

**ALMATIS
KEY EMPLOYEE INCENTIVE PLAN
(EUROPE AND US)**

1. Purpose. The purpose of this key employee incentive bonus plan (the "**Plan**") is to incentivize certain key executives of Almatiss, Inc., Almatiss, GmbH. and Almatiss B.V. (the "**Companies**" and each a "**Company**") in connection with proposed financial restructuring of the Companies by way of the payment of a special incentive bonus ("**Special Incentive Bonus**") or, in certain circumstances, a special severance payment ("**Special Severance**") subject to the terms, conditions and performance criteria set out in this Plan. In establishing this Plan the Companies are concerned that key executives may be distracted from their usual duties by the additional duties they are required to perform and wishes to focus their efforts upon the ongoing management of the Companies operations for the benefit of the Companies and their creditors. A separate incentive bonus plan has been developed for certain key employees based in Asia (the "**Asian Plan**").

2. Defined Terms. In this Plan and any Award Letter the following capitalised terms shall have the meanings given to them below unless the context requires otherwise:

(a) "**Affiliate**" means any company, partnership, entity or undertaking in any jurisdiction which: (i) any of the Companies directly or indirectly controls; (ii) which is under direct or indirect common control of another company, partnership, entity or undertaking with any of the Companies; (iii) directly or indirectly controls any of the Companies; or (iv) is designated as a Affiliate by the Board;

(b) "**Annual Income**" means the sum of the Participant's: (i) basic annual salary on 30 October 2009 (which, in the case of Participants leaving or joining employment part way through the fiscal year, shall be the annualised amount and shall not be pro rated); and (ii) the Participant's maximum entitlement under the Companies' Management Incentive Plan for the 2009 fiscal year based on their basic annual salary on 30 October 2009 (which, in the case of Participants leaving or joining employment part way through the fiscal year, shall be the annualised amount and shall not be pro rated), but for the avoidance of doubt excluding any allowances, commissions, benefits, pension/retirement/401(k) contributions or other bonus or incentive payments;

(c) "**Award Letter**" means the letter in the form of **Schedule 1** attached hereto, which notifies an employee that he or she is eligible under the Plan;

(d) "**Board**" means the board of directors of the relevant Company from time to time;

(e) **"Cause"** has the following meanings depending upon where the Participant is ordinarily based as set out in their Award Letter:

A. in the case of a Participant ordinarily based in the United States of America, it means termination of a Participant's employment by the employing Company or any Affiliate following: (i) the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his or her duties for the employing Company or any Affiliate; (ii) the Participant being convicted of or pleading guilty to a felony relating to his duties for the employing Company (excluding any motoring offence), or (iii) the Participant committing an act of wilful and serious misconduct, which act, felony or misconduct has a material adverse affect upon the employing Company or any Affiliate;

B. in the case of a Participant ordinarily based in Germany, it means termination of a Participant's employment by the employing Company or any Affiliate following: (i) the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his or her duties for the employing Company or any Affiliate; (ii) the Participant being convicted of or pleading guilty to a felony relating to his duties for the employing Company (excluding any motoring offence); or (iii) the Participant committing an act of wilful and serious misconduct, which act, felony or misconduct has a material adverse affect upon the employing Company or any Affiliate;

C. in the case of a Participant ordinarily based in the Netherlands, it means termination of a Participant's employment by the employing Company or any Affiliate: (i) following the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his or her duties for the employing Company or any Affiliate, (ii) following the Participant being convicted of or pleading guilty to a serious criminal offence (*misdrif*) relating to his duties for the employing Company (excluding any motoring or non-duty related minor offence), which act or criminal offence referred to in (i) and/or (ii) has a material adverse effect upon the employing Company or any Affiliate, or (iii) with immediate effect because of an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code;

(f) **"Conditions"** means the conditions that must be satisfied to receive payment of an Special Incentive Bonus or Special Severance as set forth in Section 7 (*Payment Schedule*) and Section 10 (*Special Severance*);

(g) **"Court"** means the United States Bankruptcy Court for the Southern District of New York or such other court having jurisdiction over the bankruptcy, restructuring or insolvency proceeding, or other similar proceeding of each Debtor Affiliate;

(h) **"Debtor Affiliates"** means the Affiliates of the Companies which are currently subject to Chapter 11 proceedings before the Court in the United States of America;

(i) **"Effective Date"** has the meaning given to it in the amended chapter joint plan of reorganization of the Companies' debtors;

(j) **"Final Payment Date"** means the later of: (i) 14 days after approval of the Board of the full year audited accounts for the financial year ending 31 December 2010; and (ii) 14 days after the Effective Date;

(k) **"Good Reason"** has the following meanings depending upon where the Participant is ordinarily based as set out in their Award Letter:

A. in the case of a Participant ordinarily based in the United States of America, it shall mean: (i) the Participant's normal place of employment (upon the date of the Award Letter) being relocated to a location which is more than a reasonable daily commuting distance away from the Participant's home; (ii) a material reduction in the Participant's duties, status or responsibilities; or (iii) a reduction in the Participant's basic salary;

B. in the case of a Participant ordinarily based in Germany, it shall mean: (i) the Participant's normal place of employment (upon the date of the Award Letter) being relocated to a location which is more than a reasonable daily commuting distance away from the Participant's home; (ii) a material reduction in the Participant's duties, status or responsibilities; or (iii) a reduction in the Participant's basic salary; or (iv) a "special reason" according to Section 626, Paragraph 1 BGB (German Civil Code);

C. in the case of a Participant ordinarily based in the Netherlands, it means: (i) the Participant's normal place of employment (upon the date of the Award Letter) being relocated to a location which is more than a reasonable daily commuting distance away from the Participant's home; (ii) a material reduction in the Participant's duties, status or responsibilities; (iii) a reduction in the Participant's basic salary; or (iv) a reason of within the meaning of Section 7:679 of the Dutch Civil Code;

(l) **"Payment Date"** means the date upon which each instalment of the Special Incentive Bonus is due for payment as stated in Section 7 (*Payment Schedule*); and

3. Effective Date. The Plan shall become effective upon the Effective Date subject always to the approval by the Court.

4. Eligibility and Limits. Special Incentive Bonuses may be granted to key executives and directors of Companies who are specified in the first column of **Schedule 2** (the "**Participants**"). The total aggregate of the Incentive Bonuses that may be granted under this Plan and the Asian Plan shall not exceed the sum set out in **Schedule 3** (the "**Awards Cap**") and the total aggregate of number of Participants under this Plan and the Asian Plan shall not exceed the number set out in **Schedule 3** (the "**Participant Limit**").

