PROJECTIONS

1. Responsibility for and Purpose of the Projections

For the purpose of demonstrating the feasibility of the Plan, the following financial projections for each of the six fiscal years 2010 through 2015 (the "Projections") were prepared by the Debtors, assisted by their professional advisors, and include the results of the non Debtor companies, each of which is a wholly owned subsidiary of one or more of the Debtors. The projections reflect the Debtors' most recent estimates of the financial position, results of operations and cash flows of Almatis after confirmation of the Plan. Consequently, the Projections reflect the Debtors' assumptions and judgments as to future market and business conditions, expected future operating performance, and the occurrence or nonoccurrence of certain future events, all of which are subject to change, as discussed below.

The Debtors do not, as a matter of course, publish their projections, strategies, or forward-looking projections, results of operations, or cash flows. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated projections to the holders of Claims or Equity Interests after the date of this Disclosure Statement or to make any further information public. The assumptions disclosed herein are those that the Debtors believe to be significant to the Projections and are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

The projections present, to the best of the Debtors' knowledge and belief, the Reorganized Debtors' projected financial position, results of operations, and cash flows for the six fiscal years 2010 through 2015 and reflect the Debtors' assumptions and judgments as of August 4, 2010. Although the Debtors are of the opinion that these assumptions are reasonable under current circumstances, such assumptions are subject to inherent uncertainties, including but not limited to, material changes to the economic environment, underlying commodity prices, transportation fees, supply and demand of underlying commodities, the competitive environment, exchange rates and other factors affecting the Debtors' businesses. The likelihood, and related financial impact, of a change in any of these factors cannot be predicted with certainty. Consequently, actual financial results could differ materially from the Projections. The Projections assume the Plan will become effective in accordance with its terms and that consummation of the Plan will occur on October 15, 2010. The Projections should be read in conjunction with the assumptions and qualifications contained herein.

THE PROJECTIONS WERE NOT PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") OR INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS"). FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED OR REVIEWED BY A REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE BASED UPON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH MAY NOT BE REALIZED AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTORS, OR ANY OTHER PERSON, AS TO THE ACCURACY OF THE PROJECTIONS OR THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS. HOLDERS OF CLAIMS OR EQUITY INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN MAKING THEIR DETERMINATION OF WHETHER TO ACCEPT OR REJECT THE PLAN.

2. Cost Basis and General Assumptions

The Debtors prepared the Projections with the assistance of their professional advisors. The Projections represent, to the best of the Debtors' knowledge and belief, the Debtors' projected financial position, results of operations, and cash flows for each of the six fiscal years 2010 through 2015 and reflect the Debtors' assumptions and judgments as considered during the 2010 Budget Process in Q4 2009 which has subsequently been updated to reflect information known as of August 4, 2010.

a. Historical Cost Basis

The projections have been prepared using accounting principles that are materially consistent with those applied in the Debtors' historical financial statements, except as discussed below. The Projections do not fully reflect the application of fresh start accounting, which, if required pursuant to U.S. GAAP, is not anticipated to have a material impact on the underlying economics of the Plan.

EBITDA is a "non-GAAP financial measure," which is derived on the basis of methodologies other than in accordance with U.S. GAAP.

For financial reporting purposes, Almatis uses a weighted average cost method of accounting to determine inventory cost.

Almatis' profit and loss accounts consist of cost of sales at standard, which is the expected current cost for the period, and any actual cost variance from standard, which is the reflection of the actual costs for the period less the expected, or standard, costs already recognized. The combination of the two accounts in the profit and loss reflects the current costs for the period.

b. General Assumptions

Methodology. The projected financial summary reflects management's current estimate of demand for its products. Almatis' senior management team and business unit managers took into account current and projected macroeconomic and microeconomic analyses prepared by analysts including World Steel Dynamics, World Steel Association and CRU, as well as the Debtors' own internal estimates of factors that impact supply and demand for Debtors' products. Those macroeconomic factors include global and regional GDP growth rates, the global steel production and consumption, inflation, exchange rates and data derived from the Australian Bureau of Statistics ("ABS") Alumina Export Price and the London Metals Exchange Aluminum Metal Price.

