

BIDDING PROCEDURES

Set forth below are the bidding procedures (the "***Bidding Procedures***") to be employed with respect to the selection of the highest or otherwise best bid(s) for the sale by [Debtor] (the "***Seller***" or the "***Debtor***") of certain assets related to the [name of facility] located in [city and state], as more particularly described on Exhibit "I" attached hereto (the "***Purchased Assets***"). As set forth in more detail below, the Debtor will conduct an auction (the "***Auction***") for the sale (the "***Sale***") of the Purchased Assets if at least one additional Qualified Bid (as defined below) is timely submitted, or if the Debtor receives notice from the Agent (as defined below) that the Agent wishes to participate in the Auction. The Debtors filed a motion with the Bankruptcy Court on June 23, 2009 seeking approval of the Bidding Procedures and related relief (the "***Sale Procedures Motion***").

Pursuant to an order of the Bankruptcy Court entered on [July 13, 2009], the Debtor received authority to, among other things, select a Stalking Horse (as defined below) for the Purchased Assets and conduct the Auction. The Bankruptcy Court will conduct a hearing (the "***Sale Hearing***") on [] at [] p.m. ([New York Time]) to consider entry of an order (the "***Sale Order***") authorizing and approving the Sale of the Purchased Assets pursuant to the terms and conditions set forth below and definitive sale documentation.

BREAK-UP FEE AND EXPENSE REIMBURSEMENT

The Debtor has entered into a "stalking horse" agreement (the "***Stalking Horse Agreement***"), with [Stalking Horse Name] (the "***Stalking Horse***"), governing the purchase of the Purchased Assets by the Stalking Horse. The Stalking Horse Agreement provides for a break-up fee of \$[], and reimbursement of fees and expenses incurred by the Stalking Horse in connection with the Auction and Sale to be paid to the Stalking Horse in the event that the Stalking Horse is not the purchaser of the Purchased Assets (the "***Break-Up Fee***"). The amount of the Break-Up Fee may be considered by the Debtor in determining the highest or otherwise best bid and the net value that the Debtor and its estate will realize at any Auction.

QUALIFIED BIDDERS

To participate in the bidding process or otherwise be considered for any purpose hereunder, a person or entity interested in the Purchased Assets (a "***Potential Bidder***") must first deliver the following materials to the Debtor and its counsel:

- (i) An executed confidentiality agreement in form and substance satisfactory to the Debtor and its counsel; and
- (ii) The most current audited and latest unaudited financial statements (collectively, the "***Financials***") of the Potential Bidder or, if the Potential Bidder is an entity formed for the purpose of the Sale,

(a) Financials of the equity holder(s) of the Potential Bidder or such other form of financial disclosure as is acceptable to the Debtor and its counsel and (b) the written commitment acceptable to the Debtor and its counsel of the equity holder(s) of the Potential Bidder to be responsible for the Potential Bidder's obligations in connection with the Sale. In the event that a Potential Bidder is unable to provide Financials, the Debtor may accept such other information sufficient to demonstrate to the Debtor's satisfaction that such Potential Bidder has the financial wherewithal to consummate the Sale. Depending upon the nature of the proposed transaction, the Debtor may modify, in its discretion, the requirement for a Potential Bidder to provide Financials.

A "**Qualified Bidder**" is a Potential Bidder whose Financials or other information demonstrate the financial capability to consummate the Sale and which the Debtor determines is reasonably likely to make a bona fide offer.

To the extent that cash payments are required to consummate the transaction, each Qualified Bidder shall comply with all reasonable requests for additional information by the Debtor or its advisors regarding such Qualified Bidder's financial wherewithal to consummate and perform obligations in connection with the Sale. Failure by a Qualified Bidder to comply with requests for additional information may be a basis for the Debtor to determine that a bid made by the Qualified Bidder is not a Qualified Bid (as defined below).