5. Amount of Awards. The Board shall determine the amount of each Special Incentive Bonuses which shall not exceed: (a) the amount set out next to the Participant's name in the last column of **Schedule 2**; and (b) the Maximum Percentage of the

Participant's Annual Income. The "**Maximum Percentage**" means the percentage specified in **Schedule 3**.

6. Grant of Awards. Special Incentive Bonuses shall be granted by the Company executing and delivering an Award Letter to each Participant which shall specify: (i) the maximum amount of the Special Incentive Bonuses; and (ii) the Performance Condition(s) that applies to such Participant; and (iii) any additional conditions of grant or any additional terms of grant pursuant to Section 13 or 14(f) below.

7. Payment Schedule. The Special Incentive Bonuses shall be paid in two instalments and each instalment shall be subject to the satisfaction of the following conditions:

- (a) 50% of the Special Incentive Bonus shall be conditional upon the satisfaction by the Participant of the first Performance Condition set out in their Award Letter by 30 June 2010 and shall be payable 14 days after the Effective Date (the "**First Tranche**");
- (b) 50% of the Special Incentive Bonus shall be conditional upon the satisfaction by the Participant of the second Performance Condition set out in their Award Letter by 30 September 2010 and shall be payable upon the Final Payment Date (as defined above) (the "**Second Tranche**"),

and in each case provided that the Participant remains in the employment of one of the Companies (or an Affiliate) upon 30 June 2010 in respect of the First Tranche and the Final Payment Date in respect of the Second Tranche. For the avoidance of doubt, where prior notice of termination of employment is required to be given, a Participant shall be deemed to continue to be in employment during such period of notice (whether given by the Participant or the employing Company).

8. Payment. Any Special Incentive Bonus due shall be paid to the Participant in accordance with the employing Company's normal payroll practices as soon as practicable following the Payment Date.

9. Performance Condition(s). Each Participant's Special Incentive Bonus shall be subject to the objective corporate, financial or Performance Condition or conditions which are set out next to the Participant's name in **Schedule 2** (the "**Performance Condition(s)**"). Performance Conditions may be set which may result in partial payment subject to a minimum threshold of performance. Performance Conditions which may be partly achieved will be marked with an asterisk in the Award Letter. Where a Participant fails to achieve an Performance Condition which is marked with an asterisk but achieves at least 85% of such Performance Condition then the Participant shall receive a pro rated payment in respect of that portion (i.e. if the target is achieved as to 90% then that portion of the Special Incentive Bonus shall be multiplied by a factor of 0.9).

10. Special Severance. If the Participant's employment with the Company or an Affiliate terminates before the Final Payment Date then:

(a) if: (i) the Participant's employment was terminated by the Company or any Affiliate (or, for the avoidance of doubt, a trustee in bankruptcy) for any reason other than for Cause; or (ii) the Participant has terminated his or her employment for Good Reason, then the Participant shall be entitled to receive full payment in respect of Special Severance which is equivalent to the amount of the payment for the Second Tranche which the Participant would otherwise have received under this Plan and any remaining Performance Conditions shall be waived; or

(b) if: (i) the Participant has voluntarily terminated his or her employment except for Good Reason; or (ii) the Participant's employment was terminated by the Company or any Affiliate for Cause, then the Second Tranche of the Participant's Special Incentive Bonus shall lapse and be forfeited upon the termination of the Participant's employment and the Participant shall (to the fullest extent permitted by law) receive only the First Tranche of the Special Incentive Bonus or Special Severance (the conditions of this Plan not being fully fulfilled).

Any payment of Special Severance shall be paid on the date that the payment to which it relates would otherwise be paid and consequently may not be paid until after the termination of employment.

11. Taxes. Payment of a Special Incentive Bonus or Special Severance (if any) shall be subject to such deductions and withholdings as are required by applicable law (including federal, state and local taxes and/or social security contributions).

12. Confidentiality. In consideration for each Participant participating in the Plan each Participant agrees to keep the terms of this Plan and his or her Award Letter strictly confidential and must not divulge it to any person, except to members of the Participant's immediate family and professional advisors provided that they also agree to keep such information confidential.

13. Administration. The Plan shall be implemented and administered by the Board. Subject to and consistent with the provisions of the Plan, the Board shall have full power and authority to make any changes to the terms upon which Special Incentive Bonuses are granted that the Board considers necessary or desirable in the interests of the Company and/or to give effect to the purpose of this Plan, subject always to the Awards Cap and provided that the Board shall have no right to impose additional conditions or make changes to any conditions after an Award Letter has been issued to and countersigned by a Participant. The Board shall, on or shortly before each Payment Date, determine whether and/or to what extent the Performance Conditions have been met provided that when exercising its discretion the Board must: (a) act reasonably and in good faith; (b) have regard to the purpose of the Plan; and (c) treat Participants consistently. It is acknowledged that the first Performance Condition may already have been satisfied (or not) prior to the Effective Date and nothing shall effect the validity of

any determination of the Board relation to the first Performance Condition which is made prior to the Effective Date.