The projections were developed during the 2010 Budget Process based on a detailed, bottom-up business unit review, with top-down inputs in March and April 2010 to reflect year to date current trading and other market developments.

Tax Structure. The Projections for the Reorganized Debtors include a high level estimate of the impact of U.S. and non-U.S. taxes. Therefore, certain assumptions have been made with respect to regional and local profits and losses and debt placement. Certain jurisdictions impose restrictions on the current deductibility of interest payments. These restrictions have been factored into the Projections. Actual cash tax may differ materially based upon varying levels of debt, interest rates, placement of debt, actual results, and income distribution assumptions as well as the final resolution of remaining U.S. tax attributes analysis and the Dutch and German tax rulings arising as a result of the chapter 11 restructuring.

Plan Effective Date. The Projections assume the Plan will become effective on October 15, 2010. The Debtors do not believe that a change by a few months of the assumed effective date will materially impact the post-confirmation capital structure or underlying economics of the Plan, however cash levels may be impacted by additional professional fees and restructuring costs.

3. Reorganized Debtors' Pro Forma Emergence Consolidated Balance Sheet

Below is a reconciliation of the pre-emergence consolidated balance sheet as of October 15, 2010 to the post-emergence consolidated balance sheet as of October 15, 2010. The adjustments do not fully reflect the effects of fresh start accounting related to the restatement of assets to fair value.

Almatis Group BALANCE SHEET (US $)	**Oct 15, 2010 pre-closing (a)**	**Cancellation of debt (b)**	**New Senior Secured Notes and RCF (c)**	**DIC new money (d)**	**Cash in escrow (e)**	**Repayment of debt (f)**	**Other cash items (g)**	**Fresh start adjustment (h)**	**Oct 15, 2010 post-restructuring**
Cash and cash equivalents	85,450,166		574,605,064	102,786,805	5,294,400	(687,236,435)	(46,200,000)		34,700,000
Trade receivables	51,248,754								51,248,754
Notes and Other Receivables	13,977,743								13,977,743
Inventories	80,244,292								80,244,292
Current assets	**230,920,956**	**-**	**574,605,064**	**102,786,805**	**5,294,400**	**(687,236,435)**	**(46,200,000)**	**-**	**180,170,790**
Goodwill & Tangible & Intangible Assets	1,228,454,896							(636,938,690)	591,516,206
Other Non Current Assets	9,181,799								9,181,799
Non-current assets	**1,237,636,694**	**-**	**-**	**-**	**-**	**-**	**-**	**(636,938,690)**	**600,698,004**
Total Assets	**1,468,557,650**	**-**	**574,605,064**	**102,786,805**	**5,294,400**	**(687,236,435)**	**(46,200,000)**	**(636,938,690)**	**780,868,794**
Trade payables	12,808,205								12,808,205
Local Borrowings	1,600,000								1,600,000
Revolver	46,991,757		9,009,064			(46,991,757)			9,009,064
Capitalized Swap Liabilities	17,212,340					(17,212,340)			-
Current Portion of Long Term Debt	23,735,815					(23,735,815)			-
Interest payable	35,934,369					(35,934,369)			-
Accrued compensation & other current liabilities	24,950,958								24,950,958
Income Taxes Payable	2,289,188								2,289,188
Current liabilities	**165,522,632**	**-**	**9,009,064**	**-**	**-**	**(123,874,281)**	**-**	**-**	**50,657,415**
Non-current Long Term Debt	926,827,749	(355,865,595)	565,596,000			(563,362,154)			573,196,000
Deferred tax liabilities to be recovered in more than 12 months	132,944,574							(132,944,574)	-
Other non-current liabilities	41,661,140								41,661,140
Non Current Liabilities	**1,101,433,463**	**(355,865,595)**	**565,596,000**	**-**	**-**	**(563,362,154)**	**-**	**(132,944,574)**	**614,857,140**
Total Equity	**201,601,555**	**355,865,595**	**-**	**102,786,805**	**5,294,400**	**-**	**(46,200,000)**	**(503,994,116)**	**115,354,239**
Total Equity and Liabilities	**1,468,557,650**	**-**	**574,605,064**	**102,786,805**	**5,294,400**	**(687,236,435)**	**(46,200,000)**	**(636,938,690)**	**780,868,794**

a) The pre-emergence balance sheet reflects actual results through March 31, 2010 and forecasted results for the six and a half months ending October 15, 2010.

