Notes, the SSN Warrants, the Shareholders Agreement, the Management Incentive Plan, and any and all other agreements, documents, indentures, securities, and instruments relating to the foregoing. To the extent permitted by the Bankruptcy Code, the authorizations and approvals contemplated by the Plan will be effective notwithstanding any requirements under any non-bankruptcy law. The issuance of the Almatis Topco 1 Shares and Almatis Topco 1 Warrants, and the issuance pursuant to the Management Incentive Plan of any other Interests in Almatis Topco 1 or Almatis Topco 2, shall be exempt from the requirements of section 16(b) of the Securities Exchange Act of 1934 (pursuant to Rule 16b-3 promulgated thereunder) with respect to any acquisition of securities by an officer or director (or a director deputized for purposes thereof) as of the Effective Date.

## P. SECTION 1146 EXEMPTION

Pursuant to section 1146 of the Bankruptcy Code, any transfers of property pursuant to the Plan (whether from a Debtor to a Reorganized Debtor or to any Person) pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (i) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtor; (ii) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment, or recording of any lease or sublease; (iv) the grant of collateral as security for any or all of the Revolving Credit Facility, the Dollar Notes and the Euro Notes; or (v) the making, delivery, or recording of any deed or other instruments of transfer under, in furtherance of, or in connection with, the Plan,

including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to Plan, will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local government officials or agents will and will be directed to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

## Q. PRESERVATION OF CAUSES OF ACTION

(a) **Generally.** In accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors will retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action (other than Avoidance Actions or Causes of Action released pursuant to the Oaktree Settlement), whether arising before or after the Petition Date, including, but not limited to, any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action (other than Avoidance Actions or Causes of Action released pursuant to the Oaktree Settlement) will be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Person as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action (other than Avoidance Actions or Causes of Action released pursuant to the Oaktree Settlement) against such Person. The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action (other than Avoidance Actions or Causes of Action released pursuant to the Oaktree Settlement) against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action against any Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, will apply to such Causes of Action upon, after, or as a consequence of the Confirmation of the Plan or occurrence of the Effective Date.

The Reorganized Debtors reserve and will retain the Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action (other than Avoidance Actions) that a Debtor may hold against any Person will vest in the Reorganized Debtors, as the case may be. The applicable Reorganized Debtor, through its authorized agents or representatives, will retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors will have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any Causes of Action and to decline to do any of the

foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

(b) **Avoidance Actions.** After conducting a diligent inquiry, the Debtors do not believe that any avoidance actions should be pursued. In this regard, the Debtors are unaware of any transactions prior to the Petition Date that were incurred with actual intent to hinder, delay or defraud creditors or that were occurred for less than reasonably equivalent value. Although the Debtors did make payments on account of antecedent trade debt prior to the Petition Date, the Debtors believe that many, if not all, of these payments, would be subject to valid ordinary course of business or new value defenses under section 547 of the Bankruptcy Code. Moreover, given the treatment of General Unsecured Claims as Unimpaired under the Plan, any recoveries from transferees of avoidable payments would be repaid to such transferees, in full, on account of the General Unsecured Claim arising from the avoidance. Finally, the Debtors believe that, even if avoidance actions exist, the benefits of pursuing those avoidance actions would be far outweighed by the costs related thereto, including litigation expense, loss of goodwill and business disruption.

### R. NON-OCCURRENCE OF EFFECTIVE DATE

In the event that the Effective Date does not occur, the Bankruptcy Court will retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting unexpired leases pursuant to section 365(d)(4) of the Bankruptcy Code.

## IX. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

### A. ASSUMPTION AND REJECTION OF CONTRACTS AND UNEXPIRED LEASES

Except as otherwise provided in the Plan or pursuant to the Confirmation Order, all Executory Contracts and Unexpired Leases that exist between the Debtors and any Person, including, but not limited to, all Intercompany Contracts, shall be assumed pursuant to section 365(a) of the Bankruptcy Code as of the Effective Date, except for any such contract or lease (i) that has been assumed, rejected, or renegotiated and either assumed or rejected on renegotiated terms, pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to reject, or a motion to approve renegotiated terms and to assume or reject on such renegotiated terms, that has been filed and served prior to the Effective Date, or (iii) that is identified on the Rejected Executory Contract and Unexpired Lease List or in the Plan. Entry of the Confirmation Order shall constitute approval, pursuant to section 365(a) of the Bankruptcy Code, of the assumption of the Executory Contracts and Unexpired Leases provided for in the Plan. For the avoidance of doubt, on the Effective Date, the applicable Debtors shall assume the Collective Bargaining Agreements, the Executive Management Contracts, and all obligations under the Pension Plans. Each Executory Contract and Unexpired Lease assumed pursuant to Section 6.1 of the Plan (*see* this Section IX.A.) or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms,

except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under section 365 of the Bankruptcy Code.

### B. CLAIMS BASED ON REJECTION OF EXECUTORY CONTRACTS OR UNEXPIRED LEASES

All Proofs of Claim with respect to Claims arising from the rejection of an Executory Contract or Unexpired Lease, pursuant to the Plan or otherwise, if any, must be filed with the Bankruptcy Court within 30 days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and will not be enforceable against the Debtors or the Reorganized Debtors, their Estates, or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases will be classified as General Unsecured Claims and shall be treated in accordance with Section 4.7 of the Plan (*see* Section VI.C.4.g. above), or, if determined to be Subordinated Claims, in accordance with Section 4.9 of the Plan (*see* Section VI.C.4.i. above).

### C. CURE OF DEFAULTS

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Claim in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (i) the Cure Claim, (ii) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (iii) any other matter pertaining to assumption, the payments required by section 365(b)(1) of the Bankruptcy Code in respect of Cure Claims shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least 20 days prior to the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed Cure Claims to be sent to applicable third parties. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related Cure Claim must be filed and served in accordance with, and otherwise comply with, the provisions of the Disclosure Statement Approval Order related to assumption of Executory Contracts and Unexpired Leases. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or Cure Claim will be deemed to have assented to such assumption or Cure Claim.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any such assumed Executory Contract or Unexpired Lease at any time prior to the effective date

of assumption. Any Proof of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

### D. CONTRACTS AND LEASES ENTERED INTO AFTER THE PETITION DATE

Contracts and leases entered into during the Postpetition Period by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

### E. MODIFICATIONS, AMENDMENTS, SUPPLEMENTS, RESTATEMENTS, OR OTHER AGREEMENTS

Unless otherwise provided in the Plan or in the order assuming an Executory Contract or Unexpired Lease, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to any prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Postpetition Period shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

### F. RESERVATION OF RIGHTS

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Rejected Executory Contract and Unexpired Lease List, nor anything contained in the Plan, will constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order to resolve and to alter their treatment of such contract or lease.

# X. PROVISIONS GOVERNING DISTRIBUTIONS; PROCEDURES FOR TREATING AND RESOLVING DISPUTED CLAIMS

## A. DISTRIBUTIONS

The Disbursing Agent shall make or cause to be made, in accordance with the Disbursing Agent Agreement, the Distributions required under the Plan to all Holders of Allowed Claims. The Disbursing Agent for each Class of Claims shall be named in the Plan Supplement. The Disbursing Agent under the Disbursing Agent Agreement shall be the Disbursing Agent for Allowed Class 3, 4 and 5 Claims. In accordance with the Implementation Memorandum and the Disbursing Agent Agreement, following satisfaction of the applicable Distribution Procedures and upon notification from the Debtors or the Disbursing Agent of such compliance, Almatis Topco 1 and Almatis Topco 2, as applicable, will issue to complying Holders of Allowed Class 3, 4, and 5 Claims the Class 3 PIK Notes and the Mezzanine Shares, as applicable, and will issue to STAK 2 the Mezzanine Junior Preference Shares. STAK 2 will, upon receipt of the Mezzanine Junior Preference Shares, issue to the complying Holders of Allowed Class 4 and 5 Claims the Mezzanine Creditor Group STAK Depository Receipts. Also in accordance with the Implementation Memorandum and the Disbursing Agent Agreement, following satisfaction of the applicable Distribution Procedures and upon notification from the Debtors or the Disbursing Agent of such compliance, Almatis Topco 2 will distribute the SSN PIK Notes to the Senior Secured Noteholders, and Almatis Topco 1 will distribute the SSN Warrants to the Senior Secured Noteholders. Finally, in accordance with the Implementation Memorandum, and following satisfaction of the DIC Investor Distribution Procedures and upon notification from the Debtors of such compliance, (i) Almatis Topco 1 will issue to the DIC Investor the DIC Almatis Topco 1 Shares and issue to STAK 1 the DIC Senior Preference Shares and (ii) STAK 1 will, upon receipt of the DIC Senior Preference Shares, issue to the DIC Investor the DIC Senior Preference STAK 1 Depository Receipts. The DIC Senior Preference STAK 1 Depository Receipts shall be stapled to the Almatis Topco 1 Shares issued to the DIC Investor and which constitute the DIC Almatis Topco 1 Shares. The Distribution Procedures may be modified to the extent required by the Bankruptcy Court.

## B. ACTIONS BY DISBURSING AGENT FOR CLASS 3, CLASS 4, AND CLASS 5 CLAIMS

With respect to Class 3, Class 4 and Class 5 Claims, Bank of New York (Mellon) ("***BONY***") will act as the Disbursing Agent under the Disbursing Agent Agreement. BONY shall be authorized, empowered, and directed to take and, pursuant to the provisions of the Disbursing Agent Agreement, shall take the actions set forth in the Disbursing Agent Agreement to effectuate the transfer and assignment of certain of the Non-Restructured Lender Claims pursuant to the Non-Restructured Lender Claim Assignment Agreement and the Distributions with respect to any Claimant in Class 3, Class 4 and Class 5, all without the need for further court authorization or specific direction or instruction from any Person, including, but not limited to, any Claimant in Class 3, Class 4, or Class 5, except as specifically required in the Disbursing Agent Agreement or to comply with the Distribution Procedures. The Disbursing Agent shall be authorized, empowered, and directed to take and, pursuant to the provisions of the Disbursing Agent Agreement, shall take the actions set forth in the Disbursing Agent Agreement to

effectuate the Distribution of the DIC Investment Consideration to the DIC Investor, all without the need for further court authorization or specific direction or instruction from any Person, except as specifically required in the Disbursing Agent Agreement or to comply with the Distribution Procedures.

The final form of the Disbursing Agent Agreement will be filed in the Plan Supplement.

The Debtors shall act as the Disbursing Agent for all other Classes of Claims and, together with Almatis Topco 1, shall coordinate compliance by DIC with the DIC Investor Distribution Procedures related to the DIC Investment Consideration.

### C. DISBURSING AGENT AGREEMENT

The Disbursing Agent Agreement, including any indemnification provisions set forth therein, and the rights and obligations of the Disbursing Agent thereunder, shall be ratified and approved pursuant to the provisions of the Confirmation Order. The Confirmation Order shall specifically assign certain of the Non-Restructured Lender Claims to the Disbursing Agent under the Disbursing Agent Agreement and, thereafter, from the Disbursing Agent to Almatis Topco 1, and shall authorize and direct such Disbursing Agent to enter into and execute the Non-Restructured Lender Claim Assignment Agreement and any and all other documents necessary under the laws of The Netherlands to effectuate such assignment.

### D. DISTRIBUTION RECORD DATE

For purposes of the Plan, as of 5:00 p.m. prevailing U.S. Eastern Time on the Distribution Record Date, the records of ownership of Claims against the Debtors (including the claims register in the Chapter 11 Cases) will be closed. The Distribution Record Date shall be the Confirmation Date. For purposes of the Plan, the Debtors, the Estates, the Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize the transfer of any of the Claims against the Debtors occurring after the Distribution Record Date, and shall be entitled for all purposes relating to the Plan to recognize and deal only with those Holders of record as of the close of business on the Distribution Record Date.

### E. DATES OF DISTRIBUTION

Distributions under the Plan shall be made by the Disbursing Agent on the Distribution Date. Whenever any Distribution to be made under the Plan shall be due on a day other than a Business Day, such payment or distribution shall instead be made, without interest, on the immediately following Business Day. Distributions due on the Effective Date shall be paid on such date or as soon thereafter as reasonably practicable thereafter, *provided* that if other provisions of the Plan require the surrender of securities or establish other conditions precedent to receiving a Distribution, the Distribution may be delayed until such surrender occurs or conditions are satisfied.

## F. CASH PAYMENTS

Any Cash payments made pursuant to the Plan will be made in U.S. dollars or the currency in which the Claim is denominated under the applicable agreements related thereto. Cash payments made pursuant to the Plan in the form of a check will be null and void if not cashed within 180 days of the date of issuance thereof.

## G. DELIVERY OF DISTRIBUTIONS

If the Distribution to any Holder of an Allowed Claim is returned as undeliverable, the Disbursing Agent shall use commercially reasonable efforts to determine the current address of such Holder. Undeliverable Distributions shall be held by the Disbursing Agent subject to Section 8.10 of the Plan (*see* Section X.J. below).

## H. MINIMUM CASH DISTRIBUTIONS

No Cash payment less than twenty-five dollars shall be made to any Holder of a Claim unless a request therefor is made in writing to the Disbursing Agent.

## I. WITHHOLDING TAXES

The Disbursing Agent shall comply with all withholding, reporting, certification, and information requirements imposed by any federal, state, local, or foreign taxing authority and all distributions under the Plan will, to the extent applicable, be subject to any such withholding, reporting, certification, and information requirements.

Persons entitled to receive distributions under the Plan shall, as a condition to receiving such distributions, provide such information and take such steps as the Disbursing Agent may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable the Disbursing Agent to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

Any Person that does not provide the Disbursing Agent with requisite information after the Disbursing Agent has made at least three attempts (by written notice or request for such information, including on the Ballots in these Chapter 11 Cases) to obtain such information, may be deemed to have forfeited such Person's right to such distributions, which shall be treated as unclaimed property under Section 8.10 of the Plan (*see* Section X.J. below).

## J. UNCLAIMED PROPERTY

Any Person that fails to claim any Distribution to be distributed under the Plan by the Forfeiture Date will forfeit all rights to any Distributions under the Plan, and shall have no claim whatsoever with respect thereto against the New Tower Companies, the Debtors or the Reorganized Debtors, their Estates, or any Holder of an Allowed Claim to which distributions

are made. Upon the forfeiture of Cash, such Cash shall be the property of Reorganized Almatis B.V., or such other entity as Almatis Topco 1 may direct, in writing; upon the forfeiture of the right to Distributions of any Almatis Topco Shares or Almatis Topco Warrants, such Distributions shall, unless otherwise directed by Almatis Topco 1, in writing, be cancelled in accordance with the provisions of the Implementation Memorandum. Notwithstanding the foregoing, forfeited Class 4 and 5 Distributions related to Exit Proceeds shall be redistributed, on or soon as practicable after the Forfeiture Date and in accordance with the provisions of the Disbursing Agent Agreement, Pro Rata to the Holders in those Classes who timely complied with the applicable Distribution procedures. Nothing in the Plan requires further efforts to attempt to locate or notify any Person with respect to any forfeited property.

## K. DISPUTED CLAIMS

If the Debtors or any other party in interest disputes any Claim against the Debtors, such dispute shall be (a) adjudicated in the Bankruptcy Court or, to the extent that the Bankruptcy Court does not have jurisdiction, in any other court having jurisdiction over such dispute, or (b) settled or compromised by the Debtors or the Reorganized Debtors as provided for in Sections 8.13 and 8.14 of the Plan (*see* Sections X.M. and X.N. below). Among other things, the Debtors (on or before the Effective Date), or the Reorganized Debtors (after the Effective Date) may each elect, at their respective sole option, to object to or seek estimation under section 502 of the Bankruptcy Code with respect to any Proof of Claim filed by or on behalf of a Holder of a Claim against the Debtors. Upon Allowance of a Disputed Claim in whole or in part by Final Order, the Distribution on any portion of such Claim that is Allowed shall be distributed as provided in such Final Order.

## L. OBJECTIONS TO CLAIMS

Unless a different time is set by an order of the Bankruptcy Court or otherwise established by other provisions of the Plan, all objections to Claims must be filed by the Claims Objection Bar Date; *provided*, *however*, that no such objection may be filed with respect to any Claim after the Bankruptcy Court has determined by entry of an order that such Claim is an Allowed Claim. The failure by any party in interest, including the Debtors and the Committee, if any, to object to any Claim for purposes of voting shall not be deemed a waiver of such party's rights to object to, or re-examine, any such Claim in whole or in part. After the Effective Date, no party in interest shall have the right to object to Claims against the Debtors or their Estates other than the Reorganized Debtors.

## M. COMPROMISES AND SETTLEMENTS

From and after the Effective Date, and without any further approval by the Bankruptcy Court, the Reorganized Debtors may compromise and settle all Claims and Causes of Action, without any further approval of the Bankruptcy Court.

## N. RESERVATION OF DEBTORS' RIGHTS

Prior to the Effective Date, the Debtors expressly reserve the right to compromise and settle (subject to the approval of the Bankruptcy Court) Claims against them or other claims they may have against other Persons.

## O. NO DISTRIBUTIONS PENDING ALLOWANCE

If a Claim or any portion of a Claim is disputed, no payment or Distribution will be made on account of the disputed portion of such Claim (or the entire Claim, if the entire Claim is disputed), unless such disputed claim or portion thereof becomes an Allowed Claim.

## P. NO POSTPETITION INTEREST ON CLAIMS

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other Final Order of the Bankruptcy Court, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim. For the avoidance of doubt, the treatment of Class 2 Claims under the Plan specifically provides for the payment of post-petition interest as described in Section VI.C.4.b. above.

## Q. CLAIMS PAID OR PAYABLE BY THIRD PARTIES

### 1. Claims Paid by Third Parties

The Disbursing Agent shall reduce in full a Claim, and such Claim shall be disallowed without a Claim objection having to be Filed and without further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or the Disbursing Agent. To the extent a Holder of a Claim receives a Distribution on account of such Claim and receives payment from a party that is not a Debtor or the Disbursing Agent on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the Distribution to the Disbursing Agent to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such Distribution under the Plan. The failure of such Holder to timely repay or return such Distribution shall result in the Holder owing the Disbursing Agent annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

### 2. Amounts Received From German Escrows by Holders of Class 2 Claims

The Disbursing Agent will not make or cause to be made any Distribution to a Holder of a Class 2 Claim if, from and after the Petition Date, such Holder has received any payment on account of its Claim from the German Escrows, unless such Holder first returns such payment to the Disbursing Agent.

# XI. SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

## A. DISCHARGE

### 1. Discharge of Claims Against the Debtors and the Reorganized Debtors

Except as otherwise expressly provided in the Plan or the Confirmation Order, the Confirmation of the Plan shall, as of the Effective Date: (i) discharge the Debtors, the Reorganized Debtors or any of its or their Assets from all Claims, demands, liabilities, other debts and Interests that arose on or before the Effective Date, including all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based on such debt is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim based on such debt is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the Holder of a Claim based on such debt has accepted the Plan; and (ii) preclude all Persons from asserting against the Debtors, the Reorganized Debtors, or any of their Assets, any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, all pursuant to sections 524 and 1141 of the Bankruptcy Code. The discharge provided in this provision shall void any judgment obtained against any of the Debtors at any time, to the extent that such judgment relates to a discharged Claim or Interest.

### 2. Injunction Related to the Discharge

**Except as otherwise provided in the Plan or the Confirmation Order, all entities, wherever located in the world, that have held, currently hold, or may hold Claims or other debts or liabilities against the Debtors, or any Interest in any or all of the Debtors, that are discharged pursuant to the terms of the Plan, are permanently enjoined, on and after the Effective Date, from taking, or causing any other entity to take, any of the following actions on account of any such Claims, debts, liabilities or Interests or rights: (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, debt, liability, Interest, or right, other than to enforce any right to a Distribution pursuant to the Plan; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors, or any of their Assets on account of any such Claim, debt, liability, Interest, or right; (iii) creating, perfecting, or enforcing any Lien or encumbrance against the Debtors, the Reorganized Debtors, or any of their Assets on account of any such Claim, debt, liability, Interest or right; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors, the Reorganized Debtors, or with respect to any of their Assets on account of any such Claim, debt, liability, Interest, or right; (v) transferring or purporting to transfer, in whole or in part or any interest in, or asserting in any case, proceeding, or court in any jurisdiction, any Senior Lender Claims, Second Lien Claims, Mezzanine Claims or Junior Mezzanine Claims; and (vi) commencing or continuing any action, in any manner, in any place in the world that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Such injunction shall extend to any successor of the Debtors, the Reorganized Debtors, and any of their Assets. Any Person injured by any willful violation of such**

**injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.**

## B. RELEASES

### 1. Releases by the Debtors

**As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors in their individual capacities and as debtors in possession will be deemed to release and forever waive and discharge the Released Parties from and against all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the Chapter 11 Cases, the Plan, or this Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Plan Supplement, this Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted by or on behalf of the Debtors or their Estates at any time on or prior to the Effective Date against the Released Parties, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.**

### 2. Certain Waivers

**Although the Debtors do not believe that California law is applicable to the Plan, nevertheless, in an abundance of caution, each Debtor hereby understands and waives the effect of section 1542 of the California Civil Code to the extent that such section is applicable to the Debtors. Section 1542 of the California Civil Code provides:**

> **§1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY**

**HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

**EACH DEBTOR AGREES TO ASSUME THE RISK OF ANY AND ALL UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS WHICH ARE RELEASED BY THE PLAN AND EACH DEBTOR HEREBY WAIVES AND RELEASES ALL RIGHTS AND BENEFITS WHICH IT MIGHT OTHERWISE HAVE UNDER THE AFOREMENTIONED SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH REGARD TO THE RELEASE OF SUCH UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS. TO THE EXTENT (IF ANY) ANY OTHER LAWS SIMILAR TO SECTION 1542 OF THE CALIFORNIA CIVIL CODE MAY BE APPLICABLE, EACH DEBTOR WAIVES AND RELEASES ANY BENEFIT, RIGHT OR DEFENSE WHICH IT MIGHT OTHERWISE HAVE UNDER ANY SUCH LAW WITH REGARD TO THE RELEASE OF UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS.**

**3. Releases by Holders of Claims and Interests**

**For good and valuable consideration, and except as may be otherwise ordered by the Bankruptcy Court, on and after the Effective Date, Holders of Claims that (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph, shall be deemed to have released and forever waived and discharged all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors, the Chapter 11 Cases, the Plan, or this Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiations, formulation, or preparation of the Plan, the related Disclosure Statement, the related Plan Supplement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted by or on behalf of such Holders of Claims and Interests at any time up to immediately prior to the Effective Date against the Released Parties, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations (except Cure Claims that have not been filed timely) of any party under the Plan or any document, instrument,**

**or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.**

**4. Exculpation**

**Except as may be otherwise ordered by the Bankruptcy Court, on and after the Effective Date, none of the Exculpated Parties shall have or incur any liability for, and each Exculpated Party is hereby released from, any claim, cause of action, or liability to any other Exculpated Party, to any Holder of a Claim or Interest, or to any other party in interest, for any act or omission that occurred during and in connection with the Chapter 11 Cases or in connection with the preparation and filing of the Chapter 11 Cases, the formulation, negotiation, and/or pursuit of confirmation of the Plan, the consummation of the Plan, and/or the administration of the Plan and/or the property to be distributed under the Plan, except for claims, causes of action, or liabilities arising from the gross negligence, willful misconduct, fraud, or breach of the fiduciary duty of loyalty of any Exculpated Party, in each case subject to determination of such by Final Order and provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under the Plan. Without limiting the generality of the foregoing, the Debtors, the Estates, DIC, the DIC Investor, the Security Trustee, the Second Lien Agent, the Mezzanine Agent, the Second Lien Lenders, the Mezzanine Lenders, the Junior Mezzanine Lenders, the Senior Secured Noteholders, the Revolving Credit Parties, Oaktree, and their respective officers, directors, employees, members, attorneys, crisis managers, financial advisors, and professionals, shall be entitled to and granted the protections and benefits of section 1125(e) of the Bankruptcy Code.**

**5. Injunction Related to Releases and Exculpation**

**To the fullest extent allowed by law, and except as otherwise provided in the Plan or the Confirmation Order, all Persons that have held, currently hold, or may hold claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities that are released, waived, or exculpated pursuant to Sections 9.2.1, 9.2.2, 9.2.3, and 9.2.4 of the Plan (*see* Sections XI.B.1., XI.B.2., XI.B.3., and XI.B.4. above) are permanently enjoined, on and after the Effective Date, from taking or causing any other Person to take, any of the following actions, at any time or at any place in the world, on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities: (i) commencing or continuing in any manner any action or other proceeding of any kind against a Released Party or Exculpated Party with respect to any such claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities, including any such actions arising from or related to the Senior Credit Agreement, the Swap Agreements, the Mezzanine Credit Agreement or the Junior Mezzanine Credit Agreement; (iii) creating, perfecting, or enforcing any Lien or encumbrance against any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities,**

**including any such Lien or encumbrance arising from or related to the Senior Credit Agreement, the Swap Agreements, the Mezzanine Credit Agreement or the Junior Mezzanine Credit Agreement; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities; and (v) commencing or continuing any action, in any manner, in any place in the world that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Such injunction shall extend to any successor of any Released Party or any Exculpated Party or any of its or their assets. Any Person injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.**

### C. NO SUCCESSOR LIABILITY

Except as otherwise expressly provided herein, none of the Released Parties or the New Tower Companies shall be determined to be successors to any of the Debtors or to any Person for which the Debtors may be held legally responsible, by reason of any theory of law or equity, and none can be responsible for any successor or transferee liability of any kind or character. The Released Parties and the New Tower Companies do not agree to perform, pay, or indemnify creditors or otherwise have any responsibilities for any liabilities or obligations of the Debtors or the Reorganized Debtors, whether arising before, on, or after the Confirmation Date, except as otherwise expressly provided in the Plan.