14. General.

- (a) The obligation to pay Special Incentive Bonuses or Special Severance (if any) may be satisfied by any Affiliate or any other person.
- (b) The Company's obligations to pay Special Incentive Bonuses or Special Severance under this Plan are subject to approval by the Court.
- (c) Neither the Plan nor any action taken hereunder shall be construed as: (i) giving any employee or Participant the right to continue in employment or (where applicable) to affect the "at will" nature of any Participant's employment; (ii) interfering in any way with the right of the Company or a Affiliate to terminate any Participant's employment or service at any time (subject to the terms and provisions of any separate written agreements and/or rules of law); (iii) conferring on any person other than the Company and, upon an Award Letter being issued, each Participant any rights or remedies under this Plan; (iv) altering the other terms and conditions of employment of any Participant; or (v) giving any Participant any right to any future replacement incentive. The award made under this Plan shall not count towards any other severance, bonus or pension entitlements. The Participant's rights upon termination in respect of their entitlements under this Plan are solely those set out in this Plan.
- (d) No prospective Participant shall be deemed to have become a Participant, or to have any rights with respect to any Special Incentive Bonus or Special Severance, until and unless such Participant shall have received and countersigned an Award Letter and delivered a copy thereof to their employing Company.
- (e) If any provision of this Plan is or becomes invalid, illegal or unenforceable under applicable law such provision shall be construed amended to conform to applicable laws or if it cannot be construed amended without materially altering the intent of the Plan, it shall be stricken and the remainder of the Plan shall remain in full force and effect.
- (f) Awards may be granted to employees of the Companies or their Affiliates who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to those employees employed in the United States as may, in the judgment of the Board to give effect to the purpose of the Plan, be necessary or desirable in order to recognize differences in local laws, taxes, employment practices and corporate policies.
- (g) With respect to Participants subject to United States tax, this Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**") to the extent they apply, and shall be

interpreted accordingly. Notwithstanding any provision of this Plan to the contrary, if, at the time of Participant's termination of employment, he or she is a "specified employee" as defined in Section 409A, and the payments to be received by the Participant pursuant to this Plan would constitute deferred compensation subject to Section 409A, such payment shall be delayed until the earlier of: (i) the date that is six (6) months following Participant's separation from service with the Company; or (ii) the Participant's death. The provisions of this Section 14(g) shall only apply to the extent required to avoid a Participant's incurrence of any penalty tax or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder. In addition, if any provision of the Plan would cause any Participant to incur any penalty tax or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder, the Company may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A. For the avoidance of doubt, this Section 14(g) shall not apply to Participants who are not legally required to pay tax in the United States.

- (h) Neither the Companies, any Affiliate or their Boards will have the right, at any time to suspend, amend, alter, discontinue or terminate the Plan so as to impair the rights of a Participant under any outstanding Award Letter, without the consent of the affected Participant.
- (i) Each Participant shall be provided with a copy of this Plan save that the Participants shall not be provided with a copy of the Schedules which contain confidential information.
- (j) Special Incentive Bonuses shall be granted in USD(\$) but, in the case of Participants ordinarily based outside the United States, shall be paid in EUR(€) and will be converted using the exchange rate prevailing at or around the time of payment (the exact rate to be determined by the employing Company). If such Participant prefers to receive payment in USD(\$) then they should provide the employing Company with details of a USD(\$) bank account at least 4 weeks prior to the Payment Date.

Each Participant based in the European Economic Area expressly consents to the Company and each Affiliate processing his or her personal data and to transferring such personal data outside the European Economic Area to the extent strictly necessary to administer the Plan and comply with any regulatory requirements (and for no other purpose).

15. Governing Law and Jurisdiction. Each Participant's rights under the Plan and any controversy, dispute or proceedings arising out of it will be governed by and constructed in accordance with the laws and the jurisdiction of the courts of the country in which they are ordinarily based. In the case of Participants ordinarily based in the United States the court of the state of New York and the Court shall retain jurisdiction to resolve any controversy, dispute or proceedings related thereto. In the case of Participants ordinarily

based in the Netherlands, the competent court of Amsterdam shall retain jurisdiction to resolve any controversy, dispute or proceedings related thereto.

Approved and adopted by each of the Companies on the date written below:

[Authorized Officer]
Almatis, Inc.
[Date]

[Authorized Officer]
Almatis, GmbH.

[Authorized Officer]
Almatis B.V.

Schedule 1
Form of Award Letter

[PRINTED ON THE HEADED NOTEPAPER OF THE EMPLOYING ENTITY]

Strictly Private and Confidential
[Participant Name and Address]

[Date] 2010

Dear [Participant Name]

Special Incentive Bonus – Key Employees

I am writing to set out the terms upon which [Almatis, Inc/Almatis, GmbH/Almatis B.V.] will pay you a special incentive bonus subject to and in accordance with the rules of the attached Almatis Key Employee Incentive Bonus Plan (US and Europe) (the "**Plan**"). Capitalised terms used in this award letter and not otherwise defined shall have the meanings given to them in the Plan.

You are eligible for a special incentive bonus of up to a maximum of \$[insert] (the "**Special Incentive Bonus**"). The Special Incentive Bonus shall be payable in two instalments of 50% and 50% upon the dates and subject to the conditions set out in Section 7 (*Payment Schedule*) of the Plan.

You will see that each instalment of your Special Incentive Bonus is subject to the following conditions:

1. your continuing to be employed by one of the Companies or an Affiliate upon 30 June 2010 in respect of the First Tranche and the Final Payment Date in respect of the Second Tranche; and
2. your satisfaction of the following Performance Conditions:

First Performance Target (50%)	Second Performance Target (50%)

In the event that your employment terminates before the Final Payment Date then you shall cease to be entitled to a Special Incentive Bonus in respect of the Second Tranche. You may, instead, be entitled to a special severance payment in accordance with Section 10 of the Plan (*Special Severance*).

[In the event that you achieve at least 85% of any Performance Conditions marked with an asterisk, then you may receive a pro rated payment in accordance with Section 9 (*Performance Conditions*).][delete where not applicable]

Your Special Incentive Award is conditional upon you signing and returning the attached copy of this letter to acknowledge that you have received the rules of the Plan and agree to them.

We wish to remind you that you are required to keep the terms of this Award Letter (and, in particular, the amount of your Special Incentive Bonus) strictly confidential and must not divulge them to any person, except to your professional advisors and members of your immediate family subject to a like obligations of confidence.

