UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
ALERIS INTERNATIONAL, INC., *et al.*,	:	Case No. 09-10478 (BLS)
	:	(Jointly Administered)
Debtors.	:	

NOTICE OF FILING PROPOSED DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION OF ALERIS INTERNATIONAL, INC. AND ITS AFFILIATED DEBTORS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On February 5, 2010, the above-captioned debtors (collectively, the "***Debtors***") filed the Joint Plan of Reorganization of Aleris International, Inc. and Its Affiliated Debtors [Docket No. 1366] (as it may be amended, the "***Plan***") with the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***")

2. The Debtors have today filed the attached *proposed* Disclosure Statement for Joint Plan of Reorganization of Aleris International, Inc. and Its Affiliated Debtors (as it may be amended from time to time, the "***Proposed Disclosure Statement***") under section 1125 of title 11 of the United States Code.

3. **THE PROPOSED DISCLOSURE STATEMENT IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS PROPOSED DISCLOSURE STATEMENT IS BEING SUBMITTED**

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FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

Dated: February 5, 2010
Wilmington, Delaware

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ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION

To: Holders of Claims Against and Equity Interests in Aleris International, Inc. and its Affiliated Debtors

We are transmitting to you with this letter the Disclosure Statement with respect to the joint plan of reorganization (the "***Plan***") of Aleris International, Inc. ("***Aleris***") and its affiliated debtors (collectively, the "***Debtors***," and together with their non-debtor affiliates, the "***Company***"). The Disclosure Statement describes the provisions of the Plan. The Plan is supported by Oaktree Capital Management, L.P., on behalf of its affiliated investment funds ("***Oaktree***"), certain investment funds managed by affiliates of Apollo Management Holdings, L.P. ("***Apollo***"), and Sankaty Advisors, LLC, on behalf of the investment funds advised by it (collectively, the "***Backstop Parties***"), three of the Debtors' largest lenders. The Disclosure Statement has been approved for dissemination to parties in interest. You should read the Disclosure Statement carefully. A summary of the distributions that will be made under the Plan is included in Section II, entitled, "OVERVIEW OF THE PLAN" and Section V, entitled, "THE PLAN OF REORGANIZATION," of the Disclosure Statement. If you are entitled to vote on the Plan, a Ballot is enclosed for you. **WE URGE YOU TO VOTE TO ACCEPT THE PLAN.**

THE PLAN IS THE PRODUCT OF EXTENSIVE NEGOTIATIONS AMONG THE DEBTORS AND THE REPRESENTATIVES OF THEIR PRINCIPAL CONSTITUENCIES. THE BACKSTOP PARTIES HAVE COMMITTED TO INVEST UP TO $690 MILLION IN THE REORGANIZED DEBTORS SUBJECT TO THE TERMS OF THE EQUITY COMMITMENT AGREEMENT. WITH THIS INVESTMENT, THE PLAN WILL ENABLE THE DEBTORS TO EMERGE FROM CHAPTER 11 AS VIABLE, ONGOING ENTERPRISES WITH A HEALTHY BALANCE SHEET AND SUFFICIENT FLEXIBILITY TO WEATHER ANY FUTURE ECONOMIC UNCERTAINTIES. ACCORDINGLY, THE DEBTORS AND THE BACKSTOP PARTIES BELIEVE THAT THE PLAN IS IN THE BEST INTERESTS OF ALL CREDITORS.

The Plan is attached to the Disclosure Statement as Exhibit "A." In order for a class to accept the Plan, at least two-thirds in dollar amount of the claims voted in such class and more than one-half in number of the claims voted in the class must be voted to accept the Plan. Your acceptance will facilitate and expedite the emergence of the Debtors from chapter 11.

If you did not receive a Ballot with the Disclosure Statement, please see the summary of who may not vote on the Plan on page 4 of the Disclosure Statement. If you believe that you are entitled to vote on the Plan but did not receive a Ballot, received a damaged Ballot, lost your Ballot, or if you have any other questions about the Plan or this Disclosure Statement, please call Kurtzman Carson Consultants, LLC ("***KCC***"), the official claims agent in these cases, at (866) 927-7089.

If you are a holder of a U.S. Roll-Up Term Loan Claim, European Roll-Up Term Loan Claim, or European Term Loan Claim and are either an "accredited investor" (as such term is defined under Regulation D of the Securities Act) or not a "U.S. person" (as such term is defined under Regulation S of the Securities Act), you are eligible to participate in a Rights Offering, and a Subscription Form is included with this Disclosure Statement. If you are eligible and wish to participate in the Rights Offering, you must complete and return your Subscription Form by _____, 2010. ***PLEASE NOTE THAT THIS DATE IS BEFORE THE DEADLINE FOR RETURNING YOUR BALLOT.*** If you believe that you are entitled to participate in the Rights Offering but did not receive a

Subscription Form, received a damaged Subscription Form, or lost your Subscription Form, please call KCC at (866) 927-7089.

Please note that BALLOTS MUST BE RECEIVED NO LATER THAN 5:00 P.M., WILMINGTON DELAWARE TIME, ON [DATE], 2010. If you are entitled to vote on the Plan, a Ballot and return envelope are enclosed for your convenience. **IT IS OF THE UTMOST IMPORTANCE THAT YOU VOTE PROMPTLY TO ACCEPT THE PLAN.**

Sincerely,

Aleris International, Inc. and its affiliated Debtors

By: _____

Steven J. Demetriou, Chairman and Chief Executive Officer

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
ALERIS INTERNATIONAL, INC., *et al.*,	:	Case No. 09-10478 (BLS)
Debtors.	:	(Jointly Administered)

DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION OF ALERIS INTERNATIONAL, INC. AND ITS AFFILIATED DEBTORS

PURSUANT TO SECTION 10.2.7(c) OF THE PLAN, UNLESS OTHERWISE ORDERED BY THE BANKRUPTCY COURT, ON OR AFTER THE CONFIRMATION DATE, ANY PERSON OR GROUP OF PERSONS CONSTITUTING A "FIFTY PERCENT SHAREHOLDER" OF ALERIS INTERNATIONAL, INC. WITHIN THE MEANING OF SECTION 382(g)(4)(D) OF THE TAX CODE SHALL BE ENJOINED FROM CLAIMING A WORTHLESS STOCK DEDUCTION WITH RESPECT TO ANY ALERIS EQUITY INTERESTS HELD BY SUCH PERSON(S) (OR OTHERWISE TREATING SUCH EQUITY INTERESTS AS WORTHLESS FOR U.S. FEDERAL INCOME TAX PURPOSES) FOR ANY TAXABLE YEAR OF SUCH PERSON(S) ENDING PRIOR TO THE EFFECTIVE DATE.

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I.

INTRODUCTION

Aleris International, Inc. ("***Aleris***") and its affiliated debtors (collectively, the "***Debtors***," and together with their non-debtor affiliates, the "***Company***") submit this Disclosure Statement pursuant to section 1125 of chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") to the holders of Claims against any of the Debtors (each a "***Creditor***") and to the holders of Equity Interests in the Debtors in connection with the solicitation of acceptances or rejections of the chapter 11 plan of reorganization (the "***Plan***") of the Debtors, dated February 5, 2010, filed with the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***") and the hearing on confirmation of the Plan (the "***Confirmation Hearing***"). The Confirmation Hearing is scheduled for [DATE] [a.m.][p.m.].

Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement shall have the meanings ascribed to them in the Plan.

Attached as Exhibits to this Disclosure Statement are the following documents:

- Plan (Exhibit "A");
- Order of the Bankruptcy Court, dated [DATE], approving this Disclosure Statement (Exhibit "B");
- Financial Appendix, including audited financial statements for the year ended December 31, 2008, financial statements for the three quarters ended September 30, 2009, and Projected Financial Information (the "***Projected Financial Information***," or the "***Projections***") (Exhibit "C");
- Ballot Tabulation and Solicitation Procedures, as approved by the order of the Bankruptcy Court, dated [DATE] (the "***Voting Procedures***") (Exhibit "D");
- Liquidation Analysis (Exhibit "E");
- List of Debtors (Exhibit "F");
- Current organizational structure of the Debtors (Exhibit "G"); and
- Expected organizational and capital structure of HoldCo, IntermediateCo, the OpCos, and the Reorganized Debtors (Exhibit "H").

In addition, the Ballot for acceptance or rejection of the Plan is enclosed with this Disclosure Statement if you are entitled to vote to accept or reject the Plan, and a Subscription Form is enclosed if you are a Creditor in a class that is entitled to participate in the Rights Offering.

Certain exhibits and schedules to the Plan are included with this Disclosure Statement and attached as exhibits and schedules to the Plan. The remaining exhibits and

schedules to the Plan will be contained in a separate exhibit volume or plan supplement (the "***Plan Supplement***"), which will be filed with the clerk of the Bankruptcy Court by [Date], which is no later than the earlier of (i) thirty (30) days prior to the commencement of the Confirmation Hearing and (ii) fifteen (15) days prior to the Voting Deadline. The Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal hours of operation of the Bankruptcy Court. The Plan Supplement will also be available for download from the following website: www.kccllc.net/aleris. Holders of Claims and Equity Interests also may obtain a copy of the Plan Supplement, once filed, from the Debtors by written request sent to the following address:

Aleris Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Ave.
El Segundo, CA 90245

On [DATE], after notice and a hearing, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the Creditors to make an informed judgment as to whether to accept or reject the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR THE MERITS OF THE PLAN.**

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "*SEC*"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

On [DATE], after notice and a hearing, the Bankruptcy Court entered an order approving the Voting Procedures. Among other things, these procedures (i) designate which Creditors are entitled to vote on the Plan and (ii) establish other procedures governing the solicitation and tabulation of Ballots. A copy of the Voting Procedures is attached to this Disclosure Statement as Exhibit "D." *See* Section XII.C.1, entitled, "CONFIRMATION AND CONSUMMATION PROCEDURE – Solicitation of Votes," for a description of the Voting Procedures.

Each Creditor entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting on the Plan.

Under the Bankruptcy Code, only classes of claims or equity interests that are "impaired" are entitled to vote to accept or reject the Plan. The Plan divides classes among the U.S. Debtors and Aleris Deutschland Holding GmbH ("***ADH***"). The Claims in each of the following classes are impaired:

- U.S. Debtors Class 3 (U.S. Roll-Up Term Loan Claims),
- U.S. Debtors Class 4 (Convenience Claims),

- U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims),
- U.S. Debtors Class 7 (Insured Claims),
- U.S. Debtors Class 8 (Aleris Equity Interests),
- U.S. Debtors Class 9 (Cancelled U.S. Equity Interests),
- ADH Class 2 (European Roll-Up Term Loan Claims), and
- ADH Class 3 (European Term Loan Claims).

See Section V.A, entitled, "THE PLAN OF REORGANIZATION – Classification and Treatment of Claims and Equity Interests," for a description of these classes.

With the exception of U.S. Debtors Class 8 (Aleris Equity Interests) and U.S. Debtors Class 9 (Cancelled U.S. Equity Interests), which are not receiving or retaining anything under the Plan and are, therefore, deemed to have rejected the Plan, holders of Claims in all other impaired Classes are entitled to vote on the Plan. Creditors in each of these classes who, pursuant to the Voting Procedures, are entitled to vote on the Plan may do so by completing and mailing the enclosed Ballot to the address set forth on the Ballot so that it is received by 5:00 p.m., Wilmington, Delaware time, on [DATE] (the "***Voting Deadline***").

Beneficial owners of debt securities of the Debtors ("*Debt Securities*") that are registered either fully or as to principal only who hold such securities through nominees should return their individual ballots to their nominees in sufficient time to allow their nominees to complete and return a master ballot prior to the Voting Deadline UNLESS such beneficial owners receive "prevalidated" ballots. "Prevalidated" ballots may be sent directly to the address set forth on the Ballot. *See* the Voting Procedures, a copy of which is annexed hereto as Exhibit "D," and Section XII.C.1, entitled, "CONFIRMATION AND CONSUMMATION PROCEDURE – Solicitation of Votes," for a more detailed description of the Voting Procedures. If you are the holder of any Debt Securities and have any questions about voting on the Plan, please call the Debtors' special balloting and solicitation agent for Debt Securities, Financial Balloting Group LLC, at (646) 282-1800. If you hold any other type of Claim or Equity Interest, please contact KCC at (866) 927-7089 with any questions about the Ballot, the Plan, or the Voting Procedures.

If you did not receive a Ballot, it is because the Debtors believe that, in accordance with the Voting Procedures, you are not entitled to vote on the Plan.

Whether or not the holder of a Claim or Equity Interest is in a class that is entitled to vote on the Plan, such holder is entitled to object to confirmation of the Plan. Any such objection must be filed and served by [DATE].

The following are **NOT** entitled to vote on the Plan and, therefore, have not received Ballots with this Disclosure Statement:

- Holders of Administrative Expenses
- Holders of Equity Interests in Aleris
- Holders of Cancelled U.S. Equity Interests
- Holders of Other U.S. Equity Interests
- Holders of Priority Non-Tax Claims
- Holders of Other U.S. Secured Claims
- Holders of U.S. Affiliate Claims
- Holders of German Tranche of U.S. DIP Loan Claims
- Holders of Other ADH Claims
- Holders of ADH Equity Interests
- Creditors whose Claims have been fully disallowed
- Creditors whose Claims are the subject of pending objections and have not been allowed for voting purposes

If you are not listed above and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please call KCC at (866) 927-7089.

If you are not entitled to vote solely because your Claim is the subject of a pending objection, you may apply to the Bankruptcy Court for an order allowing your Claim for voting purposes only. ***You must file any such motion no later than [Date] (fifteen (15) days after the deadline for the Debtors to complete their mailing of solicitation packages).***

If you did not receive a Subscription Form, it is because the Debtors believe that, in accordance with the Plan, you are not entitled to participate in the Rights Offering. Only holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims who are either an "accredited investor" (as such term is defined under Regulation D of the Securities Act) or not a "U.S. person" (as such term is defined under Regulation S of the Securities Act) are eligible to participate in the Rights Offering. If you are a holder of one of the above claims and did not receive a Subscription Form, please call KCC at (866) 927-7089.

The Bankruptcy Code defines "acceptance" of a plan by a class of Creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number

of the claims of that class that cast ballots for acceptance or rejection of the plan. The Debtors are seeking acceptance of the Plan by Creditors in the following classes: U.S. Debtors Class 3 (U.S. Roll-Up Term Loan Claims), U.S. Debtors Class 4 (Convenience Claims), U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims), U.S. Debtors Class 7 (Insured Claims), ADH Class 2 (European Roll-Up Term Loan Claims), and ADH Class 3 (European Term Loan Claims). For a complete description of the requirements for acceptance of the Plan, *see* Section XII.C.4, entitled, "CONFIRMATION AND CONSUMMATION PROCEDURE – Confirmation Procedure – Acceptance."

The Voting Record Date for determining which Creditors (including holders of Debt Securities) are entitled to vote on the Plan is [DATE]. **THE TRUSTEES FOR DEBT SECURITIES ARE NOT ENTITLED TO VOTE ON BEHALF OF THE HOLDERS OF SUCH SECURITIES, AND, CONSEQUENTLY, SUCH HOLDERS MUST SUBMIT THEIR OWN BALLOTS.** Please see the Voting Procedures for further information regarding voting procedures that have been established for holders of Debt Securities.

After carefully reviewing this Disclosure Statement, including the Exhibits, each Creditor in an impaired Class that is entitled to vote should vote on the enclosed Ballot and return the Ballot in the envelope provided so that it is actually received by the Voting Deadline – 5:00 p.m., Wilmington, Delaware time, on [DATE]. If you have a Claim in more than one class and you are entitled to vote Claims in more than one class, you will receive separate Ballots for each Claim. All of your Claims against all the Debtors in each Class, however, are aggregated for voting purposes, and you will only receive a single Ballot for each Class in which you hold Claims.

All Creditors, ***other than holders of Debt Securities***, should vote and return their Ballots to KCC at the following address:

Aleris Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Ave.
El Segundo, CA 90245

Phone: (866) 927-7089

Holders of Debt Securities should follow the instructions on their Ballots for returning their Ballots.

If you have any questions about the Plan, this Disclosure Statement, or the Voting Procedures, please call KCC at (866) 927-7089.

TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED AT THE APPROPRIATE ADDRESS BY THE VOTING DEADLINE – 5:00 P.M., WILMINGTON, DELAWARE TIME, ON [DATE]. BALLOTS MUST BE DELIVERED BY MAIL, COURIER, OR DELIVERY SERVICE. BALLOTS DELIVERED BY FACSIMILE OR OTHER ELECTRONIC MEANS OF TRANSMISSION WILL NOT BE ACCEPTED. ANY COMPLETED BALLOTS RECEIVED THAT DO NOT INDICATE EITHER AN

ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATE BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN WILL NOT BE COUNTED.

TO PARTICIPATE IN THE RIGHTS OFFERING, YOUR SUBSCRIPTION FORM MUST BE RECEIVED BY THE SUBSCRIPTION EXPIRATION DATE -- _____, 2010 – AND YOU MUST COMPLY WITH THE OTHER DEADLINES OUTLINED IN SECTION V.J.1, ENTITLED, "THE PLAN OF REORGANIZATION – IMPLEMENTATION OF THE PLAN – THE RIGHTS OFFERING AND EQUITY COMMITMENT AGREEMENT." ***PLEASE NOTE THAT THE DATE FOR RETURNING YOUR SUBSCRIPTION FORM IS EARLIER THAN THE VOTING DEADLINE.***

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on [DATE], at [TIME] (Eastern Time), at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Wilmington, Delaware 19801, Courtroom No. 1. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed on or before [DATE] at 4:00 p.m. (Wilmington, Delaware time), in the manner described in this Disclosure Statement under Section XII.C.2, entitled, "CONFIRMATION AND CONSUMMATION PROCEDURE – The Confirmation Hearing." The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned date of the Confirmation Hearing.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO THE CREDITORS AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EVERY CLASS OF CREDITORS. ACCORDINGLY, THE DEBTORS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

IRS CIRCULAR 230 NOTICE:

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS IN THE DEBTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

II.

OVERVIEW OF THE PLAN

The following is a brief overview of the Plan. This overview is qualified in its entirety by reference to the Plan, a copy of which is included as Exhibit "A." In addition, for a more detailed description of the terms of the Plan, *see* Section V, entitled, "THE PLAN OF REORGANIZATION."