### D. RELEASE OF LIENS AND INDEMNITY

Except as otherwise expressly provided in the Plan, the Confirmation Order will release any and all prepetition Liens, including the Liens related to the Transaction Security (as defined herein) against the Debtors, the Reorganized Debtors and any of their Assets. In connection with implementation of the Plan and release of the Transaction Security (as defined herein), the Debtors will provide an indemnity to the Security Trustee for the actions taken by it to effectuate such release and otherwise facilitate implementation of the Plan. These actions to be taken by the Security Trustee will be specifically authorized by the Confirmation Order, and the Plan and Confirmation Order contemplate the provision of an exculpation of the Security Trustee for taking such actions.

### E. RELEASE OF GERMAN ESCROWS

The Confirmation Order shall provide that, on or prior to the Effective Date, the German Escrow Trustee shall distribute to the Trustor under the German Escrow Agreements one hundred percent (100%) of any and all assets then remaining in the German Escrows, and the Reorganized Debtors shall be authorized to provide the German Escrow Trustee with such indemnities, if any, as may be required pursuant to the German Escrows relative to such distribution. All German Escrow Agreements, including any indemnity provisions thereof,

between the Debtors and the German Escrow Trustee shall, unless assumed by prior court order, be assumed pursuant to section 365(a) of the Bankruptcy Code as of the Effective Date. The Confirmation Order shall constitute the court order, if any, required for the release of the German Escrows under the German Escrow Agreements.

### F. TERM OF INJUNCTIONS

All injunctions or stays provided in, or in connection with, the Chapter 11 Cases, whether pursuant to section 105, section 362, or any other provision of the Bankruptcy Code, other applicable law or court order, in effect immediately prior to Confirmation will remain in full force and effect until the Effective Date and shall remain in full force and effect thereafter if so provided in the Plan, the Confirmation Order or by their own terms. In addition, as described in Section XI.A. above, the Confirmation Order shall incorporate various release, injunction, discharge and exculpation provisions of the Plan which shall be in effect after the Effective Date and, on and after Confirmation Date, the Debtors may seek further orders to preserve the status quo during the time between the Confirmation Date and the Effective Date or to enforce the provisions of the Plan.

### G. BINDING EFFECT

The Plan shall be binding upon, and inure to the benefit of, the Debtors and all Holders of Claims and Interests, and their respective successors and assigns, whether or not the Claims and Interests of such Holders are Impaired under the Plan and whether or not such Holders have accepted the Plan or are entitled to receive any Distribution thereunder.

### H. DISSOLUTION OF THE COMMITTEE

The Committee, if appointed, shall be dissolved on the Effective Date and shall not continue to exist thereafter except for the limited purposes of filing any remaining fee applications, and the Professionals retained by the Committee shall be entitled to compensation for services performed and reimbursement of expenses incurred in connection therewith. Upon dissolution of the Committee, the members of the Committee shall be released and discharged of and from all duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases.

## XII. ALLOWANCE AND PAYMENT OF PROFESSIONAL COMPENSATION CLAIMS

### A. FINAL FEE APPLICATIONS

Notwithstanding any other provision of the Plan dealing with Administrative Expense Claims, any Professional seeking a Professional Compensation Claim shall, no later than 30 days after the Confirmation Date, file a final application for allowance of compensation for services

rendered and reimbursement of expenses incurred through the Confirmation Date. To the extent that such an award is granted by the Bankruptcy Court, the requesting Professional shall receive: (i) payment of Cash in an amount equal to the amount Allowed by the Bankruptcy Court less all interim compensation paid to such Professional during the Chapter 11 Cases, such payment to be made within the later of (a) the Effective Date or (b) three (3) business days after the Order granting such Professional's final fee application becoming a Final Order; (ii) payment on such other terms as may be mutually agreed upon by the Holder of the Professional Compensation Claim and the Debtors or the Reorganized Debtors, as applicable (but in no event shall the payment exceed the amount Allowed by the Bankruptcy Court); or (iii) payment in accordance with the terms of any applicable administrative procedures order entered by the Bankruptcy Court, including the Interim Compensation Order.

### B. POST-CONFIRMATION DATE FEES AND EXPENSES

After the Confirmation Date, any requirement that professionals employed by the Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors shall be authorized to employ and compensate professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

All Professional Compensation Claims for services rendered after the Confirmation Date, including those relating to prosecution of Causes of Action preserved under the Plan, shall be paid by the Reorganized Debtors (or the Debtors prior to the Effective Date) upon receipt of an invoice therefor, or on such other terms as the Reorganized Debtors (or the Debtors prior to the Effective Date) and the Professionals shall agree to, without the requirement of a further Bankruptcy Court order.

## XIII. CONDITIONS PRECEDENT TO CONSUMMATION

### A. CONDITIONS PRECEDENT

The Plan shall not become effective unless and until the following conditions have been satisfied or waived. The Debtors anticipate that all of such conditions to Confirmation and to the Effective Date will be satisfied or waived, and intend to present evidence at the Confirmation Hearing demonstrating such satisfaction or waiver. Notwithstanding the foregoing, there is a risk that some or all of the conditions to Confirmation or the Effective Date will not be satisfied or waived. *See* "Risk Factors", at Section XVIII.A. below.

#### 1. Conditions to Confirmation

##### a. Disclosure Statement Order.

The Disclosure Statement Order has been entered by the Bankruptcy Court in form and substance reasonably acceptable in all material respects to the Debtors, the Requisite Junior Lenders, and DIC.

**b. Plan Supplement.**

All documents to be provided in the Plan Supplement are in form and substance reasonably acceptable in all material respects to the Debtors, the Requisite Junior Lenders, and DIC.

**c. Confirmation Order.**

The Confirmation Order has been entered by the Bankruptcy Court in form and substance reasonably acceptable in all material respects to the Debtors, the Requisite Junior Lenders, and DIC, and must provide for the confirmation of the Plan with respect to each Debtor.

**2. Conditions to Effective Date**

**a. Confirmation Order.**

The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable in all material respects to the Debtors, the Requisite Junior Lenders, and DIC.

**b. No Stay of Confirmation.**

There shall not be in force any order, decree, or ruling of any court or governmental body having jurisdiction, restraining, enjoining, or staying the consummation of, or rendering illegal the transactions contemplated by, the Plan.

**c. Receipt of Required Authorization.**

All authorizations, consents, and regulatory approvals (if any) necessary to effectuate the Plan shall have been obtained.

**d. Revolving Credit Facility.**

The documents evidencing the Revolving Credit Facility shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

**e. Senior Secured Notes.**

The documents evidencing the Senior Secured Notes shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived.

**f. Plan Supplement.**

All documents to be contained in the Plan Supplement shall be completed and in final form and substance reasonably acceptable in all material respects to the Debtors, the

Requisite Junior Lenders, and DIC and, to the extent necessary, shall have been executed and delivered by the respective parties thereto.

**g. Implementation Transactions.**

The transactions described in the Implementation Memorandum that are required to be completed on or before the Effective Date have been completed in a manner reasonably acceptable in all material respects to the Debtors, the Requisite Junior Lenders, and DIC.

**h. German Restructuring Opinion.**

The German Restructuring Opinion shall have been delivered to the Requisite Junior Lenders, DIC, and the Senior Secured Noteholders, and shall be a positive opinion that is reasonably satisfactory in form and substance to the Requisite Junior Lenders and DIC.

**3. Waiver**

Any of the conditions set forth in Sections 10.1.1 and 10.1.2 of the Plan (*see* Sections XIII.A.1. and XIII.A.2. above), other than those contained in Sections 10.1.1.1 and 10.1.2.1 of the Plan (*see* Sections XIII.A.1.a. and XIII.A.2.a. above) may be waived by the Debtors with the consent of the Requisite Junior Lenders, DIC, and the Senior Secured Noteholders, which consent shall not be unreasonably withheld.

### B. EFFECT OF FAILURE OF CONDITIONS UPON THE PLAN

In the event that the conditions specified in Section 10.1 of the Plan (*see* Section XIII.A above) have not been satisfied or waived in accordance with Section 10.1.3 of the Plan (*see* Section XIII.A.3. above) on or before 120 days after the Confirmation Date, then, the Debtors may then seek an order from the Bankruptcy Court vacating the Confirmation Order. Such request shall be served upon counsel for the Senior Agent, the Second Lien Agent, the Mezzanine Agent, the DIC Investor, the Committee (if any), the Senior Secured Noteholders, the Revolving Credit Lenders and the U.S. Trustee. If the Confirmation Order is vacated, (i) the Plan shall be null and void in all respects; (ii) any settlement of Claims or Interests provided for hereby shall be null and void without further order of the Bankruptcy Court; and (iii) the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of 60 days after the date the Confirmation Order is vacated.

## XIV. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- allow, disallow, determine, liquidate, classify, estimate, or establish the priority or Secured or unsecured status of any Claim or Interest, including, without

limitation, the resolution of any request for payment of any Administrative Expense Claim or Priority Tax Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

- hear and rule upon all Causes of Action retained by the Debtors and commenced and/or pursued by the Debtors or the Reorganized Debtors;

- resolve any matters related to: (a) the rejection, assumption, or assumption and assignment of any Executory Contract or Unexpired Lease to which any Debtor is a party or with respect to which the Debtors may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed, and (c) any dispute regarding whether a contract or lease is or was executory or expired;

- ensure that Distributions on account of Allowed Claims are accomplished pursuant to the provisions of the Plan;

- decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date;

- adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

- enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Plan Supplement, this Disclosure Statement, or the Confirmation Order;

- enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

- resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to the Plan, or any Person's rights arising from or obligations incurred in connection with the Plan or such documents;

- approve any modification of the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or approve any modification of this Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, this Disclosure Statement, or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, this Disclosure Statement, the Confirmation Order, or any contract, instrument,

release, or other agreement or document created in connection with the Plan, this Disclosure Statement, or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

- hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 330, 331, 363, 503(b), 1103, and 1129(a)(9) of the Bankruptcy Code, which shall be payable by the Debtors, or the Reorganized Debtors, as applicable, only upon allowance thereof pursuant to the order of the Bankruptcy Court; provided, however, that the fees and expenses of the Debtors incurred after the Confirmation Date, including attorneys' fees, may be paid by the Reorganized Debtors in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

- issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation of the Plan, implementation, or enforcement of the Plan or the Confirmation Order;

- hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

- enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated, or if Distributions pursuant to the Plan are enjoined or stayed;

- determine any other matters that may arise in connection with or related to the Plan, the Plan Supplement, this Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement, or document created in connection with the Plan, the Plan Supplement, this Disclosure Statement, or the Confirmation Order;

- enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

- hear and determine all matters related to (i) the property of the Debtors and the Estates from and after the Confirmation Date and (ii) the activities of the Debtors or the Reorganized Debtors;

- enter an order or final decree concluding or closing the Chapter 11 Cases; and

- hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code.

# XV. MISCELLANEOUS PROVISIONS OF THE PLAN

## A. PLAN SUPPLEMENT

No later than 5 days prior to the Confirmation Hearing, the Debtors shall File with the Bankruptcy Court the Plan Supplement, which shall contain such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement upon written request to the Balloting and Claims Agent.

## B. EXEMPTION FROM REGISTRATION REQUIREMENTS

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and Distribution of any securities contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any state or local law requiring registration prior to the offering, issuance, distribution, or sale of securities. In addition, any securities contemplated by the Plan will be tradable by the recipients thereof, subject to (i) the provisions of section 1145(b)(1) of the Bankruptcy Code; and (ii) the restrictions, if any, on the transferability of such securities and instruments.

## C. STATUTORY FEES

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid by the Debtors on or before the Effective Date.

## D. THIRD PARTY AGREEMENTS

The Distributions to the various Classes of Claims and Interests hereunder shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such Distributions by reason of any claimed subordination rights or otherwise. All of such rights and any agreements relating thereto shall remain in full force and effect, except as compromised and settled pursuant to the Plan.

## E. AMENDMENT OR MODIFICATION OF THE PLAN

As provided in section 1127 of the Bankruptcy Code, modification of the Plan may be proposed in writing by the Debtors at any time before Confirmation, *provided*, *however*, that to the extent any such modification would, under the Plan Support Agreement, require the consent of the Requisite Junior Lenders and DIC, such modification shall not be made without the consent of the Requisite Junior Lenders and DIC, each acting reasonably, as provided in the Plan Support Agreement, *provided further*, *however*, that the Plan, as modified, shall meet the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have

complied with section 1125 of the Bankruptcy Code. The Debtors may modify the Plan at any time after Confirmation and before consummation of the Plan, *provided*, *however*, that to the extent any such modification would, under the Plan Support Agreement, require the consent of the Requisite Junior Lenders and DIC, such modification shall not be made without the consent of the Requisite Junior Lenders and DIC, each acting reasonably, as provided in the Plan Support Agreement, *provided further*, *however*, that the Plan, as modified, shall meet the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modifications. Except as specifically provided herein, a Holder of a Claim that has accepted the Plan prior to modification shall be deemed to have accepted such Plan as modified, *provided*, *however*, that the Plan, as modified, does not materially and adversely change the treatment of the Claim or Interest of such Holder.

## F. SEVERABILITY

In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void, or unenforceable, the Debtors may, at their option, (a) treat such provision as invalid, void, or unenforceable with respect to the Holder or Holders of such Claims or Interests that the provision is determined to be invalid, void, or unenforceable, in which case such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan, *provided,* that, to the extent the treatment of such provision as invalid, void or unenforceable would, under the Plan Support Agreement, require the consent of the Requisite Junior Lenders, the Supporting Junior Prepetition Lenders, or DIC (or some subset thereof) acting reasonably, and such consent is not obtained, such Requisite Junior Lenders (or the appropriate subset thereof) or Supporting Junior Prepetition Lenders, as applicable, may revoke their vote in favor of the Plan, as modified, or (b) amend or modify, in accordance with Section 12.5 of the Plan (*see* Section XV.E. above), or revoke or withdraw the Plan, in accordance with Section 12.7 of the Plan (*see* Section XV.G. below).

## G. REVOCATION OR WITHDRAWAL OF THE PLAN

The Debtors reserve the right, in their sole discretion, to revoke and withdraw the Plan or to adjourn the Confirmation Hearing at any time prior to the occurrence of the Effective Date. If the Debtors revoke or withdraw the Plan, or if Confirmation or consummation does not occur, then (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (iii) nothing contained in the Plan shall (A) constitute a waiver or release of any Claims by or against, or Interests in, such Debtors or any other Person, (B) prejudice in any manner the rights of such Debtors or any other Person, or (C) constitute an admission of any sort by the Debtors or any other Person.

For the avoidance of doubt, if the Confirmation Hearing is adjourned, the Debtors reserve the right to amend, modify, revoke or withdraw the Plan and/or submit any new plan of

reorganization at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code.

## H. RULES GOVERNING CONFLICTS BETWEEN DOCUMENTS

To the extent any provision of this Disclosure Statement or any other solicitation document may be inconsistent with the terms of the Plan, the terms of the Plan shall be binding and conclusive. In the event of a conflict between the terms or provisions of the Plan and any Plan Documents other than the Plan, the terms of the Plan shall control over such Plan Documents. In the event of a conflict between the terms of the Plan or the Plan Documents, on the one hand, and the terms of the Confirmation Order, on the other hand, the terms of the Confirmation Order shall control. In the event of a conflict between the information contained in this Disclosure Statement and the Plan or any other Plan Document, the Plan or other Plan Document (as the case may be) will control.

## I. GOVERNING LAW

Except to the extent that federal law (including, but not limited to, the Bankruptcy Code and the Bankruptcy Rules) is applicable or the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to its conflicts of law principles.

## J. NOTICES

Any notice required or permitted to be provided under the Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) overnight delivery service, charges prepaid. If to the Debtors, any such notice shall be directed to the following at the addresses set forth below:

Almatis B.V.
Theemsweg 30
3197 KM Botlek
Rotterdam
The Netherlands
Attention: Mr. Remco de Jong

-- with copies to --

Almatis GmbH
Lyoner Strasse 9
60528 Frankfurt am Main
Germany
Attention: Dr. Jesko Kornemann

If to the Debtors:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166-0193
Attention: Michael A. Rosenthal, Esq.
and Matthew K. Kelsey, Esq.

If to the Junior Lenders:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Michael L. Cook, Esq.

If to DIC:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Stephen Karotkin, Esq.,
Ted S. Waksman, Esq., and Evan Lederman, Esq.

## K. BINDING EFFECT

The Plan shall be binding upon the Debtors, the Reorganized Debtors, the Holders of all Claims and Interests, parties in interest, Persons, and Governmental Units and their respective successors and assigns.

## L. NO ADMISSIONS

As to contested matters, adversary proceedings, and other Causes of Action or threatened Causes of Action, nothing in the Plan, the Plan Supplement, this Disclosure Statement, or other Plan Documents shall constitute or be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations. The Plan shall not be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to Holders of Claims against, or Interests in, the Debtors or any of their subsidiaries and Affiliates.

## M. EXHIBITS

All Exhibits and Schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full therein.

## N. IMPLEMENTATION TRANSACTIONS

Because the Debtors are U.S., Dutch and German entities, significant attention has been given to implementation of the Restructuring. The Implementation Memorandum describes the implementation procedures and mechanics that will make the Restructuring possible. These procedures enhance the ability to enforce the provisions of the Plan on a worldwide basis after the Effective Date and ensure that the Restructuring is accomplished in as tax efficient a manner as is possible. The implementation mechanics do not, however, alter the economic consequences of the Plan to any Holder of a Claim against the Debtors.

The tax rationale for the transactions set forth in the Implementation Memorandum relates primarily to cancellation of indebtedness income. In the United States, discharging prepetition claims does not involve cancellation of indebtedness income to the Reorganized Debtors, which would then be taxed. Germany and The Netherlands, however, will consider discharged debt as cancellation of indebtedness income. Accordingly, to avoid these negative tax implications in foreign jurisdictions, the Debtors, with the assistance of their advisors, have developed a methodology for implementation of the Restructuring in a way that is tax efficient in Germany and The Netherlands and, at the same time, preserves the benefits of the discharge contemplated under section 1141 of the Bankruptcy Code.

The transactions and methodology set forth in the Implementation Memorandum should be reviewed in detail. In summary, however, the Implementation Memorandum provides for the following:

- The New Tower Companies will be incorporated to own the Reorganized Debtors and to ensure the tax efficiency of the Restructuring. The New Tower Companies have been or will be incorporated prior to the Confirmation Date by the Dutch Foundation created expressly for this purpose.

- On the Effective Date, DIC Almatis Bidco B.V. will, in accordance with the Implementation Memorandum, in exchange for €1, transfer its interest in Almatis Holdings 3 B.V. to Almatis Topco 2.

- On the Effective Date, DIC Almatis Midco B.V. will, in accordance with the Implementation Memorandum, in exchange for €1, transfer its interest in DIC Almatis Bidco B.V. to Almatis Topco 2.

- On the Effective Date, Dutch Co-op will, in accordance with the Implementation Memorandum, in exchange for €1, transfer its interest in DIC Almatis Holdco B.V. to Almatis Topco 2.

- Based on the Confirmation Order and the instruction of the Financial Lenders, the Security Trustee will release all claims of the Lenders against Almatis B.V. and its subsidiaries as guarantor under the Prepetition Credit Agreement and all security in those shares in Almatis B.V., and all security granted by Almatis B.V. and its subsidiaries in their assets.

- The Senior Lender Claims will be paid in full in cash through a transfer of the funds for such payment to the Senior Facility Agent.