[Almatis B.V. may process personal data of the Participants, such as name, function, date of birth, address, Special Incentive Bonus, Special Severance and other data associated with the Plan. This data is processed for purposes of administrating and executing the Plan in the broadest sense. Almatis B.V. may transfer the data of the Participant to its Affiliates and any court or authority located in the United States for purposes of administrating, approving and executing the Plan in the broadest sense. This country does not provide an adequate level of data protection for the above-mentioned purposes. Each Participant at all times has the right to access their personal data and, in the event the data is incorrect or irrelevant considering the purposes of processing, the right to request correction, removal or blocking thereof. Requests may be submitted to the Almatis B.V.. By signing this Award Letter you agree to the transfer of your personal data to Almatis B.V, its Affiliates and any required court or authority located in the United States, Germany and the Netherlands for purposes of administrating, approving and executing the Plan and you acknowledge that you are free to refuse, as well as to withdraw your consent at any time.] *[insert for participants based in the Netherlands only]*

For the purposes of Sections 2(f), 2(i) and 15 of the Plan it is agreed that you are ordinarily based in *[the United States/Germany/the Netherlands]*.

Yours sincerely,

[name]
[title]

Enc: Almatis Key Employee Incentive Plan (US and Europe)

I acknowledge receipt of the Award Letter and accompanying rules of the Plan and agree to be bound by them. I agree that in the event of any inconsistency between the terms of this Award Letter and the rules of the Plan then the rules of the Plan shall prevail.

[name]
[title]
[date]

Schedule 2
Participant Names, Performance Conditions and Special Incentive Bonus Amounts

Participant Name	Job Title	Performance Target(s)		Incentive Amount (\$)
		First	Second	
Klaus Amthauer	Director Commercial Europe Refractories	deliver C11 stretch target sales volumes and Unit revenues for Q2 for Refractories-EU **	deliver C11 stretch target sales volumes and Unit revenues for Q3 for Refractories-EU **	50,372.16
Jose Martin	Director Commercial Americas Refractories	deliver C11 stretch target sales volumes and Unit revenues for Q2 for Refractories-NA **	deliver C11 stretch target sales volumes and Unit revenues for Q3 for Refractories-NA **	67,265.63
Andus Buhr	Global Technical Director Refractories	deliver at least 8 stage gate reviews Refractories by June 30	have one new product beyond stage 2 for Refractories or CPO by Sept 30 2010	92,471.73
Norbert Grossmann	Technical Director Specialties	deliver C11 stretch target sales volumes and Unit revenues for Q2 for CPO EU **	deliver C11 stretch target sales volumes and Unit revenues for Q3 for CPO EU **	86,392.31
Jesko Kornemann	Global Legal Counsel	coordinate and manage legal compliance in all non-US filing entities of the effects of C11 procedure e.g. in relation to customer and vendor contracts	coordinate and manage legal compliance with cash-collateral order and DIP-order related to intercompany financings and security interest within the Almatris group	181,642.58
Christian Bachtig	Head of Global Accounting	Complete production cost transparency improvement project by June 30 for US, Rot and LUD locations	Achieve full compliance with C11 financial reporting. Support LUD plant to ensure no significant deviations between budgeted 13 week STCF (4 wk measurement period) and actual results	122,854.50
Karen Howe	Manager HR US	implement tracking tool P4P and pay-roll shift to ARK by June 30	complete SH union lay-offs by Sept 30	30,220.31
Jürgen Pfeifer	Plant Manager	manage local logistics and supplier relations in order to avoid impact C11 on global Ops in Q2	manage WC in line with cash forecasting for the location in C11	108,319.48
Dinesh Morjani	Plant Manager	manage local logistics and supplier relations in order to avoid impact C11 on global Ops in Q2	manage WC in line with cash forecasting for the location in C11	72,196.80
Bill Smith	Plant Manager	manage local logistics and supplier relations in order to avoid impact C11	manage WC in line with cash forecasting for the location in C11	70,528.42

		on global Ops in Q2		
Ron Lips	Controller Almatis BV	ensure there are no significant deviations between budgeted 13 wk STCF (4 wk measurement period) and actuals ROT	Analyze and develop COGP/COGS development in support of SAC	57,177.93
Tim McKenna	Controller Almatis Inc.	ensure there are no significant deviations between budgeted 13 wk STCF (4 wk measurement period) and actuals for US	Analyze and develop COGP/COGS development in support of SAC	59,948.48
Rudi Sadi	Production and Project Manager CACement	deliver 6 sigma based improvement plan for CACement by June 30	coordinate and deliver product and capacity expansion blueprint for CACement	81,032.57
Frank Kraaijenbos	Plant Manager	manage local logistics and supplier relations in order to avoid impact C11 on global Ops in Q2	manage WC in line with cash forecasting for the location in C11	77,378.28
Wolfram Lingenberg	Manager Global Process Technology	accelerate and lead project to set standard for SGA blending/ball forming Tabular, global	implement >45% SGA blending and ball forming in Huangdao	46,756.13

Schedule 3
Award Cap and Participant Limit

The Award Cap shall be \$1,400,000, the Participant Limit shall be 19 and the Maximum Percentage shall be 75% of Annual Income.

ALMATIS
KEY SENIOR EMPLOYEE INCENTIVE PLAN

1. Purpose. The purpose of this key senior employee incentive bonus plan (the "**Plan**") is to incentivize certain key executives of Almatiss, Inc., Almatiss, GmbH. and Almatiss B.V. (the "**Companies**" and each a "**Company**") in connection with proposed financial restructuring of the Companies by way of the payment of a special incentive bonus ("**Special Incentive Bonus**") or, in certain circumstances, a special severance payment ("**Special Severance**") subject to the terms, conditions and performance criteria set out in this Plan. In establishing this Plan the Companies are concerned that key executives may be distracted from their usual duties by the additional duties they are required to perform and wishes to focus their efforts upon the ongoing management of the Companies operations for the benefit of the Companies and their creditors.
2. Defined Terms. In this Plan and any Award Letter the following capitalised terms shall have the meanings given to them below unless the context requires otherwise:
 - (a) "**Affiliate**" means any company, partnership, entity or undertaking in any jurisdiction which: (i) any of the Companies directly or indirectly controls; (ii) which is under direct or indirect common control of another company, partnership, entity or undertaking with any of the Companies; (iii) directly or indirectly controls any of the Companies or (iv) is designated as a Affiliate by the Board;
 - (b) "**Annual Income**" means the sum of the Participant's: (i) basic annual salary on 30 October 2009 (which, in the case of Participants leaving or joining employment part way through the fiscal year, shall be the annualised amount and shall not be pro rated); and (ii) the Participant's maximum entitlement under the Companies' Management Incentive Plan for the 2009 fiscal year based on their basic annual salary on 30 October 2009 (which, in the case of Participants leaving or joining employment part way through the fiscal year, shall be the annualised amount and shall not be pro rated), but for the avoidance of doubt excluding any allowances, commissions, benefits, pension/retirement/401(k) contributions or other bonus or incentive payments;
 - (c) "**Award Letter**" means the letter in the form of **Schedule 1** attached hereto, which notifies an employee that he or she is eligible under the Plan;
 - (d) "**Board**" means the board of directors of the relevant Company from time to time;
 - (e) "**Cause**" has the following meanings depending upon where the Participant is ordinarily based as set out in their Award Letter:
 - a. in the case of a Participant ordinarily based in the United States of America, it means termination of a Participant's employment by the