Notwithstanding the foregoing, Deutsche Bank AG New York Branch (the "**Agent**"), in its capacity as agent to the lenders under that certain *Amended and Restated Loan Agreement, dated as of August 1, 2006 and Amended and Restated as of December 19, 2006 and Further Amended on March 13, 2007 and February 10, 2009*, that certain *Debtor-In-Possession Amended and Restated Credit Agreement, dated as of August 1, 2006 and Amended and Restated as of March 20, 2009*, or that certain *Amended and Restated Debtor-In-Possession Credit Agreement dated as of February 12, 2009 and Amended and Restated as of March 19, 2009* shall not be required to provide Financials in order to be deemed to constitute a Qualified Bidder with respect to Purchased Assets on which the Agent has a lien or mortgage so long as the other requirements set forth herein for Qualified Bidders have been satisfied.

OBTAINING DUE DILIGENCE ACCESS

The Debtor (or a broker retained by the Debtor in these cases) shall afford each Qualified Bidder reasonable due diligence information, including, without limitation, the due diligence information provided to the Stalking Horse, if any. Upon request, the Debtor shall provide access to the Purchased Assets to each Qualified Bidder to the extent requested to conduct reasonable due diligence. The due diligence period will end on the Bid Deadline (as defined below).

The Debtor shall not be obligated to furnish any information relating to the Debtor or the Purchased Assets to any person except to a Qualified Bidder. The Debtor shall give each Qualified Bidder reasonable access to all written due diligence information provided to another Qualified Bidder and shall provide substantially the same site access to each Qualified Bidder.

The Debtor shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. No conditions relating to the completion of due diligence shall be permitted to exist after the Bid Deadline.

BID DEADLINE

The deadline for submitting bids by a Qualified Bidder, other than the Agent, shall be [] at []. ([New York Time]) (the “*Bid Deadline*”).

Prior to the Bid Deadline, a Qualified Bidder, other than the Agent, that desires to make a bid shall deliver written copies of its bid to (i) the Debtor, c/o Aleris International, Inc., 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122 (Attn: Christopher R. Clegg, General Counsel (chris.clegg@aleris.com)), (ii) counsel to the Debtor, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Debra Dandeneau, Esq. (debra.dandeneau@weil.com)), and (iii) the financial advisors to the Debtor, Moelis & Co. LLC, 245 Park Avenue, 32nd Floor, New York, NY, 10167 (Attn: Zul Jamal (zul.jamal@moelis.com)). As soon as reasonably practicable, the Debtor shall provide copies of all bids received to the financial advisors to each of (i) the Agent and (ii) the Official Committee of Unsecured Creditors (the “*Creditors’ Committee*”) ((i)-(iii) above, together with the Creditors’ Committee and Agent, the “*Notice Parties*”).

The Agent need not submit its bid by the Bid Deadline and may bid at an Auction of any Purchased Assets on which it has a lien or mortgage regardless of whether it has delivered a bid by the Bid Deadline. If only one bid is received from any Qualified Bidders on or before the Bid Deadline, then the Agent may advise the Debtor of its intent to bid (either by credit bid or otherwise) in an Auction by delivering a notice to the Debtor and the other Notice Parties so that it is actually received by the Debtor and the other Notice Parties within two (2) business days after the Bid Deadline.

QUALIFIED BID REQUIREMENTS

A bid must be a written irrevocable offer from a Qualified Bidder (i) stating that the Qualified Bidder offers to consummate a Sale; (ii) confirming that the offer shall remain open and irrevocable until the closing of a Sale to the Successful Bidder or the Next Highest Bidder (both as defined below); (iii) enclosing a copy of the proposed bid; and (iv) enclosing a certified or bank check, wire transfer, or letter of credit reasonably acceptable to the Debtors equal to []% of the amount of the Qualified Bid, as a minimum deposit (the “*Minimum Deposit*”). No liens of any creditors of the Debtor shall attach, or be deemed to attach, to the Minimum Deposit until and unless a Sale to

the bidder making the Minimum Deposit occurs or the bidder forfeits its deposit in accordance with the procedures set forth herein. All bids will be considered, but the Debtor reserves its right to reject any or all bids.