- The Non-Restructured Lender Claims will be assigned to Almatis Topco 1 or Almatis Topco 2, as provided in the Implementation Memorandum, pursuant to the Confirmation Order (and documented by the Non-Restructured Lender Claim Assignment Agreement), and the Holders of Senior Lender Claims, Second Lien Claims, Mezzanine Claims and Junior Mezzanine Claims will be entitled to the Distributions set forth in the Plan and described herein.[13]

- The Non-Restructured Lender Claims and Intercompany Claims will be resolved as provided in the Implementation Memorandum.

- The PIK Notes will be issued by Almatis Topco 2.

- Almatis Topco 1 will issue the Almatis Topco Shares and Almatis Topco 1 Warrants in compliance with the Plan and the Disbursing Agent Agreement.

## O. SURVIVAL OF CERTAIN INDEMNIFICATION OBLIGATIONS

Pursuant to Section 9.10 of the Plan, the obligations of the Debtors, pursuant to the Debtors' operating agreements, certificates of incorporation or formation, articles of association, by-laws, or equivalent corporate governance documents, applicable statutes, or employment agreements, to indemnify individuals who, during the course of the Chapter 11 Cases, served as their respective directors, officers, managers, agents, employees, representatives, and professionals, in respect of all present and future actions, suits, and proceedings against any of such officers, directors, managers, agents, employees, representatives, and professionals, based upon any act or omission related to service with, for, or on behalf of the Debtors on or before the Effective Date, as such obligations were in effect at the time of any such act or omission, shall not be discharged or impaired by confirmation or consummation of the Plan but shall survive unaffected by the reorganization contemplated by the Plan and shall be performed and honored by the Reorganized Debtors regardless of such confirmation, consummation, and reorganization. Such indemnification is necessary to assure such directors, officers, managers, agents, employees, representatives, and Professionals that they will be indemnified for any actions they have taken to the full extent permitted by the Debtors' operating agreements, certificates of incorporation or other formation, articles of association, by-laws, or equivalent corporate governance documents, applicable statutes, and their employment agreements with the Debtors, as applicable.

[13] The Non-Restructured Lender Claims consist of (a) the Second Lien Lender Claims, together with pre and post petition interest on such claims, (b) the Mezzanine Claims, together with pre and post petition interest on such Claims, and (c) the Junior Mezzanine Claims, together with pre and post petition interest on such Claims.

### P. CHINA PROJECT

Prior to the Effective Date, the Reorganized Debtors intend to seek Court approval to make additional investments to expand their business in the People's Republic of China ("***China***"). These investments will continue in earnest after the Effective Date. In that regard, the Reorganized Debtors intend to devote substantial resources to complete the capacity build-out of the Calcine project located in China. Borrowings for capital expenditures required to complete the Calcine project are carved out of the limitations on additional indebtedness covenants that will be contained in the Senior Secured Notes Facility. Indeed, with respect to the capital expenditures required to complete the Calcine project build-out, the Reorganized Debtors will have the ability to borrow up to $25 million during the term of the Senior Secured Notes Facility from other lenders. Management believes this amount will be sufficient to complete the capacity build-out.

## XVI. SOLICITATION AND VOTING PROCEDURES

The following briefly summarizes procedures to accept and confirm the Plan:

### A. THE SOLICITATION PACKAGE

The following materials constitute the Solicitation Package:

- the Confirmation Hearing Notice;
- the Plan (either by paper copy or in "pdf" format on a CD-Rom, at the Debtors' discretion);
- this Disclosure Statement (either by paper copy or in "pdf" format on a CD-Rom, at the Debtors' discretion) and all Exhibits thereto; and
- the appropriate Ballot, Ballot Instructions, and Ballot return envelope.

The Classes entitled to vote to accept or reject the Plan shall be served the Solicitation Package. The Debtors shall send to each Impaired creditor entitled to vote on the Plan (a) only the Solicitation Package appropriate for the Class applicable to such creditor, and (b) only one Solicitation Package even if such creditor has Claims against more than one of the Debtors. The Solicitation Package (except Ballots) can be obtained by requesting a copy from the Debtors' Balloting and Claims Agent by calling (646) 282-2400.

### B. VOTING INSTRUCTIONS

Only the Holders of Claims in Classes 3(c)-(m), 4(c)-(m), 5(b)-(f), and 8(b)-(m) are entitled to vote to accept or reject the Plan, and they may do so by completing the Ballot and returning it in the envelope provided to the Balloting and Claims Agent by the Voting Deadline. Voting instructions are attached to each Ballot.

The Company has engaged Epiq Bankruptcy Solutions, LLC as the Balloting and Claims Agent to assist in the solicitation process. The Balloting and Claims Agent will, among other things, answer questions, provide additional copies of all Solicitation Package materials, and generally oversee the solicitation process. The Balloting and Claims Agent will also process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan and will File the Voting Report as soon as practicable before the Confirmation Hearing.

The deadline to vote on the Plan is **4:00 p.m. (Prevailing U.S. Eastern Time) on September 13, 2010**.

If, as of the Record Date, you are the record holder for Claims in Classes 3(c)-(m), 4(c)-(m), or 5(b)-(f) both on account of your proprietary interests in such Claims and on account of ownership interests in such Claims held on behalf of other beneficial owners, or otherwise held by your trading desk, you may vote such claims on behalf of such beneficial owners if you have the authority to do so or you may send Ballots to such beneficial owners so that they may vote on the Plan. If you are a record holder as of the Record Date and are having the beneficial owners vote their Claims, you **must**, (i) obtain from the Balloting and Claims Agent a separate Ballot for each beneficial holder, (ii) cause the name of such beneficial holder and the amount of such beneficial holder's Claim to be printed on the Ballot, and (iii) send such Ballot to the beneficial holder with sufficient time to allow the beneficial holder to vote prior to the Voting Deadline. Each beneficial owner that desires to vote to accept or reject the Plan must complete, sign, and return the Ballot to the Balloting and Claims Agent so as to be received on or before the Voting Deadline. If you are a beneficial holder whose Claim is held in a different record name, in order for your vote to be counted, you must return a Ballot to the Balloting and Claims Agent, setting forth your name and the amount of the Claim held for your benefit. If you are casting a Ballot on behalf of another Person or entity, in order for the Ballot to be counted, you shall indicate the name of the Person or entity, your relationship with such Person or entity, the amount of the Claim(s) being voted and the capacity in which you are casting the Ballot. Additional Ballots and Ballots printed with the name of a beneficial holder may be obtained from the Balloting and Claims Agent as follows:

Epiq Bankruptcy Solutions, LLC
757 Third Avenue
New York, New York 10017
almatisvote@epiqsystems.com
646-282-2400
Attention: Almatis B.V. Ballot Processing

In respect of Claims held on the Record Date by you on behalf of a beneficial owner or held on the Record Date by your trading desk, it is acknowledged that the Person or entity you believe to be the beneficial owner (the "***Initial Beneficial Owner***") may have transferred the beneficial interest in such Claim or Claims to one or more subsequent beneficial owners or may hold such Claims through its or their trading desk (each such other Person or entity an "***Intermediate Beneficiary***," and together with the Initial Beneficial Owner and subsequent beneficial owners, the **"*Beneficial Owners***"). By returning or obtaining a Ballot, each such Beneficial Owner shall be deemed to consent to the certification and confirmation of its identity

and the amount of Claims held on its behalf, notwithstanding any existing obligations of confidentiality.

If an ethical screen prevents you from communicating with a party or parties that control, as of the Record Date, the vote of a portion of your Claim, then in order for the vote of the screened party to be counted, such screened party must obtain and return a separate Ballot from the Balloting and Claims Agent. Ballots cast by such screened parties will be aggregated with or setoff against, as applicable, your Ballot.

All Ballots must be properly executed, completed and delivered to the Balloting and Claims Agent, so as to actually be received on or before the Voting Deadline by using the envelope provided, or by delivery as follows:

(A) If by first class mail:

Epiq Bankruptcy Solutions, LLC
Attn: Almatis B.V. Ballot Processing Center
FDR Station, P.O. Box 5014
New York, NY 10153-5014

(B) If by overnight courier or hand delivery:

Epiq Bankruptcy Solutions, LLC
Attn: Almatis B.V. Ballot Processing Center
757 Third Avenue, Third Floor
New York, NY 10017

(C) If by electronic Mail:

almatisvote@epiqsystems.com
Subject Line: Attn: Almatis B.V Ballot Processing

If you have any questions on the procedures for voting on the Plan, please call the Balloting and Claims Agent at the following telephone number: (646) 282-2400.

**EACH BALLOT ADVISES CREDITORS THAT IF THEY VOTE ON THE PLAN AND DO NOT ELECT TO OPT OUT OF THE RELEASE PROVISIONS CONTAINED IN SECTION 9.2.3 OF THE PLAN, THEY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE RELEASED PARTIES.**

**FOR PURPOSES OF THE NUMEROSITY REQUIREMENT OF SECTION 1126(C) OF THE BANKRUPTCY CODE, SEPARATE CLAIMS HELD BY A SINGLE CREDITOR IN A PARTICULAR CLASS WILL BE AGGREGATED AND TREATED AS IF SUCH CREDITOR HELD ONE CLAIM IN SUCH CLASS, AND ALL VOTES RELATED TO SUCH CLAIM WILL BE TREATED AS A SINGLE VOTE TO ACCEPT**

**OR REJECT THE SUBPLAN APPLICABLE TO SUCH CLASS; *PROVIDED*, *HOWEVER*, IF AFFILIATED ENTITIES HOLD CLAIMS IN A PARTICULAR CLASS, THESE CLAIMS WILL NOT BE AGGREGATED AND WILL NOT BE TREATED AS IF SUCH CREDITOR HELD ONE CLAIM IN SUCH CLASS, AND THE VOTE OF EACH AFFILIATED ENTITY WILL BE COUNTED SEPARATELY AS A VOTE TO ACCEPT OR REJECT THE SUBPLAN APPLICABLE TO SUCH CLASS; *PROVIDED FURTHER*, *HOWEVER*, THAT IF ANY ENTITY HOLDS CLAIMS ON BEHALF OF OTHERS WHO ARE THE BENEFICIAL OWNERS OF SUCH CLAIMS, THESE CLAIMS WILL NOT BE AGGREGATED AND WILL NOT BE TREATED AS IF SUCH ENTITY HELD ONE CLAIM IN SUCH CLASS, AND THE VOTE OF EACH BENEFICIAL OWNER WILL BE COUNTED SEPARATELY AS A VOTE TO ACCEPT OR REJECT THE SUBPLAN APPLICABLE TO SUCH CLASS; *PROVIDED FURTHER*, *HOWEVER*, THAT IF A SINGLE CREDITOR HOLDS CLAIMS THAT ARE VOTED BY PARTIES SEPARATED BY AN ETHICAL SCREEN, THEN THE VOTES WILL BE SET OFF AGAINST EACH OTHER, WITH THE NET AMOUNT COUNTED AS ONE VOTE TO ACCEPT OR REJECT THE SUBPLAN, AS APPLICABLE.**

**CREDITORS MUST VOTE ALL OF THEIR CLAIMS WITHIN A PARTICULAR CLASS EITHER TO ACCEPT OR REJECT THE APPLICABLE SUBPLAN AND MAY NOT SPLIT THEIR VOTE; *PROVIDED*, *HOWEVER*, THAT IF ANY ENTITY HOLDS CLAIMS ON BEHALF OF OTHERS WHO ARE THE BENEFICIAL OWNERS OF SUCH CLAIMS, THE RECORD HOLDER OR EACH SUCH BENEFICIAL OWNER, AS APPLICABLE, MAY SUBMIT SEPARATE BALLOTS, IN WHICH CASE THE VOTE OF EACH BENEFICIAL OWNER WILL BE COUNTED SEPARATELY AS A VOTE TO ACCEPT OR REJECT THE SUBPLAN APPLICABLE TO SUCH CLASS; *PROVIDED FURTHER*, *HOWEVER*, THAT THAT IF A SINGLE CREDITOR HOLDS CLAIMS THAT ARE VOTED BY PARTIES SEPARATED BY AN ETHICAL SCREEN, THEN EACH SUCH PARTY MAY VOTE ITS CLAIMS DIFFERENTLY FROM THE OTHER BY SUBMITTING SEPARATE BALLOTS. HOWEVER, A SINGLE BALLOT THAT PARTIALLY REJECTS AND PARTIALLY ACCEPTS A SUBPLAN *SHALL NOT BE COUNTED.***

**BALLOTS THAT INDICATE BOTH ACCEPTANCE AND REJECTION OF A SUBPLAN *SHALL NOT BE COUNTED* AS VOTES TO ACCEPT OR REJECT SUCH SUBPLAN.**

**BALLOTS THAT FAIL TO INDICATE AN ACCEPTANCE OR REJECTION OF ANY SUBPLAN *SHALL NOT BE COUNTED* AS VOTES TO ACCEPT OR REJECT ANY OF THE SUBPLANS.**

**BALLOTS THAT INDICATE AN ACCEPTANCE OR REJECTION OF ONE SUBPLAN APPLICABLE TO THE VOTING CREDITOR BUT FAIL TO INDICATE AN ACCEPTANCE OR REJECTION OF ANOTHER APPLICABLE SUBPLAN, AND WHICH ARE OTHERWISE PROPERLY EXECUTED AND RECEIVED PRIOR TO THE VOTING DEADLINE, *SHALL BE COUNTED* AS VOTES TO ACCEPT OR REJECT ALL OF THE SUBPLANS APPLICABLE TO THE VOTING CREDITOR WITH RESPECT TO THE CLAIMS VOTED ON SUCH BALLOT.**

**BALLOTS THAT INDICATE AN ACCEPTANCE OR REJECTION OF ONE SUBPLAN APPLICABLE TO THE VOTING CREDITOR AND REJECTION OF ANOTHER SUBPLAN APPLICABLE TO THE VOTING CREDITOR *SHALL BE COUNTED* AS A VOTE TO ACCEPT THE SUBPLAN FOR WHICH SUCH CREDITOR VOTED TO ACCEPT AND A VOTE TO REJECT THE SUBPLAN FOR WHICH SUCH CREDITOR VOTED TO REJECT.**

**ONLY BALLOTS THAT ARE TIMELY RECEIVED PRIOR TO THE VOTING DEADLINE AND THAT ARE PROPERLY EXECUTED SHALL BE COUNTED AS VOTES TO ACCEPT OR REJECT THE PLAN. UNSIGNED BALLOTS *SHALL NOT BE COUNTED*.**

**BALLOTS POSTMARKED PRIOR TO THE VOTING DEADLINE, BUT RECEIVED AFTER THE VOTING DEADLINE, *SHALL NOT BE COUNTED,* EXCEPT IN THE DEBTORS' DISCRETION.**

**BALLOTS THAT ARE ILLEGIBLE, OR CONTAIN INSUFFICIENT INFORMATION TO PERMIT THE IDENTIFICATION OF THE CREDITOR, *SHALL NOT BE COUNTED*.**

**IF A CREDITOR CASTS MORE THAN ONE BALLOT VOTING THE SAME CLAIM PRIOR TO THE VOTING DEADLINE, THE LAST PROPERLY EXECUTED BALLOT RECEIVED PRIOR TO THE VOTING DEADLINE SHALL BE DEEMED TO REFLECT THE VOTER'S INTENT AND SUPERSEDE ANY PRIOR BALLOTS; *PROVIDED*, *HOWEVER*, THAT IF ANY ENTITY HOLDS CLAIMS ON BEHALF OF A BENEFICIAL OWNER OF SUCH CLAIMS, THE LAST PROPERLY EXECUTED BALLOT RECEIVED PRIOR TO THE VOTING DEADLINE WITH RESPECT TO EACH BENEFICIAL OWNER SHALL BE DEEMED TO REFLECT THE BENEFICIAL OWNER'S INTENT AND SHALL SUPERSEDE ANY PRIOR BALLOTS WITH RESPECT TO SUCH BENEFICIAL OWNER. FOR THE AVOIDANCE OF DOUBT, CLAIMS HELD BY A SINGLE CREDITOR, BUT WHICH ARE VOTED DIFFERENTLY DUE TO AN ETHICAL SCREEN, WILL BE AGGREGATED OR SET OFF, AS APPLICABLE, AND COUNTED AS ONE CLAIM.**

**IF A CREDITOR SIMULTANEOUSLY CASTS INCONSISTENT DUPLICATE BALLOTS WITH RESPECT TO THE SAME CLAIM, SUCH BALLOTS *SHALL NOT BE COUNTED*; *PROVIDED*, *HOWEVER*, THAT IF ANY ENTITY HOLDS CLAIMS ON BEHALF OF OTHERS WHO ARE THE BENEFICIAL OWNERS OF SUCH CLAIMS, ONLY SIMULTANEOUSLY CAST INCONSISTENT DUPLICATE BALLOTS WITH RESPECT TO THE SAME CLAIM OF A GIVEN BENEFICIAL OWNER WILL NOT BE COUNTED. FOR THE AVOIDANCE OF DOUBT, CLAIMS HELD BY A SINGLE CREDITOR, BUT VOTED SEPARATELY DUE TO AN ETHICAL SCREEN, WILL BE AGGREGATED OR SET OFF, AS APPLICABLE, AND COUNTED AS ONE CLAIM.**

**EACH CREDITOR SHALL BE DEEMED TO HAVE VOTED THE FULL AMOUNT OF ITS CLAIM; *PROVIDED*, *HOWEVER*, THAT IF ANY ENTITY HOLDS CLAIMS ON BEHALF OF OTHERS WHO ARE THE BENEFICIAL OWNERS OF**

**SUCH CLAIMS, EACH BENEFICIAL OWNER THAT VOTES SHALL BE DEEMED TO HAVE VOTED THE FULL AMOUNT OF THE CLAIM HELD BY SUCH BENEFICIAL OWNER; *PROVIDED FURTHER*, *HOWEVER*, THAT IF A SINGLE CREDITOR HOLDS CLAIMS THAT ARE VOTED BY PARTIES SEPARATED BY AN ETHICAL SCREEN, THEN THE BALLOTS OF SUCH CREDITOR WILL BE AGGREGATED OR SETOFF, AS APPLICABLE, AND COUNTED AS ONE CLAIM. UNLESS OTHERWISE ORDERED BY THE BANKRUPTCY COURT, QUESTIONS AS TO THE VALIDITY, FORM, ELIGIBILITY (INCLUDING TIME OF RECEIPT), ACCEPTANCE, AND REVOCATION OR WITHDRAWAL OF BALLOTS SHALL BE DETERMINED BY THE BALLOTING AND CLAIMS AGENT AND THE DEBTORS, WHICH DETERMINATION SHALL BE FINAL AND BINDING.**

**ANY CREDITOR MAY VOTE TO ACCEPT OR REJECT ALL OF THE SUBPLANS APPLICABLE TO IT BY COMPLETING ITEM 2 ON THE BALLOT, WHICH ALLOWS A SINGLE VOTE FOR ALL CLAIMS HELD BY SUCH CREDITOR.**

**ALL BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES. IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT.**

For all Holders of Claims in Classes 3(c)-(m), 4(c)-(m), 5(b)-(f), and 8(b)-(m):

By signing and returning a Ballot, each Holder of a Claim in Classes 3(c)-(m), 4(c)-(m), 5(b)-(f), and 8(b)-(m) will be certifying to the Bankruptcy Court and the Debtors that, among other things:

- the Holder has been provided with a copy of the Plan and this Disclosure Statement;
- the solicitation of votes for the Plan is subject to all the terms and conditions set forth in this Disclosure Statement;
- the Holder has carefully read the Ballot and the accompanying instructions;
- the vote reflected on the Ballot is binding on the Holder's successors, heirs and assigns including, without limitation, any transferee.

## C. VOTING TABULATION

To ensure that a vote is counted, the Holder of a Claim should: (a) complete a Ballot; (b) indicate the Holder's decision either to accept or reject the Plan in the applicable boxes provided in the Ballot; and (c) sign and timely return the Ballot to the address set forth on the enclosed return envelope by the Voting Deadline.

The Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim. Only Holders of Claims in the voting Classes shall be entitled to vote with regard to such Claims.

Ballots received after the Voting Deadline will not be counted. The method of delivery of the Ballots to be sent to the Balloting and Claims Agent is at the election and risk of each Holder of a Claim. A Ballot will be deemed delivered only when the Balloting and Claims Agent actually receives the executed Ballot. Delivery of a Ballot to the Balloting and Claims Agent by facsimile will not be accepted. No Ballot should be sent to the Company, the Company's agents (other than the Balloting and Claims Agent), or the Company's financial or legal advisors. The Company expressly reserves the right to amend from time to time the terms of the Plan (subject to compliance with the requirements of section 1127 of the Bankruptcy Code and the terms of the Plan regarding modifications). The Bankruptcy Code requires the Company to disseminate additional solicitation materials if the Company makes material changes to the terms of the Plan or if the Company waives a material condition to Plan Confirmation. In that event, the solicitation will be extended to the extent directed by the Bankruptcy Court.

In the event a designation of lack of good faith with respect to a Claim is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected.

Neither the Company nor any other Person will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification.

The Balloting and Claims Agent will file the Voting Report with the Bankruptcy Court. The Voting Report shall, among other things, delineate every Ballot that does not conform to the Voting Instructions or that contains any form of irregularity (each an "***Irregular Ballot***") including, but not limited to, those Ballots that are late or (in whole or in material part) illegible, unidentifiable, lacking signatures or lacking necessary information, received via facsimile, or damaged. The Voting Report also shall indicate the Company's intentions with regard to such Irregular Ballots.

## XVII. CONFIRMATION PROCEDURES

### A. CONFIRMATION HEARING

**The Confirmation Hearing will commence on September 20, 2010 at 10:00 a.m. (Prevailing U.S. Eastern Time)**, before The Honorable Martin Glenn, United States Bankruptcy Judge, in Room 501 of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. Notice of the Confirmation Hearing will be provided in the manner prescribed by the Bankruptcy Court, and will also be available on the internet at http://www.epiqbankruptcysolutions.com. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

## B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (i) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (ii) they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (iii) the Plan has been proposed in good faith. Specifically, the Debtors believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below:

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The Debtors, as the Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable; or (2) subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after the Confirmation of the Plan.

- Either each Holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to section 1129(b) of the Bankruptcy Code for Claims and Interests deemed not to accept the Plan.

- Each Class of Claims or Interests that is entitled to vote on the Plan has accepted the Plan, or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code.

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Expense Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

- If, with respect to any particular Debtor, a Class of Claims is Impaired under the Plan, at least one such Impaired Class against such Debtor has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Company or any successors thereto under the Plan.

- The Company has paid the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

- In addition to the filing fees paid to the clerk of the Bankruptcy Court, the Company will pay quarterly fees no later than the last day of the calendar month following the calendar quarter for which the fee is owed in the Company's Chapter 11 Cases for each quarter (including any fraction thereof), to the Office of the U.S. Trustee, until the Chapter 11 Cases are closed.