employing Company or any Affiliate following: (i) the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his or her duties for the employing Company or any Affiliate; (ii) the Participant being convicted of or pleading guilty to a felony relating to his duties for the employing Company (excluding any motoring offence), or (iii) the Participant committing an act of wilful and serious misconduct, which act, felony or misconduct has a material adverse affect upon the employing Company or any Affiliate;

- b. in the case of a Participant ordinarily based in Germany, it means termination of a Participant's employment by the employing Company or any Affiliate following: (i) the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his or her duties for the employing Company or any Affiliate; (ii) the Participant being convicted of or pleading guilty to a felony relating to his duties for the employing Company (excluding any motoring offence); or (iii) the Participant committing an act of wilful and serious misconduct, which act, felony or misconduct has a material adverse affect upon the employing Company or any Affiliate;
- c. in the case of a Participant ordinarily based in the Netherlands, it means termination of a Participant's employment by the employing Company or any Affiliate: (i) following the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his or her duties for the employing Company or any Affiliate, (ii) following the Participant being convicted of or pleading guilty to a serious criminal offence (*misdrijf*) relating to his duties for the employing Company (excluding any motoring or non-duty related minor offence), which act or criminal offence referred to in (i) and/or (ii) has a material adverse effect upon the employing Company or any Affiliate, or (iii) with immediate effect because of an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code;

(f) **"Conditions"** means the conditions that must be satisfied to receive payment of an Special Incentive Bonus or Special Severance as set forth in Section 7 (*Payment Schedule*);

(g) **"Court"** means the United States Bankruptcy Court for the Southern District of New York or such other court having jurisdiction over the bankruptcy, restructuring or insolvency proceeding, or other similar proceeding of each Debtor Affiliate;

(h) **"Debtor Affiliates"** means the Affiliates of the Companies which are currently subject to Chapter 11 proceedings before the Court in the United States of America;

(i) **"Effective Date"** has the meaning given to it in the amended chapter joint plan of reorganization of the Companies' debtors;

(j) “**Final Payment Date**” means the later of: (i) 14 days after approval of the Board of the full year audited accounts for the financial year ending 31 December 2010; and (ii) 14 days after the Effective Date;

(k) “**Good Reason**” has the following meanings depending upon where the Participant is ordinarily based as set out in their Award Letter:

- a. in the case of a Participant ordinarily based in the United States of America, it shall mean: (i) the Participant's normal place of employment (upon the date of the Award Letter) being relocated to a location which is more than a reasonable daily commuting distance away from the Participant's home; (ii) a material reduction in the Participant's duties, status or responsibilities; or (iii) a reduction in the Participant's basic salary;
- b. in the case of a Participant ordinarily based in Germany, it shall mean: (i) the Participant's normal place of employment (upon the date of the Award Letter) being relocated to a location which is more than a reasonable daily commuting distance away from the Participant's home; (ii) a material reduction in the Participant's duties, status or responsibilities; or (iii) a reduction in the Participant's basic salary; or (iv) a "special reason" according to Section 626, Paragraph 1 BGB (German Civil Code);
- c. in the case of a Participant ordinarily based in the Netherlands, it means: (i) the Participant's normal place of employment (upon the date of the Award Letter) being relocated to a location which is more than a reasonable daily commuting distance away from the Participant's home; (ii) a material reduction in the Participant's duties, status or responsibilities; (iii) a reduction in the Participant's basic salary; or (iv) a reason of within the meaning of Section 7:679 of the Dutch Civil Code;

(l) “**Payment Date**” means the date upon which each instalment of the Special Incentive Bonus is due for payment as stated in Section 7 (*Payment Schedule*); and

3. Effective Date. The Plan shall become effective upon the Effective Date subject always to the approval by the Court.

4. Eligibility and Limits. Special Incentive Bonuses may be granted to key executives and directors of Companies who are specified in the first column of **Schedule 2** (the “**Participants**”). The total aggregate of the Incentive Bonuses that may be granted under this Plan shall not exceed the sum set out in **Schedule 3** (the “**Awards Cap**”) and the total aggregate of number of Participants under this Plan shall not exceed the number set out in **Schedule 3** (the “**Participant Limit**”).

5. Amount of Awards. The Board shall determine the amount of each Special Incentive Bonuses which shall not exceed: (a) the amount set out next to the

Participant's name in the last column of **Schedule 2**; and (b) the Maximum Percentage of the Participant's Annual Income. The "**Maximum Percentage**" means the percentage specified in **Schedule 3**.

6. Grant of Awards. Special Incentive Bonuses shall be granted by the Company executing and delivering an Award Letter to each Participant which shall specify: (i) the maximum amount of the Special Incentive Bonuses; and (ii) the Individual Performance Condition(s) that applies to such Participant; and (iii) any additional conditions of grant or any additional terms of grant pursuant to Section 13 or 14(f) below.