Any bid for the Purchased Assets must:

- (a) be accompanied by a signed contract substantially in the form of the purchase and sale agreement attached to the notice of auction, which may be the Stalking Horse Agreement (the "*Form Agreement*"), marked to show any changes made thereto;
- (b) provide for the purchase of all of the Purchased Assets and may not have conditions to close not present in any Form Agreement; provided, that the Debtor may consider bids for less than all of the Purchased Assets to the extent such bid, as a stand-alone bid or in combination with another, is the highest or otherwise best bid;
- (c) not be conditioned on obtaining financing or the outcome of any due diligence by the bidder;
- (d) not request or entitle the bidder to any break-up fee, expense reimbursement, or similar type of payment;
- (e) fully disclose the identity of each entity that will be bidding for the Purchased Assets or otherwise participating in connection with such bid and the complete terms of any such participation;
- (f) contain written evidence that the bidder has the requisite corporate or similar authority to consummate the proposed Sale;
- (g) offer a minimum bid amount of not less than \$[] million for the Purchased Assets; provided, however, that the Agent is entitled to credit bid under section 363(k) of title 11 of the United States Code (the "*Bankruptcy Code*") at any sale in which it has a security interest in the Purchased Assets, except to the extent that cash payments (including, but not limited to payment of a Break-Up Fee) are required to consummate the transaction;
- (h) identify any executory contracts ("*Contracts*") or unexpired leases ("*Leases*") to be assumed and assigned in connection with the Sale;
- (i) be accompanied by an acknowledgement that the Qualified Bidder (a) has had an opportunity to conduct due diligence regarding the Purchased Assets prior to making its offer and does not require further due diligence, (b) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Purchased Assets in making its bid, and (c) did not rely upon any written or oral statements, representations, promises, warranties, or

guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Purchased Assets, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures; and

- (j) include, with respect to the proposed Contracts and Leases, an Adequate Assurance Package (as defined below).

A bid received from a Qualified Bidder that meets the requirements set forth above will be considered a "**Qualified Bid**," and the highest or otherwise best bid, the "**Highest Qualified Bid**." For the avoidance of doubt, a credit bid submitted by the Agent at the Auction of any Purchased Assets in which the Agent has a lien or mortgage will be considered a Qualified Bid.

ADEQUATE ASSURANCE PACKAGE

If any Qualified Bid requires the assumption and assignment of Contracts or Leases, then such Qualified Bidder must identify such Contracts and/or Leases to be assumed and assigned and provide evidence, along with the Qualified Bid, reasonably satisfactory to the Debtors and their advisors, of its ability to provide the Contract and/or Lease counterparties with adequate assurance of future performance of such Contracts and/or Leases along with the Qualified Bid (an "**Adequate Assurance Package**").

AUCTION

If at least two Qualified Bids by Qualified Bidders, including the Stalking Horse, if any, are received by the Bid Deadline, or if one Qualified Bid is received and the Agent has provided the other Notice Parties with timely written notice of its intent to participate at the Auction, the Auction with respect to the Purchased Assets shall take place on [], at [] ([New York Time]) at the [insert location of the Auction]. The Debtor may extend the Auction deadline and/or adjourn, continue or suspend the Auction and/or the Sale Hearing for any reason, including to seek further clarification from the Bankruptcy Court regarding any issues, without further order of the Bankruptcy Court, by filing a notice with the Bankruptcy Court and serving such notice on all Potential Bidders and the Auction Notice Parties (as such term is defined in the Sale Procedures Motion). The Debtor will provide appropriate notice to each of the Qualified Bidders and other invitees of the date, time, and place for the Auction. Only the authorized representatives of each of the Debtor, the Creditors' Committee, the Agent, and the Qualified Bidders shall be permitted to attend the Auction.