**1. Best Interests of Creditors Test/Liquidation Analysis**

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. This is commonly referred to as the "best interests" test. To make these findings, the bankruptcy court must: (a) estimate the cash liquidation proceeds that a chapter 7 trustee would generate if the debtor's chapter 11 case was converted to chapter 7 case and the assets of the debtor's estate were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such holder's liquidation distribution to the distribution under the plan that such holder would receive if the plan were confirmed.

In chapter 7 cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

To demonstrate compliance with the "best interests" test, Moelis prepared the Liquidation Analysis attached hereto as **Exhibit B**.

To prepare the Liquidation Analysis, Moelis first estimated the range of proceeds that might be generated from a hypothetical chapter 7 liquidation of the Debtors' assets by a chapter 7 trustee charged with reducing to cash any and all of such assets in an orderly manner. The gross amount of cash available from such hypothetical chapter 7 liquidation would be the sum of the cash held by the Debtors at the time of the commencement of the hypothetical chapter 7 liquidation plus the proceeds from the disposition of the Debtors' non-cash assets, reduced by the costs and expenses of the liquidation. Any net cash was allocated in the Liquidation Analysis to

the creditors of the Debtors in strict compliance with the distribution priorities set forth in section 726 of the Bankruptcy Code.

Moelis then valued the recoveries to each impaired creditor class under the Plan and compared such recoveries to the recoveries that such creditors would receive in a hypothetical chapter 7 liquidation. The Liquidation Analysis was not prepared separately for each Debtor. In this regard, Moelis determined that, given the liquidation value of the Debtors' assets and the provisions of the Intercreditor Agreement, a separate Liquidation Analysis for each Debtor would not provide incremental, useful information beyond what was provided in the aggregate Liquidation Analysis. In reaching this determination, Moelis considered that the Financial Lenders have claims against all of the Debtors and that the priority and turnover provisions of the Intercreditor Agreement require that all of the distributions to the Financial Lenders be paid first to and for the benefit of the Senior Lenders until such Senior Lenders are paid in full. If a separate liquidation analysis had been done for each Debtor, the recoveries payable to the Financial Lenders other than the Senior Lenders would have been allocated to the Senior Lenders under the terms of the Intercreditor Agreement; all such separate recoveries would have been aggregated to determine the overall recovery to each class of Financial Lenders. Due to this result, the aggregate Liquidation Analysis reaches exactly the same conclusion as would separate liquidation analyses for each Debtor.

The Liquidation Analysis demonstrates that, in every instance, the amount that each creditor in an Impaired Class would receive under the Plan is at least equal to, and in most instances exceeds, the amount that such creditor would receive in a hypothetical chapter 7 liquidation.

For example, the Liquidation Analysis demonstrates that (i) each Holder of Senior Lender Claims receives Cash equal to 100% of its Claims under the Plan, compared to a recovery that ranges from 26% to 35% in a hypothetical chapter 7 liquidation; (ii) each Holder of Second Lien Claims receives property with a value equal to 0% to 90% of its Claims under the Plan, compared to a 0% recovery in a hypothetical chapter 7 liquidation; (iii) each Holder of Mezzanine Claims receives property with a value equal to 0% to 26% of its Claims under the Plan, compared to a 0% recovery in a hypothetical chapter 7 liquidation; and (iv) each Holder of Junior Mezzanine Claims receives property with a value equal to 0% to 9% of its claims under the Plan, and 0% in a hypothetical chapter 7 liquidation.[14]

[14] These projected recoveries represent a range of values based upon two differing views of the enterprise value of the Debtors: the opinion expressed by Moelis & Company, the Debtors' valuation expert, and the view expressed by Capstone Partners LLC, the valuation expert for certain Second Lien, Mezzanine, and Junior Mezzanine Lenders. As the Plan is a fully consensual Plan, valuation is not an issue and the Debtors disclose these ranges solely for the purpose of adequacy of disclosure. According to Moelis & Company, the mid-point valuation of the Debtors is $540 million. At this valuation, Holders of Second Lien Claims, Mezzanine Claims, and Junior Mezzanine Claims may not receive any recovery on account of their claims pursuant to the Plan. According to Capstone Partners LLC, the concluded fair market value of the Debtors is $858 million (including a weighted average of $46.8 million of cash). At this valuation, Holders of Second Lien Claims, Mezzanine Claims, and Junior Mezzanine Claims may achieve the high-end recoveries set forth herein. The Debtors do

[Footnote continued on next page]

THE LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE DEBTORS' ASSETS. UNDERLYING THE LIQUIDATION ANALYSIS ARE NUMEROUS ESTIMATES AND ASSUMPTIONS REGARDING LIQUIDATION PROCEEDS THAT, ALTHOUGH DEVELOPED AND CONSIDERED REASONABLE BY THE DEBTORS' MANAGEMENT AND ITS ADVISORS, ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE, AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. IN ADDITION, VARIOUS LIQUIDATION DECISIONS UPON WHICH CERTAIN ASSUMPTIONS ARE BASED ARE SUBJECT TO CHANGE. THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS AND ESTIMATES EMPLOYED IN DETERMINING THE LIQUIDATION VALUES OF THE DEBTORS' ASSETS WILL RESULT IN AN ACCURATE ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED WERE THE DEBTORS TO UNDERGO AN ACTUAL LIQUIDATION.

THE ACTUAL AMOUNT OF CLAIMS AGAINST THE DEBTORS' ESTATES COULD VARY SIGNIFICANTLY FROM THE ESTIMATES SET FORTH HEREIN, DEPENDING ON THE CLAIMS ASSERTED DURING THE PENDENCY OF THE DEBTORS' HYPOTHETICAL CHAPTER 7 CASES. ACCORDINGLY, THE ACTUAL LIQUIDATION VALUE OF THE DEBTORS IS SPECULATIVE IN NATURE AND COULD VARY MATERIALLY FROM THE ESTIMATES PROVIDED HEREIN.

The Liquidation Analysis is subject to the qualifications and assumptions described above and in the schedules attached to **Exhibit B**.

**2. Feasibility**

Section 1129(a)(11) of the Bankruptcy Code requires that the bankruptcy court find that confirmation is not likely to be followed by the liquidation of the reorganized debtor or the need for further financial reorganization, unless the plan of reorganization contemplates such liquidation. For purposes of demonstrating that the Plan meets this "feasibility" standard, the Company analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct its business.

In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies this feasibility standard, the Company analyzed its ability to satisfy its financial obligations while maintaining sufficient liquidity and capital resources. The Company believes that with a significantly de-leveraged capital structure, the Reorganized Debtors will have sufficient cash flow and loan availability to pay and service their debt obligations and to fund operations. This is demonstrated by the detailed Financial Projections ("***Projections***"), attached as **Exhibit C**.

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[Footnote continued from previous page]

not adopt the Capstone Partners LLC valuation, and certain Second Lien, Mezzanine, and Junior Mezzanine Lenders dispute the valuation expressed by Moelis & Company.

The Projections are forward looking and are presented in this Disclosure Statement subject to the limitations set forth at pages iii-v of this Disclosure Statement. Without limiting the generality of the foregoing, the Projections are based upon numerous assumptions that are an integral part of the Projections, including, without limitation, Confirmation and consummation of the Plan in accordance with its terms; realization of the Debtors' operating strategy for the Reorganized Debtors; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, including environmental legislation or regulations or generally accepted accounting principles; general business and economic conditions; competition; adequate financing; absence of material contingent or unliquidated litigation, indemnity or other claims; and other matters many of which will be beyond the control of the Reorganized Debtors and some or all of which may not materialize. To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. The Projections were not prepared in accordance with the standards for projections promulgated by the American Institute of Certified Public Accountants, IFRS, or any similar foreign body, or with a view to compliance with published guidelines of the SEC, or any foreign regulatory body, regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Debtors' independent public accountants. In addition, although they are presented with numerical specificity and the assumptions on which they are based are considered reasonable by the Debtors, the assumptions and estimates underlying the Projections are subject to significant business, economic and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtors. Accordingly, the Projections are only estimates that are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. The Projections should therefore not be regarded as a representation by the Debtors or any other Person that the results set forth in the Projections will be achieved. Neither the Debtors' independent public accountants, nor any other independent accountants or financial advisors, have compiled, examined or performed any procedures with respect to the Projections nor have they expressed any opinion or any other form of assurance on such information or its achievability. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The projected financial information contained herein should not be regarded as a representation or warranty by the Debtors, the Reorganized Debtors, their advisors, or any other Person that the Projections can or will be achieved.

The Projections indicate that the Reorganized Debtors will have sufficient cash flow to service, pay, and/or refinance their debt obligations and to fund their operations during the Projection Period. Under the Plan, the Reorganized Debtors will emerge from chapter 11 with approximately $549.1 million of net debt ("***Net Debt***"), including the Senior Secured Notes and finance leases. According to the Projections, by December 31, 2015, the Reorganized Debtors' Net Debt (before accumulated payment-in-kind interest of $151.7 million) will remain relatively unchanged at $550.1 million, whilst EBITDA will increase from $96.3 million in the year ending December 31, 2010 to $113.2m in the year ending December 31, 2015.

The Reorganized Debtors will emerge from chapter 11 with approximately $35 million of cash on hand in addition to approximately $41 million in undrawn commitments pursuant to the Revolving Credit Facility. Additionally, at any time through the Projection period, the Reorganized Debtors will have available headroom in unused commitments under the Revolving

Credit Facility and will have in excess of $20 million of cash on hand, resulting in a minimum liquidity position in excess of $44 million throughout the Projection period. The cash flows in the Projections include $40 million of capital expenditures in China to build a new calcine facility, in addition to necessary capital expenditures for continued operation of the Reorganized Debtors' businesses.

Based on the Projections, the Reorganized Debtors are projected to meet all financial covenants in the Senior Secured Notes Facility, as set forth in the SSN Term Sheets. Accordingly, the Company believes that the Plan satisfies the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code.

### 3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan of reorganization, accept the plan. A class that is not "impaired" under a plan of reorganization is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled or any fixed price at which the Company may redeem the security.

Section 1126(c) of the Bankruptcy Code defines "acceptance of a plan by a class of impaired claims" as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those claims that actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance.

The Claims in Classes 1(a)-(m), 2(c)-(m), 6(a)-(m), 7(a)-(m), and 9(a) and the Interests in Classes 10(a)-(m) are Unimpaired under the Plan, and, as a result, the Holders of such Claims are deemed to have accepted the Plan.

The Claims in Classes 3(c)-(m), 4(c)-(m), 5(b)-(f), and 8(b)-(m) are Impaired under the Plan and entitled to vote. The voting Classes will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and a majority in number of the Claims of each such Class (other than any Claims of Creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

The Claims in Classes 9(b)-(m) will not receive a Distribution under the Plan, are deemed not to accept the Plan, and are not entitled to vote on the Plan.

### 4. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan of reorganization even if all impaired classes entitled to vote on the plan have not accepted it, *provided* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," as long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

#### a. No Unfair Discrimination

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan of reorganization. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

#### b. Fair and Equitable Test

This test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending on the type of claims or equity interests in such class.

*Secured Claims*: The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes, among other things, the requirements that: (1) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the Debtors or transferred to another entity under the plan; and (2) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the Company's property subject to the liens.

*Unsecured Claims*: The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (1) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest any property.

*Interests*: The condition that a plan be "fair and equitable" to a non-accepting class of equity interests includes the requirement that either: (1) the plan provides that each holder of an equity interest in that class receives or retains under the plan on account of that equity interest

property of a value, as of the effective date of the plan, equal to the greatest of: (a) the allowed amount of any fixed liquidation preference to which such holder is entitled; (b) any fixed redemption price to which such holder is entitled; or (c) the value of such interest; or (2) if the class does not receive the amount as required under clause (1) hereof, no class of equity interests junior to the non-accepting class may receive a distribution under the plan.

*Cram-Down*. The Company will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable, in view of the deemed rejection by Classes 9(b)-(m). The votes of Holders of Claims in Classes 9(b)-(m) are not being solicited because, under Article IV of the Plan (*see* Section VI.C. above), there will be no distribution to the Holders of Claims of such Classes and, therefore, such Holders are conclusively deemed to have rejected the Plan pursuant to section 1129(b) of the Bankruptcy Code. Notwithstanding the deemed rejection by Classes 9(b)-(m) or any Class that votes to reject the Plan, the Company does not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Interests. The Company believes that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

The classification of Interests in Classes 10(a)-(m) as Unimpaired is for the sole administrative benefit of Almatis Topco 1 and its owners. The Intercompany Interests in Classes 10(a)-(m) are not "old equity." Instead, the ultimate "old equity" resides in the ownership interests in the Dutch-Co-op. The recognition and preservation of certain Intercompany Interests as Unimpaired under the Plan is nothing more than a mechanism to preserve the corporate structure of DIC Almatis Holdco B.V. and its subsidiaries for the benefit of Almatis Topco 1.

## XVIII. PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

**PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND INTERESTS THAT ARE IMPAIRED SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT.**

### A. RISK FACTORS RELATED TO CONFIRMATION, EFFECTIVENESS, AND IMPLEMENTATION

#### 1. Parties in Interest May Object to the Debtors' Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

### 2. Failure to Satisfy Vote Requirement

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

### 3. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

The Liquidation Analysis for the Debtors is attached as **Exhibit B** to this Disclosure Statement. Parties in interest in the Chapter 11 Cases may oppose Confirmation of the Plan by alleging that the liquidation value of one or more Debtors is higher than reflected in the Liquidation Analysis and that the Plan thereby improperly limits or extinguishes their rights to recoveries under the Plan. At the Confirmation Hearing, the Bankruptcy Court may hear evidence regarding the views of the Debtors and opposing parties, if any, with respect to valuation of the Debtors.

Confirmation of the Plan is also subject to certain conditions as described in Article X of the Plan (*see* Section XIII.A.1. above). There is a risk that some or all of the conditions to Confirmation may not be satisfied. If the Plan is not confirmed, it is unclear what distributions Holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications

could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

### 4. Nonconsensual Confirmation

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted, or is deemed to have rejected, the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements and the Debtors will request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

### 5. A Party in Interest May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, a party in interest may object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated Distributions described in this Disclosure Statement.

### 6. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur. The occurrence of the Effective Date is subject to the conditions precedent listed in the Plan (*see* Section XIII.A.2. above). The most significant of these conditions are (i) the requirement described in Section XIII.A.2.g. above that the transactions described in the Implementation Memorandum have been completed in a manner reasonably acceptable in all material respects to the Debtors, the Requisite Junior Lenders, and DIC, and (ii) the requirement described in Section XIII.A.2.h. above that the German Restructuring Opinion shall have been delivered to the Requisite Junior Lenders, the Senior Secured Noteholders, and DIC, and shall be a positive opinion that is reasonably satisfactory in form and substance to the Requisite Junior Lenders and DIC. The conditions precedent to the Effective Date described in Section XIII.A.2. above, other than those contained in Sections 10.1.1.1 and 10.1.2.1 of the Plan (*see* Sections XIII.A.1.a. and XIII.A.2.a. above), are waivable by the Debtors with the consent of the Requisite Junior Lenders, the DIC Investor, and the Senior Secured Noteholders, which consent shall not be unreasonably withheld. Such conditions precedent may not occur and, as a result, the Plan may not become effective and the Restructuring may not be consummated.

In addition to the conditions precedent to the Effective Date specifically set forth in the Plan, the financing contemplated by the RCF Term Sheet and the SSN Term Sheets requires that certain conditions precedent to such financing be satisfied. While the Debtors believe that all of such conditions will be satisfied, there can be no assurance that this will occur. One of the most significant of these conditions is granting the lenders that are parties to the Revolving Credit Facility and the Senior Secured Notes a first priority security interest in substantially all of the Debtors' assets. The ability of the Debtors to grant such first priority security interest in substantially all of their assets requires the release of the existing security interests in the Transaction Security (as defined herein) in favor of the Financial Lenders. The Confirmation Order will provide for the release of any and all security interests in the Transaction Security, will authorize the Security Trustee to effectuate such release and will authorize the Debtors to grant the required first priority security interest in favor of the lenders that are parties to the Revolving Credit Facility and the Senior Secured Notes. The Debtors believe that the Confirmation Order alone may be sufficient to satisfy this financing condition. However, given that a significant portion of the Transaction Security is located in jurisdictions outside the United States, the parties to the Revolving Credit Facility and the Senior Secured Notes may require further action from the Security Trustee to release the Transaction Security from the lien in favor of the Security Trustee (on behalf of the Financial Lenders). The Security Trustee has advised the Debtors that it will require separate instructions from an Instructing Group of Second Lien Lenders and Junior Mezzanine Lenders in order to take such action. Because the Second Lien Lenders and Junior Mezzanine Lenders that have signed the Plan Support Agreement hold sufficient amount of Second Lien Claims and Junior Mezzanine Claims to constitute the requisite Instructing Groups necessary to release the Transaction Security, the Debtors expect that the requisite instructions will be provided; however, there can be no assurance that this will occur.

### 7. Contingencies Not to Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

### 8. Debtors' Exclusive Period Challenges

Under the Bankruptcy Code, the Debtors have an exclusive period of 120 days to file a plan of reorganization and an additional 60 days to obtain confirmation of such a plan. This period may be extended, on request by the Debtors, or it may be shortened, on request by a party in interest. A party in interest may argue that the exclusive periods should be shortened. Alternatively, these parties in interest may argue that the exclusive periods should be terminated to enable them to file a competing plan. The Debtors intend vigorously to oppose any such arguments.

## B. RISK FACTORS RELATED TO THE BUSINESS OF THE REORGANIZED DEBTORS

### 1. The Debtors' Business is Correlated with Steel Production and Global Economic Conditions.

Approximately 70% of the Debtors' sales are to manufacturers of refractories, which are mainly used by steel producers. Accordingly, demand for the Debtors' products is dependent on the volume of steel produced throughout the world. Because steel demand generally is driven by GDP growth, unfavorable economic conditions could result in a decrease in demand for steel. Additionally, substitute materials are increasingly available for many steel products, which may further reduce demand for steel. Lower global steel production would reduce demand for the Debtors' products, and longer sales cycles, delayed customer orders, or an inability to market the Debtors' products effectively would negatively affect the Debtors' profitability.

### 2. The Debtors' Alumina Feedstock Costs are Variable.

In 2009, alumina feedstock costs accounted for approximately 36% of the Debtors' cost of goods sold. The Debtors currently source substantially all of its alumina feedstock from certain entities within the Alcoa Group pursuant to a long-term alumina feedstock supply agreement. Currently, the Debtors have lost the benefit of fixed pricing from the Alcoa Group, so that the price the Debtors pay pursuant to the agreement is variable based on a market index. As a result, any increase in the market price of alumina feedstock will cause the Debtors' feedstock costs to increase. In addition, the Debtors' feedstock supply agreement with the Alcoa Feedstock Suppliers contains a mechanism that controls the maximum amount the Debtors are allowed, and the minimum amount the Debtors are required, to purchase under the agreement in any given year. Because the agreement requires the Debtors to commit to purchasing a certain amount of material each year at least three months before the start of such year, the Debtors' ability to benefit from any decrease in the market price of alumina feedstock by switching suppliers and buying at current market rates could be limited. Furthermore, the feedstock supply agreement provides for adjustments based on changes in energy prices. These adjustments could result in an increase in the price the Debtors pay for feedstock.

### 3. The Debtors Currently Depend on One Supplier for Substantially All of Their Alumina Feedstock.

At present, the Debtors receive substantially all of their feedstock pursuant to the feedstock supply agreement with the Alcoa Group, which will first become terminable in 2024. The Debtors' logistical operations are based on this agreement, and the specifications set by many of the Debtors' customers for their products are based on the specifications of the feedstock provided by Alcoa. Should Alcoa be unable or unwilling to perform as stipulated in this agreement, the Debtors would be forced to find alternative feedstock suppliers and to realign its logistical operations, potentially at a significant cost. Further, if twice during the term of the agreement the Debtors purchase less than 80% of the quantity initially established by the parties, the amount that the Debtors will be able to purchase for the duration of the term will be decreased. Other suppliers may be unable or unwilling to deliver feedstock as efficiently and reliably as Alcoa. Alternative suppliers may be unable to provide the Debtors with similar feedstock on a consistent basis or at all, which could make it more difficult or impossible for the

Debtors to meet some of their customers' specifications and could cause such customers to switch to a different supplier.

**4. The Debtors are Exposed to Currency Exchange Rate Risks.**

The Debtors' financial results are impacted by both translation and transaction currency effects resulting from changes in currency exchange rates. The Debtors operate on a worldwide basis and, as a result, generate a majority of their sales in currencies not tied to the U.S. dollar. Translation currency effects occur when the financial results of the Debtors' subsidiaries outside the United States, as measured in their non-dollar, local currencies, are translated into U.S. dollars using the exchange rates prevailing during the relevant period. Such a translation can affect the Debtors' results when compared to other periods translated at different foreign exchange rates. Transaction currency effects occur when one of the Debtors' subsidiaries incurs costs or earns sales in a currency different from its functional currency. Although the Debtors generate some of their sales in currencies not tied to the U.S. dollar, a substantial percentage of its raw material purchases, including purchases under its alumina feedstock supply agreement with Alcoa, are made in U.S. dollars. As a consequence, the Debtors' margins are significantly affected by changes in the value of the U.S. dollar relative to the currencies in which the Company earns revenues.

**5. Demand for the Debtors' Products May Not Continue to Grow in Asia, or Prices There May Decline.**

The Debtors believe that any future growth in demand for their products will depend to a large extent on market demand in Asia. The Debtors therefore substantially increased their investments in Asia and expect to make substantial further investments in this region in the future. Demand for the Debtors' products in Asia depends substantially on economic growth in that region. If overall economic growth slows down or if there is a recession in Asia or in the major economies in that region, such as China or Japan, the Debtors would sell fewer products, or be required to sell their products at lower prices, than they currently expect. This would adversely affect the Debtors' sales and net earnings. In addition, as part of the Debtors' growth strategy in Asia, the Debtors intend to continue shifting their sales and marketing efforts from low-margin products to premium, high-margin products. If demand for these products does not develop as anticipated, the Debtors may not achieve the margins they expects from this shift in strategy. The Debtors' customers in China, in particular, have been more willing to revert to using white fused alumina (a commoditized material that serves as a lower-quality substitute for the Debtors' products) and are accordingly more price sensitive. As a result, the Debtors' sales prices in China are approximately 10% below prices elsewhere. As the Debtors expand their sales in China, this pricing phenomenon could have a negative impact on the Debtors' profit margins.