b) Reflects exchange of debt for equity and the resolution of selected remaining external debt in accordance with the Plan.

c) New Senior Secured Notes of $565.6m issued and $9.0m drawn under the RCF according to the Plan.

d) €77.7m of new money injected by DIC translated at a US Dollar to Euro exchange rate of 1.3236.

e) €4.0m of cash in escrow relating to payments of German interest and amortization translated at a US Dollar to Euro exchange rate of 1.3236.

f) Repayment of Senior Lenders at par including accrued interest at the default rate to October 15, 2010 and assuming a US Dollar to Euro exchange rate of 1.3236.

g) Other cash items of $46m comprise professionals' fees payable on emergence.

h) Reflects the indicative fresh start write-down of goodwill based on the valuation prepared by Capstone Valuation Services LLC.

4. Almatis' Estimated Cash Sources and Uses at Emergence

(US $)

Sources		Uses	
Pre-emergence cash balance	85,450,166	Professional fees	46,200,000
New Revolving Credit Facility	50,000,000	First Lien debt repaid	687,236,435
DIC new money	102,786,805	Post-emergence cash balance	34,700,000
Cash in escrow	5,294,400	New Revolving Credit Facility (undrawn)	40,990,936
New Senior Secured Notes	565,596,000	Total cash uses	809,127,371
Total cash sources	809,127,371		
Deferred fees	11,900,000	Deferred fees	11,900,000
Pre-emergence debt		PIK Notes	74,720,511
- First Lien debt	687,236,435		
- Second Lien debt	76,890,855	Other local borrowings	1,600,000
- Mezzanine debt	198,886,087		
- Junior Mezzanine debt	80,088,654	Capitalised finance leases	7,600,000
- Other local borrowings	1,600,000		
Total bank debt sources	1,044,702,030	Debt write off	968,381,519
Capitalised finance leases	7,600,000		
Total sources	**1,873,329,401**	**Total uses**	**1,873,329,401**

5. Almatis' Estimated Total Bank Debt at Emergence

(US $)

New Senior Secured Notes	565,596,000
Other local borrowings	1,600,000
New Revolving Credit Facility	9,009,064
Total Bank Debt	576,205,064
Capitalised finance leases	7,600,000
Total Debt	583,805,064

6. Reorganized Debtors Projected Consolidated Balance Sheets (Unaudited)

Below are management's projections of the consolidated financial positions for the fiscal years 2010 – 2015