If no Qualified Bid other than the Stalking Horse bid is received by the Bid Deadline, and the Agent has not provided timely written notice to the Notice Parties of its intent to participate at the Auction or has advised counsel to the Debtors in writing that it does not intend to participate at the Auction, then the Auction will not be held, and, pursuant to the Stalking Horse Agreement, but subject to the entry of the Sale Order, the Stalking Horse shall purchase, acquire and accept from Seller, and the Seller shall sell,

transfer, assign, convey and deliver to the Stalking Horse (or its designated affiliate or affiliates) all of Seller's right, title and interest in, to and under the Purchased Assets, free and clear of all liens (except for permitted exceptions defined in the purchase agreement governing the sale of the Purchased Assets)) to the extent permissible under section 363(f) of the Bankruptcy Code and free and clear of any claims or interests the Debtor may have had. If the Debtors have not designated a Stalking Horse, and only one Qualified Bid is received, then the Auction will not be held and the Debtors may, in their discretion, decide to sell the Purchased Assets to the sole Qualified Bidder free and clear of all liens, subject to the Court's approval.

A party may participate at the Auction only if it is either (i) a Qualified Bidder who has submitted a Qualified Bid or (ii) the Agent and it has complied with the requirements of these Bidding Procedures. The Debtor will evaluate all Qualified Bids received and will select the Qualified Bid that reflects the highest and best offer, as determined by the Debtor in its sole and absolute discretion, as the "**Starting Auction Bid**" for the Purchased Assets.

The bidding at the Auction shall start at the Starting Auction Bid as disclosed by the Debtor to all Qualified Bidders prior to commencement of the Auction. The bidding will continue in incremental amounts of at least \$[] (until there is a Successful Bid (as defined below) and a Next Highest Bid (as defined below). At the Auction, Qualified Bidders will be permitted to increase their bids. All bids subsequent to the Starting Auction Bid, whether oral or written, shall be deemed to constitute valid modifications or amendments to the signed contract previously submitted by such bidder. The Agent shall be entitled to credit bid at the Auction of Purchased Assets in which it has a security interest pursuant to section 363(k) of the Bankruptcy Code; provided, however, that to the extent applicable, any such credit bid must be accompanied by a cash payment equal to the amount of any cash required to close the Sale, including, but not limited to, cash in the amount of any secured debt with liens on the Purchased Assets senior to the liens of the Agent that is credit bidding, cash in an amount required to cure any contracts or leases to be assumed pursuant to the Sale, and cash required to pay any Break-Up Fee. Any credit bid submitted at the Auction will be on substantially the same terms as contained in the Form Agreement.

Prior to concluding the Auction, the Debtor shall (i) review each Qualified Bid on the basis of its financial and contractual terms and the factors relevant to the sale process and the best interests of the Debtor's estates and creditors and (ii) determine which bid is the highest or otherwise best bid (the "**Successful Bid**") and the next highest or otherwise best offer after the Successful Bid (the "**Next Highest Bid**"). In evaluating bids, the Debtor may consider bids for less than all of the Purchased Assets, as well as bids for all of the Purchased Assets, so as to maximize the value received for the Purchased Assets.

At or prior to the Auction, the Debtor, in its sole and absolute discretion, may adopt other rules for the Auction that, in its reasonable judgment, will better promote the goals of the Auction. All such rules shall be fully disclosed to all Qualified Bidders at

the Auction and will provide that the procedures must be fair and open. The Debtor may (i) determine whether to distribute copies of other Qualified Bids to other Qualified Bidders prior to or during the Auction or (ii) proceed with sealed bidding. Nothing herein shall prohibit the Debtor from meeting privately with any Qualified Bidders to negotiate the terms of the bids.

Immediately upon selection of the Successful Bid, the Qualified Bidder making the Successful Bid (the "**Successful Bidder**") shall provide the Debtor an additional deposit of \$[].

Any bid submitted after the conclusion of the Auction shall not be considered for any purpose unless an order of the Bankruptcy Court is entered directing that such bid be considered. Neither the Debtor nor any other person shall have any obligation to seek such an order from the Bankruptcy Court.