7. Payment Schedule. The Special Incentive Bonuses shall be paid in three instalments and each instalment shall be subject to the satisfaction of the following conditions:

(a) 25% of the Special Incentive Bonus (the "**First Payment**") shall be payable on the later of (i) 30 September 2010, and (ii) 14 days after the Order Date, and shall be conditional upon: (a) the satisfaction by each Participant of the first Individual Performance Condition set out in their Award Letter by 30 June 2010; and (b) upon the achievement of the First Half Corporate Target; and

(b) 25% of the Special Incentive Bonus (the "**Second Payment**") shall be payable on the later of (i) 30 September 2010, and (ii) 14 days after the Order Date, and shall be conditional upon: (a) the satisfaction by each Participant of their second Individual Performance Condition set out in their Award Letter by 30 September 2010; and (b) upon the achievement of the First Half Corporate Target; and

(c) 50% of the Special Incentive Bonus (the "**Final Payment**") shall be payable on the Final Payment Date and shall be conditional upon: (a) the achievement of the Participant's final Individual Performance Condition set out in their Award Letter by the Final Payment Date; and (b) achievement of the Full Year Corporate Target,

provided that Participant is still employed by one of the Companies (or an Affiliate) and is not under notice of termination (whether given or received by either party) in respect of the First Payment: 30 June 2010, in respect of the Second Payment: 30 September 2010 and in respect of the Final Payment: the Final Payment Date. Any Special Incentive Bonus due shall be paid to the Participant in accordance with the employing Company's normal payroll practices as soon as practicable following the Payment Date.

8. Corporate Targets.

(a) The First Payment and the Second Payment will be conditional on the Companies having achieved, by 30 June 2010, at least 100% of the forecast EBITDA of US\$41.7 million (excluding, for the avoidance of doubt, restructuring fees) for the first 6 months of the 2010 financial year ("**H1 Target EBITDA**") (the "**First Half Corporate Target**").

- (b) In the event that the First Half Corporate Target is not achieved but the Companies nevertheless achieve a minimum threshold of 80% of the H1 Target EBITDA the Participant shall still receive the First Payment and the Second Payment but the amount shall be reduced. The amount of the First Payment and the Second Payment shall be calculated on a proportionate basis (i.e. in the event that Companies achieve 90% of the H1 Target EBITDA the amount of the First and Second Payment shall be multiplied by a factor of 0.9).
 - (c) The Final Payment will be conditional on the Companies having achieved, by 31 December 2010, 100% of the forecast EBITDA of US\$83.4 million (excluding, for the avoidance of doubt, restructuring fees) for the 2010 financial year ("**FY10 Target EBITDA**") (the "**Full Year Corporate Target**"). In the event that the Final Payment Date occurs prior to 31 December 2010 then the FY10 Target EBITDA will be reduced on a straight line pro rata basis (i.e. the target will be reduced by an amount equal to the FY10 Target EBITDA divided by 365 for each calendar day before 31 December 2010 that the Final Payment Date occurs).
 - (d) In the event that the Full Year Corporate Target is not achieved but the Companies nevertheless achieve a minimum threshold of 80% of FY10 Target EBITDA the Participant shall still receive the Final Payment but the amount shall be reduced. The amount of the Final Payment shall be calculated on a proportionate basis (i.e. in the event that Companies achieve 90% of the FY10 Target EBITDA the amount of the Final Payment shall be multiplied by a factor of 0.9).
9. Individual Performance Condition(s). Each Participant's Special Incentive Bonus shall be subject to the objective corporate, financial or individual performance condition or conditions which are set out next to the Participant's name in **Schedule 2** (the "**Individual Performance Condition(s)**"). Individual Performance Conditions may be set which may result in partial payment subject to a minimum threshold of performance. Individual Performance Conditions which may be partly achieved will be marked with an asterisk in the Award Letter. Where a Participant fails to achieve an Individual Performance Condition which is marked with an asterisk but achieves at least 85% of such Individual Performance Condition then the Participant shall receive a pro rated payment in respect of that portion (i.e. if the target is achieved as to 90% then that portion of the Special Incentive Bonus shall be multiplied by a factor of 0.9).
10. Special Severance. If the Participant's employment with the Company or an Affiliate terminates (or, where applicable, the Participant gives or receives notice of termination of employment):
- (I) before 30 September 2010 then:
 - (a) if: (i) the Participant's employment was terminated by the Company or any Affiliate (or, for the avoidance of doubt, a trustee in bankruptcy) for any reason other

than for Cause; or (ii) the Participant has terminated his or her employment for Good Reason, then the Participant shall be entitled to receive a payment in respect of Special Severance which is equivalent to the amount of the Second Payment which the Participant would otherwise have received under this Plan and both the Corporate Target and Individual Performance Conditions shall be waived; or

(b) if: (i) the Participant has voluntarily terminated his or her employment except for Good Reason; or (ii) the Participant's employment was terminated by the Company or any Affiliate for Cause, then the Participant's Special Incentive Bonus in relation to the Second Payment and Final Payment shall lapse and be forfeited upon the termination of the Participant's employment and the Participant shall (to the fullest extent permitted by law) receive no Special Severance.

(I) after 30 September 2010 and before the Final Payment Date then:

(a) if: (i) the Participant's employment was terminated by the Company or any Affiliate (or, for the avoidance of doubt, a trustee in bankruptcy) for any reason other than for Cause; or (ii) the Participant has terminated his or her employment for Good Reason, then the Participant shall be entitled to receive a payment in respect of Special Severance which is equivalent to the amount of the Final Payment which the Participant would otherwise have received under this Plan and both the Corporate Target and Individual Performance Conditions shall be waived; or

(b) if: (i) the Participant has voluntarily terminated his or her employment except for Good Reason; or (ii) the Participant's employment was terminated by the Company or any Affiliate for Cause, then the Participant's Special Incentive Bonus in relation to the Final Payment shall lapse and be forfeited upon the termination of the Participant's employment and the Participant shall (to the fullest extent permitted by law) receive no Special Severance.

Any payment of Special Severance shall be paid on the date that the payment to which it relates would otherwise be paid and consequently may not be paid until after the termination of employment.

11. Taxes. Payment of a Special Incentive Bonus or Special Severance (if any) shall be subject to such deductions and withholdings as are required by applicable law (including federal, state and local taxes and/or social security contributions).

12. Confidentiality. In consideration for each Participant participating in the Plan each Participant agrees to keep the terms of this Plan and his or her Award Letter strictly confidential and must not divulge it to any person, except to members of the Participant's immediate family and professional advisors provided that they also agree to keep such information confidential.