Balance sheet	2010								
	March	June	September	December	2011	2012	2013	2014	2015
Almatis Group									
BALANCE SHEET									
(US $)									
Cash and cash equivalents	87,141,168	89,686,170	81,069,510	27,053,086	23,945,102	21,752,398	21,891,905	23,106,220	24,662,107
Trade receivables	52,448,168	54,593,000	51,375,912	50,596,012	55,272,056	60,359,459	64,565,265	68,984,132	72,736,628
Notes and Other Receivables	22,832,494	17,142,236	14,421,364	11,700,492	11,700,492	11,700,492	11,700,492	11,700,492	11,700,492
Inventories	69,763,677	75,640,984	79,661,680	83,235,034	87,413,429	91,315,215	94,074,766	98,352,590	99,653,293
Current assets	**232,185,505**	**237,062,389**	**226,528,466**	**172,584,623**	**178,331,079**	**185,127,563**	**192,232,428**	**202,143,433**	**208,752,520**
Goodwill & Tangible & Intangible Assets	1,240,815,750	1,235,523,571	1,229,445,831	596,429,402	600,784,171	582,409,004	553,900,000	525,253,147	496,464,307
Other Non Current Assets	8,479,947	9,181,799	9,181,799	9,181,799	9,181,799	9,181,799	9,181,799	9,181,799	9,181,799
Non-current assets	**1,249,295,696**	**1,244,705,369**	**1,238,627,630**	**605,611,201**	**609,965,970**	**591,590,802**	**563,081,799**	**534,434,945**	**505,646,106**
Total Assets	**1,481,481,202**	**1,481,767,759**	**1,465,156,096**	**778,195,824**	**788,297,049**	**776,718,365**	**755,314,227**	**736,578,378**	**714,398,626**
Trade payables	20,261,520	12,836,856	12,706,591	13,329,818	26,503,654	33,727,211	42,539,192	46,978,292	49,823,178
Local Borrowings	4,816,604	4,820,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Revolver	48,045,455	46,991,757	46,991,757	22,500,000	30,000,000	17,500,000	2,500,000	2,500,000	-
Capitalized Swap Liabilities	17,206,345	17,212,340	17,212,340	-	-	-	-	-	-
Current Portion of Long Term Debt	23,628,482	23,735,815	23,735,815	-	-	-	-	-	-
Interest payable	44,733,654	35,934,369	35,934,369	-	-	-	-	-	-
Accrued compensation & other current liabilities	24,490,296	26,701,831	25,196,407	34,690,983	23,690,983	23,690,983	23,690,983	23,690,983	23,690,983
Income Taxes Payable	4,527,782	2,289,188	2,289,188	2,289,188	2,289,188	2,289,188	2,289,188	2,289,188	2,289,188
Current liabilities	**187,710,138**	**170,522,157**	**165,666,468**	**74,409,990**	**84,083,826**	**78,807,383**	**72,619,363**	**77,058,464**	**77,403,350**
Non-current Long Term Debt	881,887,165	919,874,833	926,827,749	578,266,994	607,338,444	639,447,152	666,731,674	695,194,399	724,886,207
Deferred tax liabilities to be recovered in more than 12 months	133,980,787	133,462,681	132,944,574	-	-	-	-	-	-
Other non-current liabilities	43,414,369	41,661,140	41,661,140	41,661,140	41,661,140	41,661,140	41,661,140	41,661,140	41,661,140
Non Current Liabilities	**1,059,282,322**	**1,094,998,654**	**1,101,433,463**	**619,928,134**	**648,999,584**	**681,108,293**	**708,392,814**	**736,855,540**	**766,547,347**
Total Equity(1)	**234,488,742**	**216,246,948**	**198,056,164**	**83,857,699**	**55,213,638**	**16,802,690**	**(25,697,951)**	**(77,335,625)**	**(129,552,071)**
Total Equity and Liabilities	**1,481,481,202**	**1,481,767,759**	**1,465,156,096**	**778,195,824**	**788,297,049**	**776,718,365**	**755,314,227**	**736,578,378**	**714,398,626**

(1) The equity balance is reduced for payment-in-kind interest accruing on the Senior Secured Notes totalling $152m by December 31, 2015.

7. Reorganized Debtors' Projected Consolidated Income Statements (unaudited).

Below is management's projection of consolidated income for the fiscal years 2010 – 2015

Income statement	2010									
(US $)	**Jan - Mar**	**Apr - Jun**	**Jul - Sep**	**Sep - Dec**	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**
Sales	132,738,905	140,075,199	131,750,000	129,750,000	534,314,104	583,695,000	637,420,000	681,835,000	728,500,000	768,127,860
Cost of sales	(96,075,926)	(99,602,488)	(98,357,226)	(100,358,269)	(394,393,910)	(446,246,774)	(488,304,778)	(524,160,480)	(571,162,724)	(601,285,045)
Gross profit	36,662,979	40,472,711	33,392,774	29,391,731	139,920,195	137,448,226	149,115,222	157,674,520	157,337,276	166,842,815
SG&A expenses	(20,611,499)	(21,888,276)	(21,312,602)	(21,301,490)	(85,113,868)	(87,378,152)	(91,131,291)	(96,300,189)	(98,229,775)	(99,778,248)
Pro forma adjustments	(8,900,000)	(6,700,000)	(14,200,000)	(59,100,000)	(88,900,000)	-	-	-	-	-
Operating income	7,151,480	11,884,435	(2,119,829)	(51,009,759)	(34,093,673)	50,070,073	57,983,931	61,374,331	59,107,501	67,064,567
Other	768,482	(157,946)	-	-	610,536	-	-	-	-	-
Net finance costs	(14,844,688)	(9,060,369)	(7,184,947)	(16,246,211)	(47,336,214)	(79,442,134)	(86,538,714)	(93,608,453)	(101,645,176)	(108,781,012)
Income before taxes on income	(6,924,726)	2,666,120	(9,304,776)	(67,255,970)	(80,819,351)	(29,372,061)	(28,554,783)	(32,234,122)	(42,537,675)	(41,716,446)
Income Taxes	(1,830,074)	(1,977,955)	(6,181,893)	(4,745,179)	(14,735,102)	(8,122,000)	(9,856,165)	(10,266,519)	(9,100,000)	(10,500,000)
Net Income	(8,754,800)	688,164	(15,486,669)	(72,001,149)	(95,554,453)	(37,494,061)	(38,410,948)	(42,500,641)	(51,637,675)	(52,216,446)
Memo: EBITDA	26,372,529	29,029,113	22,456,975	18,467,044	96,325,662	92,165,568	102,272,871	106,274,520	104,637,276	113,242,815
Memo: Depreciation and amortisation	(10,321,050)	(10,444,678)	(10,376,803)	(10,376,803)	(41,519,335)	(42,095,495)	(44,288,940)	(44,900,189)	(45,529,775)	(46,178,248)