The Plan and the Chapter 11 Cases accomplish the following objectives, which the Debtors believe are essential components of a successful reorganization:

- Reducing the Debt on the Debtors' balance sheets;
- Fair treatment for unsecured claims; and
- Corporate reorganization of the Debtors.

The Plan designates fifteen classes of Claims and Equity Interests: ten classes of Claims against and Equity Interests in the U.S. Debtors and five classes of Claims against and Equity Interests in ADH. The U.S. Debtors classes consist of seven classes of Claims and three classes of Equity Interests. U.S. Debtors Class 8 represents Equity Interests in Aleris (which are held by Aurora Acquisition Holdings, Inc. ("***Aurora***"), Aleris' sole shareholder), U.S. Debtors Class 9 represents Equity Interests in certain of the U.S. Debtors which will be cancelled under the Plan, including Equity Interests in Wabash Alloys, L.L.C. ("***Wabash Alloys***") (held by Alchem Aluminum Shelbyville Inc.) and Aleris Aluminum U.S. Sales Inc. (held by CA Lewisport, LLC), and U.S. Debtors Class 10 represents Equity Interests comprised of Equity Interests in the U.S. Debtors other than Aleris and the Dissolving U.S. Subsidiaries. The ADH classes consist of four classes of Claims and one class of Equity Interests in ADH. These classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Equity Interests. The treatment each class of Claims and Equity Interests receives is set forth in summary fashion in the table on pages 10 through 12 below.

The Plan contemplates that Reorganized Aleris will sell its assets to "***OpCos***," certain entities established for the purposes of acquiring such assets. These entities will, in turn, be owned, directly or indirectly, by IntermediateCo, which will be owned by HoldCo. Among other things, the common stock of HoldCo (the "***New Common Stock***") will be contributed to the OpCos, used by the OpCos as part of the consideration paid to Reorganized Aleris for its assets, and then distributed pursuant to the Plan. As used in this Disclosure Statement, "***Reorganized Debtors***" refers to any of the Debtors, as reorganized as of the Effective Date in accordance with the Plan, or any successors in interest thereto (including, without limitation, any OpCo to the extent that such Entity, pursuant to the Acquisition Agreement, assumes the liabilities of such Debtor for Allowed Administrative Expenses or other amounts payable under the Plan), from and after the Effective Date.

Pursuant to the Plan, a holder of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and/or European Term Loan Claims who is either an "accredited

investor" (as such term is defined under Regulation D of the Securities Act) or not a "U.S. person" (as such term is defined under Regulation S of the Securities Act) will have the right to participate in a rights offering for shares of New Common Stock and the IntermediateCo Notes. The Rights Offering, which is described in more detail in Section V.J.1, entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The Rights Offering and Equity Commitment Agreement," is expected to generate Cash proceeds of up to $690 million, which will be used to repay the DIP ABL Credit Facility and the New Money Term DIP Facility, to fund other Cash distributions required by the Plan, and to provide the Reorganized Debtors with sufficient operating cash. Subject to the terms of the Equity Commitment Agreement, the Backstop Parties have agreed to underwrite the full amount of the Rights Offering.

The proposed capital structure for the Reorganized Debtors and their parent entities, including post-Effective Date financing arrangements that the Reorganized Debtors expect to enter into in order to meet the working capital needs for their ongoing business operations, is as follows:

- Exit financing facility through an asset-based revolving credit facility with a commitment of at least $500 million (the "***Exit ABL Facility***"). A more complete description of the expected terms of the Exit ABL Facility is set forth in Section V.J.8 of this Disclosure Statement, entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The Exit ABL Facility."

- The equity in the Reorganized Debtors will be owned indirectly by holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, European Term Loan Claims, participants in the Rights Offering, and the Backstop Parties, which, collectively, will own all of the New Common Stock outstanding as of the Effective Date. *See* Section V.G.2, entitled, "THE PLAN OF REORGANIZATION – Securities to be Distributed under the Plan – The New Common Stock," for a description of the New Common Stock. Existing management is not receiving New Common Stock under the Plan on the Effective Date, although pursuant to the Long-Term Equity Incentive Program, certain members of management will receive restricted New Common Stock and options to purchase New Common Stock, subject to vesting requirements contained in the Long-Term Equity Incentive Program. The Aleris Equity Interests, which are held directly by Aurora, and the Cancelled U.S. Equity Interests, will be cancelled on the Effective Date. Equity Interests in the Debtors other than the Cancelled U.S. Equity Interests, which are held by other Debtors, will be reinstated on the Effective Date.

- Subordinated, unsecured exchangeable notes distributed to participants in the Rights Offering and the Backstop Parties under the IntermediateCo Note Indenture ("***IntermediateCo Notes***") in an aggregate principal amount equal to Forty-Five and 00/100 Million Dollars ($45,000,000) and having such other terms, covenants and conditions set forth in the Plan. *See* Section V.G.3, entitled, "THE PLAN OF REORGANIZATION – Securities to be Distributed

under the Plan – The IntermediateCo Notes," for a description of the IntermediateCo Notes.

- Shares of IntermediateCo Preferred Stock, which will have an aggregate stated value of Five and 00/100 Million Dollars ($5,000,000), will be sold by IntermediateCo to the Backstop Parties. *See* Section V.G.4, entitled, "THE PLAN OF REORGANIZATION – Securities to be Distributed under the Plan – The IntermediateCo Preferred Stock," for a description of the IntermediateCo Preferred Stock.

A summary of the proposed organizational and capital structure of HoldCo, IntermediateCo, the OpCos, and the Reorganized Debtors is set forth on Exhibit "H."

Important Note: The industry in which the Debtors operate is affected by numerous uncertainties. Those uncertainties and other investment risks make it difficult to determine a precise value for the Debtors and the New Common Stock distributed under the Plan. The recoveries described in the table below represent the Debtors' best estimate of these values given the information available at this time. This estimate does not predict the potential trading prices of the securities distributed under the Plan. Unless otherwise noted, the information in the following table and in the sections below is based upon an assumed Effective Date of June 1, 2010. The Debtors believe that an Effective Date as late as October 31, 2010 will not materially affect these estimates or the underlying assumptions. The estimated recoveries set forth below are based upon the following assumptions:

- The estimated enterprise value of the Debtors is $1 billion.

- The estimated Plan Value, which is the estimated value of the equity of the Reorganized Debtors before giving effect to the Rights Offering, is $270.6 million. Plan Value may be higher if the amounts deducted from the enterprise value under the formulas set forth in the Plan are less than expected. The Plan Value, however, will not be lower than $221.7 million.

- Of the Plan Value, $168.9 million is the estimated U.S. Plan Value, and $101.7 million is the estimated ADH Plan Value. The ADH Plan Value will be no less than $101.7 million, and a condition to the Plan provides that the U.S. Plan Value be no less than $120 million.

- The amount of Cash required to be raised in the Rights Offering will be the Maximum Rights Offering Amount, $690 million.

Based upon these assumptions, the Debtors estimate that the total value of the reorganization consideration to be available to be distributed pro rata to holders of claims to be as set forth below.

SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

The Plan classifies Claims and Equity Interests against the U.S. Debtors for all purposes, including voting, confirmation, and distribution, as follows:

Class	Treatment	Status	Entitled to Vote	Estimated Recovery[1]
U.S. Debtors Class 1: Priority Non-Tax Claims	Paid in full, in Cash, on the later of the Effective Date and as soon as practicable after the Priority Non-Tax Claim becomes Allowed.	Unimpaired	No. Deemed to accept.	100%
U.S. Debtors Class 2: Other U.S. Secured Claims	Reinstated or otherwise left unimpaired.	Unimpaired	No. Deemed to accept.	100%
U.S. Debtors Class 3: U.S. Roll-Up Term Loan Claims	Pro Rata Share of one of the following: 1. U.S. Roll-Up Stock and U.S. Subscription Rights ***or*** 2. Cash equal to the U.S. Plan Value	Impaired	Yes.	28%
U.S. Debtors Class 4: Convenience Claims	Paid Cash equal to 25% of Allowed Amount of Allowed Convenience Claim on later of the Initial Distribution Date and as soon as practicable after such Convenience Claim becomes Allowed. Eligible for an additional 25% payout on the Final Distribution Date if total Allowed Amount of Administrative Expenses under section 503(b)(9) is less than $6.5 million (including any such expenses that have been paid by the Debtors prior to the Effective Date).	Impaired	Yes.	25% to 50%
U.S. Debtors Class 5: General Unsecured Claims other than Convenience Claims and Insured Claims	Pro Rata Share of $4 million in Cash.	Impaired	Yes.	0.3%
U.S. Debtors Class 6: U.S. Affiliate Claims	Reinstated or otherwise left unimpaired.	Unimpaired	No. Deemed to accept.	100%

[1] Estimated recoveries on Claims denominated in euros assume an exchange rate of $1.48 dollars per euro.

Class	Treatment	Status	Entitled to Vote	Estimated Recovery[1]
U.S. Debtors Class 7: Insured Claims	The holder of an Insured Claim may elect to**:** 1. remain in U.S. Debtors Class 7 and limit such holder's recovery on account of its Allowed Insured Claim to any Insurance Proceeds available for such Claim, 2. have its Insured Claim be treated under the Plan as a General Unsecured Claim in U.S. Debtors Class 5, ***or*** 3. subject to Section 3.2.4(b) of the Plan, have its Insured Claim be treated under the Plan as a Convenience Claim in U.S. Debtors Class 4.	Impaired	Yes.	Unknown
U.S. Debtors Class 8: Aleris Equity Interests	Cancelled.	Impaired	No. Deemed to reject.	0%
U.S. Debtors Class 9: Cancelled U.S. Equity Interests	Cancelled.	Impaired	No. Deemed to reject.	0%
U.S. Debtors Class 10: Other U.S. Equity Interests	Reinstated.	Unimpaired	No. Deemed to accept.	100%

Claims against and Equity Interests in ADH are classified for all purposes, including, without express or implied limitation, voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Treatment	Status	Entitled to Vote	Estimated Recovery[2]
ADH Class 1: German Tranche of U.S. DIP Loan Claims	Paid in full, in Cash, on the Effective Date.	Unimpaired	No.	100%
ADH Class 2: European Roll-Up Term Loan Claims	Pro Rata Share of one of the following: 1. ADH Roll-Up Stock and the ADH Roll-Up Subscription Rights, ***or*** 2. Cash equal to $25 million.	Impaired	Yes.	Option 1: 100% Option 2: 94%
ADH Class 3: European Term Loan Claims	Pro Rata Share of one of the following: 1. ADH Term Loan Stock and the ADH Term Loan Subscription Rights, ***or*** 2. Cash equal to the ADH Term Loan Value.	Impaired	Yes.	21%
ADH Class 4: Other ADH Claims	Reinstated or otherwise left unimpaired.	Unimpaired	No. Deemed to accept.	100%
ADH Class 5: ADH Equity Interests	Reinstated.	Unimpaired	No. Deemed to accept.	100%

Termination of certain of the U.S. Debtors' pension plans in accordance with 29 U.S.C. § 1341(c) or 1342, and as discussed in more detail in Section V.M.1, entitled, "THE PLAN OF REORGANIZATION – Confirmation of the Plan – Condition Precedent to Entry of the Confirmation Order" is a condition precedent to confirmation of the Plan. Following confirmation of the Plan, the Plan will not become effective until the "***Effective Date***" which will be a Business Day selected by the Debtors, with the consent of a Majority in Interest, that is within thirty-one (31) days after the date by which all of the conditions precedent to the effectiveness of the Plan specified in Section 10.1 thereof have been satisfied or waived in accordance with such section or, if a stay of the Confirmation Order is in effect, a date mutually acceptable to the Debtors and the "***Majority in Interest***" that is within thirty-one (31) days after

[2] Estimated recoveries on Claims denominated in euros assume an exchange rate of $1.48 dollars per euro.

the date of the expiration, dissolution, or lifting of such stay. At any time before the Voting Deadline, "***Majority in Interest***" means Backstop Parties (i) having executed a Plan Support Agreement and (ii) at such time, holding over fifty percent (50%) of the funding commitments under the Equity Commitment Agreement of the Backstop Parties that have executed a Plan Support Agreement, and at any time on and after the Voting Deadline, "Majority in Interest" shall mean Backstop Parties (x) having executed a Plan Support Agreement and (y) at such time, holding over 83% of the funding commitments under the Equity Commitment Agreement of the Backstop Parties that have executed a Plan Support Agreement (it being understood that for purposes of this definition, the percentage of funding commitments of each Backstop Party that executes a Plan Support Agreement shall equal the total amount of such Backstop Party's European Term Loan Claims, European Roll-Up Term Loan Claims, and U.S. Roll-Up Term Loan Claims (such claims, the "***Relevant Claims***"), as a percentage of Relevant Claims held by all of the Backstop Parties that have executed a Plan Support Agreement) and in each case giving *pro forma* effect to the 9019 Settlement. For purposes of this Disclosure Statement, the Debtors have assumed that the Effective Date will be June 1, 2010. Of course, there can be no certainty that the Effective Date will occur by such date. The satisfaction of many of the conditions to the occurrence of the Effective Date is beyond the control of the Debtors.

Distributions on account of U.S. Debtors Class 4 (Convenience Claims) and U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims) will be made on the "***Initial Distribution Date***," which is a date selected by the Reorganized Debtors within fifteen (15) days after the Effective Date, or such later date as the Bankruptcy Court may establish upon request by the Reorganized Debtors, for cause shown. In no event, however, will the Initial Distribution Date be more than forty-five (45) days after the Effective Date. Additional distributions may be made to holders of Allowed Claims in U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims) on subsequent Distribution Dates, which will occur on the first Business Day of the month commencing six (6) months after the Initial Distribution Date, and every six (6) months thereafter, until the Final Distribution Date when all Disputed Claims have become either Allowed Claims or Disallowed Claims. In addition, holders of Allowed Convenience Claims may be eligible for a subsequent distribution on the Final Distribution Date (or such earlier date as the Reorganized Debtors, in their sole discretion, may select) if the aggregate amount of Allowed Administrative Expenses under section 503(b)(9) of the Bankruptcy Code is less than $6.5 million, including any such expenses that have been paid by the Debtors prior to the Effective Date. Distributions on account of all other Allowed Claims will be made on the Effective Date or as soon as practicable thereafter, but in no event more than fifteen (15) days after the Effective Date.

Notwithstanding the foregoing, a payment will only be made on account of a Disputed Claim after, and to the extent that, such Disputed Claim becomes Allowed. All payments to be made in Cash under the Plan will be made, at the election of the Reorganized Debtors or the Disbursing Agent, by check or wire transfer.

III.

GENERAL INFORMATION

A. History and Description of the Company's Business.

1. History of the Business.

The Company was formed in December 2004 pursuant to the merger of two leading companies in the aluminum industry – Commonwealth Industries, Inc. ("***Commonwealth***") and IMCO Recycling, Inc. ("***IMCO***"). The Commonwealth-IMCO merger created a vertically integrated aluminum recycler and sheet manufacturer with approximately $2 billion in revenues. In 2005, the Company expanded its geographic footprint and diversified its product offerings through a series of asset and company acquisitions including, among others, (i) debtor ALSCO Holdings, Inc. (and its subsidiary, debtor ALSCO Metals Corporation), a manufacturer and fabricator of aluminum sheet products for the building and construction industry, and (ii) debtor Alumitech, Inc. (and its subsidiary, debtor ETS Schaefer Corporation), an aluminum recycler and salt cake processor. That same year the Company also acquired non-debtor Tomra Latasa Reciclagem and certain assets of Ormet Corporation.

In August 2006, the Company acquired the downstream aluminum rolling and extrusion businesses (the "***Corus Business***") from the Corus Group plc ("***Corus***"). In conjunction with the Corus Business acquisition, the Company entered into (i) a $750 million revolving credit facility (the "***Prepetition ABL Facility***" as described below), (ii) a $650 million term loan facility,[3] and (iii) a one-year senior unsecured facility ("***Senior Unsecured Facility***"). Amounts drawn on these facilities following the Corus Business acquisition included approximately $470 million on the Prepetition ABL Facility, $650 million on the prepetition term facility and $505 million on the Senior Unsecured Facility. In addition to funding the purchase price paid to acquire the Corus Business, the Company used the proceeds from these facilities to refinance substantially all of its indebtedness existing at the time the facilities were entered into and to pay costs associated with the Corus Business acquisition and new facilities.

Until December 2006, the Company's common stock was publicly traded on the New York Stock Exchange. In December 2006, Texas Pacific Group ("***TPG***") acquired the Company through Aurora, an entity that has no assets other than the shares of Aleris. The acquisition by TPG and certain officers and senior management included an equity investment of approximately $848.8 million plus proceeds from the refinancing and increasing of substantially all of the Company's outstanding indebtedness. In conjunction with the TPG acquisition, on December 19, 2006, the Company (i) amended and restated the Prepetition ABL Facility, (ii) amended and restated the prepetition term facility to increase the maximum borrowings to $825 million and €303 million, and (iii) issued $600 million of Senior Notes and $400 million of

[3] This is the prepetition term loan facility described in more detail in Section III.C.2, entitled, "GENERAL INFORMATION – Prepetition Indebtedness and Capital Structure – The Prepetition Term Facility."

Senior Subordinated Notes, a portion of which was used to repay the Senior Unsecured Facility. As a result of the TPG acquisition, Aleris is wholly owned by Aurora.

Subsequent to TPG's acquisition of the Company, the Company continued its expansion through various asset and company acquisitions. In May 2007, the Company acquired EKCO Products, a producer of light gauge aluminum sheet used in consumer and pharmaceutical foil packaging and fin stock, and in September of 2007, the Company acquired debtor Wabash Alloys, a producer of aluminum casting alloys and molten metal. When the Company acquired debtor Wabash Alloys, the Company financed the acquisition with the proceeds received from its issuance of the 2007 Senior Notes and from additional borrowings under its Prepetition ABL Facility. In 2008, the Company acquired non-debtors H.T. Aluminum Specialties, Inc. and Granular Aluminum Products, Inc., aluminum scrap metal processors.

The Company also completed certain international acquisitions. In September 2007, the Company acquired Alumox Holding AS of Norway, a recycler of dross and scrap (for recovery of aluminum) and a processor of salt slag (for recovery of aluminum and aluminum oxide).