**6. The Debtors' Production Facilities Are Exposed to Operational, Accident, and Other Risks.**

Although the Debtors set high technical and safety standards for the construction, operation, and maintenance of the Debtors' production facilities, the risk of operational disruptions cannot be eliminated. Operational disruptions may result from factors beyond the

Debtors' control, such as accidents or other failures in the course of the Debtors' operations, including those occurring due to fires, explosions, equipment malfunctions or the release of toxic or hazardous substances. Such events are also associated with a risk of personal injury, damage to third-party property and environmental contamination, which may lead to considerable financial cost and even criminal liability. Although the Debtors have insurance (such as property, third-party liability and business interruption insurance) to address these risks, there is no guarantee that such insurance coverage will be sufficient. The Debtors' operations are also subject to various risks associated with the use, storage, and transportation of raw materials, chemical products, and wastes. These risks include explosions, fires, and the controlled or uncontrolled release of hazardous chemicals. An occurrence of even one of these events could cause substantial damage to the manufacturing facility itself, the surrounding environment, human life and health, and neighboring properties, and could have a significant impact on the Debtors' ability to continue operations at such facility. The Debtors could incur substantial expense if found liable for any such harm or if extensive repairs and remediation were required.

**7. The Debtors' Operations May be Interrupted by Natural Disasters or Other Events Beyond Its Control.**

Some of the Debtors' plants, and plants of their suppliers, are located in areas where they are susceptible to severe weather and natural disasters, including hurricanes, earthquakes, tornadoes, floods, and other disasters. Severe weather or a natural disaster could disrupt the Debtors' operations and cause significant damage to their plants and equipment. Any inability by the Debtors to continue their operations, whether due to natural disasters or otherwise, would significantly impair their business. In addition, since the Debtors have only eight production facilities, a disruption at one of these facilities would affect a significant amount of the Debtors' business. Any resulting production loss or stoppage or damage to the Debtors' facilities that is not covered by insurance could lead to, among other things, lost sales or a negative impact on the Debtors' competitive position. In addition, the Debtors' supply of raw material is subject to the risks of ocean transportation. At any given time, an oceangoing vessel may be delivering significant quantities of raw materials to the Debtors. If such a vessel is disabled or diverted, or sinks, the Debtors' supply of raw material, and thus their operations, could be interrupted.

**8. The Debtors' Operations Depend on a Continuous Supply of Affordable Energy.**

The Debtors' operations consume substantial amounts of energy and are susceptible to significant increases in electricity costs or natural gas prices that could render the Debtors' operations uneconomical. The Debtors may also be unable to extend electricity and natural gas supply contracts on economical terms upon expiration. In addition, the Debtors are subject to potential electrical power interruptions due to severe weather or natural disasters, equipment failure, or other causes. If electricity at any one of the Debtors' manufacturing plants were to be temporarily cut off, the Debtors would require substantial amounts of time to reset their machinery and bring their operations fully back online, resulting in significant lost production time.

**9. The Company Depends Upon Key Customers in Their Largest Business Segment, and Could Lose Business as a Result of Price Increases, Economic**

**Downturns, or Customer Decisions to Internally Source Products They Currently Purchase From the Company.**

The Debtors' top five customers in the first half of 2010 accounted for a meaningful percentage of its RCP volume and in excess of 30% of its sales. In accordance with industry practice, the Debtors do not maintain long-term supply contracts with most of its customers. As a consequence, a significant downturn in the business or financial condition of one or more of these key customers could affect the Debtors' results of operations in a particular period. In particular, a reduction in global steel production could adversely affect the business or financial condition of the Debtors' customers that supply the steel industry and, in turn, create sales and payment risks for the Debtors' business. It is also possible that an important customer in the Debtors' specialty hydrates segment will choose to internally source some or all of such customer's specialty hydrate requirements. From time to time, the Debtors increase prices for their products. Such price increases may apply to the Debtors' entire product portfolio and can be significant. Customers may react negatively to such price increases and, as a result, turn to competitors that may be able to supply comparable products at lower prices. Alternatively, customers may turn to cheaper, albeit lower quality, substitutes for the Debtors' products. This could render the Debtors' price increases unsustainable. In addition, any future downturn in the steel or refractories industry could also render the Debtors' prices unsustainable.

**10. Continued Competition in the Debtors' Industry Could Limit Their Ability to Maintain or Increase Its Market Share or Prices.**

Competition in the Debtors' industry is typically based on reliability in quality, service, and distribution and on product innovation and price. Accordingly, the Debtors' future business prospects depend to a large degree on the Debtors' ability to meet changing customer needs, anticipate and respond to technological changes, maintain and develop relationships with customers and suppliers, and maintain a competitive pricing structure. The Debtors' failure to accomplish any of these objectives, or a reduction in profits due to price competition, could have a material adverse effect on the Debtors' business. The Debtors have significant competitors in each of their business segments and geographical markets, a situation which will likely continue in the future. Some competitors are larger and better capitalized than the Debtors. Competition in certain segments and markets may also increase in the future. Furthermore, consolidation in the global aluminum and specialty alumina industries may create competitors whose larger scale and scope of operations enable them to compete with the Debtors more effectively. Competitors may also initiate or expand their marketing or production efforts in or into regions in which the Company operates. Furthermore, Asian manufacturers of specialty alumina materials may, irrespective of the economic developments in the Asian markets, expand their marketing activities into the European and American markets, whether as part of a strategically motivated regional expansion, or to take advantage of currency-based competitive advantages. If, in the future, competitors increase their marketing or production in any such region, the Debtors' competitive position would be negatively impacted.

### 11. The Debtors' Success Depends Upon Recruiting and Retaining Key Personnel.

The Debtors' operations require the services of a significant number of employees with the technical training and experience necessary to obtain proper operational results, such as engineers, management employees, and sales persons. As a result, the Debtors' operations depend on the continuing availability of such personnel. If the Debtors suffer any material loss of personnel to competitors, or are unable to employ additional or replacement personnel with the training and experience necessary to adequately replace such personnel, the Debtors' operations could be adversely affected. A significant increase in the compensation paid by other employers could result in a reduction in the Debtors' workforce, increased personnel expenses, or both.

### 12. Prolonged Disruptions of the Debtors' Business Operations Due to Work Stoppages or Strikes Could Adversely Affect Its Business.

A significant number of the Debtors' employees are members of labor unions, including the workforces at the Ludwigshafen, Rotterdam, Leetsdale/Neville, and Bauxite plants. The Debtors currently maintain two separate collective bargaining agreements in the United States covering production and maintenance employees paid on an hourly basis in their Leetsdale/Neville and Bauxite plants. At both plants, these employees are represented for collective bargaining purposes by the United Steelworkers of America, AFL-CIO, CLC, and affiliated local unions. The Leetsdale/Neville collective bargaining agreement is due to expire on July 31, 2012. The Bauxite collective bargaining agreement is due to expire on March 1, 2014. If the Debtors are unable to negotiate acceptable new collective bargaining agreements in the future, it could experience strikes or other work stoppages by the affected employees, and new contracts could result in increased operating costs for both union and non-union employees. Furthermore, in connection with cost reduction and other measures, the Debtors conduct negotiations with the labor union representatives who represent employees. The Debtors' failure to negotiate salaries and wages that are reasonable and fair from the Debtors' perspective could cause strikes or work stoppages. If any such strikes or other work stoppages were to occur, or if non-union employees were to obtain union representation, the Debtors could experience a significant disruption of their operations and higher ongoing labor costs. In addition, disruptions of business operations, strikes or similar measures at customers' or suppliers' sites could also cause work stoppages at the Debtors' plants.

### 13. The Debtors' Pension Obligations May Substantially Exceed the Provisions They Have Accrued for Such Obligations.

The Debtors have pension obligations to current employees and certain former employees. These pension obligations are covered to a large extent by the Debtors' pension plan, pension funds, special purpose funds, and insurance plans. The remaining portion of these obligations relates to provisions on the Debtors' balance sheet. The size of these provisions is determined based on certain actuarial assumptions, such as discount factors, life expectancy, the future development of salaries, and expected rates of return on pension plan assets. If actual results, especially with regard to discount factors, differ from these assumptions, the amount of

pension obligations on the Debtors' balance sheet could increase substantially and therefore require the Debtors to increase allocations to pension provisions.

### 14. The Debtors May Not Be Able to Protect Their Intellectual Property and Know-How.

The Debtors rely to a significant degree on non-patentable trade secrets, know-how, and other proprietary rights and information, particularly in areas with technically sophisticated products and production processes. The Debtors cannot assure that their confidentiality agreements and other measures will adequately protect trade secrets, know-how, or other proprietary information not covered by patents or trademarks, or that others will not obtain this information through independent development, employee indiscretion, industrial espionage, or other means. There is a risk that competitors could obtain priority patent protection for products and production processes that the Debtors produce or use on a non-patented basis in certain countries. This could adversely affect the distribution and sale of the Debtors' products, impair the use of the affected production processes, or lead to an obligation to pay licensing fees in those countries. In addition, the Debtors can make no assurances that any proprietary rights, including patents or trademarks, that the Debtors may obtain will adequately protect the covered products and technologies. Although there is a general legal presumption that patents and trademarks are valid, this does not necessarily mean that a patent or trademark will ultimately be upheld as valid or that any related claims can be enforced as necessary or desired. In addition, the Debtors cannot guarantee that all of the patents or trademarks they have applied for, or plan to apply for, in connection with the Debtors' technologies will be granted in each of the countries in which the Debtors need to protect these technologies. The Debtors cannot guarantee that third parties will not infringe on their patents or other proprietary rights, and the Debtors may not be able to stop any such infringement if it occurs. If the Debtors are unable to protect their intellectual property, insofar as other manufacturers can make or market products that are similar to the products the Debtors develop, the ability to profit from a technological lead may be limited and future profits may decrease as a result.

### 15. Due to the International Nature of the Debtors' Business, the Debtors Are Exposed to Economic, Political, and Other Related Risks.

The Debtors sell products globally and operates eight production plants in six countries and on three continents. In some of the countries in which the Debtors manufacture products or into which they export products, the general conditions under which the Debtors operate are different, and the general economic, political, and legal environment is less stable, than in Western Europe and North America. Accordingly, the Debtors are exposed to a number of factors over which they have little control and which may adversely affect their business activities in these countries. These factors include, but are not limited to, the following:

- difficulties associated with geographically diverse operations;
- foreign trade restrictions;
- foreign currency control regulations and other regulations which may influence exchange rates (such as the abandonment of exchange rate pegs);

- the underdevelopment of and differences in legal and administrative systems, which could lead to, among other potential consequences, insufficient protection of the Debtors' intellectual property or jeopardize the Debtors' ability to collect their accounts receivable and other claims outstanding;

- the potential for nationalization of enterprises and the possible imposition of investment and other restrictions by governments;

- political, social, economic, financial, or market-related instability or volatility, including as a result of acts of war or terrorism;

- declines in regional or global economic activity; and

- the potential imposition of, or increases in, tariffs or similar fees.

Each of the factors named above may have a negative impact on the Debtors' operations and prospects in the countries in which they operate.

**16. The Debtors Are Subject to Complex Environmental Regulations and May Be Liable for Any Environmental Contamination.**

In each of the jurisdictions in which the Debtors operate, they are subject to extensive laws and regulations, all of which are subject to change, relating to the storage, handling, generation, treatment, emission, release, discharge, and disposal of, and exposure to, hazardous and potentially hazardous substances and wastes. The Debtors may be unaware of certain regulations that they are subject to or will be subject to as laws and policies change. In particular, if certain environmental laws to which the Debtors are currently subject were to be amended, the Debtors could be compelled to modify operations or pay certain fees. Some environmental laws and regulations impose liability on present and former owners, operators or users of, or on the generators of waste disposed at, facilities and sites that have become contaminated, without regard to causation, negligence, or knowledge. Many of the Debtors' manufacturing facilities have a long operating history and may be contaminated, although the Debtors are unaware of any such contamination. Furthermore, although the Debtors continuously monitor their employees' exposure to risks connected with manufacturing the Debtors' products, these employees (or their relatives) or third parties may bring personal injury or property damage claims based on alleged past, present, or future exposure to such hazardous substances. Violations of environmental and health laws and regulations could also lead to substantial fines, revocation or material modification of applicable permits, or orders for environmental investigation or clean-up. Violations of these laws or regulations, or adjustments made to comply with changing laws or regulations, could result in significant expenditures.

**17. Losses of Material Permits or Licenses Could Adversely Affect the Debtors' Operations.**

The Debtors currently hold a number of material permits and licenses utilized in its operations, including various manufacturing permits and export and import licenses in several jurisdictions. It is possible that changes in laws may create additional requirements for permits

or licenses, or that those granted to the Debtors will be revoked. As a result, the Debtors cannot guarantee that they will be able to retain their permits or licenses in the future. Revocation or denial of any permits or licenses material to the Debtors' operations could considerably delay, make more expensive, or altogether halt the production or the sale of the Debtors' products.

**18. The Debtors' Existing and Future Insurance Coverage May Prove Inadequate.**

Although the Debtors seek to cover foreseeable material risks with insurance, their insurance coverage may prove inadequate to fully cover risk exposure. In the course of the Debtors' business operations, the Debtors may be subject to damages that exceed their insurance coverage or are not covered by their insurance policies. Furthermore, insurance premiums could increase as the result of the occurrence of an insured event. If premiums rise substantially, the Debtors might not be able to maintain insurance coverage on commercially viable terms. Additionally, in certain jurisdictions, especially emerging markets, the respective insurance industries and laws and regulations governing them are less sophisticated and still evolving. The dynamic and relatively underdeveloped nature of such insurance industries makes it more difficult for the Debtors to identify and obtain appropriate insurance coverage for its global operations.

**19. DOJ Information Requests.**

The Debtors have received an informal request from the U.S. Department of Justice for information relating to an investigation involving Alcoa. Certain of the Debtors formerly comprised a division of Alcoa. The Debtors are cooperating fully with the inquiry.

## C. RISK FACTORS ASSOCIATED WITH FORWARD-LOOKING STATEMENTS

**1. Financial Information Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed.**

***The financial information contained in this Disclosure Statement has not been audited unless otherwise stated.*** In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

**2. Financial Projections and Other Forward Looking Statements Are Not Assured, Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based and, as a Result, Actual Results May Vary.**

This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtors' operations, including the Projections, that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates.

Should any or all of these assumptions or estimates ultimately prove to be incorrect, the actual future experiences of the Reorganized Debtors may turn out to be different from the financial projections.

Specifically, the projected financial results contained in this Disclosure Statement reflect numerous assumptions concerning the anticipated future performance of the Reorganized Debtors, some of which may not materialize, including, without limitation, assumptions concerning: (a) the timing of Confirmation and Consummation of the Plan in accordance with its terms; (b) the anticipated future performance of the Reorganized Debtors, including, without limitation, the Debtors' ability to maintain or increase revenue and gross margins, control future operating expenses or make necessary capital expenditures; (c) general business and economic conditions; (d) overall industry performance and trends; and (e) the Debtors' ability to maintain market strength and receive vendor support by way of favorable purchasing terms.

Due to the inherent uncertainties associated with projecting financial results generally, the projections contained in this Disclosure Statement will not be considered assurances or guarantees. While the Debtors believe that the financial projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized.

## D. RISK FACTORS THAT MAY AFFECT THE VALUE OF SECURITIES TO BE ISSUED UNDER THE PLAN

### 1. The Reorganized Debtors May Not Be Able to Achieve Projected Financial Results or Meet Post-Reorganization Debt Obligations and Finance All Operating Expenses, Working Capital Needs, and Capital Expenditures.

The Reorganized Debtors may not be able to meet their projected financial results or achieve projected revenues and cash flows that they have assumed in projecting future business prospects. To the extent the Reorganized Debtors do not meet their projected financial results or achieve projected revenues and cash flows, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date, may be unable to service their debt obligations as they come due or may not be able to meet their operational needs. Any one of these failures may preclude the Reorganized Debtors from, among other things: (a) enhancing their current customer offerings; (b) taking advantage of future opportunities; (c) growing their business; or (d) responding to competitive pressures. Further, a failure of the Reorganized Debtors to meet their projected financial results or achieve projected revenues and cash flows could lead to cash flow and working capital constraints, which constraints may require the Reorganized Debtors to seek additional working capital. The Reorganized Debtors may not be able to obtain such working capital when it is required. Further, even if the Reorganized Debtors were able to obtain additional working capital, it may only be available on unreasonable terms. For example, the Reorganized Debtors may be required to take on additional debt, the interest costs of which could adversely affect the results of the operations and financial condition of the Reorganized Debtors. If any such required capital is obtained in the form of equity, the equity interests of the holders of then-existing Almatis Topco 1 Equity Interests could be diluted. While the Debtors' projections represent management's view based on current known facts and

assumptions about the future operations of the Reorganized Debtors, there is no guarantee that the financial projections will be realized.

**2. The Almatis Topco 1 Equity Interests Are Speculative.**

The Almatis Topco 1 Equity Interests are not secured by collateral or any guarantees. If the Debtors' performance declines, the value of the Almatis Topco 1 Equity Interests could be worthless and holders thereof will lose their investment.

**3. The Almatis Topco 1 Equity Interests, the Senior Secured Notes, and the PIK Notes, Are New Issues of Securities for Which There Is No Prior Market and the Trading Market for the Almatis Topco 1 Equity Interests, the Senior Secured Notes, and the PIK Notes May Be Limited.**

The Almatis Topco 1 Equity Interests will be a new security for which there currently is no, and on issuance there will not be any, established trading market. The Company does not intend to apply for listing of the Almatis Topco 1 Equity Interests on any securities exchange or for quotation in any automated dealer quotation system. Trading of Almatis Topco 1 Equity Interests may be further limited by securities law restrictions, or other restrictions, on transfer, including the limitations contained in the Shareholders Agreement.

The Senior Secured Notes will be a new security for which there currently is no, and on issuance there will not be any, established trading market. The Company does not intend to apply for listing of the Senior Secured Notes on any securities exchange or for quotation in any automated dealer quotation system. Trading of Senior Secured Notes may be further limited by securities law restrictions, or other restrictions, on transfer.

The PIK Notes will be a new security for which there currently is no, and on issuance there will not be any, established trading market. The Company does not intend to apply for listing of the PIK Notes on any securities exchange or for quotation in any automated dealer quotation system. Trading of PIK Notes may be further limited by securities law restrictions, or other restrictions, on transfer.

**4. It May Be Difficult For Holders of Almatis Topco 1 Equity Interests to Obtain or Enforce Judgments Against Almatis Topco 1 In the United States. The Same Applies For Creditors Under the Senior Secured Notes Facility and the PIK Notes Facility in Respect of Judgments Against Borrowers and Guarantors of the Senior Secured Notes and the PIK Notes, Respectively.**

Almatis Topco 1 will be incorporated under the laws of The Netherlands, and a substantial portion of Almatis Topco 1's assets are located outside of the United States. As a result, it may be difficult for United States holders of Almatis Topco 1 Equity Interests to realize in the United States on any judgment against Almatis Topco 1. Similarly, many of the borrowers and guarantors of the Senior Secured Notes and the PIK Notes will be entities incorporated in jurisdictions other than the United States, a substantial portion of the assets of these borrowers and guarantors are located outside of the United States and as a result it may be difficult for United States creditors under the Senior Secured Notes Facility and the PIK Notes Facility to realize in the United States any judgment against these borrowers and guarantors. Therefore, any

judgment obtained in any United States federal or state court against Almatis Topco 1 or a borrower or guarantor of Senior Secured Notes or PIK Notes may have to be enforced in the courts of The Netherlands, or such other foreign jurisdiction, as applicable. If there is no treaty or other applicable convention for the recognition of judgments between the United States and the jurisdiction where enforcement is sought (as is the case for The Netherlands), a judgment rendered by any United States federal or state court will not be recognized or enforced by the courts of such jurisdiction and the matter will, in principle, need to be re-litigated before the courts of that jurisdiction. In The Netherlands, a Dutch court will generally grant the same judgment as the judgment obtained in a United States federal or state court without a review of the merits of the underlying claim (i) if that judgment resulted from legal proceedings compatible with Dutch notions of due process, (ii) if that judgment does not contravene public policy of The Netherlands, and (iii) if the jurisdiction of the United States federal or state court has been based on internationally accepted principles of private international law. In other jurisdictions, however, this may be different.

**5. The Rights and Responsibilities of Holders of Almatis Topco 1 Equity Interests Will Be Governed by Dutch Law and Will Differ in Some Respects From the Rights and Responsibilities of Shareholders Under U.S. Law, and Shareholder Rights Under Dutch Law May Not Be as Clearly Established as Shareholder Rights Are Established Under the Laws of Some U.S. Jurisdictions.**

Almatis Topco 1's corporate affairs are governed by its New Articles of Association and the laws governing companies incorporated in The Netherlands. The rights of Almatis Topco 1's shareholders and the responsibilities of members of its board of directors under Dutch law may not be as clearly established as under the laws of some U.S. jurisdictions. In the performance of its duties, Almatis Topco 1's board of directors is required by Dutch law to consider the interests of Almatis Topco 1 as such, its shareholders, its employees, and other stakeholders in all cases in accordance with the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, the interests of holders of Almatis Topco 1 Equity Interests.

In addition, the rights of holders of Almatis Topco Shares and many of the rights of shareholders as they relate to, for example, the exercise of shareholder rights, are governed by Dutch law and Almatis Topco 1's New Articles of Association, which differ from the rights of shareholders under U.S. law. For example, Dutch law does not grant appraisal rights to a company's shareholders who wish to challenge the consideration to be paid upon a merger or consolidation of a company. Furthermore, the rights of holders of Almatis STAK Depository Receipts are governed by the articles of association and terms of administration of STAK 1 and STAK 2, respectively.

The provisions of Dutch corporate law and Almatis Topco 1's New Articles of Association have the effect of concentrating control over certain corporate decisions and transactions in the hands of Almatis Topco 1's board of directors. As a result, holders of Almatis Topco Shares or Almatis STAK Depository Receipts may have more difficulty in protecting their interests in the face of actions by members of Almatis Topco 1's board of directors than if Almatis Topco 1 were incorporated in the United States.

Under Dutch law, Almatis Topco 1 may only pay annual dividends out of profits as shown in its adopted annual accounts prepared in accordance with Dutch Generally Accepted Accounting Standards or IFRS. Almatis Topco 1 will only be able to declare and pay annual or interim dividends to the extent its equity exceeds the sum of the paid and called up portion of its ordinary share capital and the reserves that must be maintained in accordance with provisions of Dutch law and its New Articles of Association. Because Almatis Topco 1 is a holding company, its ability to pay cash dividends on the Almatis Topco Shares may be limited by restrictions on its ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of the agreements governing its and its subsidiaries' indebtedness. Subject to these limitations, the payment of cash dividends in the future, if any, will depend upon such factors as earnings levels, capital requirements, contractual restrictions, its financial condition and any other factors deemed relevant by Almatis Topco 1's shareholders and board of directors.