13. Administration. The Plan shall be implemented and administered by the Board. Subject to and consistent with the provisions of the Plan, the Board shall have full power

and authority to make any changes to the terms upon which Special Incentive Bonuses are granted that the Board considers necessary or desirable in the interests of the Company and/or to give effect to the purpose of this Plan, subject always to the Awards Cap and provided that the Board shall have no right to impose additional conditions or make changes to any conditions after an Award Letter has been issued to and countersigned by a Participant. The Board shall, on or shortly before each Payment Date, determine whether and/or to what extent the Corporate Targets and the Individual Performance Conditions have been met provided that when exercising its discretion the Board must: (a) act reasonably and in good faith; (b) have regard to the purpose of the Plan; and (c) treat Participants consistently. It is acknowledged that the first Individual Performance Condition may already have been satisfied (or not) prior to the Effective Date and nothing shall effect the validity of any determination of the Board relation to the first Individual Performance Condition which is made prior to the Effective Date.

14. General.

- (a) The obligation to pay Special Incentive Bonuses or Special Severance (if any) may be satisfied by any Affiliate or any other person.
- (b) The Company's obligations to pay Special Incentive Bonuses or Special Severance under this Plan are subject to approval by the Court.
- (c) Neither the Plan nor any action taken hereunder shall be construed as: (i) giving any employee or Participant the right to continue in employment or (where applicable) to affect the "at will" nature of any Participant's employment; (ii) interfering in any way with the right of the Company or a Affiliate to terminate any Participant's employment or service at any time (subject to the terms and provisions of any separate written agreements and/or rules of law); (iii) conferring on any person other than the Company and, upon an Award Letter being issued, each Participant any rights or remedies under this Plan; (iv) altering the other terms and conditions of employment of any Participant; or (v) giving any Participant any right to any future replacement incentive. The award made under this Plan shall not count towards any other severance, bonus or pension entitlements. The Participant's rights upon termination in respect of their entitlements under this Plan are solely those set out in this Plan.
- (d) No prospective Participant shall be deemed to have become a Participant, or to have any rights with respect to any Special Incentive Bonus or Special Severance, until and unless such Participant shall have received and countersigned an Award Letter and delivered a copy thereof to their employing Company.
- (e) If any provision of this Plan is or becomes invalid, illegal or unenforceable under applicable law such provision shall be construed amended to conform to applicable laws or if it cannot be construed amended without materially altering the intent of the Plan, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

- (f) Awards may be granted to employees of the Companies or their Affiliates who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to those employees employed in the United States as may, in the judgment of the Board to give effect to the purpose of the Plan, be necessary or desirable in order to recognize differences in local laws, taxes, employment practices and corporate policies.
- (g) With respect to Participants subject to United States tax, this Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**") to the extent they apply, and shall be interpreted accordingly. Notwithstanding any provision of this Plan to the contrary, if, at the time of Participant's termination of employment, he or she is a "specified employee" as defined in Section 409A, and the payments to be received by the Participant pursuant to this Plan would constitute deferred compensation subject to Section 409A, such payment shall be delayed until the earlier of: (i) the date that is six (6) months following Participant's separation from service with the Company; or (ii) the Participant's death. The provisions of this Section 14(g) shall only apply to the extent required to avoid a Participant's incurrence of any penalty tax or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder. In addition, if any provision of the Plan would cause any Participant to incur any penalty tax or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder, the Company may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A. For the avoidance of doubt, this Section 14(g) shall not apply to Participants who are not legally required to pay tax in the United States.
- (h) Neither the Companies, any Affiliate or their Boards will have the right, at any time to suspend, amend, alter, discontinue or terminate the Plan so as to impair the rights of a Participant under any outstanding Award Letter, without the consent of the affected Participant.
- (i) Each Participant shall be provided with a copy of this Plan save that the Participants shall not be provided with a copy of the Schedules which contain confidential information.
- (j) Special Incentive Bonuses shall be granted in USD(\$) but, in the case of Participants ordinarily based outside the United States, shall be paid in EUR(€) and will be converted using the exchange rate prevailing at or around the time of payment (the exact rate to be determined by the employing Company). If such Participant prefers to receive payment in USD(\$) then they should provide the employing Company with details of a USD(\$) bank account at least 4 weeks prior to the Payment Date.
- (k) Each Participant based in the European Economic Area expressly consents to the Company and each Affiliate processing his or her personal data and to

transferring such personal data outside the European Economic Area to the extent strictly necessary to administer the Plan and comply with any regulatory requirements (and for no other purpose).

15. Governing Law and Jurisdiction. Each Participant's rights under the Plan and any controversy, dispute or proceedings arising out of it will be governed by and constructed in accordance with the laws and the jurisdiction of the courts of the country in which they are ordinarily based. In the case of Participants ordinarily based in the United States the court of the state of New York and the Court shall retain jurisdiction to resolve any controversy, dispute or proceedings related thereto. In the case of Participants ordinarily based in the Netherlands, the competent court of Amsterdam shall retain jurisdiction to resolve any controversy, dispute or proceedings related thereto.

Approved and adopted by each of the Companies on the date written below:

[Authorized Officer]
Almatis, Inc.
[Date]

[Authorized Officer]
Almatis, GmbH.

[Authorized Officer]
Almatis B.V.

Schedule 1
Form of Award Letter

[PRINTED ON THE HEADED NOTEPAPER OF THE EMPLOYING ENTITY]

Strictly Private and Confidential
[Participant Name and Address]

[Date] 2010

Dear [Participant Name]

Special Incentive Bonus –Key Senior Employees

I am writing to set out the terms upon which [Almatis, Inc/Almatis, GmbH./Almatis B.V.] will pay you a special incentive bonus subject to and in accordance with the rules of the attached Almatis Key Senior Employee Incentive Bonus Plan (the "**Plan**"). Capitalised terms used in this award letter and not otherwise defined shall have the meanings given to them in the Plan.

You are eligible for a special incentive bonus of up to a maximum of \$[insert] (the "**Special Incentive Bonus**"). The Special Incentive Bonus shall be payable in three instalments of 25%, 25% and 50% upon the dates and subject to the conditions set out in Section 7 (*Payment Schedule*) of the Plan.