The Company operates 41 production facilities worldwide, with 13 production facilities that provide rolled and extruded aluminum products and 28 recycling production plants. The Company's facilities are strategically located and well-positioned to service its customers, which include a number of the world's largest companies in the building and construction, containers and packaging, metal distribution, and transportation industries.

Aleris is the direct or indirect parent corporation of each of the Debtors. All business operations are carried out by Aleris, its affiliated Debtors, two domestic non-debtor affiliates (H.T. Aluminum Specialties, Inc. and Granular Aluminum Products, Inc.), two domestic non-wholly owned partnerships (IMSAMET of Arizona and Solar Aluminum Technology Services), and Aleris's non-debtor international affiliates with operations in, among other places, Canada, Mexico, Brazil, Belgium, the United Kingdom, Germany, the Netherlands, Norway, Switzerland, and China. The Company now has operations or offices in approximately 13 states in the United States and in 18 foreign countries. The Company's principal executive offices and global headquarters are located at 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122-7392.

2. Description of the Business.

The Company is a global leader in the production and sale of aluminum rolled and extruded products, recycled aluminum, and specification alloy manufacturing. The Company operates primarily through three reportable business segments: (i) Rolled Products North America ("***RPNA***"), (ii) Recycling and Specification Alloys Americas ("***RSAA***"), and (iii) Europe. The Company's RPNA segment shipped 861.0 million pounds of aluminum rolled products for the fiscal year ended December 31, 2008 and 528.1 million pounds for the nine month period ended September 30, 2009. The Company's RSAA segment shipped 2,427.0 million pounds of recycled metal and specification alloys for the fiscal year ended December 31, 2008 and 1,091.6 million pounds for the nine month period ended September 30, 2009. The Company's Europe segment shipped 1,798.0 million pounds of aluminum rolled and extruded

products and recycled metal for the fiscal year ended December 31, 2008 and 989.3 million pounds for the nine month period ended September 30, 2009. In 2008, the Company generated approximately $5.906 billion of revenues for the fiscal year ended December 31, 2008, and the Company generated approximately $2.157 billion of revenues for the nine month period ended September 30, 2009. The Company generates substantially all of its revenue from the manufacture and sale of these products.

ADH is a holding company that owns the stock of certain German and Belgium subsidiaries that produce rolled and extruded products as in the Europe segment. ADH has no operations and no employees.

3. Rolled Products North America.

The Company's RPNA segment produces rolled products for a wide variety of applications, including building and construction, distribution, transportation, and other uses in the consumer durables general industrial segments. Except for depot sales, which are for standard size products, substantially all of the rolled aluminum products in the United States are manufactured to specific customer requirements, using direct-chill and continuous ingot cast technologies that allow the Company to use and offer a variety of alloys and products for a number of end uses. Specifically, those products are integrated into, among other things, building panels, truck trailers, gutters, appliances, and recreational vehicles.

4. Recycling and Specification Alloy Americas.

The Company's RSAA segment includes aluminum melting, processing and recycling activities, as well as its specification alloy manufacturing business. The segment's recycling operations convert scrap and dross (a byproduct of melting aluminum) and combine these materials with other alloy agents as needed to produce recycled metal generally for participants in the metal industry serving end-uses related to consumer packaging, transportation and construction. Historically, a significant percentage of these products are sold through "tolling" arrangements, in which the Company converts customer-owned scrap and dross and returns the recycled metal in ingot or molten form to its customers for a fee.

The segment's specification alloy operations combine various aluminum scrap types with hardeners and other additives to produce alloys and chemical compositions with specific properties (including increased strength, formability and wear resistance) as specified by customers for their particular applications. The specification alloy operations typically deliver its recycled and specification alloy products to customers in molten or ingot form. The specification alloy operations principally serve the U.S. automotive industry.

5. Europe.

The Company's Europe segment is comprised of the rolled and extruded products and recycling operations in Europe and a single extrusion facility in China. The Europe segment produces rolled products for a wide variety of technically sophisticated applications, including aerospace plate and sheet, brazing sheet, automotive sheet, and other uses in the engineering, construction, transportation, and packaging industry segments. Substantially all of the Company's rolled aluminum products in Europe are manufactured to specific customer

requirements using direct-chill ingot cast technologies that allow the Company to use and offer a variety of alloys and products for a number of technically demanding end uses.

The Europe segment also produces extruded aluminum products for the transportation (automotive, rail, and shipbuilding), electrical, mechanical engineering, and building and construction sectors. With one of the largest extrusion presses in the world, the Company produces high-end, value-added, large-profile extruded products. The Company further serves its customers by performing value-added fabrication on most of its extruded products. The Company's extruded products are used for, among other things, urban rail and other transport systems, automotive parts, aircraft, and the building and construction industry.

The Europe segment also includes certain aluminum melting, processing and recycling activities. These recycling operations convert scrap and dross (a byproduct of melting aluminum) and combine these materials with other alloy agents as needed to produce recycled metal and specification alloys. Historically, a significant percentage of these products are sold through "tolling" arrangements, in which the Company converts customer-owned scrap and dross and returns the recycled metal to its customers for a fee.

The following is a list of each segment's principal products and services:

Segment	Principal products and services	Principal end-use/product category
RPNA	Rolled aluminum products ranging from thickness (gauge) of 0.002 to 0.249 inches in widths of up to 72 inches	Building and construction (roofing, rainware, and siding)
		Metal distribution
		Transportation equipment (truck trailers and bodies)
		Consumer durables
		Automotive sheet (inner, outer and structural parts)
		Specialty coil and sheet (cookware, fuel tanks, ventilation, cooling, and lamp bases)
		Converter foil, fins and tray materials
		Coated coil (building and transport sectors)
RSAA	Recycles aluminum scrap and dross into recycled metal in molten or ingot form	Aluminum Production (containers and packaging, general industrial)
	Specification alloy	Automotive
Europe	Rolled aluminum products ranging from thickness (gauge) of 0.00026 to 23.0 inches in widths of up to 156 inches	Aircraft plate and sheet
		Brazing coil and sheet (heat exchanger materials for automotive and general industrial)
		Commercial plate and sheet (tooling, molding, road transport, shipbuilding, LNG transport and silos),
		Automotive body sheet (inner, outer and structural parts)
		Specialty coil and sheet (cookware, fuel tanks, ventilation, cooling, and lamp bases)
		Building and construction (roofing, rainware, and siding)
		Metal distribution
		Transportation equipment (truck trailers and bodies)
		Consumer durables
		Foil stock
	Extruded aluminum products ranging from 0.2 to 120.0 kilograms per cubic meter	Industrial extrusions (construction, transport, and engineering sectors)
		BUG building systems (windowsills, water bars, roofing products, window systems, and balconies)
		Project business extrusions (urban transport systems, high speed trains, mobile bridges for defense purposes and shipbuilding)
		Rods and hard alloy extrusions (automotive parts, aircraft, hydraulic and pneumatic systems and leisure)
	Recycles aluminum scrap and dross into recycled metal in molten or ingot form	Aluminum Production (containers and packaging, general industrial)
	Specification alloy	Automotive

6. Controlling Risk.

Prior to the Commencement Date, the Company entered into derivatives to hedge the cost of energy, the sale and purchase prices of certain aluminum products and certain alloys used in its production processes, and certain currency exposures and variable interest rates.

The Company uses forward contracts and options, as well as contractual price escalators, to reduce the risks associated with its natural gas and other supply requirements. Generally, the Company enters into master netting arrangements with its counterparties and offsets net derivative positions with the same counterparties against amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements.

In April 2009, the Company entered into various option contracts to reduce its exposure to increases in the London Metal Exchange ("***LME***") aluminum prices and natural gas prices. The Company paid premiums of approximately $10.2 million in the quarter ended June 30, 2009 to enter into these contracts. In addition, the U.S. Debtors sought formal approval from the Bankruptcy Court for entering into derivative financial contracts. On June 23, 2009, the Bankruptcy Court authorized the U.S. Debtors to enter into derivative transactions and issued its *Order Pursuant to Sections 105(a), 363(c) and 364(c) of the Bankruptcy Code Authorizing the Debtors to Enter Into Derivative Transactions and to Grant First Priority Liens in Cash Collateral Posted in Connection with Such Transactions* (Docket No. 707). Under this order the U.S. Debtors are permitted to post cash collateral and to grant first priority liens in such collateral to secure derivative transactions. The Debtors, however, are not permitted to enter into any new derivative transactions at a time when the total cash collateral already posted exceeds $40 million. As of December 31, 2009, the Company had posted cash collateral totaling approximately $8.8 million in connection with its postpetition derivative transactions. The Company has not entered into hedged transactions with respect to interest payments in 2009 or 2010.

7. Research and Development.

In connection with the acquisition of the Corus Business, the Company entered into a five-year research and development agreement with Corus pursuant to which Corus assists the Company in research and development projects on a fee-for-service basis.

8. Seasonality.

Many of the Company's rolled and extruded products and recycling and specification alloy end-uses are seasonal. Demand in the rolled and extruded products business is generally stronger in the spring and summer seasons due to higher demand in the building and construction industry. The Company's recycling business experiences greater demand in the spring season due to stronger automotive and can sheet demand. Such factors typically result in higher operating income in the first half of the year.

9. Employees.

As of December 31, 2009, the Company had a total of approximately 6,100 employees, consisting of approximately 1,900 employees engaged in administrative and supervisory activities and approximately 4,200 employees engaged in manufacturing, production and maintenance functions. The Company has approximately 2,400 active employees in the United States and 3,700 in foreign countries.

10. Environmental.

The Company is subject to federal, state, local and foreign environmental laws and regulations, which govern, among other things, air emissions, wastewater discharges, the handling, storage, and disposal of hazardous substances and wastes, the investigation or remediation of contaminated sites, and employee health and safety. These laws can impose joint and several liability for releases or threatened releases of hazardous substances upon statutorily defined parties, including the Company, regardless of fault or the lawfulness of the original activity or disposal. Given the changing nature of environmental legal requirements, the Company may be required, from time to time, to install additional pollution control equipment, make process changes, or take other environmental control measures at some of its facilities to meet future requirements.

The Company has been named as a potentially responsible party in certain proceedings initiated pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act and similar state statutes and may be named a potentially responsible party in other similar proceedings in the future. It is not anticipated that the costs incurred in connection with presently pending environmental proceedings will, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

B. Competition.

The worldwide aluminum industry is highly competitive. Aluminum competes with other materials such as steel, plastic, and glass for various applications.

The Company's RPNA and Europe's rolled and extruded products businesses compete in the production and sale of rolled aluminum sheet and extrusion products. In the sectors in which the Company competes, the other industry leaders include Alcoa, Alcan, Novelis, Quanex, Norsk Hydro and Jupiter Aluminum. The Company competes with other rolled and extruded products suppliers on the basis of quality, price, timeliness of delivery, and customer service.

The principal factors of competition in the Company's recycling business are price, metal recovery rates, proximity to customers, molten metal delivery capability, environmental and safety regulatory compliance, and other types of services. Freight costs also limit the geographic areas in which the Company can compete effectively. The international recycling business is highly fragmented and very competitive. The Company's major competitors include Trimet for recycling and Remetel and Konzelmann/BUS for specification alloys.

C. Prepetition Indebtedness and Capital Structure.

1. The Prepetition ABL Facility.

As described above, in order to finance the acquisition of the Corus Business, the TPG transaction, other acquisitions, and the Company's operations, Aleris and each of its affiliated Debtors (and certain international non-debtor affiliates, including certain Canadian subsidiaries and Aleris Switzerland GmbH) entered into and became obligated under, either as a direct borrower or as a guarantor, an Amended and Restated Credit Agreement, dated August 1, 2006, as amended and restated as of December 19, 2006, (together with all amendments, related agreements, and documents, the "***Prepetition ABL Agreements***") with various financial institutions and other persons from time to time as lenders thereunder (collectively, the "***Prepetition ABL Lenders***"), and Deutsche Bank AG New York Branch ("***Deutsche Bank***") as the administrative agent.

The Prepetition ABL Agreements provide for the Prepetition ABL Facility, which is comprised of the following:

- a facility for use in connection with the Company's U.S. and European operations comprised of (i) a senior secured asset-based revolving credit facility of up to $809 million (including a $250 million sublimit for European borrowings) subject to borrowing base limitations; (ii) up to $75 million of letters of credit; and (iii) certain swingline facilities, and

- a sub-facility for the Company's Canadian subsidiaries in the aggregate amount of $35 million (the "***Prepetition Canadian ABL Sub-Facility***").

All borrowings by foreign subsidiaries under the Prepetition ABL Facility, including borrowings under the Prepetition Canadian ABL Sub-Facility, were guaranteed on a senior secured basis by the U.S. Debtors and certain of the Company's non-debtor foreign subsidiaries. Debtor ADH was not a borrower or a guarantor under the Prepetition ABL Facility. To secure the U.S. Debtors' obligations under the Prepetition ABL Facility, the U.S. Debtors entered into that certain U.S. Security Agreement, dated as of August 1, 2006, and amended and restated as of December 19, 2006, pursuant to which they granted the Prepetition ABL Lenders, among other things, a first priority security interest in, and continuing liens on, substantially all of the U.S. Debtors' current assets (including, among other things, accounts receivable and inventory) and related intangible assets located in the United States (the "***ABL Collateral***") and a second priority security interest in, and continuing liens on, substantially all of the U.S. Debtors' other assets located in the United States (the "***Term Collateral***"). The Company entered into separate security agreements with respect to its European and Canadian commitments under the Prepetition ABL Facility.

There was no scheduled amortization under the Prepetition ABL Facility, and, in the absence of a default, the principal amount outstanding would have been due and payable in full at maturity on December 19, 2011. As discussed further in Section III.D.4, entitled, "GENERAL INFORMATION – Events Leading to the Commencement of the U.S. Debtors' Chapter 11 Cases – Liquidity Crunch and Commencement of the U.S. Debtors' Chapter 11

Cases," a severe drop in the price of metal and the impact of the global recession on volumes sold led to a decline by over 50% in the borrowing base under the Prepetition ABL Facility during the six months prior to the U.S. Debtors' Commencement Date. As of the U.S. Debtors' Commencement Date, the amount outstanding under the Prepetition ABL Facility (including outstanding letters of credit) exceeded the borrowing base, and the Company had no access to working capital under the Prepetition ABL Facility.

As of the U.S. Debtors' Commencement Date, the liabilities under the Prepetition ABL Facility included approximately (i) $201.8 million in principal amount and (ii) $42.2 million in face amount of outstanding letters of credit.

Following the U.S. Debtors' Commencement Date, with the approval of the Bankruptcy Court, the Company refinanced the Prepetition ABL Facility and replaced it with the DIP ABL Credit Facility. *See* discussion of the DIP ABL Credit Facility in Section IV.C.1, entitled, "THE CHAPTER 11 CASES – Significant Events During the Chapter 11 Cases – The DIP Credit Facilities."

2. The Prepetition Term Facility.

As additional financing to effectuate the acquisition of the Corus Business, the TPG transaction, other acquisitions, and the Company's operations, each of the U.S. Debtors (and certain of their non-debtor international affiliates, including ADH), also were obligated as borrowers or guarantors under that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2006, and amended and restated as of December 19, 2006, and further amended as of March 13, 2007 and February 10, 2009 (the "***Prepetition Term Loan Agreement***," and together with related agreements and documents, the "***Prepetition Term Loan Agreements***"), with the various financial institutions and other persons from time to time as lenders thereunder (collectively, the "***Prepetition Term Lenders***"), and Deutsche Bank, as administrative agent (the "***Prepetition Term Loan Agent Bank***"). The Prepetition Term Loan Agreements provide for a term loan facility (the "***Prepetition Term Facility***") for the U.S. Debtors in the maximum aggregate commitment of $825 million borrowed by Aleris and guaranteed by the U.S. Debtors (the "***U.S. Term Loan Facility***") and a sub-facility for €303 million in euro borrowings by ADH and guaranteed by the U.S. Debtors and certain non-debtor international affiliates (the "***European Term Loan Facility***").

To secure the obligations under the Prepetition Term Loan Agreements, the U.S. Debtors entered into, among other things, that certain U.S. Security Agreement, dated as of August 1, 2006, and amended and restated as of December 19, 2006. Pursuant to the Prepetition Term Loan Agreement, the Prepetition Term Lenders were granted a first priority security interest in and continuing liens on the Term Collateral (which consists of, among other things, certain stock in certain subsidiaries, intellectual property rights, equipment, fixtures, general intangibles and real property) and a second priority interest in and continuing liens on the ABL Collateral. ADH entered into a separate security agreement with respect to the European Term Loan Facility, pursuant to which ADH granted a lien on, and security interest in, among other things, bank accounts, intellectual property rights, certain stock in certain subsidiaries, and/or moveable property.

In connection with the Prepetition ABL Facility and the Prepetition Term Loan Agreements, Deutsche Bank, as administrative agent and collateral agent under the Prepetition ABL Facility and the Prepetition Term Loan Agreements, entered into that certain Intercreditor Agreement, dated as of August 1, 2006, and amended and restated as of December 19, 2006 (the "***Prepetition Intercreditor Agreement***"), governing the respective rights of the Prepetition ABL Lenders and the Prepetition Term Lenders with respect to the ABL Collateral and the Term Collateral. Pursuant to the Prepetition Intercreditor Agreement, the Prepetition Term Lenders agreed that liens on any ABL Collateral securing obligations under the Prepetition ABL Facility would be senior and prior to any lien on the ABL Collateral securing obligations under the Prepetition Term Loan Agreements, and the Prepetition ABL Lenders agreed that liens on any Term Collateral securing obligations under the Prepetition Term Loan Agreements would be senior and prior to any lien on the Term Collateral securing obligations under the Prepetition ABL Facility.