#### 6. DIC Will Become the Holder of a Majority of Almatis Topco Shares and Will Have Control Over Almatis Topco 1, Which Could Limit the Ability of Other Holders of Almatis Topco 1 Equity Interests to Influence the Outcome of Key Transactions, Including a Change of Control.

If the Plan is confirmed, DIC will become the holder of a majority of Almatis Topco 1 Shares. Accordingly, DIC may be able to influence or control matters requiring approval by Almatis Topco 1's shareholders, including the election of directors and the approval of mergers or other extraordinary transactions. DIC may also have interests that differ from those of the other holders of Almatis Topco 1 Equity Interests and may vote in a way with which these holders disagree and which may be adverse to their interests. The concentration of ownership may have the effect of delaying, preventing, or deterring a change of control of Almatis Topco 1, could deprive the other Holders of Almatis Topco 1 Equity Interests of an opportunity to receive a premium for their shares as part of a sale of Almatis Topco 1, and might ultimately affect the market price of Almatis Topco 1 Shares.

## E. DISCLOSURE STATEMENT DISCLAIMER

### 1. Information Contained Herein Is for Soliciting Votes

The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes other than to determine how to vote on the Plan.

### 2. No Legal, Business, or Tax Advice Is Provided to You by this Disclosure Statement

**This Disclosure Statement is not legal advice to you.** The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Interest should consult his, her or its own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

### 3. No Admissions Made

The information and statements contained in this Disclosure Statement shall neither (a) constitute or be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations or (b) constitute or be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to Holders of Claims against, or Interests in, the Debtors, the Reorganized Debtors, the New Tower Companies, or any other Person.

### 4. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement or the Plan. The Debtors and the Reorganized Debtors, as the case may be, may seek to investigate, file and prosecute litigation claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such litigation claims or Objections to Claims.

### 5. Nothing Herein Constitutes a Waiver of Any Right to Object to Claims or Recover Transfers and Assets

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Company or the Reorganized Debtors (or any party in interest, as the case may be) to object to that Holder's Allowed Claim, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Claims or Cause of Action of the Company or its Estate are specifically or generally identified herein.

### 6. Information Was Provided by the Company and Was Relied Upon by the Debtors' Professionals

Counsel to and other Professionals retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other Professionals retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

### 7. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and Holders of Claims and Interests Reviewing this Disclosure Statement should not infer at the time of such review that there has not been any change in the information set forth herein since the date hereof unless so specified. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

This Disclosure Statement contains projected financial information regarding the Reorganized Debtors and certain other forward-looking statements, all of which are based on various estimates and assumptions. The Debtors' management prepared the projections with the assistance of their professionals. The Debtors' management did not prepare the projections in accordance with GAAP, IFRS, or to comply with the rules and regulations of the SEC or any foreign regulatory authority.

The projections and forward looking statements herein are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, among others, those summarized herein. See Section XVIII – "Plan-related Risk Factors and Alternatives to Confirmation and Consummation of the Plan." Consequently, actual events, circumstances, effects, and results may vary significantly from those included in or contemplated by the projected financial information and other forward-looking statements contained herein which, therefore, are not necessarily indicative of the future financial condition or results of operations of the Reorganized Debtors and should not be regarded as representations by the Debtors, the Reorganized Debtors, the New Tower Companies, their advisors, or any other persons that the projected financial condition or results can or will be achieved. Neither the Debtors' independent auditors nor any other independent accountants have compiled, examined, or performed any procedures with respect to the financial projections and the liquidation analysis contained herein, nor have they expressed any opinion or any other form of assurance as to such information or its achievability.

The projections set forth herein are published solely for purposes of this Disclosure Statement. The projections are qualified in their entirety by the description thereof contained in this Disclosure Statement. There can be no assurance that the assumptions underlying the financial projections will prove correct or that the Debtors' or Reorganized Debtors' actual results will not differ materially from the information contained within this Disclosure Statement. The Debtors and their professionals do not undertake any obligation, express or implied, to update or otherwise revise any projections or information disclosed herein to reflect any changes arising after the date hereof or to reflect future events, even if any assumptions contained herein are shown to be in error. Forward-looking statements are provided in this Disclosure Statement pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties, and risks described herein, including the consummation and implementation of the Plan, the continuing availability of sufficient borrowing capacity or other financing to fund operations, achieving operating efficiencies, commodity price fluctuations, currency exchange rate fluctuations, maintenance of good employee relations, existing and future governmental regulations and actions of governmental bodies, natural disasters and unusual weather conditions, acts of terrorism or war, industry-specific risk factors and other market and competitive conditions.

Holders of Claims and Interests are cautioned that the forward-looking statements speak as of the date made and are not guarantees of future performance. The projections, while presented with numerical specificity, are necessarily based on a variety of estimates and assumptions which, though considered reasonable by the Debtors, may not be realized and are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial uncertainties and contingencies, many of which will be beyond the Reorganized

Debtors' control. The Debtors caution that no representations can be made or are made as to the accuracy of the projections or to the Reorganized Debtors' ability to achieve the projected results.

Some assumptions inevitably will be incorrect; moreover, events and circumstances occurring subsequent to the date on which the Debtors prepared the projections may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. The projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. In deciding whether to vote to accept or reject the Plan, Holders of Claims must make their own determinations as to the reasonableness of such assumptions and the reliability of the projections and should consult with their own advisors.

In this Disclosure Statement, the Debtors rely on and refer to information and statistics regarding their industry. The Debtors obtained this market data from independent industry publications or other publicly available information. Although the Debtors believe that these sources are reliable, the Debtors have not independently verified and do not guarantee the accuracy and completeness of this information.

### 8. No Representations Outside this Disclosure Statement Are Authorized

No person is authorized by the Debtors in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation regarding this Disclosure Statement or the Plan other than as contained in this Disclosure Statement and the exhibits, appendices, and/or schedules attached hereto or incorporated by reference or referred to herein, and, if given or made, such information or representation may not be relied upon as having been authorized by the Debtors.

## F. LIQUIDATION UNDER CHAPTER 7

If no plan can be Confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Company for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' liquidation analysis is set forth in Section XVII – "Confirmation Procedures" and the Liquidation Analysis attached hereto as **Exhibit B**.

# XIX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain material U.S. federal income tax consequences expected to result from the implementation of the Plan. This discussion is based on the Internal Revenue Code of 1986, as amended and as in effect on the date of this Disclosure Statement (the "***Tax Code***"), and on U.S. Treasury Regulations in effect (or in certain cases, proposed) on the date of this Disclosure Statement, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing are subject to

change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurance that the Internal Revenue Service (the "***IRS***") will not take a contrary view with respect to one or more of the issues discussed below, and no opinion of counsel or ruling from the IRS has been or will be sought with respect to any issues which may arise under the Plan.

The following summary is for general information only and discusses certain U.S. federal income tax consequences of the Plan to Almatis US Holding, Inc. ("***US Holding***") and the "***U.S. Holders***" and "***non-U.S. Holders***" (each as defined below) of Second Lien Claims, Mezzanine Claims, Junior Mezzanine Claims (collectively, "***Lender Claims***"), PIK Notes, PIK Preference Warrants and Almatis Topco 1 Shares and Junior Preference Shares (together, the "***Shares***"). The Debtors believe, and this discussion assumes, that STAK 2 will be disregarded for U.S. federal income tax purposes and that, accordingly, the Mezzanine and Junior Mezzanine Lenders will be treated as if they hold the Junior Preference Shares directly. This summary also assumes that the debt obligations underlying the Second Lien Claims (the "***Second Lien Debt***"), the debt obligations underlying the Mezzanine Claims (the "***Mezzanine Debt***") and the debt obligations underlying the Junior Mezzanine Claims (the "***Junior Mezzanine Debt***"), the PIK Notes, the PIK Preference Warrants and the Shares are held as capital assets within the meaning of Section 1221 of the Tax Code.

For purposes of this summary, a "***U.S. Holder***" is a beneficial owner of Second Lien Debt, Mezzanine Debt, Junior Mezzanine Debt, PIK Notes, PIK Preference Warrants or Shares that, for U.S. federal income tax purposes, is: (a) an individual citizen or resident of the United States; (b) a corporation (or other business entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust if such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person for U.S. federal income tax purposes, or if (i) a court within the United States is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons (within the meaning of the Tax Code) have the authority to control all substantial decisions of such trust. For purposes of this summary, a "***non-U.S. Holder***" is a beneficial owner of Second Lien Debt, Mezzanine Debt, Junior Mezzanine Debt, PIK Notes, PIK Preference Warrants or Shares that is neither a U.S. Holder nor a partnership or any entity or arrangement treated as a partnership for U.S. federal income tax purposes.

This summary does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular Holder. The tax treatment of a Holder of Second Lien Debt, Mezzanine Debt, Junior Mezzanine Debt, PIK Notes, PIK Preference Warrants or Shares, as the case may be, may vary depending upon such Holder's particular situation. The following discussion does not address state, local, foreign, or alternative minimum tax considerations that may be applicable to US Holding and the Holders of Second Lien Debt, Mezzanine Debt, Junior Mezzanine Debt, PIK Notes, PIK Preference Warrants or Shares. This summary does not address tax considerations applicable to Holders that may be subject to special tax rules, such as financial institutions, insurance companies, regulated investment companies, grantor trusts, dealers or traders in securities or currencies, tax-exempt entities, persons that hold an interest in a Debtor as a position in a "straddle" or as part of a

"hedging," "conversion," or "integrated" transaction for U.S. federal income tax purposes, U.S. Holders that have a "functional currency" other than the U.S. dollar, or persons that acquired an interest in a Debtor in connection with the performance of services.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Second Lien Debt, Mezzanine Debt, Junior Mezzanine Debt, PIK Notes, PIK Preference Warrants or Shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Any such partner or partnership should consult its own tax advisor as to its tax consequences.

**EACH HOLDER OF A LENDER CLAIM IS URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN. EACH HOLDER OF PIK NOTES, PIK PREFERENCE WARRANTS OR SHARES SHOULD CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF SUCH PIK NOTES, PIK PREFERENCE WARRANTS OR SHARES.**

**PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE TAX CODE. SUCH DESCRIPTION IS INCLUDED HEREIN BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN. THIS DESCRIPTION IS LIMITED TO THE U.S. FEDERAL TAX ISSUES DESCRIBED HEREIN. IT IS POSSIBLE THAT ADDITIONAL ISSUES MAY EXIST THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF THE MATTER THAT IS THE SUBJECT OF THE DESCRIPTION NOTED HEREIN, AND THIS DESCRIPTION DOES NOT CONSIDER OR PROVIDE ANY CONCLUSIONS WITH RESPECT TO ANY SUCH ADDITIONAL ISSUES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

### A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO US HOLDING

The Debtors believe that the implementation of the Plan will not cause an "ownership change" to occur with respect to US Holding and that US Holding will not recognize cancellation of debt income upon implementation of the Plan.

The specific terms of the intercompany loan from Almatis BV to US Holding have not yet been determined. It is possible that the loan might be treated as equity, rather than debt, for U.S. federal income tax purposes. In such case, US Holding would not be entitled to a deduction

for interest payments made on the loan, and U.S. federal withholding tax (possibly at a reduced rate) would apply to interest payments that were treated as dividends for U.S. federal income tax purposes. If the loan is treated as debt for U.S. federal income tax purposes, it is possible that the earnings stripping rules of Section 163(j) of the Tax Code could apply to limit US Holding's ability to deduct interest payments and that U.S. federal withholding tax could apply to payments of interest on the loan

## B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

This discussion assumes that none of Almatis Topco 1, Almatis Topco 2, Almatis B.V., or the wholly-owned subsidiaries of Almatis B.V. will have made a check-the-box election to be treated as a partnership or disregarded entity for U.S. federal income tax purposes effective prior to the Effective Date. If any of these entities have made such an election, the U.S. federal income tax consequences expected to result from the implementation of the Plan may be materially different from those discussed below.

### 1. Consequences to Second Lien Lenders of the Implementation of the Plan

A U.S. Holder that is a Second Lien Lender will generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the sum of (a) the issue price of the PIK Notes received, and (b) the fair market value of the contingent right to receive PIK Preference Warrants, reduced by any amount representing accrued but unpaid interest on the Second Lien Debt, and (ii) the Holder's adjusted tax basis in its Second Lien Debt on the Effective Date. A U.S. Holder's adjusted tax basis in the Second Lien Debt will generally be equal to its initial tax basis in the Second Lien Debt, increased by the amount of original issue discount ("***OID***"), if any, previously includible in income by the U.S. Holder and reduced by the amount of cash, if any, received, in each case, with respect to the Second Lien Debt.

The determination of the issue price of the PIK Notes will depend upon whether the Second Lien Debt or the PIK Notes will be considered to be "publicly traded" property for U.S. federal income tax purposes. If the PIK Notes are considered to be "publicly traded" property, as defined by applicable U.S. Treasury Regulations, then the issue price of the PIK Notes will be equal to their fair market value on the date of the exchange. If the PIK Notes are not, but the Second Lien Debt is, considered to be "publicly traded" property, the issue price of the PIK Notes will be the product of (i) the fair market value of the Second Lien Debt exchanged on the Effective Date and (ii) a fraction, the numerator of which is the fair market value of the PIK Notes on the Effective Date and the denominator of which is the sum of the fair market value of the PIK Notes on the Effective Date and the fair market value of the contingent right to receive PIK Preference Warrants on the Effective Date (reduced by any amount representing accrued but unpaid interest on the Second Lien Debt). If neither the Second Lien Debt nor the PIK Notes are considered to be "publicly traded" property, the issue price of the PIK Notes will be their imputed principal amount (that is, an amount equal to the sum of the present values of all payments due under the PIK Notes determined using a discount rate equal to the long-term applicable federal rate, compounded semiannually, on the Effective Date).

The Second Lien Debt and the PIK Notes will generally be considered to be "publicly traded" property if, at any time during the 60-day period ending 30 days after the date of the exchange, (i) they appear on a system of general circulation that provides a reasonable basis to determine their fair market value by disseminating either (x) recent price quotations (including rates, yields, or other pricing information) of one or more identified brokers, dealers or traders or (y) actual prices (including rates, yields or other pricing information) of recent sales transactions, or (ii) price quotations are readily available from dealers, brokers or traders and certain exceptions do not apply.

The rules regarding the determination of issue price are complex and highly detailed, and it is unclear whether the Second Lien Debt or the PIK Notes will be considered to be "publicly traded" property for U.S. federal income tax purposes. U.S. Holders should consult their own tax advisors regarding the determination of the issue price of the PIK Notes.

Gain or loss recognized on the exchange will generally be treated as capital gain or loss and will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Second Lien Debt exceeds one year at the time of the exchange. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. To the extent that any amount received by a Holder is attributable to accrued interest that has not previously been included in income, such amount will generally be taxable to the Holder as interest income. The gain or loss recognized by a U.S. Holder on the exchange will generally be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which such U.S. Holder held the Second Lien Debt.

If a Holder purchased its Second Lien Debt for a price less than its adjusted issue price at such time, the difference, if greater than a specified de minimis amount, would constitute "market discount" for U.S. federal income tax purposes. Any gain recognized by a Holder on the exchange of its Second Lien Debt will generally be treated as ordinary income to the extent of any market discount accrued but not taken into income on or prior to the Effective Date. The amount that a U.S. Holder will be required to include in income in respect of accrued market discount will be the U.S. dollar value of the accrued amount, generally calculated at the exchange rate in effect on the date that such U.S. Holder disposes of the Second Lien Debt. The rules regarding market discount are complex. U.S. Holders should consult their own tax advisors if they acquired the Second Lien Debt with market discount.

A Holder will generally obtain a tax basis in the PIK Notes received in the exchange equal to their issue price and a holding period that begins on the day following the Effective Date. A Holder will generally obtain a tax basis in the contingent right to receive PIK Preference Warrants equal to their fair market value on the Effective Date and a holding period that begins on the day following the Effective Date.

## 2. Consequences of the Ownership and Disposition of the PIK Notes and the PIK Preference Warrants

### a. Ownership of the PIK Notes

The PIK Notes will be treated as issued with OID for U.S. federal income tax purposes. As a result, a U.S. Holder (whether a cash or accrual method taxpayer) will be required to include in gross income all OID as it accrues on a constant yield to maturity basis, before the receipt of cash payments attributable to this income. The amount of OID includible in gross income for a taxable year will be the sum of the daily portions of OID with respect to the debt for each day during that taxable year on which the U.S. Holder holds such PIK Notes. The daily portion is determined by allocating to each day in an "accrual period" a pro rata portion of the OID allocable to that accrual period. The OID allocable to any accrual period will equal the product of the "adjusted issue price" of the PIK Notes as of the beginning of such period and the PIK Notes' yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period). The "adjusted issue price" of the PIK Notes as of the beginning of any accrual period will equal its issue price, increased by previously accrued OID and reduced by the amount of cash, if any, paid with respect to the PIK Notes.

A U.S. Holder should determine the U.S. dollar amount includible as OID for each accrual period by translating the amount of OID allocable to each accrual period into U.S. dollars at the average exchange rate in effect during that accrual period (or, with respect to an interest accrual period that spans two taxable years, at the average exchange rate for each partial period). Alternatively, a U.S. Holder may elect to translate the euro amount at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year, for an accrual period that spans two taxable years) or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder making this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Except as described below, a U.S. Holder will generally not be required to recognize any additional income upon the receipt of any payment on the PIK Notes that is attributable to previously accrued OID. Because exchange rates may fluctuate, a U.S. Holder of PIK Notes may recognize a different amount of OID income in each accrual period than would be the case if such Holder were the holder of otherwise similar PIK Notes denominated in U.S. dollars. Upon the receipt of an amount attributable to OID, a U.S. Holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt) and the amount accrued.

A U.S. Holder may elect to include in gross income all interest that accrues on the PIK Notes using a constant-yield method as described in applicable U.S. Treasury Regulations. For purposes of this election, interest includes stated interest, OID, a de minimis amount of OID and market discount. This election generally applies only to the debt instruments with respect to which it is made and may not be revoked without the consent of the IRS. Special rules apply to such an election, and U.S. Holders considering such an election should consult their tax advisors.

As described above, a U.S. Holder must accrue market discount, if any, in euros. The amount that a U.S. Holder will be required to include in income in respect of accrued market discount will be the U.S. dollar value of the accrued amount, generally calculated at the exchange rate in effect on the date that such Holder disposes of such debt.

**b. Disposition of the PIK Notes**

In general, upon the sale, exchange, redemption, retirement or other taxable disposition of the PIK Notes, a U.S. Holder will recognize taxable gain or loss equal to the difference between (1) the amount of the cash and the fair market value of any property received on the sale or other taxable disposition (less an amount attributable to any accrued but unpaid interest, which will be taxable as interest income to the extent not previously taken into income) and (2) the U.S. Holder's adjusted tax basis in the PIK Notes at such time. A U.S. Holder's adjusted tax basis in the PIK Notes will generally be equal to its initial tax basis as described above, increased by the amount of OID previously includible in income by the U.S. Holder and reduced by the amount of cash, if any, received.

Subject to the application of the market discount rules (discussed above), gain or loss realized on the sale or other taxable disposition of the PIK Notes will generally be treated as capital gain or loss and will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the PIK Notes exceeds one year at the time of the disposition. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. The gain or loss recognized by a U.S. Holder on the sale, exchange or other taxable disposition of the PIK Notes will generally be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which such U.S. Holder held the PIK Notes.

**c. Ownership of the PIK Preference Warrants**

Upon the exercise of a PIK Preference Warrant, a U.S. Holder will have a basis in the Almatis Topco 1 Shares received equal to the sum of such Holder's basis in the PIK Preference Warrant and the price paid to exercise the PIK Preference Warrant. The Holder's holding period in the Almatis Topco 1 Shares will begin on the day following the date of exercise of the PIK Preference Warrant. The U.S. federal income tax consequences of the ownership and disposition of the Almatis Topco 1 Shares are discussed below.

If a U.S. Holder's PIK Preference Warrant lapses unexercised. such U.S. Holder will recognize a capital loss equal to its basis in the PIK Preference Warrant, assuming any Almatis Topco 1 Shares that would have been received upon exercise of the PIK Preference Warrant would have been capital assets if held by such Holder.

**d. Disposition of the PIK Preference Warrants**

For U.S. federal income tax purposes, a U.S. Holder will recognize taxable gain or loss on the sale, exchange or other taxable disposition of PIK Preference Warrants equal to the difference between (1) the amount of the cash and the fair market value of any property received on the disposition and (2) the U.S. Holder's tax basis in the PIK Preference Warrants. Such gain or loss will generally be treated as capital gain or loss and will be treated as long-term capital

gain or loss if the U.S. Holder's holding period in the PIK Preference Warrants exceeds one year at the time of the disposition. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### 3. Consequences to Mezzanine and Junior Mezzanine Lenders of the Implementation of the Plan

A U.S. Holder that is a Mezzanine or Junior Mezzanine Lender will generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the fair market value of the Shares received, reduced by any amount representing accrued but unpaid interest, and (ii) the Holder's adjusted tax basis in its Mezzanine Debt or Junior Mezzanine Debt at such time. A U.S. Holder's adjusted tax basis in the Mezzanine Debt or Junior Mezzanine Debt will generally be equal to its initial tax basis, increased by the amount of OID, if any, previously includible in income by the U.S. Holder and reduced by the amount of cash, if any, received.

Gain or loss recognized on the exchange will generally be treated as capital gain or loss and will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Mezzanine Debt or Junior Mezzanine Debt exceeds one year at the time of the disposition. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. To the extent that any amount received by a Holder is attributable to accrued interest that has not been included in income, such amount will generally be taxable to the Holder as interest income. In addition, the gain or loss recognized by a U.S. Holder on the exchange will generally be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which such U.S. Holder held the Mezzanine Debt or Junior Mezzanine Debt.

If a Holder purchased its Mezzanine Debt or Junior Mezzanine Debt for a price less than its adjusted issue price at such time, the difference would constitute "market discount" for U.S. federal income tax purposes. Any gain recognized by a Holder on the exchange of its Mezzanine Debt or Junior Mezzanine Debt on the Effective Date will generally be treated as ordinary income to the extent of any market discount accrued but not previously taken into income on the underlying debt obligation by the Holder on or prior to the Effective Date. The amount that a U.S. Holder will be required to include in income in respect of accrued market discount will be the U.S. dollar value of the accrued amount, generally calculated at the exchange rate in effect on the Effective Date. The rules regarding market discount are complex. U.S. Holders should consult their own tax advisors if they acquired the Mezzanine Debt or Junior Mezzanine Debt with market discount.