You will see that each instalment of your Special Incentive Bonus is subject to the following conditions:

1. your continuing to be employed by one of the Companies or an Affiliate (and not under notice of termination) on 30 June 2010 for the First Payment, on 30 September 2010 for the Second Payment and on the Final Payment Date for the Final Payment;
2. the satisfaction by the Companies of the Half Year and Full Year Corporate Targets set out in Section 8 (*Corporate Targets*); and
3. your satisfaction of the following Individual Performance Conditions:

Individual Performance Conditions		
First Payment (25%)	Second Payment (25%)	Final Payment (50%)

In the event that your employment terminates (or you give or receive notice of termination) before the relevant payment date then you shall cease to be entitled to an

Special Incentive Bonus. You may, instead, be entitled to a special severance payment in accordance with Section 10 of the Plan (*Special Severance*).

In the event that the Companies achieve at least 80% of the Corporate Targets then you may receive a pro rated payment in accordance with Section 8 (*Corporate Targets*). [In the event that you achieve at least 85% of any Individual Performance Conditions marked with an asterisk, then you may receive a pro rated payment in accordance with Section 9 (*Individual Performance Conditions*).][*delete where not applicable*]

Your Special Incentive Award is conditional upon you signing and returning the attached copy of this letter to acknowledge that you have received the rules of the Plan and agree to them.

We wish to remind you that you are required to keep the terms of this Award Letter (and, in particular, the amount of your Special Incentive Bonus) strictly confidential and must not divulge them to any person, except to your professional advisors and members of your immediate family subject to a like obligations of confidence.

[Almatis B.V. may process personal data of the Participants, such as name, function, date of birth, address, Special Incentive Bonus, Special Severance and other data associated with the Plan. This data is processed for purposes of administrating and executing the Plan in the broadest sense. Almatis B.V. may transfer the data of the Participant to its Affiliates and any court or authority located in the United States for purposes of administrating, approving and executing the Plan in the broadest sense. This country does not provide an adequate level of data protection for the above-mentioned purposes. Each Participant at all times has the right to access their personal data and, in the event the data is incorrect or irrelevant considering the purposes of processing, the right to request correction, removal or blocking thereof. Requests may be submitted to the Almatis B.V.. By signing this Award Letter you agree to the transfer of your personal data to Almatis B.V, its Affiliates and any required court or authority located in the United States, Germany and the Netherlands for purposes of administrating, approving and executing the Plan and you acknowledge that you are free to refuse, as well as to withdraw your consent at any time.] [*insert for participants based in the Netherlands only*]

For the purposes of Sections 2(f) and 2(i) of the Plan it is agreed that you are ordinarily based in [*the United States/Germany/the Netherlands*].

This Plan and any controversy, dispute or proceedings arising out of it will be governed by and constructed in accordance with the laws of the state of New York and the Court shall retain jurisdiction to resolve any controversy, dispute or proceedings related thereto.

Yours sincerely,

[name]

[title]

Enc: Almatris Key Senior Employee Incentive Plan

I acknowledge receipt of the Award Letter and accompanying rules of the Plan and agree to be bound by them. I agree that in the event of any inconsistency between the terms of this Award Letter and the rules of the Plan then the rules of the Plan shall prevail.

[name]

[title]

[date]

Schedule 2
Participant Names, Individual Performance Conditions and Special Incentive Bonus
Amounts

Participant Name	Job Title	Individual Performance Conditions(s)			Incentive Amount (\$)
		First	Second	Third	
Olivier Keiser	VP Commercial Ceramics, Polishing & others (CPO)	deliver C11 stretch target sales volumes and Unit revenues for Q2 for CPO global **	deliver C11 stretch target sales volumes and Unit revenues for Q3 for CPO global **	the Cash Flow Target (as defined below)	130,410
Henning Stams	VP Demand Management & CIO	lock in off-contract feedstock supply volumes by June 30st	provide sourcing strategy China Expansion project by Sept 30	the Cash Flow Target (as defined below)	135,240
Barbara Steuler	Global Director Marketing	Finalize commercial input for business plan China expansion by June 30	Supply product costing analysis for main products to be qualified China Calcines by Sept 30	Coordinate and manage market development objectives China Calcines	119,480
Peter Post	VP Operations	Manage local logistics and supplier relations in order to avoid impact C11 on global Ops in Q2	accelerate remaining Capex approved in 2009 and have spent in place by Sept 30 2010	the Cash Flow Target (as defined below)	157,500
Leslie Power	VP Commercial Refractories	deliver C11 stretch target sales volumes and Unit revenues for Q2 for Refractories global **	deliver C11 stretch target sales volumes and Unit revenues for Q3 for Refractories global **	the Cash Flow Target (as defined below).	122,499
Rock Marra	VP Global Tech	Deliver engineering for the Chinese expansion Phase III by	have office building expansion ready to go as first phase China	at least US\$10m of capital expenditure having been committed towards China	109,725

		June 30st 2010	expansion by Sept 30 2010	Capex during the 2010 financial year. In the event that the Final Payment Date occurs prior to 31 December 2010 then such target will be reduced on a straight line pro rata basis.	
Marcel Spreij	VP of Product and Market Development	deliver at least 12 stage gate reviews Refractories and CPO by June 30 2010	have two new products beyond stage 2 for Refractories and CPO by Sept 30 2010	Coordinate and manage design and implementation of new application lab in China	102,165

****** Provided at least 85% of target is achieved a pro rata payment will be made in accordance with Section 9 (*Individual Performance Conditions*).

In the above, “**Cash Flow Target**” means the Companies free operating cash flow (defined as the EBITDA before restructuring fees, less changes in net working capital, less capex (other than China Capex) and less cash taxes) for the 2010 financial year being not more than 5% lower than the US\$33.2 million forecast amount set out in the Management Forecast. In the event that the Final Payment Date occurs prior to 31 December 2010 then the Cash Flow Target will be reduced on a straight line pro rata basis.

Schedule 3
Award Cap and Participant Limit

The Award Cap shall be \$900,000, the Participant Limit shall be 7 and the Maximum Percentage shall be 75% of Annual Income.