As of the U.S. Debtors' Commencement Date, the maximum aggregate commitment under the Prepetition Term Facility was drawn, approximately $808.5 million in principal amount of indebtedness under the U.S. Term Loan Facility was outstanding, and approximately €296,940,000 in principal amount of indebtedness under the European Term Loan Facility was outstanding.[4]

On March 13, 2007 the Prepetition Term Loan Agreement was amended, among other things, to reduce the amount of the interest margin. On February 10, 2009, the Prepetition Term Lenders agreed, pursuant to the *Second Amendment to Credit Agreement and Forbearance Agreement*, to forbear from exercising remedies against the non-Debtor obligors under the Prepetition Term Facility as a result of the imminent bankruptcy filing of the U.S. Debtors and other defaults existing under the Prepetition Term Loan Agreements, to permit the incurrence of indebtedness by ADH, to permit the granting of security pursuant to the DIP Term Credit Facility and the entering into by Deutsche Bank, as administrative agent and collateral agent, under the Prepetition Term Loan Agreements of an intercreditor agreement governing the priority of such security relative to the liens securing the Prepetition Term Loan Agreements, and to modify the mandatory prepayment provisions. On February 5, 2010, pursuant to the *Release*, the Prepetition Term Lenders agreed to release the non-Debtor non-U.S. obligors under the Prepetition Term Facility from their obligations under the applicable Guaranty (as defined under the Prepetition Term Facility) and to forbear on the collateral granted by ADH and the non-Debtors under the Security Documents (as defined under the Prepetition Term Facility).

a. Description of the CAM Exchange

As a result of the U.S. Debtor's Chapter 11 Cases, a Conversion Event (as defined in the Prepetition Term Loan Agreements) occurred under the Prepetition Term Loan Agreements on February 12, 2009, resulting in the automatic conversion of euro denominated prepetition term loans into U.S. Dollars subject to the rights of Eligible Lenders (as defined below) to convert Eligible Loans (as defined below) into euros. As provided in the Prepetition

[4] Principal amounts do not include amounts owed by the Debtors to counterparties under Secured Hedging Agreements (as such term is defined under the Prepetition Term Loan Facility).

Term Loan Agreements, the conversion rate was the rate specified in the Wall Street Journal on Wednesday, February 11, 2009, which was 1.2884 U.S. Dollars for 1.0 euro (the "***Conversion Rate***").

While the Company was not a party to the CAM Exchange (as defined below) arrangements among the Prepetition Term Lenders, the Company understands that they were implemented as described below.

As a result of the U.S. Debtor's Chapter 11 Cases, each Prepetition Term Lender was required on February 12, 2009 to purchase participations from other Prepetition Term Lenders in the various tranches of the prepetition term loans (*i.e.*, U.S. loans and German loans) so that, after giving effect to such purchases, each Prepetition Term Lender had the same percentage credit exposure in each tranche at such time, whether or not such Prepetition Term Lender had previously participated therein (the "***CAM Exchange***"). The purchase of participations did not extend to regularly accruing interest and fees through February 12, 2009, as such amounts were retained by the Prepetition Term Lender to which such amounts were owed.

After giving effect to the foregoing, each Prepetition Term Lender beneficially held (whether as direct Prepetition Term Lender, net of participations sold, or as a participant pursuant to participations purchased) the identical ratable allocations (on a percentage basis) of principal of each tranche of prepetition term loans.

Under the Second Amendment, the purchases of participations occurred automatically and were automatically elevated to direct assignments of the relevant loans, and each Prepetition Term Lender authorized the Prepetition Term Loan Agent Bank to make all future payments under the Prepetition Term Loan Agreements after giving effect to the participations and assignments as described above.

After giving effect to the foregoing (which occurred on February 12, 2009), the aggregate principal outstanding amount of (i) U.S. loans was approximately $808,500,000 and (ii) German loans was approximately $382,577,496. Each Prepetition Term Lender at the time of the CAM Exchange (and after giving effect thereto) held the same percentage interest (as a direct Prepetition Term Lender) in the loans described in each of (i) and (ii) above. Such percentage interest, for any Prepetition Term Lender immediately after giving effect to the CAM Exchange, may be calculated by taking the aggregate principal amount of its U.S. loans and German loans (converted into U.S. Dollars at the Conversion Rate) and dividing same by $1,191,077,496 (which was the aggregate outstanding principal amount, after conversion to U.S. Dollars at the Conversion Rate, of all loans under the Prepetition Term Loan Agreements).

The Second Amendment further provided that each Eligible Lender (as defined below) had a one time irrevocable right, to be exercised by a Prepetition Term Lender by giving written notice to the Prepetition Term Loan Agent Bank no later than 5:00 p.m. (New York time) on Friday, February 20, 2009, to elect that all or any portion of the Eligible Loans (as defined below) held by such Prepetition Term Lender (whether held as U.S. loans or German loans) be converted into euros, with retroactive effect and at the Conversion Rate. "***Eligible Lender***" means each Prepetition Term Lender which held German loans at 11:59 P.M. Eastern Standard

Time on January 30, 2009, and "***Eligible Loans***" means the loans held by an Eligible Lender immediately after the time of conversion in an aggregate principal amount equal to the principal amount of the German loans held by such Eligible Lender immediately prior to the time of conversion. The net result of the foregoing is that each Prepetition Term Lender which held German loans before the CAM Exchange had the right (but only if it made a timely election as provided above) to retain the same amount of euro denominated loans (though they would in part be German loans and in part U.S. loans, in accordance with the CAM Exchange) after the CAM Exchange that it held before the CAM Exchange.

After giving effect to the CAM Exchange described above, the loans (of the various sub-tranches) were permitted to trade separately (although the Prepetition Term Loan Agent Bank has the right to require that assignments of loans appropriately identify the respective sub-tranche being assigned) and no further CAM Exchanges are provided.

3. Outstanding Prepetition Unsecured Bonds.

In addition to the foregoing, each of the U.S. Debtors is obligated, either as a direct borrower or as a guarantor, under (i) that certain Senior Indenture, dated December 19, 2006, pursuant to which Aleris issued $600 million in aggregate original principal amount of 9%/9.75% Senior Notes due 2014 (the "***2006 Senior Notes***"), (ii) that certain Senior Indenture, dated September 11, 2007, pursuant to which Aleris issued $105,379,000 in aggregate original principal amount of 9% Senior Notes due 2014 (the "***2007 Senior Notes***"), and (iii) that certain Senior Subordinated Indenture, dated December 19, 2006, pursuant to which Aleris issued $400 million in aggregate original principal amount of 10% senior subordinated notes due 2016 (the "***Senior Subordinated Notes***," and together with the 2006 Senior Notes and 2007 Senior Notes, the "***Notes***"). The Senior Subordinated Notes are subordinated to other debt of the Debtors, including the 2006 Senior Notes, the 2007 Senior Notes, the Prepetition ABL Facility, and the Prepetition Term Facility. The Notes are unsecured obligations of the U.S. Debtors.

As of the U.S. Debtors' Commencement Date, the amount outstanding under each of these series of notes was as follows:

Note Series	**Principal Amount**	**Accrued and Unpaid Interest**[5]
2006 Senior Notes	$598,000,000	$8,521,000
2007 Senior Notes	$105,379,000	$1,496,016
Senior Subordinated Notes	$399,000,000	$6,321,945

D. Events Leading to the Commencement of the U.S. Debtors' Chapter 11 Cases.

1. Global Economic Downturn.

The aluminum industry is highly cyclical in nature and is affected by general and local economic conditions, industry competition, and product development. In the year prior to the Commencement Date, each major end-use industry that the Company sells products to

[5] Figures are as of the U.S. Debtors' Commencement Date.

experienced significant decline in demand due to the global recession and financial crisis. Specifically, the North American building and construction industries, U.S. and European automotive industries, and general industrial activity experienced these demand declines. Because of major cutbacks in these sectors, the aluminum industry and the Company were subjected to a significant economic downturn characterized by a marked decrease in demand. In addition, many users of aluminum rolled and extruded products had significant inventory on hand when the economic decline occurred, which intensified the impact of the volume declines as the customer base had to de-stock inventory levels to adjust to lower demand levels. Decreased demand – coupled with a surplus of aluminum supply across the industry – increased exposure to commodity price fluctuations, adversely affected hedging positions, reduced profitability in a changing metals price environment, and subjected earnings to greater volatility from period to period. Much of the decrease in demand was attributable to customer shutdowns and/or large-scale cutbacks, particularly in the residential construction and automotive sectors. All of these industry-wide circumstances affected the Company.

2. Effects of Economic Environment on Rolled and Extruded Products.

The profitability of the Company's rolled and extruded products is dependent upon the volume of pounds of aluminum shipped, as well as the difference between the per pound selling price and per pound metal cost (the "***Material Margin***"). The majority of rolled and extruded products are priced using a conversion fee-based model, pursuant to which the Company charges customers the prevailing market price for the metal content of their orders plus a fee to convert the metal. The remaining products are sold under short-term contracts or under long-term contracts using fixed prices for the metal content. Although the conversion fee-based pricing model was designed to reduce the Company's exposure to changing primary aluminum prices, the Company is susceptible to primary aluminum price changes in its fixed price sales contracts and other customer agreements where price is agreed upon prior to the physical purchase of the metal. The Company reduces this risk to Material Margin by utilizing various derivative financial instruments to hedge this exposure. In addition, the results of the Company's businesses producing rolled and extruded products are affected by metal price lag, which is the time difference between when the Company purchases metal to fill orders and when the sale of that metal as finished inventory is reflected in the Company's operating results. The Company's operations require a significant work in process inventory to meet future production requirements. This base level of inventory is also susceptible to changing primary metal prices or metal price lag as described above (to the extent it is not committed to fixed price sale orders). In the four months prior to the U.S. Debtors' Commencement Date, aluminum prices declined by approximately 35% on account of decreased demand, strong supply, and other factors due to the global financial crises, decreasing the realizable value of the Company's large base inventory and negatively affecting revenues and results of operations.

To reduce its market exposure, the Company used various derivative financial instruments designed to reduce the impact of changing primary aluminum prices on future sales for which aluminum had not yet been purchased and on inventory or future purchases of inventory for which a fixed sale price had not yet been arranged. While prepetition hedges reduced the Company's exposure to unfavorable primary aluminum price changes, they also limited the Company's ability to benefit from favorable price changes. Prior to the U.S. Debtors' Commencement Date, however, the precipitous drop in aluminum prices between the date of raw

material purchase and the final settlement date on the hedges required the Company to post frequent margin calls, which, in turn, compromised the Company's liquidity situation due to the timing of the Company's margin payments to counterparties versus the payment from customer's for goods associated with the hedges.

Differences in the prices of primary and scrap aluminum (the "***Scrap Spread***") also affected the Material Margin. Because the Company prices its products using the prevailing price of primary aluminum, but purchases large amounts of scrap aluminum to produce its products, the Company benefits when the primary aluminum price increases exceed scrap price increases. Conversely, when scrap price increases exceed primary aluminum price increases, the Company's Material Margin will be negatively affected. The effectiveness of the Company's scrap purchasing activities, furnace recovery of aluminum from scrap, and scrap supply also affects the Scrap Spread. Generally, as the price of aluminum decreases, the Scrap Spread is compressed.

3. Effects of Economic Environment on the Debtors' Recycling Business.

The profitability of the Debtors' recycling business is largely dependent upon the level of demand for the Company's recycling services and the volume of material processed. Increased production results in lower per unit costs and increased profitability. Other influences on profitability include the amount of aluminum recovered from the recycling process, energy costs, and the percentage of customer-owned pounds tolled or processed. Historically, increased processing under such tolling agreements resulted in lower revenues while not affecting segment income and generally resulted in higher gross profit margin and segment income margins. Tolling agreements subject the Company to less risk of changing metal prices and reduce working capital requirements. Although tolling agreements are beneficial to the Company in these ways, the percentage of pounds able to be processed under these agreements is limited by the amount of metal customers own and their willingness to enter into such arrangements. Changes in the price of primary aluminum and, to a greater extent, a changing Scrap Spread also affected profitability in the Company's recycling business. The Scrap Spread was influenced by the macroeconomic factors noted above, as well as the price volatility of alloying agents and movements in the commodity markets.

4. Liquidity Crunch and Commencement of the U.S. Debtors' Chapter 11 Cases.

Excess supply of customer inventory, decreased demand and attendant decreased production, falling primary aluminum prices, negative metal price lag, significant cash margin posting on transactional hedges, and payment of interest on prepetition credit facilities all contributed to a severe loss of liquidity prior to the Commencement Date for the U.S. Debtors. In the six months prior to the Commencement Date of the U.S. Debtors' Chapter 11 Cases, the borrowing base under the Prepetition ABL Facility declined by over 50%. As a result, the amount outstanding under the Prepetition ABL Facility (including outstanding letters of credit) exceeded the borrowing base. The effect of being in this "overadvance" position was that the Company could not fund its working capital needs through draws under the Prepetition ABL Facility, and the Debtors were required to repay amounts outstanding under the Prepetition ABL Facility so that the outstanding amounts no longer exceeded the borrowing base. Without access

to additional financing, the Company did not have liquidity sufficient to repay the overadvance and continue its operations.

On February 10, 2009, the Prepetition ABL Lenders agreed, pursuant to the *Third Amendment to Credit Agreement and Forbearance Agreement*, to forbear from exercising remedies against the non-Debtor obligors under the Prepetition ABL Agreements as a result of the imminent bankruptcy filing of the U.S. Debtors and other defaults existing under the Prepetition ABL Agreements. On the same date, pursuant to the *Second Amendment to Credit Agreement and Forbearance Agreement*, the Prepetition Term Lenders also agreed to forbear from exercising remedies against the non-Debtor obligors under the Prepetition Term Loan Agreements as a result of defaults existing under the Prepetition Term Loan Agreements, including the imminent bankruptcy filing of the U.S. Debtors. In order to preserve the value of the Company as a going concern, the U.S. Debtors filed for protection under chapter 11 of the Bankruptcy Code on February 12, 2009 (the "***U.S. Debtors' Commencement Date***").

E. Events Leading to the Commencement of ADH's Chapter 11 Case.

As described in more detail below, the U.S. Debtors entered into the DIP Term Credit Facility. The DIP Term Credit Facility includes financing for certain of the Company's European operations. ADH is a borrower under the European tranche of the DIP Term Credit Facility. Availability of the DIP Term Credit Facility to ADH terminated on the ADH Commencement Date. The portion of the DIP Term Credit Facility borrowed by ADH matures on the earliest of May 13, 2010 (subject to one three-month extension permitted under the DIP Term Credit Facility if certain conditions are met), the Effective Date, the acceleration of the loans or termination of commitments under the DIP Term Credit Facility, and the final maturity date under the DIP ABL Credit Facility (as extended). In addition, the DIP Term Credit Facility requires that the DIP Term Credit Facility (including the portion of the DIP Term Credit Facility borrowed by ADH) and the DIP ABL Credit Facility have the same maturity date, except where the DIP ABL Credit Facility is extended beyond the maturity date applicable under the DIP Term Credit Facility. In addition, ADH is the Borrower under the prepetition European Term Loan Facility, which matures on December 19, 2013. Accordingly, the Company engaged in negotiations with the holders of its European Term Loan Facility to restructure the European Term Loan Facility as part of the emergence of the U.S. Debtors from chapter 11.

All borrowings by ADH under the Prepetition Term Loan Agreements were guaranteed on a senior secured basis by the U.S. Debtors and certain of the Company's non-debtor foreign subsidiaries (the "***European Credit Support Providers***").

Prior to the ADH Commencement Date, the Prepetition Term Lenders agreed to release the European Credit Support Providers from these guarantee obligations, and to forbear from exercising any of their rights to enforce the Prepetition Term Loan Agreements, including any liens securing such obligations. Such release will become immediately and automatically null and void and such forbearance will immediately and automatically terminate as to the European Credit Support Providers (other than Dutch Aluminum C.V., Aleris Recycling Holding B.V. and Aleris Recycling (German Works) GmbH) (collectively, the "***Snapback***"), if one of the following "***Snapback Events***" occurs:

- the Bankruptcy Court dismisses ADH's chapter 11 case (the "***ADH Case***") or declines to or otherwise abstains from exercising jurisdiction thereover and the Required Lenders (as defined in the Prepetition Term Loan Agreements) have declined to consent or do not, within 45 days thereof, consent in writing to such dismissal;

- any Federal, state or foreign bankruptcy, insolvency, receivership or other similar proceeding is commenced or petition is filed in respect of ADH (other than the ADH Case) or any other European Credit Support Provider if, among other things, such proceeding or petition is commenced or filed by ADH or any of its affiliates; ***or***

- any Federal, state or foreign bankruptcy, insolvency, receivership or other similar proceeding is commenced or petition is filed in respect of ADH (other than the ADH Case) or any other European Credit Support Provider if, among other things, (A) such proceeding or petition is commenced or filed by any person (other than ADH or any of its affiliates) and (B) the Required Lenders (as defined under the Prepetition Term Loan Agreements) have declined to consent or do not, within 45 days thereof, consent to the commencement of such proceeding or the filing of such petition.

No Snapback Event will occur if at any time prior to a Snap-Back Trigger Date (as defined below), Oaktree Capital Management, L.P., Apollo ALS Holdings, LP or Sankaty Advisors, LLC, shall have requested such dismissal or commenced or filed the petition in such proceeding. "***Snap-Back Trigger Date***" means prior to the effectiveness of the Plan Support Agreements, the termination of the Equity Commitment Agreement based on certain termination events as more fully set out in the release and on and after the effective date of the Plan Support Agreements, the termination of a Plan Support Agreement based on certain termination events as more fully set out in the release.

Upon the occurrence of the Effective Date of the Plan, (i) the liens granted by non-Debtors to secure the Prepetition Term Loan Agreement will be released, and (ii) the Snapback will irrevocably lapse and be of no further effect.

To facilitate the restructuring, ADH commenced the ADH Case and sought joint administration with the U.S. Debtors' Chapter 11 Cases. ADH also requested that the relief given under certain Bankruptcy Court orders issued during the U.S. Debtors' Chapter 11 Cases apply to ADH.

IV.

THE CHAPTER 11 CASES

A. General.

Each of the U.S. Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court in order to use the Bankruptcy Court supervised reorganization process to restructure their debt obligations and to ease their liquidity crises. In addition to Aleris, the U.S. Debtors are 42 of Aleris' direct and indirect subsidiaries. Each of the U.S. Debtors filed its chapter 11 petition on February 12, 2009, and ADH filed its petition on February 5, 2010. The Debtors' chapter 11 cases are being jointly administered as *In re Aleris International, Inc., et al.*, Case No. 09-10478 (BLS) (collectively, the "***Chapter 11 Cases***"). The Honorable Brendan L. Shannon, United States Bankruptcy Court Judge for the District of Delaware, is presiding over the Chapter 11 Cases.