A Holder will generally obtain a tax basis in the Shares received in the exchange equal to their fair market value on the Effective Date and a holding period that begins on the day following the Effective Date.

### 4. Consequences of the Ownership and Disposition of the Shares

#### a. Mezzanine Investor Ratchet

The discussion below assumes that the Mezzanine Investor Ratchet is a term of the Almatis Topco 1 Shares. If this assumption is incorrect and the Mezzanine Investor Ratchet is, in fact, a separate right, Holders may be subject to additional U.S. federal income tax consequences beyond those described below. U.S. Holders are urged to consult their own tax advisors regarding the potential U.S. federal income tax consequences of the Mezzanine Investor Ratchet.

#### b. PFIC Status

The Debtors do not expect to treat Almatis Topco 1 or any of its subsidiaries as a passive foreign investment company ("***PFIC***") for U.S. federal income tax purposes. There can be no assurance, however, that the IRS or a court will agree, or that the facts on which such expectation is predicated will not change. U.S. Holders are urged to consult their own tax advisors regarding whether Almatis Topco 1 or any of its subsidiaries will constitute a PFIC for U.S. federal income tax purposes and, if so, the U.S. federal, state, local and foreign tax consequences of holding the Shares. The remainder of this discussion assumes that none of Almatis Topco 1 or any of its subsidiaries constitutes or will constitute a PFIC for U.S. federal income tax purposes.

#### c. Treatment of Distributions

The Debtors expect that none of Almatis Topco 1 or any of its subsidiaries will constitute a controlled foreign corporation ("***CFC***") for U.S. federal income tax purposes. If Almatis Topco 1 or any of its subsidiaries constitutes a CFC, the U.S. federal income tax consequences of holding the shares will be different from those described below. U.S. Holders are urged to consult their own tax advisors regarding whether Almatis Topco 1 or any of its subsidiaries will constitute a CFC for U.S. federal income tax purposes and, if so, the U.S. federal, state, local and foreign tax consequences of holding the Shares. The remainder of this discussion assumes that none of Almatis Topco 1 or any of its subsidiaries constitutes or will constitute a CFC for U.S. federal income tax purposes.

A U.S. Holder of the Shares will generally not be subject to tax until the income earned by Almatis Topco 1 is actually distributed to the U.S. Holder. In such case, the gross amount of any distribution of cash and the fair market value of any property received by a U.S. Holder with respect to the Shares will generally be includible in gross income by such Holder as dividend income to the extent such distributions are paid out of the current or accumulated earnings and profits of Almatis Topco 1, as determined under U.S. federal income tax principles.

A distribution in excess of Almatis Topco 1's current and accumulated earnings and profits will first be treated as a return of capital to the extent of the Holder's adjusted basis in its Shares and will be applied against and reduce such basis. To the extent that such distribution exceeds the Holder's adjusted basis in its Shares, the distribution will be treated as capital gain, which will be treated as long-term capital gain if such Holder's holding period in its Shares exceeds one year as of the date of the distribution. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to

limitations. Subject to certain limitations and conditions, foreign withholding taxes paid in connection with such distributions may be treated as foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability.

#### d. Sale, Exchange or Other Taxable Disposition of the Shares

For U.S. federal income tax purposes, a U.S. Holder will recognize taxable gain or loss on the sale, exchange or other taxable disposition of the Shares received pursuant to the Plan in an amount equal to the difference between (1) the amount of the cash and the fair market value of any property received on the disposition and (2) the U.S. Holder's tax basis in the Shares. Such gain or loss will generally be treated as capital gain or loss and will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Shares exceeds one year at the time of the disposition. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### 5. Backup Withholding and Information Reporting for U.S. Holders

U.S. federal backup withholding tax and information reporting requirements generally apply to certain payments to certain non-corporate U.S. Holders of equity interests or debt obligations of the Debtors regardless of whether such equity interests or debt obligations existed prior to confirmation of the Plan or were issued pursuant to the Plan. Information reporting will generally apply to payments under the Plan and to payments of dividends on, interest on, and proceeds from the sale or redemption of such equity interests or debt obligations made within the United States to a Holder of the equity interests or debt obligations of the Debtors. A payor will be required to withhold backup withholding tax from any payments made under the Plan, and payments of dividends on, interest on or the proceeds from the sale or redemption of, the Debtors' equity interests or debt obligations within the United States to a U.S. Holder, other than an exempt recipient, if such U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding tax requirements.

The backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such Holder to a refund, provided the required information is timely furnished to the IRS.

## C. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to non-U.S. Holders. This summary does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. Holders in light of their particular circumstances and does not deal with U.S. federal taxes other than U.S. federal income taxes or with foreign, state, local or other taxes. Special rules, not discussed here, may apply to certain non-U.S. Holders, including U.S. expatriates, controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax. Such non-U.S. Holders should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

### 1. Consequences to Non-U.S. Holders of the Implementation of the Plan and Subsequent Dispositions

A non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain or loss recognized upon the implementation of the Plan or upon a subsequent disposition of PIK Notes or Shares received in the exchange or PIK Preference Warrants received subsequent to the implementation of the Plan, if any, unless the gain or loss is effectively connected with the conduct of a U.S. trade or business carried on by the Holder (and, under the terms of an applicable income tax treaty, the gain is attributable to a U.S. permanent establishment), or in the case of an individual Holder, the Holder is present in the United States for 183 days or more during the taxable year (or otherwise has a "tax home" in the United States) and certain other conditions are met.

### 2. Consequences of the Ownership of the PIK Notes

Any interest, including OID, paid to a non-U.S. Holder on the PIK Notes will generally not be subject to U.S. federal income tax, unless the interest is effectively connected with such non-U.S. Holder's conduct of a U.S. trade or business (as discussed below).

### 3. Consequences of the Ownership of the PIK Preference Warrants

A non-U.S. Holder will generally not be subject to U.S. federal income tax with respect to the exercise of a PIK Preference Warrant or the lapse thereof.

### 4. Consequences of the Ownership of the Shares

A non-U.S. Holder will generally not be subject to U.S. federal income tax with respect to dividends paid by Almatis Topco 1, unless the dividends are effectively connected with such non-U.S. Holder's conduct of a U.S. trade or business (as discussed below).

### 5. U.S. Trade or Business

If payments on the PIK Notes or Shares (including amounts taken into income as interest under the rules described above) or gain from the disposition of PIK Notes, PIK Preference Warrants or Shares is effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business, and, if an income tax treaty applies, such non-U.S. Holder maintains a U.S. "permanent establishment" to which the payments or gain is attributable, such non-U.S. Holder will generally be subject to U.S. federal income tax on the payments or gain on a net basis in the same manner as if such non-U.S. Holder were a U.S. Holder. A non-U.S. Holder that is a foreign corporation may also be subject to a branch profits tax of 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments, unless such non-U.S. Holder qualifies for a lower rate under an applicable income tax treaty. For this purpose, payments on the PIK Notes or Shares or gain recognized on the disposition of PIK Notes, PIK Preference Warrants or Shares will be included in earnings and profits if the payment or gain is effectively connected with a non-U.S. Holder's conduct of a trade or business in the United States.

### 6. Backup Withholding and Information Reporting for Non-U.S. Holders

Non-U.S. Holders that hold or sell their interests through certain U.S.-related institutions may be subject to information reporting requirements and backup withholding tax with respect to interest and distributions paid on, and the proceeds of dispositions of, the PIK Notes, PIK Preference Warrants and Shares unless the non-U.S. Holder certifies under penalties of perjury (usually on IRS Form W-8BEN) that it is not a U.S. person or otherwise establishes an exemption.

The backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a credit against a non-U.S. Holder's U.S. federal income tax liability and may entitle such Holder to a refund, provided the required information is timely furnished to the IRS.

**THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF LENDER CLAIMS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.**

## XX. CERTAIN DUTCH TAX CONSEQUENCES

The following discussion summarizes certain Dutch tax consequences of the implementation of the Plan. Part A discusses the corporate income tax consequences for DIC Almatis Holdco B.V., DIC Almatis Midco B.V., DIC Almatis Bidco B.V., Almatis Holdings 3 B.V., Almatis Holdings 9 B.V., Almatis B.V., Almatis Holdings 7 B.V., Almatis Topco 1 B.V. and Almatis Topco 2 B.V. (together: "***Dutch Almatis Group Companies***"). The tax consequences for other Dutch and non-Dutch DIC/Almatis Group companies will not be discussed. Part B discusses certain VAT consequences. Section XX.C below discusses certain income and withholding tax consequences for the Holders of Almatis securities.

The discussion of the Dutch tax consequences below is based on the Dutch tax code as in effect on the date of this Disclosure Statement, as well as judicial and administrative interpretations thereof in effect on the date of this Disclosure Statement. All of the foregoing are subject to change, which change may apply retroactively and may affect the tax consequences described below. There can be no assurance that the Dutch tax authorities will not take a contrary view with respect to one or more of the issues discussed below. To avoid uncertainty regarding certain Dutch corporate income tax consequences of the implementation of the Plan, a ruling is being sought from the Dutch tax authorities confirming certain Dutch corporate income tax consequences of the implementation of the Plan, as described in Section XX.A below.

The following summary of certain Dutch tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon a Holder's particular

circumstances, nor is it intended to be a comprehensive analysis and description of all relevant aspects of the implementation of the Plan.

Holders of Claims are hereby notified that: (i) any discussion of Dutch tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by Holders of Claims for the purpose of avoiding penalties that may be imposed on them; (ii) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (iii) Holders of Claims should seek advice based on their particular circumstances from an independent tax advisor.

## A. DUTCH CORPORATE INCOME TAX CONSEQUENCES TO THE DUTCH ALMATIS GROUP COMPANIES

### 1. Liability During Fiscal Unity

If a company is part of a fiscal unity, it will be jointly and severally liable for any Dutch corporate income taxes owed by the fiscal unity. Such liability only applies to taxes pertaining to the period during which the company was part of the fiscal unity, even if the tax assessment itself is issued in a year in which the company is no longer part of the fiscal unity. As a result, DIC Almatis Holdco B.V., DIC Almatis Midco B.V., DIC Almatis Bidco B.V., Almatis Holdings 3 B.V., Almatis Holdings 9 B.V., Almatis B.V. and Almatis Holdings 7 B.V. may be liable for any Dutch corporate income taxes owed by the fiscal unity headed by the Dutch Co-op pertaining to the respective period in which these respective companies were still part of the fiscal unity headed by the Dutch Co-op for Dutch corporate income tax purposes.

### 2. Break Up of the Dutch Fiscal Unity with Respect to Almatis B.V. and Almatis Holdings 7 B.V. and Break Up of the Fiscal Unity with Respect to DIC Almatis Holdco B.V, DIC Almatis Midco B.V., DIC Almatis Bidco B.V., Almatis Holdings 3 B.V. and Almatis Holdings 9 B.V.

The break up of the fiscal unity headed by the Dutch Co-op with respect to Almatis B.V., as a consequence of the transfer of the voting rights regarding the Almatis B.V. shares on March 9, 2010, should not trigger adverse Dutch corporate income tax consequences for Almatis B.V. As a result of the break up of the fiscal unity regarding Almatis B.V., the fiscal unity with respect to Almatis Holdings 7 B.V. will similarly break up.

As a result of the transfer of DIC Almatis Holdco B.V. to Almatis Topco 2 B.V., the fiscal unity with respect to DIC Almatis Holdco B.V., DIC Almatis Midco B.V., DIC Almatis Bidco B.V., Almatis Holdings 3 B.V. and Almatis Holdings 9 B.V. will break up.

Upon the break up of a fiscal unity, tax loss carry forwards of the fiscal unity generally remain with the parent of the fiscal unity headed by the Dutch Co-op. However, if both the parent and the subsidiary that has left the fiscal unity file a joint request with the tax authorities, tax loss carry forwards of the fiscal unity can be transferred to the subsidiary that leaves the fiscal unity to the extent that such tax loss carry forwards were caused by and attributable to that subsidiary. In the case at hand, no such request has been or is expected to be filed. As a result, after the implementation of the Plan, DIC Almatis Holdco B.V., DIC Almatis Midco B.V., DIC

Almatis Bidco B.V., Almatis Holdings 3 B.V., Almatis Holdings 9 B.V., Almatis B.V. and Almatis Holdings 7 B.V. will not have tax loss carry forwards resulting from the period in which it was part of the fiscal unity headed by the Dutch Co-op.

If a company leaves the fiscal unity and it is intended that the company will be liquidated afterwards, such company, immediately before the fiscal unity breaks up, must value its debt at fair market value. This revaluation may result in a taxable gain. Because it is not intended that DIC Almatis Holdco B.V., DIC Almatis Midco B.V., DIC Almatis Bidco B.V., Almatis Holdings 3 B.V., Almatis Holdings 9 B.V., Almatis B.V. or Almatis Holdings 7 B.V. will be liquidated, this valuation rule should not apply in the case at hand.

**3. Set Off Possibility**

It is possible that the Dutch tax authorities may offset tax debts from one fiscal unity company with tax claims of another fiscal unity company with regards to corporate income tax, wage tax, and/or VAT. If, for example, one fiscal unity company is required to pay wage tax to the Dutch tax authorities and another fiscal unity company has a claim for a VAT refund, the tax authorities can offset those two positions. Such setoffs are limited to tax debts and claims that are attributable to a year in which both companies were part of the same fiscal unity.

**4. Transfer of Claims to Holdco and Subsequent Transfer of Claims to Holdco 2**

The transfer of claims against DIC Almatis Bidco B.V., Almatis Holdings 9 B.V. and Almatis B.V. to Almatis Topco 1 B.V. is not expected to result in adverse Dutch corporate income tax consequences for Almatis Topco 1 B.V., DIC Almatis Bidco B.V., Almatis Holdings 9 B.V. or Almatis B.V.. Also the subsequent transfer of the claims down the chain to DIC Almatis Midco B.V., Almatis Holdings 3 B.V. and Almatis Holdings 9 B.V. should not result in adverse Dutch corporate income tax consequences, unless there is a value increase as mentioned hereafter. If any claim against DIC Almatis Bidco B.V., Almatis Holdings 9 B.V. or Almatis B.V. that is held by Almatis Topco 1 B.V. or any successive holder of that claim increased in value between the time that the claim was transferred to Almatis Topco 1 B.V. or any successive holder of that claim and the subsequent transfer of the claim by Almatis Topco 2 B.V. or any successive holder of that claim, that increase in value will be part of the taxable result of Almatis Topco 1 B.V. or the respective successive holder of that claim. An increase in value may be caused by a change in market interest rate, a change in the risk profile of the claim, foreign currency fluctuations or other conditions.

**5. Conversion of Claims Into Equity of Almatis B.V.**

The conversion of a claim into nominal share capital or share premium of the debtor should not result in Dutch tax consequences for the debtor, according to Dutch Supreme Court case law. However foreign exchange results that could occur if the debt is denominated in a currency other than the reporting currency for tax purposes should be taxable. Consequently, except for foreign exchange results, no taxable gain is expected to be incurred by DIC Almatis Bidco B.V., Almatis Holdings 9 B.V. or Almatis B.V. as a result of the conversion of the claims into equity of those respective companies. In contrast, the waiver of a claim generally results in taxable income to the debtor equal to the difference between the book value of the debt and its

fair market value. If the conversion is a "waiver in disguise", the conversion will be treated as a waiver and taxed accordingly (as follows from case law of a Dutch lower court). In the case at hand, the decision of the lower court is likely inapplicable, but a ruling from the Dutch tax authorities is being sought to confirm this position.

The conversion of a claim into nominal share capital or share premium may have tax consequences for the creditor subject to Dutch tax where the creditor or a "related" company or individual within the meaning of Article 10a, paragraph 4 and 5, of the Corporate Income Tax Act (in general, entities or individuals are considered to be "related" if (a) one entity or individual holds more than 33.33% of the shares of the other entity or individual, or (b) entities have a common shareholder that owns, directly or indirectly, more than 33.33% in each entity) has deducted, in whole or in part, a write off of the claim from its Dutch taxable profit/income. In the case at hand, it is assumed that there are no such creditors that are related to DIC Almatis Bidco B.V., Almatis Holdings 9 B.V. or Almatis B.V. that took a deduction for the decrease in the value of the claims for Dutch tax purposes. Therefore, this rule is not expected to be applicable.

If any claim against DIC Almatis Bidco B.V., Almatis Holdings 9 B.V. or Almatis B.V. that is held by DIC Almatis Midco B.V., Almatis Holdings 3 B.V. or Almatis Holdings 9 B.V. increased in value between the time that the claim was transferred to that company and the conversion of the claim into equity of DIC Almatis Bidco B.V., Almatis Holdings 9 B.V. or Almatis B.V., that increase in value will be part of the taxable result of DIC Almatis Midco B.V., Almatis Holdings 3 B.V. or Almatis Holdings 9 B.V. An increase in value may be caused by a change in market interest rate, a change in the risk profile of the claim, foreign currency fluctuations or other conditions.

#### 6. Assumption of Almatis Holdings GmbH Debt By Almatis B.V.

The potential assumption of Almatis Holdings GmbH debt by Almatis B.V. is considered to be an informal capital contribution for Dutch tax purposes. As such, this assumption of debt should not have adverse Dutch corporate income tax consequences for Almatis B.V.

#### 7. Ruling From the Dutch Tax Authorities

As described above, a ruling from the Dutch tax authorities is being sought to obtain confirmation of certain Dutch corporate income tax consequences of the implementation of the Plan.

### B. BREAK UP OF THE ALMATIS VAT GROUP

The Dutch Co-op, DIC Almatis Bidco B.V., and Almatis B.V. have been members of a VAT fiscal unity (the "***Almatis VAT Group***"). On March 9, 2010, the Security Trustee enforced the pledge on the voting right of the shares in Almatis B.V. As a result, the Dutch Co-op and DIC Almatis Bidco B.V. will no longer provide management or other services towards Almatis B.V. and will lose their common business interest. Consequently, the Almatis VAT Group will no longer meet the required criteria and should be unbundled.

The break up of the Almatis VAT Group of which Almatis B.V. was a part is not expected to trigger adverse Dutch VAT consequences. A significant consequence of the break up is that Almatis B.V. cannot be held liable for VAT liabilities of its Dutch holding companies that originate after the dissolution of the Almatis VAT Group. However, Almatis B.V. can still be held liable for VAT claims from the period in which it was included in the Almatis VAT Group.

## C. CERTAIN DUTCH TAX CONSEQUENCES TO HOLDERS OF ALMATIS SECURITIES

### 1. Withholding Tax

#### a. Holders of Almatis Topco 1 Shares

Generally, Almatis Topco 1 B.V. must withhold tax ("dividend tax") from dividends distributed on Almatis Topco 1 B.V. Shares at a rate of 15%. Dividends include, without limitation:

(i) distributions of profits (including paid-in capital not recognized for dividend tax purposes) in cash or in kind, including deemed and constructive dividends;

(ii) liquidation distributions and, generally, proceeds realized upon a repurchase of Almatis Topco 1 B.V. Shares by Almatis Topco 1 B.V. or upon the transfer of Almatis Topco 1 B.V. Shares to a direct or indirect subsidiary of Almatis Topco 1 B.V. in excess of the average paid-in capital recognized for dividend tax purposes;

(iii) the par value of Almatis Topco 1 B.V. Shares issued or any increase in the par value of Almatis Topco 1 B.V. Shares, except where such increase in the par value of Almatis Topco 1 B.V. Shares is funded out of Almatis Topco 1 B.V.'s paid-in capital recognized for dividend tax purposes; and

(iv) repayments of paid-in capital recognized for dividend tax purposes, up to the amount of Almatis Topco 1 B.V.'s profits ("zuivere winst"), unless Almatis Topco 1 B.V.'s general meeting of shareholders has resolved in advance that Almatis Topco 1 B.V. will make such repayments and the par value of the Almatis Topco 1 B.V. Shares concerned has been reduced by a corresponding amount through an amendment of Almatis Topco 1 B.V.'s articles of association.

A Holder of Almatis Topco 1 B.V. Shares that is, is deemed to be, or, if the Holder is an individual, has elected to be treated as a resident of The Netherlands for the relevant tax purposes is generally entitled to credit any dividend tax withheld against such Holder's tax liability for income and capital gains or, in certain cases, to apply for a full refund of the dividend tax withheld.

A Holder of Almatis Topco 1 B.V. Shares that is not, is not deemed to be, and, if the Holder is an individual, has not elected to be treated as a resident of The Netherlands for the relevant tax purposes may be eligible for a partial or full exemption or refund of any dividend tax

under an income tax convention in effect between The Netherlands and such Holder's country of residence or under the Dutch rules relating to the implementation of the Parent / Subsidiary Directive as the case may be. Moreover, residents benefitting from the participation exemption are eligible for a full exemption from any dividend tax.

Under the terms of domestic anti-dividend stripping rules, a recipient of dividends distributed on shares will not be entitled to an exemption from, reduction, refund, or credit of dividend tax if the recipient is not the beneficial owner of such dividends within the meaning of such rules.

**b. Holders of Claims**

All payments by Almatis Topco 1 B.V. and Almatis B.V. of interest and principal to Holders of claims against Almatis Topco 1 B.V. and Almatis B.V. can be made free of any withholding or deduction for any taxes imposed, levied, withheld, or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

**2. Taxes on Income and Capital Gains**

**a. Resident Entities**

An entity holding Almatis Topco 1 B.V. Shares that is, or is deemed to be, a resident of The Netherlands for corporate tax purposes and that is not tax exempt will generally be subject to corporate tax on any income or capital gain derived from shares at rates up to 25.5%, unless the Holder has the benefit of the participation exemption ("deelnemingsvrijstelling") with respect to such Almatis Topco 1 B.V. Shares.

An entity holding a claim against Almatis Topco 1 B.V. or Almatis B.V. that is, or is deemed to be, a resident of The Netherlands for corporate tax purposes and that is not tax exempt will generally be subject to corporate tax on any income or capital gain derived from such claim at rates up to 25.5%.

**b. Resident Individuals**

An individual holding Almatis Topco 1 B.V. Shares or a claim against Almatis Topco 1 B.V. or Almatis B.V. who is, is deemed to be, or has elected to be treated as a resident of The Netherlands for income tax purposes will generally be subject to income tax on any income or capital gain derived from the Almatis Topco 1 B.V. Shares or claims at rates up to 52% if:

(i) the income or capital gain is attributable to an enterprise from which the Holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities ("belastbaar resultaat uit overige werkzaamheden") as defined in the Income Tax Act ("Wet inkomstenbelasting 2001"), including, without limitation, activities that exceed normal, active asset management ("normaal, actiefvermogensbeheer") and including so-called lucrative interests ("lucratief belang").