ACCEPTANCE OF THE SUCCESSFUL BID

Following the Auction or a determination that the Stalking Horse, or other sole Qualified Bidder, is the Successful Bidder, the Debtor will file and serve the Sale Hearing Notice. If no party objects to the Sale within five (5) business days after the filing of the Sale Hearing Notice, the Debtor may submit the Sale Order to the Bankruptcy Court upon a Certification of Counsel, and the Bankruptcy Court may enter the Sale Order without a Sale Hearing. If a Sale Hearing occurs, the Debtor will present the results of the Auction to the Bankruptcy Court at the Sale Hearing, at which the Debtor will seek certain findings from the Bankruptcy Court regarding the Auction, including, among other things, that (i) the Auction was conducted in a fair and reasonable manner, (ii) the Successful Bidder was selected in accordance with the Bidding Procedures, and (iii) consummation of the Sale contemplated by the Successful Bid will provide the highest or otherwise best value for the Purchased Assets and is in the best interests of the Debtor and its estate.

The Debtor shall have accepted a Qualified Bid only when the Bankruptcy Court has approved the Successful Bid and entered the Sale Order.

Upon the closing of the Sale, (i) the Debtor shall promptly receive the deposits held in escrow in connection with that Successful Bid, and (ii) the Successful Bidder shall pay directly to the Debtor the balance of the Successful Bid.

In the event that, for any reason, the Successful Bidder fails to close the Sale contemplated by its Successful Bid, then, without notice to any other party or further Bankruptcy Court order, the Debtor shall be authorized to close the Sale with the Qualified Bidder that submitted the Next Highest Bid (the "**Next Highest Bidder**") in accordance with the foregoing procedures.

RETURN OF MINIMUM DEPOSIT

The Minimum Deposits of all Qualified Bidders other than the Successful Bidder and the Next Highest Bidder required to submit a deposit under these Bidding Procedures shall be returned upon or within three (3) business days after the Auction. The Minimum Deposit of the Successful Bidder and the Next Highest Bidder shall be held until the closing of the Sale and the deposit of the Successful Bidder, or the Next Highest Bidder if the Purchased Assets are sold to it, will be applied to the amount of the Successful Bid. If the Successful Bidder closes the Sale, the Seller shall return the Minimum Deposit to the Next Highest Bidder within three (3) business days of such closing.

Notwithstanding the above, if the Successful Bidder fails to close the Sale, such party's Minimum Deposit shall be forfeited to the Debtor. If the Successful Bidder fails to close the Sale, and the Next Highest Bidder also fails to close the Sale, the Next Highest Bidder shall also forfeit its deposit to the Debtor.

Except as otherwise provided in the Purchase Agreement, the Seller will not be required to maintain any Minimum Deposit in an interest bearing account, but any interest earned on any Minimum Deposit will be remitted to the appropriate Qualified Bidder if the Minimum Deposit is returned to the Qualified Bidder pursuant to the above, or applied to the amount of the Successful Bid. Minimum Deposits may only be used in accordance with the terms of these Bidding Procedures. Neither the Seller nor the Purchaser shall have any liability with respect to any Minimum Deposit.

RESERVATION OF RIGHTS

The Debtor reserves the right to (i) determine which bidders are Qualified Bidders; (ii) determine which Bids are Qualified Bids; (iii) determine which Qualified Bid is the highest and best proposal and which is the next highest and best proposal; and (iv) reject any bid that is (a) inadequate or insufficient or (b) not in conformity with the requirements of the Sale Procedures Order or the requirements of the Bankruptcy Code.

JURISDICTION

The Bankruptcy Court shall retain exclusive jurisdiction over any matter or dispute relating to the sale of the Purchased Assets, the Bidding Procedures, the Sale Hearing, the Auction, any Stalking Horse Agreement (or purchase agreement governing the sale of the Purchased Assets), and/or any other matter that in any way relates to the foregoing.