

Board of Directors

**Proposal to approve a Loan Facility granted by the European Bank For
Reconstruction And Development and the conclusion of the subsequent
security contracts**

Extraordinary General Shareholders Meeting from July 20, 2010

General Presentation (I)



It is Alro S.A. (“The Company”) intention to have in place a loan agreement with the European Bank for Reconstruction and Development (EBRD) with the main scope of refinancing a major part of the company debt (resulting from short, medium and long-term loan facilities).

According to the Bylaws of the Company the approval of the security contracts related to this transaction falls under the competence of the General Shareholder’s Meeting.

Due to the global crisis, the existing debt structure affected the financial flexibility of the Company, putting a considerable strain on its cash reserves. This has had a negative effect on the ability of the Company to pursue its strategy of shifting towards higher value added products .

General Presentation (II)



Bringing stability to the financing structure, EBRD will also enable the Company to proceed with a USD 50 million investment programme during 2010 to 2012, which will focus on improving the quality and range of its products and which includes significant energy efficiency improvement projects. These investments, together with an environmental and health and safety action plan will be defined in the scope of the Project to be supported by the financial restructuring.

EBRD is taking into consideration (and entered into negotiations with Alro) granting to the Company a loan of up to USD 180 million, out of which USD 105 million are to be syndicated by commercial banks (including current creditors of the company) (“the **Loan**”)

Refinanced credit facilities

The Company intends to refinance the following bank debts:

Bank	Notional value '000	Outstanding amount ('000) as of May 31st, 2010	Maturity
Long-term facility syndicated by Unicredit Bank Austria Creditanstalt (USD)	135,000	37,500	August 31 st , 2011
Bilateral facility with BCR (working capital facility - USD)	33,000	33,000(*)	May 31 st , 2010
Bilateral facility with Unicredit Tiriac Bank (working capital facility - USD)	33,000	33,000 (*)	May 31 st , 2010
Bilateral facility with Raiffeisen Bank (working capital facility - USD)	10,000	10,000 (*)	31/05/2010
Bilateral facility with ING Bank (working capital facility - USD)	4,200	4,200 (*)	Until further notification from the bank
Bilateral facility with ING Bank (working capital facility - EUR)	13,750	13,750 (*)	

(*) The amounts represent the notional value

General Mandate (I)

The Board of Directors of SC Alro SA recommends the approval of the Loan facility and of the conclusion of the subsequent security contracts with EBRD towards the approval of the shareholders of the company, within the following conditions (which also establish general description of the Loan to be approved and the general limits of the mandate for the persons authorised to negotiate and to sign the subsequent security contracts):

Project description:

- **Amount:** up to USD 180 million
- **Security:** Mortgage on the immovable assets of the Company, comprising lands, buildings, structures and constructions representing ameliorations of the lands, as well as all the annexes, utilities, devices and equipments related to the lands and that are immovable by destination;

Pledge on the following movable assets of the Company: (i) all the present and future bank accounts opened by the Company, excepting the bank accounts used in relation with the factoring contracts concluded by the Company (ii) all the present and future fixed assets with a value exceeding USD 10,000 USD; (iii) present and future inventories of raw materials and products; and (iv) all the receivables of the Company, resulting from the present or future contracts concluded with its clients and suppliers.

General Mandate (II)

- **Disbursement:** one per month with 10 business days prior notice
- **Interest:** within current market limits, to be negotiated by the Board of Directors or by the persons empowered by the Board of Directors, following a syndication process to be launched by EBRD
- **Interest period:** three-months for working capital facilities and six months for long-term facilities
- **Project costs:** commissions and expenses within current market limits
- **Repayment:** between 3 - 5 years, depending on the facility type (working capital, long-term facility)

General Mandate (III)

Additional conditions: customary conditions for this type of facility, such as:

- Maintain its corporate existence in accordance with all applicable laws;
- Conduct its business with due diligence;
- Implement an agreed Environmental and Social Action Plan;
- Maintain validity of the insurance of the patrimony of the company;
- Maintain accounting and cost control;
- Maintain independent auditors;
- Carry out an agreed Energy Efficiency Investment Plan;
- Usual covenants, events of default and other clauses for this type of facility

Proposal for decision



The Board of Directors of SC Alro SA is proposing to the General Shareholders Meeting to approve the Loan and the creation of the mentioned related security and to authorise the Board of Directors to designate the persons empowered to negotiate and sign the security contracts, as well as any other documents necessary for the finalisation of the transaction, within the general limits established in the present document.