Currently, the Debtors are operating their businesses and managing their properties as debtors in possession subject to the provisions of the Bankruptcy Code. Pursuant to the provisions of the Bankruptcy Code, the Debtors are not permitted to pay any claims or obligations that arose prior to the Commencement Date unless specifically authorized by the Bankruptcy Court. Similarly, Creditors may not enforce any Claims against the Debtors that arose prior to the Commencement Date unless specifically authorized by the Bankruptcy Court. In addition, as debtors in possession, the Debtors have the right, subject to the Bankruptcy Court's approval, to assume or reject any executory contracts and unexpired leases in existence as of the Commencement Date. Parties having Claims as a result of any such rejection may file claims with the Debtors' claim agent, and these claims will be addressed as part of the Chapter 11 Cases.

Since the Commencement Date, the Debtors have been working to develop a plan of reorganization. As a result, on February 5, 2010, the Debtors filed the Plan. The Plan has the support of the Backstop Parties, which are the principal lenders to the Debtors under the DIP Term Credit Facility.

B. Professionals Retained in the Chapter 11 Cases.

1. The Debtors' Attorneys and Advisers.

The Debtors have retained the following professionals in connection with chapter 11 matters:

Restructuring Counsel
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
(212) 310 8000
(212) 310 8007 (telecopy)

Financial Advisers
Moelis & Company LLC
399 Park Avenue, 5th Floor
New York, NY 10022
(212) 883 3800
(212) 880 4260 (telecopy)

Restructuring Counsel
Richards, Layton & Finger, P.A.
One Rodney Square
P.O. Box 551
Wilmington, Delaware 19899
(302) 651 7700
(302) 651 7701 (telecopy)

Restructuring Advisers
Alvarez & Marsal
600 Lexington Avenue
6th Floor
New York, NY 10022
(212) 759 4433
(212) 759 5532 (telecopy)

Special Financing, Corporate, Tax and Litigation Counsel
Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004
(212) 859 8000
(212) 859 4000 (telecopy)

Special Accountants
PricewaterhouseCoopers LLP
300 Madison Avenue
New York, NY 10017
(646) 471 3000
(813) 286 6000 (telecopy)

Financial Advisory Service Provider
Deloitte Financial Advisory Services LLP
2500 One PPG Place
Pittsburgh, PA 15222-5401
(412) 338 7200
(412) 338 7380 (telecopy)

Noticing, Claims, Balloting and Solicitation Agent
Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, CA 90245
(310) 823 9000
(310) 823 9133 (telecopy)

Tax Service Provider
Deloitte Tax LLP
MA & Reorganization Tax Services
Two World Financial Center
New York, NY 10281
(212) 436 2000
(212) 436 5000 (telecopy)

Special Ballot Solicitation and Tabulation Agent
Financial Balloting Group LLC
757 Third Avenue, 3rd Floor
New York, New York 10017
(646) 282-1800
(646) 282 1804 (telecopy)

Auditors and Tax Advisers
Ernst & Young, LLP
925 Euclid Avenue, Suite 1300
Cleveland, OH 44115
(216) 861 5000
(216) 583 2013 (telecopy)

2. The Advisers to the Official Committee of Unsecured Creditors.

On or about February 20, 2009, the United States Trustee for the District of Delaware (the "***U.S. Trustee***"), pursuant to her authority under section 1102 of the Bankruptcy Code, appointed the Committee of Unsecured Creditors (the "***Creditors' Committee***"). The Creditors' Committee has participated actively in all aspects of the Chapter 11 Cases.

The Creditors' Committee currently consists of the following five members:

- Oppenheimer Rochester National Fund

- Wilmington Trust Company
- United Steelworkers
- Schnitzer Steel Industries, Inc.
- Huron Valley Steel Corporation

The Creditors' Committee has retained the following professionals:

Counsel
Reed Smith LLP
1201 N. Market Street, Suite 1500
Wilmington, DE 19801
(302) 778 7500
(302) 778 7575 (telecopy)

2500 One Liberty Place
1650 Market Street
Philadelphia, PA 19103-6901
(215) 851 8100
(215) 851 1420 (telecopy)

Reed Smith Centre
225 Seventh Avenue
Pittsburgh, PA 15222
(412) 288 3131
(412) 288 3063 (telecopy)

Conflicts Counsel
Landis Rath & Cobb, LLP
919 N. Market Street, Suite 1800
Wilmington, DE 19801
(302) 467 4452
(302) 467 4450 (telecopy)

Financial Advisers
Mesirow Financial Consulting LLC
666 Third Avenue, 21st Floor
New York, NY 10017
(212) 808 8330
(212) 682 5015 (telecopy)

2828 Routh Street, Suite 650
Dallas, TX 75201
(214) 954 1444
(214) 954 1266 (telecopy)

C. Significant Events During the Chapter 11 Cases.

1. The DIP Credit Facilities.

In order to fund their ongoing business operations during the pendency of these Chapter 11 Cases, the U.S. Debtors entered into revolving and term debtor in possession credit facilities with Deutsche Bank AG New York Branch, as administrative agent under each facility for a syndicate of financial institutions (collectively, the "***DIP Lenders***"). On February 13, 2009, the Bankruptcy Court entered an *Interim Order Pursuant to Sections 361, 362, 363 and 364 of the Bankruptcy Code and Rule 4001 of the Federal Rules of Bankruptcy Procedure (A) Authorizing the Debtors to (I) Use Cash Collateral, (II) Obtain Postpetition Financing and (III) Provide Adequate Protection, and (B) Providing Notice and Scheduling Final Hearing* (Docket No. 46) (the "***Interim DIP Order***") granting interim approval of the U.S. Debtors' postpetition financing arrangements, and on March 18, 2009, the Bankruptcy Court entered the *Final Order Pursuant to Sections 361, 362, 363, and 364 of the Bankruptcy Code and Rule 4001 of the Federal Rules of Bankruptcy Procedure (A) Authorizing the Debtors to (I) Use Cash Collateral, and (II) Obtain Postpetition Financing and (B) Granting Adequate Protection* (Docket No. 299) (the "***DIP Order***") pursuant to which the Bankruptcy Court granted final approval of such postpetition financing arrangements.

a. *The DIP ABL Credit Facility.*

As of March 20, 2009, the U.S. Debtors, Aleris Switzerland GmbH (the "***European Borrower***"), Aleris Aluminum Canada S.E.C/Aleris Aluminum Canada L.P. ("***Aleris Canada***") and Aleris Specification Alloy Products Canada Company ("***Spec Alloys***" and, together with Aleris Canada, the "***Canadian Borrowers***") refinanced the Prepetition ABL Facility by entering into that certain *Amended and Restated Debtor-in-Possession Credit Agreement*, dated as of August 1, 2006 and amended and restated as of December 19, 2006 and as further amended as of November 7, 2007, September 10, 2008, February 10, 2009, and amended and restated as of March 20, 2009 and further amended on June 29, 2009, December 29, 2009, and February 5, 2010, among Aleris, each of the other U.S. Debtors, Aleris Canada, Spec Alloys, Aleris Switzerland GmbH, the lenders from time to time party thereto, the DIP ABL Agent, and Deutsche Bank AG New York Branch, Bank of America, N.A., and Wachovia Bank, N.A. as co-collateral agents, as further amended, amended and restated, supplemented, or otherwise modified from time to time (together with related agreements the "***DIP ABL Credit Facility***"). The maximum availability under the DIP ABL Credit Facility is $575 million. Availability under the DIP ABL Facility, however, is subject to a borrowing base. As of November 30, 2009 approximately $246.8 million in principal amount was outstanding under the DIP ABL Credit Facility, plus approximately $37.5 million in face amount of letters of credit. Total availability under the borrowing base formula for the DIP ABL Credit Facility as of November 30, 2009 was approximately $375 million.

The obligations under the DIP ABL Credit Facility are guaranteed by each U.S. Debtor, and each other domestic subsidiary of Aleris party thereto as a borrower, certain affiliates of the European Borrower and Spec Alloys (including each foreign subsidiary that is a director or indirect parent of the European Borrower or Spec Alloy), and Aleris Luxembourg S.à r.l.

The DIP ABL Credit Facility is secured by a superpriority claim and priming liens on the prepetition ABL Collateral. It expires upon the earliest of May 13, 2010 (subject to one three-month extension at the option of Aleris, provided that it meets certain conditions), the Effective Date, the acceleration of the loans or termination of the commitments under the DIP ABL Credit Facility, and the maturity date of the DIP Term Credit Facility (as extended). In addition, the DIP ABL Credit Facility requires that the DIP ABL Credit Facility and the DIP Term Credit Facility have the same maturity date, except where the DIP Term Credit Facility is extended beyond any maturity date applicable under the DIP ABL Credit Facility. On December 29, 2009, the DIP ABL Credit Facility was amended to allow the merger of certain Brazilian entities and the granting of additional collateral in Europe. On February 5, 2010, the lenders under the DIP ABL Credit Facility agreed to waive any defaults under the DIP ABL Credit Facility that may have occurred in connection with or as a direct result of ADH's chapter 11 filing.

b. *The DIP Term Credit Facility.*

As of February 12, 2009, the U.S. Debtors, ADH, Aleris Aluminum Duffel BVBA ("***Aleris Duffel***"), and certain of their affiliates entered into that certain D*ebtor-in-Possession Amended and Restated Credit Agreement*, dated as of February 12, 2009 and

amended and restated as of March 19, 2009 and amended as of May 12, 2009, June 29, 2009, December 29, 2009, January 29, 2010, February 5, 2010 among Aleris, ADH, Aleris Duffel, the lenders party thereto, and the DIP Term Agent Bank, as further amended, amended and restated, supplemented, or otherwise modified from time to time (together with related agreements the "***DIP Term Credit Facility***"). Pursuant to the terms of the DIP Term Credit Facility, Aleris, ADH, and Aleris Duffel may borrow up to $500 million (comprised of $448,327,940.24 and €40,445,414.15) (collectively, the "***New Money Term DIP Facility***"). The obligations under the DIP Term Credit Facility are guaranteed by the U.S. Debtors other than Aleris, all other wholly-owned subsidiaries of Aleris organized in the United States, ADH and substantially all of its subsidiaries, Aleris Duffel and its subsidiaries, and certain other non-U.S. subsidiaries of Aleris. Further, each of Aleris, the U.S. Debtors, and three wholly owned subsidiaries of Aleris organized in the United States guarantees the obligations of ADH and Aleris Duffel under the DIP Term Credit Facility. On February 5, 2010, the lenders under the DIP Term Credit Facility agreed to waive any defaults under the DIP Term Credit Facility that may have occurred in connection with or as a direct result of ADH's chapter 11 filing and, upon the occurrence of the Effective Date, and, upon the Effective Date, to release the Credit Parties (as defined in the DIP Term Credit Facility) listed on a schedule to the Sixth Amendment and Waiver to the Amended and Restated Debtor-in-Possession Credit Agreement of their obligations under the U.S. Subsidiary Guaranty, the European Subsidiaries Guaranty or the European Parent Guaranty (in each case, as defined in the DIP Term Credit Facility) and to release the Collateral (as defined in the DIP Term Credit Facility) granted by such "Credit Parties" under the Security Documents (as defined in the DIP Term Credit Facility).

The U.S. Debtors drew down approximately $80 million under the New Money Term DIP Facility for the purpose of curing the overdraft on the Prepetition ABL Facility. Following the ADH Commencement Date, the U.S. and Belgian tranches of the New Money Term DIP Facility will be available for funding operational and working capital needs, subject to liquidity requirements in the U.S. and Europe, respectively. Any drawing under the U.S. tranche of the New Money Term DIP Facility to fund intercompany loans to subsidiaries of ADH or Aleris Recycling (German Works) GmbH will be conditioned upon compliance with the maximum European liquidity requirement and, to the extent the Belgian tranche is not fully drawn, not exceed $9 million.

The DIP Term Credit Facility expires upon the earliest of May 13, 2010 (subject to one three-month extension permitted under the DIP Term Credit Facility if certain conditions are met), the Effective Date, the acceleration of the loans or termination of commitments under the DIP Term Credit Facility, and the final maturity date under the DIP ABL Credit Facility (as extended). In addition, the DIP Term Credit Facility requires that the DIP Term Credit Facility and the DIP ABL Credit Facility have the same maturity date, except where the DIP ABL Credit Facility is extended beyond the maturity date applicable under the DIP Term Credit Facility. As of December 31, 2009, approximately $179.3 million and €16.2 million in principal amount was outstanding under the New Money Term DIP Facility.

c. *The Roll-Up of Prepetition Term Loans under the DIP Term Credit Agreement.*

Pursuant to the terms of the DIP Order, Prepetition Term Lenders under the Prepetition Term Facility were entitled to "roll up" a portion of the amounts owed by the U.S. Debtors under the Prepetition Term Facility in an aggregate principal amount not to exceed $540 million, using a contractual EUR/USD exchange rate of $1.2805 per euro in respect of Roll-Up Loans denominated in Euros. Each prepetition lender under the Prepetition Term Loan Agreement, or certain persons (or designated affiliates thereof, including funds under common management) who owned beneficially through such Prepetition Term Lender as of January 30, 2009 (the "***Roll-Up Record Date***"), that executed that certain *Second Amendment to the Prepetition Term Loan Agreement and Forbearance Agreement* dated as of February 10, 2009 (the "***Second Amendment***") in respect of the Prepetition Term Loan Agreements and that advanced new money to the DIP Term Credit Facility was entitled to designate a principal amount owed to such Prepetition Term Lender under the Prepetition Term Facility (the "***Dollar for Dollar Portion***") up to the amount of its commitment under the DIP Term Credit Facility, plus five percent (5%) of such amounts other than the Dollar for Dollar Portion, to be "rolled up" and refinanced. In addition, each Prepetition Term Lender that executed the Second Amendment but did not commit to advance new money under the DIP Term Credit Facility was entitled to designate an amount equal to five percent (5%) of the principal amount of its respective outstanding amounts under the Prepetition Term Facility (which are designated by it) to be "rolled up" and refinanced. Lenders could roll up loans they held under the U.S. Term Facility, and the claims arising under such loans would become U.S. Roll-Up Term Loan Claims, and/or roll up loans that they held under the European Term Loan Facility ("***European Term Loans***"), causing the claims arising under such loans to become European Roll-Up Term Loan Claims.[6] If a Prepetition Term Lender, on and subject to the same terms, designated its European Term Loans to ADH to be rolled up, however, such Prepetition Term Lender was entitled to choose either to (i) roll up such European Term Loans or (ii) keep such European Term Loans outstanding under the Prepetition Term Loan Agreement and instead roll up the prepetition guarantees of the European Term Loans by the U.S. Debtors.

Certain funds managed by Oaktree and Apollo (collectively, the "***Backstop Term Lenders***") committed to fund the portions of the DIP Term Credit Facility not otherwise committed by a Prepetition Term Lender. In consideration of this backstop commitment, the Backstop Term Lenders obtained additional roll-up rights. Specifically, the Backstop Term Lenders were permitted to designate additional loans made to Aleris under the Prepetition Term Loan Agreements, even if acquired by such parties after the Roll-Up Record Date, so long as the aggregate amount of prepetition term loans of any such lender "rolled up" did not exceed the sum of its Dollar for Dollar Portion (as of the roll-up election), plus five percent (5%) of its other prepetition term loans and; provided further that the aggregate principal amount of the rolled up term loans would not exceed $540 million. On March 19, 2009, lenders under the DIP Term Credit Facility "rolled up" approximately €44.8 million and $244.1 million of prepetition term loans under the U.S. tranche of the Prepetition Term Facility. In addition, on August 4, 2009,

[6] Holders of European Term Loan Claims other than Oaktree and Apollo have not elected to roll up their loans into European Roll-Up Term Loan Claims.

Oaktree "rolled up" $5,120,244.13 of its U.S. loans under the Prepetition Term Facility. On December 29, 2009, on January 29, 2010 and February 5, 2010, parties to DIP Term Credit Facility agreed to extend the period during which the Backstop Term Lenders may elect to exercise their additional roll-up rights initially until January 29, 2010 (on December 29, 2009), until February 15, 2010 (on January 29, 2010) and subsequently until August 13, 2010 (on February 5, 2010).

The effect of the roll-up rights under the DIP Term Credit Agreement is to convert a portion of the obligations under the Prepetition Term Facility into Administrative Expenses with a lien on the Term Collateral that primes the lien securing the obligations under the Prepetition Term Facility. Notwithstanding the Administrative Expense status of the rolled up prepetition term loans, the DIP Order reflects the agreement of the lenders of the rolled up loans to waive the requirement that the rolled up prepetition term loans be paid in full, in Cash, on the Effective Date. Specifically, paragraph 17(c) of the DIP Order provides as follows:

> The DIP Loans under the Roll-Up Term Facility[7] will be required to be repaid in cash on the Maturity Date (as defined in the DIP Term Credit Agreement); provided, that upon the vote of the class of holders of DIP Loans under the Roll-Up Term Facility to accept a Plan in accordance with the standards set forth in Section 1126(c) of the Bankruptcy Code or, failing to obtain same, pursuant to the standards set forth under Section 1129(b)(2)(A) of the Bankruptcy Code for "fair and equitable" treatment of a class of secured claims, a Plan may require that DIP Loans under the Roll-Up Term Facility be refinanced or otherwise replaced with other secured debt securities or financial instruments and, as applicable, guaranties of the obligors in respect of the Roll-Up Term Facility; provided, further that the Debtors shall use reasonable endeavors to cause any such Plan to provide that such DIP Loans under the Roll-Up Term Facility shall be repaid in full in cash on the Maturity Date.