Note: 2010 projections include six and a half months of operations in Chapter 11

Key Assumptions

(i) Revenues.

Management's current long range plan assumes a global rebound in demand for Almatis' products. The long range plan takes into account the CRU global growth rate (as of November 9, 2009) weighted to the geographies in which the Debtors operate, updated to reflect recent current performance. Volumes are anticipated to grow from 534,000 m/t in 2010 to approximately 632,000 m/t in 2015, with the majority of growth anticipated in Asia. Almatis has assumed an exchange rate of 1.35 USD:EURO, however, it should be noted that the exchange rate has ranged from 1.45 to 1.19 during the seven-month period from January 1, 2010 to August 4, 2010. Other exchange rate assumptions include USD: Chinese Reminbi 0.1467, USD:Japanese Yen 0.0108.

(ii) Cost of Sales.

Almatis feedstock prices from March 2009 to March 2014 are broadly based on the ABS alumina export price. There is a strong historic correlation between the ABS alumina export price and the LME price for aluminum, with the ABS export price ranging from between 11.7% and 14.5% of the LME aluminum price in the 18 months to June 30, 2009. More recently the ABS alumina export price has been in excess of 14.0% of the LME price for aluminum. Accordingly, feedstock costs have been forecast using 14.0% of available LME aluminum futures pricing. In addition to this, certain "adders" to the feedstock price have been projected consistent with underlying supply contracts. From and after March 2014, Almatis' costs for feedstock from its main supplier will move to a market-based pricing regime, the terms of which have not yet been agreed. Management has assumed in the 2010 Budget process that this change to market-based pricing would result in an additional $50 per m/t in the cost of feedstock, however if current market pricing were taken into account, this would be significantly higher (current market pricing is $100+ per m/t higher than Almatis' current cost of feedstock). Although the business may be able to pass some of the price increase on to customers or develop other alternative strategies for dealing with the change in contract terms, there is a real risk that the increase in feedstock prices could have a material impact on the profitability of the business.

(iii) Other Cost of Goods Sold

Other costs of goods sold include costs for outbound freight, wages, energy, manufacturing costs, repairs and maintenance, insurance and packaging. The projections assume that a new production facility located in China will become fully operational at the beginning of 2012. As a result of this new facility and related increasing volumes, the average cost per m/t is expected to remain essentially constant.

(iv) Selling, General and Administrative.

Consolidated selling, general and administrative ("SG&A") expenses include, among other things, salaries, wages, benefits, corporate overhead allocation, annual incentive plans, rent, leases, licenses and permits, and office supplies. SG&A expenses are forecasted to increase from 2010 to 2015 by a compound annual growth rate of approximately 4% due to an assumed increase in sales volumes, employee costs and general inflation.

(v) Pro-forma items.

Pro-forma items include the costs of the restructuring, including, but not limited to financial, legal, tax and professional expenses related to non-recurring projects.

8. <u>The Reorganized Debtors Projected Consolidated Statement of Cash Flows (Unaudited)</u>

Below is management's projection of consolidated cash flow for the fiscal years 2010 through 2015.