(iii) If the income or capital gain derived from the Almatis Topco Shares qualifies as income from a substantial interest ("aanmerkelijk belang") or deemed substantial interest, the income tax rate will generally be 25%.

If neither condition (i), (ii), nor (iii) applies, an individual holding Almatis Topco 1 B.V. Shares or claims should be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from its Almatis Topco 1 B.V. Shares or claims. The deemed return amounts to 4% of the average value of the individual's net assets in the relevant fiscal year (including the Almatis Topco 1 B.V. Shares or claims). Subject to application of personal allowances, such deemed return will be taxed at a rate of 30%.

**c. Non-Resident Entities**

A Holder of Almatis Topco 1 B.V. Shares or claims against Almatis Topco 1 B.V. or Almatis B.V. that is not, or is not deemed to be, a resident of The Netherlands for the relevant tax purposes should not generally be subject to taxation on income or capital gain derived from the Almatis Topco 1 B.V. Shares or claims unless:

(i) the income or capital gain is attributable to an enterprise or part thereof that is either effectively managed in The Netherlands or carried on through a permanent establishment *(vaste inrichting)* or permanent representative *(vaste vertegenwoordiger)* in The Netherlands; or

(ii) the Holder has a substantial interest or a deemed substantial interest in Almatis Topco 1 B.V., and the Almatis Topco 1 B.V. Shares and the claims against Almatis Topco 1 B.V. or Almatis B.V. cannot be allocated to a business enterprise of such Holder. The Holder may be (partially) exempt from such taxation under an income tax convention in effect between The Netherlands and the Holder's country of residence.

**d. Non-Resident Individuals**

A Holder of Almatis Topco 1 B.V. Shares or claims against Almatis Topco 1 B.V. or Almatis B.V. that is not, is not deemed to be, and has not elected to be treated as a resident of The Netherlands for the relevant tax purposes should not generally be subject to taxation on income or capital gain derived from the Almatis Topco 1 B.V. Shares or claims unless:

(i) the income or capital gain is attributable to an enterprise or part thereof that is either effectively managed in The Netherlands or carried on through a permanent establishment ("vaste inrichting") or permanent representative ("vaste vertegenwoordiger") in The Netherlands;

(ii) the income or capital gain qualifies as income from miscellaneous activities ("belastbaar resultaat uit overige werkzaamheden") in The Netherlands as defined in the Income Tax Act ("Wet inkomstenbelasting 2001"), including, without limitation, activities that exceed normal, active asset management ("normaal, actief vermogensbeheer") and including so called lucrative interests ("lucratief belang"); or

(iii) the Holder has a substantial interest or a deemed substantial interest ("aanmerkelijk belang") in Almatis Topco 1 B.V., in which case the Holder may be (partially) exempt from such taxation under an income tax convention in effect between The Netherlands and the Holder's country of residence.

**3. Residence**

A Holder of Almatis Topco 1 B.V. Shares or claims against Almatis Topco 1 B.V. or any other Dutch Almatis Group Companies should not generally be, or be deemed to be, a resident of The Netherlands for tax purposes and, subject to the exceptions set out above, should not otherwise be subject to Dutch taxation, merely by reason of acquiring, holding, or disposing of such Almatis Topco 1 B.V. Shares or claims or the execution, performance, delivery and/or enforcement of such Almatis Topco 1 B.V. Shares or claims.

**4. EU Council Directive on Taxation of Savings Income**

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, The Netherlands will provide to the tax authorities of another EU member state (and certain non-EU countries and associated territories specified in said directive) details regarding the payments of interest or other similar income made by a person within The Netherlands to, or collected by such a person for, an individual resident in such other state.

**THE DUTCH TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN ARE COMPLEX. THE ABOVE SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS AND SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN.**

## XXI. CERTAIN GERMAN INCOME AND TRANSFER TAX CONSEQUENCES

The following discussion summarizes certain German income and transfer tax consequences of the implementation of the Plan.

The discussion of the German income and transfer tax consequences below is based on the German tax code in effect on the date of this Disclosure Statement, which is subject to change or differing interpretations (possibly with retroactive effect). The German income tax consequences of the contemplated transactions are complex and are subject to significant uncertainties. The Debtors have not requested and do not expect to request a ruling from any tax authority with respect to all of the tax aspects of the contemplated transactions, and the discussion below is not binding upon such authorities. Thus, no assurance can be given that the German tax authorities would not assert, or that a court would not sustain, a different position from any discussed herein.

The following summary of certain German income and transfer tax consequences of the implementation of the Plan is for informational purposes only and is not a substitute for careful tax planning and advice based upon a Holder's particular circumstances.

Holders of Claims are hereby notified that: (i) any discussion of German tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by Holders of Claims for the purpose of avoiding penalties that may be imposed on them; (ii) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (iii) Holders of Claims should seek advice based on their particular circumstances from an independent tax advisor.

For purposes of this summary, it has been assumed that:

- None of the shares, interests or other types of participations in or the receivables against Almatis Group are held as private property or as personal assets ("Privatvermögen"). For the purpose of this disclosure statement, (minority) shares held by management are not subject to the professional German tax statement of the case at hand.

- None of the lenders to Almatis Group will be subject to unlimited taxation in Germany ("unbeschränkte Steuerpflicht")

## A. GERMAN INCOME TAX CONSEQUENCES TO THE GERMAN ALMATIS GROUP COMPANIES

### 1. Elimination of Tax Loss and Interest Carry Forwards

Under the Plan, shares representing ownership of the entire Almatis Group will be transferred into a new holding structure. Such a transfer of shares qualifies as a detrimental change of control with regard to the German companies, which normally triggers the forfeiture of any tax loss and interest carry forwards if none of the following three exception rules can be applied successfully:

- the group restructuring provision;

- the built-in gain provision; and

- the debt reorganisation provision.

The group restructuring and the built-in gain exception rules are not expected to apply, whereas the debt reorganisation exception rule may become an option if the assumption of debt for no consideration ("befreiende Schuld- bzw. Erfüllungsübernahme ohne Regressanspruch"), described in more detail below, is treated as a qualifying contribution in that sense and the debt reorganisation rule as such does not violate EU law. Under these circumstances, the application of the debt reorganisation rule should be seen as an upside-potential only.

### 2. Potential Triggering of Taxable Income and Equitable Tax Relief

Debt restructuring measures (e.g., debt forgiveness, debt-equity swap or similar measures) may potentially trigger taxable income at the level of the beneficiary (i.e., the original borrower), either for the total amount or a partial amount of such measures. Since Germany does not have any specific tax exemption regime under which the income from the debt restructuring

measure would be treated as tax exempt, this potential adverse tax consequence requires further analysis.

Generally, as part of a debt restructuring, a debt waiver is made by the shareholder or by external financing banks (or both). Whether taxable income is triggered, however, depends upon whether the waiver is made by (a) a shareholder or (b) a third party (e.g., a bank).

*Waiver by a shareholder*

If a waiver of a receivable is made by a shareholder, it is generally assumed that such waiver is made based on the shareholder-company relationship ("gesellschaftsrechtliche Veranlassung"). Such waiver will trigger taxable income to the beneficiary company if, and to the extent that, the fair market value of the receivable is lower than the face value of the receivable (i.e., the waiver is treated as a tax-neutral contribution in the amount of the fair market value of the receivable).

Where a company requires debt restructuring, the fair market value of a receivable is most likely significantly lower than the face value so that taxable income will generally be triggered.

However, a waiver of receivable by a shareholder can also be made for business reasons. This can be assumed if, in addition to the shareholder, external lenders waive other receivables against the same company (joint activity). In that case, the analysis regarding a waiver by a third party should also apply to the income resulting from a waiver by the shareholder as described below (i.e., the waived amount fully triggers taxable income).

*Waiver by a third party (e.g., a bank)*

A waiver by a third party is not generally based on a shareholder-company relationship, but is purely made for business reasons. Therefore, the waiver of receivables by a third party will generally trigger taxable income to the beneficiary in the full amount of the waiver. Whether the fair market value of the receivable is lower or equal to the face value will not generally be relevant.

However, in certain scenarios, fair market value and face value may be relevant; e.g., where a bank contributes its receivable to the borrowing company in exchange for the issuance of new shares. In such a case, the contribution would need to be made at fair market value to avoid current taxation. However, such contribution would also trigger taxable income to the beneficiary to the extent that the fair market value is lower than the face value of the receivable.

Under the Plan, Almatis B.V. will assume debt of a German Almatis Group company. The assumption of debt for no consideration ("befreiende Schuld- bzw. Erfüllungsübernahme ohne Regressanspruch") may be possible without triggering German taxable income. The assumption of debt for no consideration should lead, for tax purposes, to a contribution by Almatis B.V. down the chain into the respective German Almatis Group company for the nominal value of the transferred debt. Such an approach is, in its basic merits, covered by a decision of the German Supreme Tax Court. However, since it is not clear whether this approach will be accepted in this case, Almatis intends to apply for a binding ruling in advance of the

implementation of the Plan. In addition, in order to achieve a tax-neutral transaction, the assumption of the debt for no consideration ("befreiende Schuld- bzw. Erfüllungsübernahme ohne Regressanspruch") requires appropriate legal implementation and acceptance from the lender(s).

If the German tax authorities do not accept the tax-neutral assumption of debt and assume that the debt assumption triggers taxable income, a tax exemption may be achieved via an equitable tax relief ("Billigkeitserlass"), which requires a successful application based on a specific decree issued by the German tax authorities.

The decree is unclear regarding the definition of debt restructuring and its requirements. According to the decree, a debt restructuring is a measurement that avoids the financial breakdown of a company and makes the company profitable again ("unternehmensbezogene Sanierung"). This definition also applies in cases without court involvement ("außergerichtliche Sanierungen"). Generally, a debt restructuring should be given and the requirements should be fulfilled if a debt restructuring plan ("Sanierungsplan") is available. A debt restructuring plan, for these purposes, can be any plan outlining how the profitability of a company can be re-established. Further, the plan should deal with the following four criteria separately and expressly:

(a) Need for debt restructuring ("Sanierungsbedürftigkeit");

(b) Ability of the company to be restructured ("Sanierungsfähigkeit");

(c) Appropriateness of the measurement for the restructuring ("Sanierungseignung"); and

(d) Lenders' intention for debt restructuring ("Sanierungsabsicht").

All four criteria must be fulfilled cumulatively and demonstrated appropriately.

If the decree applies, any taxable income resulting from the debt restructuring measures will be offset against existing tax loss carry forwards (if any), not subject to restrictions relating to the German minimum taxation rules. Second, the tax burden resulting from the debt restructuring measurements (if any) will be delayed. Such tax burden will be released once the debt restructuring income has finally been determined and assessed by the tax authorities.

On account of the separate administration of corporate income tax and trade tax it must be noted that the municipalities in which a company runs its business have the right to independently decide regarding the debt restructuring for trade tax purposes since the municipalities are not bound by any agreement that is achieved between a taxpayer and the tax office responsible for corporate tax matters of the company. As a result, in addition to the binding ruling from the responsible tax office, agreements with the relevant municipalities must also be sought for trade tax purposes.

If neither a ruling on a tax neutral debt assumption nor on an equitable tax relief is possible, the respective debt of the German Almatis Group companies may be kept outstanding as inter-company debt. In order to avoid adverse tax consequences of the lending group

companies in the Netherlands, the terms and conditions of such inter-company debt shall be amended so that the instrument qualifies as equity for Dutch and debt for German tax purposes. In any event, the amendment of the terms should not cause a qualification of the outstanding debt as equity for German tax purposes in order to avoid triggering taxable income. The plan envisages an amendment of terms prior to the ruling process to be in a comfortable tax position from a Dutch and a German tax perspective if the German tax authorities accept neither tax neutral debt assumption nor the equitable tax relief.

### 3. Amendment of Debt Terms and Conditions (Hybrid Instrument)

Terms and conditions with regard to the senior second lien claims assigned by Second Lien Lenders to Almatis Topco 2 may be altered. However, it needs to be made sure that the instrument still qualifies as genuine debt rather than equity for German tax purposes.

An instrument qualifies as equity if it is profit participating and provides for the right to participate in liquidation proceeds. In order to make sure that the instrument qualifies as debt, at least one of the two criteria must be excluded. Participation in the liquidation proceeds basically means a participation in the built-in gains and the goodwill of the company (the borrower). In a decree of the German tax authorities it is outlined that the aspect of participation in the liquidation proceeds must be viewed from an economic perspective, e.g., a repayment of the injected funds that cannot be demanded prior to the liquidation of the respective company does not burden the company more than equity and, hence, qualifies as equity.

Equity is given as well if the repayment of the injected funds is economically meaningless which would be the case if the repayment were made in the distant future. Duration of the loan agreement must be envisaged. From the tax authorities' point of view a term up to 30 years should strengthen the position to qualify injected funds as debt. Also an instrument with an indefinite maturity associated with the right of termination by the borrower should qualify as an instrument where the repayment of the injected funds is economically meaningful.

*Required hybrid instrument features*

Following from the above and taking into consideration additional Dutch tax and legal specifics, the hybrid instrument should have the following features in order to qualify as debt from a German tax perspective and equity for Dutch tax purposes:

(a) Fixed interest rate conditioned upon a certain profit level and no carry over for bad years;

(b) Subordinated to other lenders, but senior to all equity classes;

(c) No term but demand by lender or repayment at option of borrower for nominal amount considering a specific notice period giving the counter party the chance to brace itself and react upon the termination;

(d) Repayment at nominal value;

(e) No sharing in liquidation proceeds and unrealized profits/goodwill, etc.

On this basis the hybrid instrument should qualify as debt for German tax purposes.

*Withholding tax*

As the remuneration shall be agreed to be a fixed rate upon a certain profit level but not profit participating as such, the remuneration may qualify as interest in the sense of German local tax law rather than a dividend. Such interest payments should basically not be subject to withholding tax because (i) the German borrower is not treated as a financial institution and (ii) such claims are not registered with a public loan note register.

If the instrument qualifies as profit participating debt in the broader sense, because its remuneration depends on a certain profit level, the above mentioned exemption would not apply to the instrument. Under German tax law, all profit participating instruments are subject to withholding tax irrespectively of whether they qualify as equity or debt. However, withholding tax is basically reduced to zero or refunded upon application of the relevant tax treaty.

The only exception applies to remunerations paid on the basis of a silent partnership("stille Gesellschaft"). Even though a silent partnership interest qualifies as debt within the meaning of German local tax law, most German tax treaties, including the Germany-Netherlands tax treaty, expressly include such income in their definitions of dividends resulting in a 10% withholding tax exposure. The benefits of the EU-parent-subsidiary directive are not applicable to silent partnership income.

In order to avoid such withholding tax exposures it must be ensured that the debt instrument is not considered a silent partner interest in the sense of Sec. 230 Para. 1 Commercial Code. The term "silent partnership" ("stille Gesellschaft") is understood under German commercial code to mean a participation in the trade or business of another person, in such a way where the participant's involvement does not become publicly apparent and, in particular, does not create any common partnership property, his contribution instead becoming part of the active partner's property. Whether a silent partner participates in the enterprise's losses or built-in gains is not of relevance, which makes it difficult to distinguish it from other debt instruments.

According to the legal definition, a silent partner participates in the enterprise's profit. Accordingly, the higher the enterprise's profit is the higher the silent partner's interest will be. Therefore, a fixed interest rate, even if it depends on a certain profit level, should be an argument that the instrument does not qualify as a silent partnership between the German borrower and Almatis TopCo 2. In the event the German tax authorities come to a different result arguing that the agreement on interest is just a different type of participation in profits as interest will only arise once the predetermined profit level is reached, adverse withholding tax implications should, nevertheless, not be material as it might be possible to keep the withholding tax burden rather small via establishment of a low interest rate of the instrument.

In border-line cases, the wording of the contract as well as the intention of the parties under consideration of all circumstances may be evidence of what the parties meant. Details of the agreement will have to be worked out upon implementation of the instrument.

*Discounting issues*

Liabilities bearing no interest need to be discounted for German tax purposes. Given this, a reasonable profit level should be chosen so that interest will in fact be triggered. Sporadic non-interest-bearing periods (loss periods / profit level not reached) should not be harmful.

Any issues around the hybrid debt instrument as discussed above will be eliminated in case either a ruling for the assumption of the debt for no consideration ("befreiende Schuld- bzw. Erfüllungsübernahme ohne Regressanspruch") or the equitable tax relief is achieved.

**4. Payments on Shareholder Loan**

Beside the above-mentioned hybrid instrument, the Plan envisages a shareholder loan from Almatis BV to the German Almatis Group in order to repay the existing first lien debt. Related interest payments and payments of principal should not generally be subject to withholding tax because (i) the German borrower is not treated as a financial institution and (ii) such claims are not registered with a public loan note register.

**5. Interest Expense Deduction**

Currently, the interest expenses on internal and external debt of the German Almatis Group companies cannot be offset against taxable profits since the respective German Almatis Group companies are taxed on a stand-alone basis as no relevant tax consolidation is in place with the operating company. In order to achieve future interest expense deductions, the Plan considers, as a post-closing restructuring step, the establishment of a fiscal unity between the German borrowing company and the German operating company or, alternatively, a conversion of the German operating company into a partnership. Both alternatives are considered in order to achieve tax efficient interest expense deductions among the German Almatis Group companies.

A fiscal unity requires the execution of a profit-and-loss pooling agreement. Accordingly, the entire profits or losses of the subsidiary are allocated to the parent company and taxed at that level. In order to establish a fiscal unity effective January 1, 2010, the profit-and-loss-pooling agreement needs to be registered with the local court by December 31, 2010. The establishment of a fiscal unity should provide for full offsetting of interest expenses and operating tax profits.

Alternatively, if a fiscal unity cannot be implemented, the conversion of the operating company into a partnership shall be implemented if it can be done at book value without triggering capital gains taxation. In connection with the conversion, retained earnings on the tax balance sheet are treated as a deemed dividend distribution, which is 95% tax exempt at the partner level. Further, the conversion can be implemented retroactively for up to eight months. Ideally, the conversion should become effective as of January 1, 2010 for tax purposes (i.e., beginning of the fiscal year). Due to the conversion, at least the larger portion of the borrowing company's interest expenses would be allocated to the partnership and offset with operational profits at that level.

Under both alternatives, the interest expense deduction is potentially limited under the German general interest limitation rules. Accordingly, net interest expenses are tax deductible in an amount up to 30% of a business's tax EBITDA. Non-deductible interest expense is carried forward to the following year and increases the interest expense of the following year.

### 6. Merger of Almatis Group Companies

As a post-closing restructuring step under the Plan, two German holding companies are intended to be merged. The merger could be done at book value for German tax purposes. In case of an upstream merger, any merger gain will be 95% tax exempt, while any merger loss will not be tax deductible. Any tax loss or interest carry forwards of the transferring company will be forfeited upon such merger.

### 7. Participation in Chapter 11 Process

For German tax purposes, a transaction with an affiliate can result in a deemed dividend unless the transaction is considered to be at arm's length. The determination by German Almatis Group companies to file for Chapter 11 under joint administration and participate in the Plan was based on the German Almatis Group companies' separate evaluation of the overall net benefits of the process. As such, the decision of the German Almatis Group companies to participate in the Chapter 11 process should not, in itself, result in the imposition of a deemed dividend.

There can be no assurance that the German fiscal authorities or the German tax courts will not take a contrary position to those espoused above.

## B. GERMAN INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS AGAINST GERMAN ALMATIS GROUP COMPANIES RESULTING FROM REVOLVING CREDIT FACILITY

According to German tax law, Holders of the Revolving Credit Facility Claims against Almatis Group can be subject to German limited taxation with respect to any income or capital gain/loss resulting from the Claims if such income or capital gain/loss is attributable to a permanent establishment or permanent agent in Germany. This should also be true under most of the double tax treaties with Germany, since the right of taxation regarding income and capital gains/losses generated in a permanent establishment is generally assigned to the state where the permanent establishment is located. However, if a Holder qualifies as a shareholder owning more than 25% of Almatis Group, losses in connection with the corresponding Revolving Credit Facility Claim may not be deducted.

Further, Holders of Revolving Credit Facility Claims could be subject to limited taxation with respect to their income in Germany if the Claims are secured by German real property. However, generally the double tax treaties assign the right of taxation to the state where the Holders are tax resident. Thus, German taxation of any income resulting from the Claims should not generally apply for Holders that are tax resident in a treaty country.

All payments by German Almatis Group companies of interest and principal to treaty and non-treaty Holders of Revolving Credit Facility Claims can be made free of German withholding tax since German tax law does not provide for a withholding tax obligation with regard to interest payments on loans unless the respective receivable is registered with a public loan note receivable registry ("öffentliches Schuldbuch").

## C. GERMAN TRANSFER TAX CONSEQUENCES TO THE GERMAN ALMATIS GROUP COMPANIES

### 1. Real Estate Transfer Tax (RETT)

The Plan could potentially lead to either a transfer of real property via an asset deal or a transfer of shares in a German real property owning company. Such transfers could trigger RETT.

If real property is transferred to another company via an asset deal or a merger, such transfer will trigger RETT of 3.5% either on the purchase price (asset deal) or on a specially determined value (merger).

Further, RETT is triggered if shares in a company owning German real property are directly or indirectly transferred and such transfer leads to a direct or indirect unification of at least 95% of the shares by the new shareholder.

Due to the proposed transfer of all shares in Almatis Group into a new holding structure under the Plan, there is at least one taxable (indirect) unification of the shares in Almatis GmbH (real property owning company) in the hands of the new holding company. The newly introduced group restructuring exception rules should not apply.

# XXII. CONCLUSION AND RECOMMENDATION

The Company believes the Plan is in the best interest of all creditors and urge the Holders of Claims and Interests entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so they will be received by the Company's Balloting and Claims Agent no later than **4:00 p.m. (Prevailing U.S. Eastern Time) on September 13, 2010.**

Dated: August 23, 2010

**ALMATIS B.V.**
**DIC ALMATIS HOLDCO B.V.**
**DIC ALMATIS MIDCO B.V.**
**DIC ALMATIS BIDCO B.V.**
**ALMATIS HOLDINGS 3 B.V.**
**ALMATIS HOLDINGS 9 B.V.**
**ALMATIS HOLDINGS 7 B.V.**
**ALMATIS US HOLDING, INC.**
**ALMATIS, INC.**
**ALMATIS ASSET HOLDINGS, LLC**
**BLITZ F07-NEUNHUNDERTSECHZIG-DREI GMBH**
**ALMATIS HOLDINGS GMBH**
**ALMATIS GMBH**

**AS DEBTORS AND DEBTORS IN POSSESSION**

By: /s/ Remco de Jong
Name: Remco de Jong
Title: Chief Executive Officer

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***and Debtors in Possession***