In accordance with the DIP Term Credit Agreement, the amount of euro denominated loans permitted to be rolled up was determined based upon an exchange rate of $1.2805 dollars per euro. By the Plan, the U.S. Debtors are seeking the requisite consent from the lenders holding rolled up prepetition term loans not to repay the rolled up loans upon the Effective Date.

d. *Collateral Securing the DIP Facilities.*

Pursuant to the terms of the Interim DIP Order and the DIP Order, the obligations under the DIP ABL Credit Facility and the DIP Term Credit Facility (i) are at all times entitled to

[7] The Roll-Up Term Facility refers to the loans rolled up under the DIP Term Credit Agreement. In the Plan and this Disclosure Statement, these loans are what comprise the U.S. Roll-Up Term Loan Claims and the European Roll-Up Term Loan Claims.

joint and several superpriority administrative expense claim status in the Chapter 11 Cases, which claims shall be *pari passu*; (ii) have a lien on substantially all unencumbered assets of the U.S. Debtors with the priorities as set forth on the lien priorities schedule below; (iii) have a junior lien on substantially all encumbered assets of the U.S. Debtors with the priorities as set forth on the lien priorities schedule; and (iv) have a priming lien on substantially all assets of the U.S. Debtors with the priorities as set forth on the lien priorities schedule. Upon the occurrence and during the continuance of an event of default or a default (each as defined in the DIP Credit Agreements), all of these liens and priority claims are subordinate to a "carve-out" for certain Bankruptcy Court, United States Trustee and professional fees and expenses.

The following lien priorities schedule sets forth a simplified summary of the lien priorities of lenders on the U.S. Debtors' property under the various pre- and postpetition credit facilities:

Lien Priority	Prepetition ABL Collateral and Postpetition ABL Collateral	Prepetition Term Collateral and Postpetition Term Collateral
First Priority	DIP ABL Credit Facility	New Money Term DIP Facility
Second Priority	Deficiency Claim on the New Money Term DIP Facility	Deficiency claim on the DIP ABL Credit Facility and rolled up loans under the DIP Term Credit Agreement on a pari passu basis
Third Priority	Prepetition Term Facility "adequate protection" liens and deficiency claim on the rolled up loans under the DIP Term Credit Agreement on a *pari passu* basis	Prepetition Term Facility "adequate protection" liens
Fourth Priority	Prepetition Term Facility	Prepetition Term Facility

During the negotiations on the DIP Term Credit Agreement, the Prepetition Term Lenders authorized the Collateral Agent under the Prepetition Term Facility to enter into an intercreditor agreement governing the relative rights and priorities of the lenders (including roll-up lenders) pursuant to the DIP Term Credit Agreement and the Prepetition Term Lenders under the European Term Loan Facility to certain collateral owned by the Debtors' European affiliates on the terms set forth in the *Summary of Proposed Terms and Conditions $500,000,000 Superpriority Priming DIP Term Loan Facility* dated February 12, 2009. The DIP Term Credit Agreement contemplates that, according to the term sheet with respect to the DIP Term Credit Agreement, an intercreditor agreement that provides for the proceeds of collateral securing the obligations under the Prepetition Term Facility will be allocated as set forth in the chart

immediately above in the column labeled "Prepetition Term Collateral and Postpetition Term Collateral" (the "***European DIP Term Loan Intercreditor Agreement***"). The Collateral Agent under the Prepetition Term Facility, however, has not executed the European DIP Term Loan Intercreditor Agreement and it and the Prepetition Term Lenders may dispute its terms. The Plan incorporates a compromise and settlement of any dispute relating to the relative priorities of the European Roll-Up Term Loan Claims and the European Term Loan Claims. Under the compromise, Oaktree and Apollo have agreed, among other things, to limit the amount of European Term Loans they roll up. For a description of this settlement please *see* Section V.J.4, entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The 9019 Settlement."

2. Employee Related Matters.

To maintain the continued support, cooperation, and morale of the U.S. Debtors' employees and to minimize any salary, wage, and employee benefit disruptions that might have been occasioned by the commencement of the Chapter 11 Cases, the U.S. Debtors obtained orders of the Bankruptcy Court that authorized them to (i) pay employees for prepetition wages, salaries, and other compensation and (ii) continue their employee benefit programs, including maintenance of their workers' compensation programs. ADH does not have any employees.

3. Vendor and Customer Issues.

Following the commencement of their Chapter 11 Cases, the U.S. Debtors took certain actions in the Bankruptcy Court, including obtaining orders of the Bankruptcy Court, that authorized the Debtors to (i) pay prepetition claims of critical trade vendors (the "***Critical Vendors***") that supply the U.S. Debtors with essential materials and services; (ii) pay prepetition claims of certain vendors with claims entitled to priority under section 503(b)(9) of the Bankruptcy Code ("***503(b)(9) Claimants***"); (iii) pay prepetition claims of certain common carriers, warehousemen, and holders of possessory liens; (iv) pay prepetition claims held by certain foreign creditors; (v) honor certain customer programs and honor any postpetition obligations in respect thereof; (vi) pay certain prepetition taxes; and (vii) implement global procedures for resolving and paying other types of claims. As of December 31, 2009, the U.S. Debtors had paid, on account of prepetition claims, approximately $768,286 to Critical Vendors, $2,283,593 to 503(b)(9) Claimants, $97,680 to holders of possessory liens, $0 to foreign creditors, an undisclosed amount to honor customer programs, and approximately $2,407,375 to taxing authorities pursuant to the authority granted them under these orders. As ADH is a holding company, it does not have many of the types of obligations that the U.S. Debtors were authorized to pay, although ADH did receive authority to pay any prepetition taxes.

4. The Debtors' Exclusive Right to File and Confirm a Plan.

The Bankruptcy Court approved an extension of the periods during which the U.S. Debtors have the exclusive right to file and confirm a chapter 11 plan under section 1121(b) of the Bankruptcy Code (the "***Exclusive Periods***"). The order of the Bankruptcy Court, entered on May 19, 2009 extended the Exclusive Periods through and including December 9, 2009 (for filing a plan) and February 7, 2010 (for solicitation of acceptances of a plan). (Docket No. 602). On December 30, 2009, the Bankruptcy Court entered an order further extending the Exclusive

Periods to file a chapter 11 plan and solicit acceptances thereof to June 7, 2010 and August 6, 2010, respectively. (Docket No. 1258). The Exclusive Periods for ADH currently expire on June 7, 2010 and August 4, 2010, respectively.

5. Claims Issues.

a. *The Bar Date for Claims against the U.S. Debtors.*

On May 12, 2009, the U.S. Debtors filed with the Bankruptcy Court their respective schedules of assets and liabilities pursuant to the Bankruptcy Court's order dated February 13, 2009 extending the U.S. Debtors' time to file such schedules (together, the "***Schedules***"). The U.S. Debtors listed an aggregate of approximately 3,728 fully liquidated, noncontingent and undisputed claims on their schedules.

On April 30, 2009, the Debtors filed a motion seeking an order fixing a bar date for the filing of proofs of claim against the U.S. Debtors' estates. By order dated May 19, 2009 (the "***Bar Date Order***"), the Bankruptcy Court set a bar date for filing proofs of claim in the U.S. Debtors' Chapter 11 Cases of September 15, 2009 (the "***Bar Date***"). The U.S. Debtors mailed notices of the Bar Date and proof of claim forms to all the entities identified in the Schedules, among others (the "***Bar Date Notice***"). The Bar Date Notice also was published on one occasion in *The Wall Street Journal*, as well as once in 34 local or regional newspapers.

Pursuant to the Bar Date Order, each creditor holding a prepetition Claim against any of the U.S. Debtors was required, subject to certain limited exceptions, to file a proof of claim on or before the Bar Date. Specifically, as provided in the Bar Date Notice, creditors holding any of the following types of Claims were not required to file proofs of claim on or before the Bar Date:

- a Claim that already had been properly filed with the clerk of the Bankruptcy Court or KCC using a claim form that substantially conforms to Official Bankruptcy Form No. 10;
- a Claim that (i) is listed on the Schedules, (ii) is not described in the Schedules as "disputed," "contingent," or "unliquidated," (iii) is in the same amount, nature and priority as set forth in the Schedules, *and* (iv) as to which the Creditor agrees that the Claim is an obligation of the specific Debtor that has listed the claim in its schedules;
- a Claim that has been allowed by order of the Bankruptcy Court or satisfied in full prior to the Bar Date;
- a Claim of a U.S. Debtor or a subsidiary of Aleris against any U.S. Debtor;
- a Claim of any officer, director, or employee for a claim for indemnification, contribution, reimbursement, or wages and benefits; ***provided***, ***however***, that any officer, director, or employee was required to have filed a proof of claim if he or she wished to assert any other Claims against any of the Debtors unless another exception applied;

- any Claim allowable under section 503(b) or 507(a) of the Bankruptcy Code as an Administrative Expense of the U.S. Debtors' Chapter 11 Cases other than Administrative Expenses allowable under section 503(b)(9) of the Bankruptcy Code;

- any Equity Interest in any Debtor; ***provided***, ***however***, that any interest holder who wished to assert any Claim (as opposed to ownership interest) against any of the U.S. Debtors that arises out of or relates to the ownership or purchase of an interest, including claims arising out of or relating to the sale, issuance, or distribution of the interest, was required to have filed its proof of claim on or before the Bar Date unless another exception applied; and

- any Claim for which the Bankruptcy Court fixed a specific deadline to file a proof of claim.

A total of 2,974 proofs of claim against the U.S. Debtors were filed on or before the Bar Date. In addition, as of December 31, 2009, 135 proofs of claim were filed against the U.S. Debtors after the Bar Date. Thus, as of December 31, 2009, a total of 3,190 proofs of claim had been filed against the U.S. Debtors in the Chapter 11 Cases.

Basic information regarding Claims that have been scheduled and filed in the Chapter 11 Cases can be accessed using the following website: www.kccllc.net/aleris.

b. *Objections to Claims.*

Since the Bar Date, the U.S. Debtors, together with their professionals, have engaged in an extensive process of reviewing and reconciling the proofs of claim asserted against the U.S. Debtors in the Chapter 11 Cases. As of December 31, 2009, the U.S. Debtors had filed and prosecuted 8 omnibus objections to Claims. In addition, the U.S. Debtors have engaged in discussions with a wide variety of Creditors regarding, among other things, the withdrawal of Claims where appropriate.

As a result of these efforts, as of December 31, 2009, 396 Claims against the U.S. had been disallowed, expunged or withdrawn, leaving a total of 2,713 proofs of claim outstanding against the U.S. Debtors. Excluding those proofs of claim that either will be expunged because they are duplicative or are multiple claims that will be eliminated as a result of the substantive consolidation provided under the Plan, as of December 31, 2009, there was a total of 2,392 proofs of claim asserted against the U.S. Debtors in the aggregate amount of approximately $1.7 billion.

Furthermore, as of December 31, 2009, in connection with each of the omnibus objections to Claims filed by the U.S. Debtors, as well as settlements and compromises between the U.S. Debtors and Creditors, the U.S. Debtors had resolved and agreed to allow a total of 19 Claims in the aggregate amount of approximately $5 million.

The U.S. Debtors have assumed that any General Unsecured Claims other than a Debt Claim in an amount of $1.25 million or less will elect to be treated in U.S. Debtors Class 4 (Convenience Claims). On the basis of that assumption, the U.S. Debtors expect the total

amount of allowed General Unsecured Claims, exclusive of Debt Claims, that will remain in U.S. Debtors Class 5 will be approximately $163 million as a result of the U.S. Debtors' continued claims reconciliation and objection process. Included in this figure is approximately $90.6 million in claims asserted by the Pension Benefit Guaranty Corporation (the "***PBGC***"). The U.S. Debtors anticipate that the PBGC may assert additional Claims as a result of the termination of certain single-employer pension plans. The U.S. Debtors believe that the actual liability on all of these claims may be lower that the asserted Claims based on the use of reasonable actuarial assumptions that differ from the actuarial assumptions used by the PBGC. The U.S. Debtors may object to and seek to reduce the amount of the PBGC Claims. Neither the estimate of total Allowed General Unsecured Claims in Class 5, nor the estimate of the PBGC Claims, includes any liability that may be asserted against the U.S. Debtors as a result of the withdrawal of Wabash from certain multi-employer pension plans. The U.S. Debtors expect that these plans will assert additional prepetition General Unsecured Claims in these cases, but are unable to estimate such claims at this time.

c. ***Claims Settlement Guidelines.***

In order to enable the U.S. Debtors to efficiently and economically settle numerous claims against their estates and thus limit their potential liability on such claims, the Bankruptcy Court entered an order (the "***Claims Settlement Order***") on June 23, 2009 (Docket No. 706) pursuant to which the Bankruptcy Court approved various guidelines and procedures (the "***Claims Settlement Guidelines***") with respect to the compromise and settlement of Disputed Claims asserted both by and against the U.S. Debtors. Specifically, the Claims Settlement Order authorizes the U.S. Debtors to settle certain claims in a manner substantially consistent with their prepetition practices and without the need for obtaining Bankruptcy Court approval of certain settlements on a case by case basis.

The Claims subject to the Claims Settlement Order include, but are not limited to, (i) Claims that have been asserted against the U.S. Debtors' estates by current or former employees for alleged wrongful termination or other contractual, statutory, and tort based employment claims; (ii) tax refund claims asserted by the U.S. Debtors against taxing authorities; (iii) tax assessment Claims asserted against the U.S. Debtors by taxing authorities, and (iv) General Unsecured Claims. Every three months, the U.S. Debtors are required to file quarterly statements reflecting the settled Claims for such period.

The Claims Settlement Guidelines outline a tiered process, pursuant to which the U.S. Debtors are permitted to settle Claims up to a certain amount per Creditor and a certain amount in the aggregate without further approval or consultation (the "***First Tier Claims***"). The Debtors are permitted to settle Claims exceeding the dollar amount for First Tier Claims but below another threshold amount per Creditor and in the aggregate (the "***Second Tier Claims***"), after submitting the proposed settlement to the Creditors' Committee for review, together with certain information regarding the settlement (collectively, the "***Settlement Summary***"). All summaries provided to the Creditors' Committee pursuant to the Claims Settlement Guidelines are provided on a confidential, "for professional eyes only" basis. The Creditors' Committee is required to submit any objections to a proposed settlement on or before ten business days after service of such Settlement Summary. In the event that the Creditors' Committee objects to the settlement set forth in the Settlement Summary, the Debtors may (i) seek to renegotiate the

proposed settlement and may submit a revised Settlement Summary in connection therewith or (ii) file a motion with the Bankruptcy Court seeking approval of the proposed settlement. If the Creditors' Committee does not timely object to the proposed settlement, then the Debtors are deemed, without further order of the Bankruptcy Court, to be authorized by the Bankruptcy Court to enter into an agreement to settle the claim at issue as provided in the Settlement Summary.

In order to settle claims exceeding the Second Tier Claims on a case-by-case basis or in the aggregate, the Debtors are required to seek Bankruptcy Court approval, pursuant to Bankruptcy Rule 9019.

As part of the Claims Settlement Guidelines, the Debtors are required to file with the Bankruptcy Court a quarterly report of all settlements of Claims into which the Debtors have entered during such quarter pursuant to the Claims Settlement Guidelines. Such reports set forth the name of the party with whom the Debtors have settled, the types of claims asserted by or against such party, and the amounts for which such claims have been settled. By order of the Bankruptcy Court, dated October 19, 2009 (Docket No. 1010), the Debtors are permitted to redact from the publicly filed reports any information regarding certain settlements of employee-related claims, although the Debtors filed an unredacted report under seal with the Bankruptcy Court and serve copies of such unredacted report on a confidential basis to (i) the U.S. Trustee, (ii) counsel for the agent for the Debtors' prepetition and postpetition bank lenders, and (iii) the attorneys for the Creditors' Committee. As of December 31, 2009, the U.S. Debtors had settled two claims pursuant to the Claims Settlement Guidelines.

The Claims Settlement Guidelines are amended as set forth in Exhibit "1.1.48" to the Plan. Such amendment will maintain the same threshold levels of approval, but will replace the Creditors' Committee with a designated creditor representative.

The dollar amounts for each type of settlement procedure pursuant to the Claims Settlement Guidelines are summarized below:[8]

[8] Terms not defined in this table have the meanings set forth in the *Motion of the Debtors for Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019(b) Authorizing the Establishment of Procedures to Settle Certain Prepetition or Postpetition Claims Against the Debtors' Estates*, filed on June 5, 2009 (Docket No. 652).

Nature of Claim	First Tier Claims	Second Tier Claims	Bankruptcy Court Approval Required
Employee Litigation Claims	Postpetition cash payment of less than or equal to $50,000 per claimant, not to exceed $1,000,000 in the aggregate or an allowed prepetition, unsecured claim of less than or equal to $75,000 per claimant.	Postpetition cash payment per claimant is greater than $50,000 and less than $100,000, or the proposed allowed, unsecured, prepetition claim is greater than $75,000.	Postpetition cash payment per claimant is over $100,000, or postpetition cash payments exceed $1,000,000 in the aggregate.
Income Tax Assessment Claims involving one or more U.S. Debtors and any state or local taxing authority	The Income Tax Assessment Settlement Amount is less than or equal to $100,000.	The Income Tax Assessment Settlement Amount is greater than $100,000, but less than $4,000,000.	The Income Tax Assessment Settlement Amount is greater than $4,000,000.
Income Tax Assessment Claims involving one or more U.S. Debtors and the United States Internal Revenue Service	The aggregate Income Tax Assessment Settlement Amount for such Income Tax Assessment Claims is less than or equal to $500,000.	The aggregate Income Tax Assessment Settlement Amount for such Income Tax Assessment Claims is greater than $500,000, but less than or equal to $20,000,000.	The aggregate Income Tax Assessment Settlement Amount for such Income Tax Assessment Claims is greater than $20,000,000.
Tax Refund Claims involving one or more U.S. Debtors and any state or local taxing authority	The Tax Refund Documented Difference for such Tax Refund Claim is less than or equal to $100,000.	The Tax Refund Documented Difference for such Tax Refund Claim is greater than $100,000, but less than or equal to $2,000,000.	The Tax Refund Documented Difference for such Tax Refund Claim is greater than $2,000,000.
Tax Refund Claims involving one or more U.S. Debtors and the United States Internal Revenue Service	The Tax Refund Documented Difference for such Tax Refund Claim is less than or equal to $500,000.	The Tax Refund Documented Difference for such Tax Refund Claim is greater than $500,000, but less than or equal to $10,000,000.	The Tax Refund Documented Difference for such Tax Refund Claim is greater than $10,000,000.
General Claims *asserted by* one or more U.S. Debtors	The Documented Difference is less than $100,000.	The Documented Difference is greater than or equal to $100,000 but less than $5,000,000.	The Documented Difference is greater than $5,000,000.
General Claims *asserted against* one or more U.S. Debtors	The Documented Difference is less than $25,000.	The Documented Difference is greater than or equal to $25,000 but less than $1,000,000.	The Documented Difference is greater than or equal to $1,000,000.

d. *ADH Claims*

As the Plan does not impair any Claims against ADH other than the European Roll-Up Term Loan Claims and the European Term Loan Claims, ADH does not intend to request that the Bankruptcy Court establish a deadline for filing prepetition claims against ADH.