Cash flow statement										
	2010									
(US $)	Jan - Mar	Apr - Jun	Jul - Sep	Sep - Dec	Total	2011	2012	2013	2014	2015
<u>Cash flows from operations</u>										
EBITDA	26,372,529	29,029,113	22,456,975	18,467,044	96,325,662	92,165,568	102,272,871	106,274,520	104,637,276	113,242,815
Net change in working capital and other operating assets and liabilities	(19,620,167)	(7,702,956)	281,575	(954,779)	(27,996,327)	4,319,397	(1,765,631)	1,846,623	(4,257,590)	(2,208,314)
Net taxes	(1,003,166)	(4,734,655)	(6,700,000)	(4,745,179)	(17,183,000)	(8,122,000)	(9,856,165)	(10,266,519)	(9,100,000)	(10,500,000)
Net cash from operations	5,749,197	16,591,502	16,038,550	12,767,086	51,146,334	88,362,965	90,651,075	97,854,624	91,279,686	100,534,501
<u>Cash flows from investing</u>										
Caital expenditure	(1,248,900)	(5,152,499)	(4,299,064)	(14,299,064)	(24,999,527)	(35,450,264)	(25,913,772)	(16,391,186)	(16,882,921)	(17,389,409)
Net cash flow from investing	(1,248,900)	(5,152,499)	(4,299,064)	(14,299,064)	(24,999,527)	(35,450,264)	(25,913,772)	(16,391,186)	(16,882,921)	(17,389,409)
<u>Cash flows from financing</u>										
Debt borrowing / (repayments)	(2,433,547)	(1,683,000)	(3,220,000)	27,794,400	20,457,853	7,500,000	(12,500,000)	(15,000,000)	-	(2,500,000)
Interest expense	423,211	(511,000)	(232,031)	(11,175,216)	(11,495,037)	(50,370,684)	(54,430,006)	(66,323,932)	(73,182,450)	(79,089,205)
Net cash flows from financing	(2,010,336)	(2,194,000)	(3,452,031)	16,619,184	8,962,816	(42,870,684)	(66,930,006)	(81,323,932)	(73,182,450)	(81,589,205)
<u>Pro-forma items</u>										
Pro-forma items	(8,900,000)	(6,700,000)	(16,904,115)	(69,103,630)	(101,607,745)	(13,150,000)	-	-	-	-
Net pro-forma items	(8,900,000)	(6,700,000)	(16,904,115)	(69,103,630)	(101,607,745)	(13,150,000)	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(6,410,040)	2,545,003	(8,616,660)	(54,016,424)	(66,498,122)	(3,107,984)	(2,192,704)	139,507	1,214,314	1,555,888
Cash balance at beginning of period	93,974,418	87,564,378	90,109,381	81,492,721	93,974,418	27,476,296	24,368,313	22,175,609	22,315,116	23,529,430
Cash balance at end of period	87,564,378	90,109,381	81,492,721	27,476,296	27,476,296	24,368,313	22,175,609	22,315,116	23,529,430	25,085,318

Key Assumptions

(i) Working Capital.

Almatis has projected a gradual recovery to normalized payables terms after emergence from chapter 11, although this result can not be guaranteed. This assumed recovery is a significant factor in the projections of the working capital in-flow in 2011. Between 2012 and 2015, Almatis estimates that working capital will generally increase due to the forecasted increase in projected feedstock costs, and increased sales volumes.

(ii) Capital Expenditures.

Almatis' capital expenditure plan incorporates approximately $16 million of maintenance capex per annum. In addition to this amount, Almatis intends to invest in a new calcine plant in China and other projects in India/China and Rotterdam, in order to open plants in the locations where the Reorganized Debtors have forecasted sales growth. However only the effects of the proposed calcine plant in China has specifically been factored into the Projections.

(iii) Debt.

See Exhibits F and G of the Disclosure Statement for a detailed description of the New Facilities Agreements. These Projections assume that the interest toggle on the Senior Secured Notes is fully utilized in the years ending December 31, 2011 and December 31, 2012 resulting in a reduction in cash interest of approximately $4.2m and $4.0m respectively in these years.