6. Allowance of Certain Environmental Claims.

Prior to the U.S. Debtors' Commencement Date, the Company had been engaged in discussions with the United States Department of Justice, the United States Environmental Protection Agency and several states (collectively, the "***Government Parties***") with respect to environmental compliance issues relating to certain of the U.S. Debtors' facilities in different states. During the pendency of the Chapter 11 Cases, the Government Parties and certain of the U.S. Debtors reached agreement on the terms of a Consent Decree (the "***Consent Decree***") to resolve these issues. The Consent Decree was approved by the Bankruptcy Court and then was entered by the District Court for the Northern District of Ohio on October 22, 2009. The Consent Decree provides for aggregate monetary penalties of $4.6 million and certain injunctive relief. These monetary penalties will receive treatment as Allowed General Unsecured Claims in the U.S. Debtors' Chapter 11 Cases.

V.

THE PLAN OF REORGANIZATION

The Debtors believe that (i) through the Plan, Creditors will obtain a substantially greater recovery from the Debtors' estates than the recovery that would be available if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code, and (ii) the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern.

The Plan is annexed hereto as Exhibit "A" and forms a part of this Disclosure Statement. The summary of the Plan set forth below is qualified in its entirety by the more detailed provisions set forth in the Plan.

A. Classification and Treatment of Claims and Equity Interests.

The Plan classifies Claims and Equity Interests separately and provides different treatment for different classes in accordance with the Bankruptcy Code. As described more fully below, the Plan provides, separately for each class, either that Claims are unimpaired or that holders of Claims or Equity Interests will receive various types of consideration (*e.g.*, Cash, U.S. Roll-Up Stock, ADH Roll-Up Stock, ADH Term Loan Stock, U.S. Subscription Rights, ADH Roll-Up Subscription Rights, ADH Term Loan Subscription Rights) or no distribution, thereby giving effect to the different rights of the holders of Claims and Equity Interests.

1. Administrative Expenses.

An "***Administrative Expense***" is any Claim constituting a cost or expense of administration in these Chapter 11 Cases under section 503 of the Bankruptcy Code, including, without express or implied limitation, any actual and necessary costs and expenses of preserving the Debtors' estates, any expenses of professionals under sections 330 and 331 of the Bankruptcy Code, any actual and necessary costs and expenses of operating the Debtors' businesses, any indebtedness or obligations incurred or assumed by the Debtors, as debtors in possession (except as expressly provided otherwise herein), in connection with the conduct of their business or for the acquisition or lease of property or the rendition of services, any allowed compensation or reimbursement of expenses under section 503(b)(2)-(5) of the Bankruptcy Code, and any fees or charges assessed against the Debtors' estates under section 1930, chapter 123, title 28, United States Code.

a. *Administrative Bar Date*

On _____,2010, the Bankruptcy Court entered an order setting _____, 2010 (the "***Administrative Bar Date***") as the deadline for holders of certain Administrative Expenses to file a proof of claim asserting an Administrative Expense against any of the U.S. Debtors (Doc. No. ___) (the "***Administrative Bar Date Order***"). Pursuant to the Administrative Bar Date Order, only entities asserting that any of the following types of claims are Administrative Expenses (referred to in the Administrative Bar Date Order as "***Specified Administrative Expenses***") must file a proof of Administrative Expense on or before the Administrative Bar Date:

- Any Administrative Expense representing personal injury, property damage, or other tort claims against any of the U.S. Debtors;

- Any Administrative Expense for breach of an obligation – contractual, statutory or otherwise – by any of the U.S. Debtors, including any environmental liability (but other than any environmental liability with respect to property that is currently owned or operated by any of the U.S. Debtors);

- Any Administrative Expense for amounts incurred by any of the U.S. Debtors after the Commencement Date in the ordinary course of the U.S. Debtors' business if payment of such amounts is alleged to be overdue by at least 60 days as of the Confirmation Date;

- Any Administrative Expense incurred by the U.S. Debtors *outside* the ordinary course of business or on other than ordinary business terms, except to the extent the incurrence of such Administrative Expense was approved by the Bankruptcy Court (*e.g.*, the DIP ABL Claim, the New Money Term DIP Claims and the U.S. Roll-Up Term Loan Claims) or represents fees and expenses of professionals arising under sections 330, 331, 503(b)(2) - (5) of the Bankruptcy Code;

- Any Administrative Expense that would *not* ordinarily be reflected as a payable on the U.S. Debtors' books and records or as a liability on the U.S. Debtors' financial statements; and

- Any Administrative Expense representing an employee claim against any of the U.S. Debtors, *other than* (i) a claim for wages, benefits, pension or retirement benefits or expense reimbursement by an employee who is employed by such Debtor as of the Administrative Expense Bar Date or (ii) a grievance claim under any collective bargaining agreement to which such Debtor is a party.

Moreover, if a claim is of the type specified above ***and*** the holder of such claim has asserted the claim in an action commenced against and served on the U.S. Debtors on or before entry of the Administrative Bar Date Order (and in which such holder alleges that the U.S. Debtors' liability is predicated upon the operation of the U.S. Debtors' business after the Commencement Date or otherwise alleges that such liability should be accorded administrative expense status), then the holder of such alleged Administrative Expense is *not* required to file a proof of Administrative Expense.

b. *Payment of Allowed Administrative Expenses.*

Pursuant to Section 2.1.1 of the Plan, the Allowed Amount of each Administrative Expense against a U.S. Debtor that is Allowed as of the Effective Date shall be paid in full, in Cash, on the Effective Date or as soon thereafter as is reasonably practicable; *provided*, *however*, that (i) Administrative Expenses of the type specified in Section 1.1.30(e)(i) of the Plan will be assumed and paid by the Reorganized Debtors in accordance with the terms and conditions of the particular transactions and any agreements relating thereto, and (ii) the U.S. Roll-Up Term Loan

Claims will be satisfied in accordance with the treatment set forth in U.S. Debtors Class 3. Each Administrative Expense of the type specified in Section 1.1.30(e)(ii) or 1.1.30(e)(iii) of the Plan will be paid the Allowed Amount of such Administrative Expense in full, in Cash, as soon as practicable after such Administrative Expense is Allowed.

c. ***Compensation and Reimbursement Claims.***

Pursuant to Section 2.1.2 of the Plan, the Bankruptcy Court will fix in the Confirmation Order a date for the filing of, and a date to hear and determine, all applications for final allowances of compensation or reimbursement of expenses under section 330 of the Bankruptcy Code or applications for allowance of Administrative Expenses arising under section 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 503(b)(6) of the Bankruptcy Code, other than expenses already allowed by Final Order. The Allowed Amount of all Administrative Expenses arising under section 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 503(b)(6) of the Bankruptcy Code shall be paid in full, in Cash, (a) upon the later of (i) the Effective Date and (ii) the date upon which any such Administrative Expense becomes Allowed or (b) at such later date or upon such other terms as may be mutually agreed upon between each such Administrative Expense Creditor and the Reorganized Debtors.

d. ***Administrative Expenses Under Section 503(b)(9) of the Bankruptcy Code.***

Section 503(b)(9) of the Bankruptcy Code affords administrative expense status to claims of vendors to the Debtors for the value of goods received by the Debtors within 20 days before the Commencement Date. Notably, such priority status only extends to the value of goods and does not apply to any services received by any of the Debtors within such period. Under the Bar Date Order, any creditor that wished to assert an Administrative Expense under section 503(b)(9) against any of the U.S. Debtors was required to assert such Administrative Expense in a proof of claim filed on or before the Bar Date. Because ADH is a holding company, ADH does not believe any Creditors of ADH hold Administrative Expenses against ADH. In any event, such Claims, if they existed, would be unaffected by ADH's Chapter 11 Case.

By the Bar Date, creditors filed proofs of claim asserting Administrative Expenses against the U.S. Debtors under section 503(b)(9) in an aggregate amount of approximately $13 million. Of these, approximately $5.2 million have been withdrawn or disallowed, the Debtors estimate that approximately $1 million are appropriately subject to an objection, generally because Creditors filed duplicate claims, and another $3.2 million may be subject to an objection because either the goods were not received within the 20-day prepetition window or the Claim otherwise does not meet the requirements of section 503(b)(9) of the Bankruptcy Code. Accordingly, the U.S. Debtors believe an estimated total of approximately $2.9 million in unpaid Administrative Expenses may be allowable pursuant to section 503(b)(9). In addition, as noted above, the U.S. Debtors received authority to pay Administrative Expenses arising under section 503(b)(9), in their discretion, during the Chapter 11 Cases and, as of December 31, 2009, had paid approximately $2.2 million in such Administrative Expenses since the U.S. Debtors' Commencement Date. Many of these payments were made before the Bar Date and, accordingly, most the claimants receiving these payments did not file proofs of claim, but

approximately $400,000 of these claims was paid to 503(b)(9) claimants that did file proofs of claim. Depending upon further review of the asserted Administrative Expenses and the resolution of objections to these Administrative Expenses, however, such estimate could be higher or lower.

e. *Other Administrative Expenses Specific to the U.S. Debtors.*

The Plan provides certain provisions regarding certain Administrative Expenses specific to the U.S. Debtors. Those provisions are as follows:

(1) DIP ABL Claims.

A "***DIP ABL Claim***" is any Claim arising under the DIP ABL Credit Agreement. Pursuant to Section 2.1.3(a) of the Plan, each holder of a DIP ABL Claim will receive payment in full, in the applicable currency under the DIP ABL Credit Agreement, of the unpaid portion of its claim on the Effective Date or as soon thereafter as is reasonably practicable. The payment will be made by Aleris and the Debtors' non-Debtor affiliates, Spec Alloys and Aleris Switzerland GmbH. To fund the payments by Spec Alloys and Aleris Switzerland GmbH, Aleris will make a series of cash capital contributions and/or loans using proceeds from the Rights Offering through its direct and indirect Debtor and non-Debtor subsidiaries, such that Spec Alloys and Aleris Switzerland GmbH, respectively, receive the capital contributions and/or loans. Using the proceeds of the capital contributions and/or loans, on the Effective Date or as soon thereafter as is reasonably practicable, Aleris, Spec Alloys, and Aleris Switzerland GmbH will pay all outstanding DIP ABL Claims in full to the DIP ABL Agent Bank for distribution to holders of DIP ABL Claims.

(2) New Money Term DIP Claims.

A "***New Money Term DIP Claim***" is any Claim arising from the New Money Term DIP Facility. Pursuant to Section 2.1.3(b) of the Plan, each holder of a New Money Term DIP Claim will receive payment in full, in the applicable currency under the DIP Term Credit Agreement, of the unpaid portion of its claim on the Effective Date or as soon thereafter as is reasonably practicable. The payment will be made by ADH and the Debtors' non-Debtor affiliate, Aleris Aluminum Duffel BVBA. Specifically, using proceeds from the Rights Offering, Aleris will make a series of cash capital contributions and/or loans through its direct and indirect Debtor and non-Debtor subsidiaries, such that ADH and Aleris Aluminum Duffel BVBA, respectively, receive the cash capital contributions and/or loans. Using the proceeds of the cash capital contributions and/or loans, on the Effective Date or as soon thereafter as is reasonably practicable, ADH and Aleris Aluminum Duffel BVBA will pay all outstanding New Money Term DIP Claims in full in the applicable currency under the DIP Term Credit Agreement to the DIP Term Agent Bank for distribution to holders of New Money Term DIP Claims.

f. *Estimate of Administrative Expenses Against the U.S. Debtors.*

Other than payables that are recorded on the Debtors' books and records and paid in the ordinary course of business and other than the U.S. Roll-Up Term Loan Claims (discussed below), the Debtors estimate that, on the Effective Date, they will have Administrative Expenses that may become Allowed in the following approximate amounts:

Estimated U.S. Plan Deductions ($mm)	
DIP Credit Agreements Unpaid Fees and Expenses	11.2
Estimate of Exit ABL Fees and Expenses	9.5
Structuring and Arrangement Fee[9]	16.9
Cash Payments to Allowed Convenience Claims	7.4
Cash Payments to U.S. Debtors Class 5	4.0
Administrative Expenses Pursuant to § 503(b)(9)	3.5
Professional Fees and Expenses	18.4
Blackstone Fees	2.9
U.S. Projected Amounts Under the DIP Credit Agreements[10]	373.8
U.S. Liquidity Adjustment	21.3
Deduction on Account of European Term Loan Minimum Recovery	62.3
Estimated U.S. Plan Deductions	**531.1**

Estimated ADH Plan Deductions ($mm)	
DIP Credit Agreements Unpaid Fees and Expenses	6.3
Estimate of Exit ABL Fees and Expenses	6.3
Structuring and Arrangement Fee[11]	7.2
Professional Fees and Expenses	3.0
Blackstone Fees	1.6
ADH Projected Amounts Under the DIP Credit Agreements[12]	211.5
ADH Liquidity Adjustment	24.7
Estimated ADH Plan Deductions	**260.6**

g. ***U.S. Roll-Up Term Loan Claims.***

A "***U.S. Roll-Up Term Loan Claim***" is any Claim arising out of the U.S. Roll-Up Term Loans. Pursuant to Paragraph 17(c) of the DIP Order, the holders of the U.S. Roll-Up Term Loans may agree to receive consideration other than payment in full, in Cash, on the Effective Date so long as the class of U.S. Roll-Up Term Loan Claims votes to accept the Plan pursuant to the requisite amount and number set forth in section 1126 of the Bankruptcy Code. Accordingly, holders of U.S. Roll-Up Term Loan Claims are classified in U.S. Debtors Class 3, and the classification and treatment of such claims are set forth below in Section 2.1.3(c) of the Plan. *See* Section V.C.3, entitled, "THE PLAN OF REORGANIZATION – Claims against and Equity Interests in the U.S. Debtors –U.S. Debtors Class 3 (U.S. Roll-Up Term Loan Claims)," for a more complete description of the treatment of the U.S. Roll-Up Term Loan Claims under the Plan.

[9] Amount provided assumes a Maximum Rights Offering Amount of $690 million.

[10] Amount is projected as of June 1, 2010.

[11] Amount provided assumes a Maximum Rights Offering Amount of $690 million.

[12] Amount is projected as of June 1, 2010.

If the holders of the U.S. Roll-Up Term Loan Claims do not vote to accept the Plan in accordance with section 1126 of the Bankruptcy Code, then the U.S. Debtors may confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and Paragraph 17(c) of the DIP Order, which permits the U.S. Debtors to "cram down" the Plan on dissenting creditors. Specifically, Paragraph 17(c) provides as follows:

> The DIP Loans under the Roll-Up Term Facility will be required to be repaid in cash on the Maturity Date (as defined in the DIP Term Credit Agreement); provided, that upon the vote of the class of holders of DIP Loans under the Roll-Up Term Facility to accept a Plan in accordance with the standards set forth in Section 1126(c) of the Bankruptcy Code or, failing to obtain same, pursuant to the standards set forth under Section 1129(b)(2)(A) of the Bankruptcy Code for "fair and equitable" treatment of a class of secured claims, a Plan may require that DIP Loans under the Roll-Up Term Facility be refinanced or otherwise replaced with other secured debt securities or financial instruments and, as applicable, guaranties of the obligors in respect of the Roll-Up Term Facility; provided, further that the Debtors shall use reasonable endeavors to cause any such Plan to provide that such DIP Loans under the Roll-Up Term Facility shall be repaid in full in cash on the Maturity Date.

For a general discussion of "cram down," please refer to Section XII.C.5, entitled, "CONFIRMATION AND CONSUMMATION PROCEDURE – Confirmation Procedure – Unfair Discrimination and Fair and Equitable Tests."

h. ***Administrative Expenses Specific to ADH.***

Pursuant to Section 2.1.4 of the Plan, Administrative Expenses against ADH will be assumed and paid by Reorganized ADH in accordance with the terms and conditions of the particular transactions and any agreements relating thereto.

B. U.S. Tax Claims.

A "***U.S. Tax Claim***" is a Claim against the U.S. Debtors that (i) meets the requirements specified in section 507(a)(8) of the Bankruptcy Code or (ii) that is of the type specified in section 507(a)(8) of the Bankruptcy Code and that is secured by an interest of any of the U.S. Debtors in property of the estate whether or not the Claim arises within the periods specified in section 507(a)(8), and including any related prepetition secured claim for penalties.

By order dated March 9, 2009 (Docket No. 237), the Bankruptcy Court authorized (but did not require) the U.S. Debtors to pay certain U.S. Tax Claims, including certain use, utility, property and franchise taxes, in full in an aggregate amount not to exceed $3,817,600. The U.S. Debtors do not believe that this authority extends to the payment of prepetition income tax claims. As of December 31, 2009, the U.S. Debtors had paid an aggregate of approximately $2,407,375 in prepetition U.S. Tax Claims. Although approximately $37.3 million of U.S. Tax

Claims were filed by the Bar Date, and although the U.S. Debtors continue to reconcile these claims, the U.S. Debtors estimate that the amount of U.S. Tax Claims that may become Allowed is approximately $217,198.49, as follows:

Tax	**Estimated Amount**[13]
Income taxes	$8,083.65
Real and personal property taxes	$106,375.00
Employment and other taxes	$102,739.84
Total:	$217,198.49

Pursuant to Section 2.2 of the Plan, at the sole option of the Debtors or the Reorganized Debtors, each holder of an Allowed U.S. Tax Claim will be paid the Allowed Amount of its Allowed U.S. Tax Claim either:

(1) in full, in Cash, on the latest of (i) the Effective Date, (ii) the date such Allowed U.S. Tax Claim becomes Allowed, and (iii) the date such Allowed U.S. Tax Claim is payable under applicable non-bankruptcy law,

(2) equal semi-annual Cash payments in an aggregate amount equal to such Allowed U.S. Tax Claim, together with interest at the applicable non-bankruptcy rate, commencing upon the later of (i) the Effective Date and (ii) the date such U.S. Tax Claim becomes Allowed; or as soon thereafter as is practicable and continuing over a period of eighteen (18) months (but in no event exceeding five (5) years from and after the U.S. Debtors' Commencement Date),

(3) such other treatment as shall be determined by the Bankruptcy Court to provide the holder of such Allowed U.S. Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed U.S. Tax Claim, ***or***

(4) upon such other terms as may be mutually agreed upon between each holder of a U.S. Tax Claim and the Reorganized Debtor against which such Allowed U.S. Tax Claim is asserted.

[13] These figures assume that prepetition taxes that have not yet been paid, but will become due prior to the assumed Effective Date of June 1, 2010 have been paid.

C. Classification and Treatment of Claims Against and Equity Interests in the U.S. Debtors.

1. U.S. Debtors Class 1 (Priority Non-Tax Claims).

U.S. Debtors Class 1 consists of all Allowed Priority Non-Tax Claims. A "***Priority Non-Tax Claim***" is any Claim against a U.S. Debtor to the extent such claim is entitled to priority in right of payment under section 507(a) of the Bankruptcy Code other than a DIP ABL Claim, New Money Term DIP Claim, Administrative Expense, U.S. Roll-Up Term Loan Claim, and a U.S. Tax Claim. Such claims include, subject to a cap of $10,950 for each individual or corporation, (i) claims for wages, salaries, or commissions, including vacation, severance and sick pay earned by individuals during the 180 days before the U.S. Debtors' Commencement Date, (ii) sales commissions earned by independent contractors during the 12 months preceding the U.S. Debtors' Commencement Date, so long as the contractor derived 75% of the amount that it earned as an independent contractor in the sale of goods or services to the U.S. Debtors, and (iii) subject to certain adjustments, claims for contributions to an employee benefit plan arising from services rendered within 180 days before the U.S. Debtors' Commencement Date.

By order dated February 13, 2009 (Docket No. 35), the Bankruptcy Court authorized (but did not require) the U.S. Debtors to honor obligations to their employees, subject a cap of $10,950 for each payment recipient and subject to restrictions on certain kinds of payments, in an aggregate amount not to exceed $12,300,000. By order dated March 12, 2009 (Docket No. 267), the Bankruptcy Court lifted the $10,950 cap and the restrictions on the types of payments. Since the U.S. Debtors' Commencement Date, the U.S. Debtors have continued to honor their employee wage and benefit obligations (other than certain contributions to certain employee pension plans). Consequently, the U.S. Debtors do not believe that any significant employee-related Priority Non-Tax Claims remain outstanding, other than Claims that are the subject of an ongoing dispute. The Debtors do not believe that any outstanding employee-related Priority Non-Tax Claims will become Allowed.

A total of approximately $100,000 in asserted Priority Non-Tax Claims have been filed, excluding employee-related claims, claims subject to a pending objection, and claims asserting unliquidated amounts. The Debtors are evaluating these claims and believe that very few, if any, of these claims will be entitled to priority status.

Pursuant to Section 3.2.1 of the Plan, on the later of (i) the Effective Date and (ii) as soon as practicable after the date its Priority Non-Tax Claim becomes Allowed, each holder of an Allowed Priority Non-Tax Claim will be paid the Allowed Amount of its Allowed Priority Non-Tax Claim in full, in Cash.

U.S. Debtors Class 1 is unimpaired. The holders of Claims in U.S. Debtors Class 1 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

2. U.S. Debtors Class 2 (Other U.S. Secured Claims).

U.S. Debtors Class 2 consists of all Allowed Other U.S. Secured Claims. An "***Other U.S. Secured Claim***" is any Claim against any of the U.S. Debtors to the extent of the value of the interest in property of the estate of such U.S. Debtor securing such Claim other than a DIP ABL Claim, New Money Term DIP Claim, Administrative Expense, U.S. Roll-Up Term Loan Claim, and any U.S. Tax Claim that is secured by property of the estate of any U.S. Debtor. Although the U.S. Debtors are still in the process of reconciling Claims that have been filed asserting that they are secured by an interest in property of any of the U.S. Debtors' estates, the U.S. Debtors believe that the category of Other U.S. Secured Claims is comprised largely of claims under capital leases as well as mechanic's lien and other possessory lien claims that have been properly perfected under applicable non-bankruptcy law. Claims of this nature, to the extent they were properly perfected as of the U.S. Debtors' Commencement Date or to the extent that their perfection relates back, are not primed by the DIP ABL Credit Facility or the DIP Term Credit Facility.

Based on the Debtors' claims reconciliation as of January 31, 2010, the Debtors estimate that there may be as much as $3.4 million in Allowed Other Secured Claims, although the ultimate amount of Allowed Other Secured Claims could be higher or lower. Excluding tax claims, claims related to derivative contracts, claims related to employee wages and benefits, unliquidated claims, and claims with objections to their secured status pending, approximately $3.5 million in additional claims asserting a secured status have been filed and continue to be reconciled; however, the Debtors believe that few if any of these claims will be Allowed.

Pursuant to Section 3.2.2 of the Plan, each Allowed Other U.S. Secured Claim will be unimpaired in accordance with section 1124 of the Bankruptcy Code. Accordingly, each Allowed Other U.S. Secured Claim will be treated in one of the following ways:

(1) The legal, equitable, and contractual rights of a holder of an Allowed Other U.S. Secured Claim will be left unaltered, ***or***

(2) Notwithstanding any contractual provision or applicable law that entitles the holder of an Allowed Other U.S. Secured Claim to demand or receive accelerated payment of such Claim prior to the stated maturity of such Claim from and after the occurrence of a default under the agreements governing or evidencing such Claim or applicable law, such Claim will be reinstated and the applicable U.S. Debtor will

(A) cure all defaults that occurred before or from and after the U.S. Debtors' Commencement Date (other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code),

(B) reinstate the maturity of such Claim as such maturity existed prior to the occurrence of such default,

(C) compensate the holder of such Claim for any damages incurred as a consequence of any reasonable reliance by such holder on such contractual provision or such applicable law,

(D) if such Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensate the holder of such Claim (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, ***and***

(E) not otherwise alter the legal, equitable, or contractual rights to which the holder of such Claim is entitled.

U.S. Debtors Class 2 is unimpaired. The holders of Claims in U.S. Debtors Class 2 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3. U.S. Debtors Class 3 (U.S. Roll-Up Term Loan Claims).

a. *Classification, Allowance, and Treatment.*

U.S. Debtors Class 3 consists of all U.S. Roll-Up Term Loan Claims. After giving effect to the 9019 Settlement, as of an assumed Effective Date of June 1, 2010, the U.S. Roll-Up Term Loan Claims would be deemed Allowed in the principal amount of $436,762,168.50 million and €70,944,418.10 million plus accrued interest (including interest accrued pursuant to the 9019 Settlement from August 1, 2009) up to the actual Effective Date. Pursuant to Section 3.2.3 of the Plan, on the Effective Date and in accordance with the Restructuring Transactions, each holder of a U.S. Roll-Up Term Loan Claim as of the Distribution Record Date shall receive, at the election of the holder of such U.S. Roll-Up Term Loan Claim made on or before the Voting Deadline, one of the following:

(1) its Pro Rata Share of U.S. Roll-Up Stock to be issued on the Effective Date and the U.S. Subscription Rights, ***or***

(2) Cash equal to its Pro Rata Share of U.S. Plan Value.

If the holder of a U.S. Roll-Up Term Loan Claim (other than a Backstop Party) completes and returns its Subscription Form by the Subscription Expiration Date, such holder shall be deemed to have elected the treatment described in clause 3.2.3(c)(i) of the Plan, unless the holder completes and returns a Ballot in which it elects the treatment described in clause 3.2.3(c)(ii) of the Plan, in which case, such holder will be deemed to have relinquished, forever and irrevocably, its right to participate in the Rights Offering, and the Rights Offering Agent will return any amounts that such holder paid for the exercise of its Subscription Rights without interest. Any other holder of a U.S. Roll-Up Term Loan Claim (i.e., other than a Backstop Party or a holder returning its Subscription Form and electing the treatment described in clause 3.2.3(c)(i) of the Plan pursuant to the preceding sentence) that fails to

make a timely election on its Ballot electing the treatment described in clause 3.2.3(c)(i) of the Plan, shall be irrevocably deemed to have elected the treatment under clause 3.2.3(c)(ii) of the Plan.

If a holder of a U.S. Roll-Up Term Loan Claim (other than a Backstop Party) elects to receive its Pro Rata Share of U.S. Roll-Up Stock and U.S. Subscription Rights, and such holder wishes to participate in the Rights Offering, it MUST complete and return the Subscription Form by _____, 2010. This deadline is BEFORE the Voting Deadline. If a Creditor elects on the Ballot to receive U.S. Roll-Up Stock and U.S. Subscription Rights, but it has not timely returned its Subscription Form, such holder will be deemed to have received, but have elected not to exercise, the U.S. Subscription Rights. If, on the other hand, a Creditor timely completes and returns a Subscription Form, but then elects on its Ballot to receive Cash, such Creditor will be deemed to have revoked its election to participate in the Rights Offering.

Up to ten (10) days prior to the Effective Date and upon written notice to the Debtors and Oaktree, Apollo may change its election of clause 3.2.3(c)(i) of the Plan (*i.e.*, to receive its Pro Rata Share of U.S. Roll-Up Stock to be issued on the Effective Date and the U.S. Subscription Rights) to clause 3.2.3(c)(ii) of the Plan (*i.e.*, Cash equal to its Pro Rata Share of U.S. Plan Value).

For a description of the U.S. Roll-Up Stock and the U.S. Subscription Rights, and the procedures for exercising such rights in the Rights Offering please *see* Sections V.G.2, entitled, THE PLAN OF REORGANIZATION – Securities to Be Distributed under the Plan – The New Common Stock," V.G.1, entitled, "THE PLAN OF REORGANIZATION – Securities to Be Distributed under the Plan – Subscription Rights," and V.J.1, entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The Rights Offering and Equity Commitment Agreement" of the Disclosure Statement respectively.

b. ***Description of Plan Value Allocation to U.S. Roll-Up Claims.***

A description of how the amount of U.S. Roll-Up Stock, U.S. Subscription Rights and U.S. Plan Value are allocated and calculated is contained in Section V.E, entitled, "THE PLAN OF REORGANIZATION – Description of Allocation of Plan Value, New Common Stock and Subscription Rights Among Holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims." Based upon the minimum Plan Value and the allocation of Plan Value between the U.S. Debtors and ADH, a holder of U.S. Roll-Up Term Loan Claims that elects to receive its Pro Rata Share of U.S. Plan Value will receive a minimum of $202 in Cash for every $1,000 in U.S. Roll-Up Term Loan Claims it holds. Based upon the minimum Plan Value, a holder of U.S. Roll-Up Term Loan Claims that elects to receive its Pro Rata Share of U.S. Roll-Up Stock and U.S. Subscription Rights would receive 0.0000267% of the New Common Stock for every $1,000 of U.S. Roll-Up Term Loan Claims it holds (other than any New Common Stock such holder may receive as a result of its exercise of U.S. Subscription Rights). Moreover, if all such holders elect to receive stock, assuming the minimum Plan Value, the class would receive, as Non-Rights Offering Common Stock, 15.8% of the New Common Stock distributed in connection with the Plan, which represents 54.1% of the total Non-Rights Offering Common Stock that will be distributed.

A holder's Pro Rata Share of the U.S. Plan Value or the U.S. Roll-Up Stock will be calculated as if all holders of U.S. Roll-Up Term Loan Claims elected to receive its Pro Rata Share of U.S. Plan Value. In other words, a holder of U.S. Roll-Up Term Loan Claims will not be entitled to receive a greater share of U.S. Plan Value or the U.S. Roll-Up Stock allocated to U.S. Debtors Class 3 as a result of other holders electing the other option.

c. *Voting by U.S. Debtors Class 3.*

U.S. Debtors Class 3 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 3 are entitled to vote to accept or reject the Plan.

4. U.S. Debtors Class 4 (Convenience Claims).

a. *Classification and Treatment.*

U.S. Debtors Class 4 consists of all Convenience Claims. A "***Convenience Claim***" is (i) one or more Allowed General Unsecured Claims against any of the U.S. Debtors other than Debt Claims held by a Creditor in an aggregate Allowed Amount of $10,000 or less, or (ii) one or more Allowed General Unsecured Claims against any of the U.S. Debtors other than Debt Claims held by a Creditor in an aggregate Allowed Amount greater than $10,000, the aggregate Allowed Amount of which has been reduced to $10,000 by the election of such Creditor, or (iii) one or more General Unsecured Claims that are wholly Unliquidated Claims against any of the U.S. Debtors held by a Creditor, as to which the Creditor elects to liquidate at an amount equal to $10,000 for purposes of treating such General Unsecured Claims as an Allowed Convenience Claim.

Pursuant to Section 3.2.4 of the Plan, on the later of (i) the Initial Distribution Date and (ii) as soon as practicable after the date its Convenience Claim is Allowed, each holder of an Allowed Convenience Class Claim shall receive a payment of Cash equal to 25% of the Allowed Amount of its Convenience Claim. If the aggregate amount of Allowed Administrative Expenses under section 503(b)(9) of the Bankruptcy Code is less than $6.5 million (including any such expenses that have been paid by the Debtors prior to the Effective Date) then on the later on the Final Distribution Date (or such earlier date selected by the Debtors in their discretion) and as soon as practicable after the date its Convenience Claim is Allowed, each holder of an Allowed Convenience Claim shall receive an additional payment of Cash equal to 25% of the Allowed Amount of its Convenience Claim.

The following chart shows the amounts that might be payable on account of Convenience Claims. The chart is based solely upon scheduled amounts of General Unsecured Claims to the extent such Claims were not superseded by filed proofs of claim and amounts asserted by holders of General Unsecured Claims other than Debt Claims:

	Total Claims	**Total Amount**	**25% payout**	**50% payout**
$.01 to $5,000	1,507	$2,229,289	$557,322	$1,114,645
$5,000 to $10,000	302	$2,172,081	$543,020	$1,086,040
$10,000 to $15,000	148	$1,847,751	$370,000	$740,000
$15,000 to $20,000	105	$1,801,880	$262,500	$525,000
$20,000 to $25,000	82	$1,835,747	$205,000	$410,000
$25,000 to $30,000	63	$1,729,247	$157,500	$315,000
$30,000 to $35,000	43	$1,393,612	$107,500	$215,000
$35,000 to $40,000	50	$1,870,567	$125,000	$250,000
$40,000 to $45,000	35	$1,477,707	$87,500	$175,000
$45,000 to $50,000	31	$1,475,612	$77,500	$155,000
$50,000 to $75,000	104	$6,419,743	$260,000	$520,000
$75,000 to $100,000	56	$4,823,354	$140,000	$280,000
$100,000 to $150,000	67	$8,281,974	$167,500	$335,000
$150,000 to $250,000	67	$12,344,014	$167,500	$335,000
$250,000 to $500,000	48	$16,308,927	$120,000	$240,000
$500,000 to $1,000,000	26	$16,470,946	$65,000	$130,000
Over $1,000,000	37	$168,121,829	$92,500	$185,000
Fully Unliquidated	74	$0	$185,000	$370,000
Total	2,845	$250,604,282	$3,690,343	$7,380,685

The above chart reflects the aggregation of Claims discussed below, but does not include any amounts asserted in any proofs of claim filed by the Pension Benefit Guaranty Corporation.

b. ***Aggregation of Claims.***

For purposes of treatment in U.S. Debtors Class 4, all General Unsecured Claims, including, without limitation, any Claims arising from the rejection of an executory contract or unexpired lease pursuant to the Plan or otherwise and irrespective of whether any or all such Claims are unliquidated, disputed, or contingent, against all the U.S. Debtors of a Creditor shall be aggregated and treated as a single Convenience Claim. If a holder of a General Unsecured Claim elects to have any eligible General Unsecured Claim, including, among others, any unliquidated, disputed, or contingent General Unsecured Claim or Insured Claim, treated as a Convenience Claim, then that election applies to all such holder's General Unsecured Claims other than Debt Claims against all the U.S. Debtors, and such holder shall have a single Convenience Claim. Notwithstanding the foregoing, in determining the aggregate Allowed Amount of Convenience Claims held by a Creditor, claims acquired by such Creditor after the Commencement Date from an Entity other than an Affiliate of such Creditor shall not be included in such total, and a Creditor may make separate Convenience Claim elections with

respect to General Unsecured Claims acquired after the Commencement Date from an Entity other than an Affiliate of such Creditor.

c. *Election by Holders of Allowed General Unsecured Claims other than Debt Claims.*

Any creditor whose aggregate Allowed General Unsecured Claims other than Debt Claims against the U.S. Debtors total $10,000 or less automatically shall have such Claims treated as a Convenience Claim. Any holder of any other eligible Allowed General Unsecured Claim that desires treatment of such Claims as a Convenience Claim in the Allowed Amount of $10,000 shall make such election on the Ballot to be provided to holders of Claims in U.S. Debtors Class 5 and return such Ballot to the address specified therein on or before the Voting Deadline, in which case such Ballot shall be tabulated as a Convenience Claim. Any election the Debtors receive after the Voting Deadline shall not be binding on the U.S. Debtors unless the Voting Deadline is expressly waived in writing by Aleris with respect to any such Claim.

d. *Election by Holders of Wholly Unliquidated General Unsecured Claims.*

Subject to Section 3.2.4(b)(iii) of the Plan, each Creditor that asserts General Unsecured Claims that are only Unliquidated Claims against the U.S. Debtors may elect to settle, liquidate, and have all of such Claims treated as a single Allowed Convenience Claim in the Allowed Amount of $10,000. Any holder of such Unliquidated Claims that desires treatment of its Claims as a Convenience Claim shall make such election on the Ballot to be provided to holders of Claims in U.S. Debtors Class 5 and return the Ballot to the address specified therein on or before the Voting Deadline. Upon the timely receipt of the Ballot, the Claim will be tabulated as a Convenience Claim for voting purposes only. Notwithstanding the foregoing, the Debtors may reject such election by providing notice of such rejection fourteen (14) days after the Voting Deadline, in which case all such Claims shall be treated as Unliquidated Claims that are General Unsecured Claims in U.S. Debtors Class 5 subject to allowance, liquidation, and/or estimation by the Bankruptcy Court for all purposes other than voting. For avoidance of doubt, the Debtors shall tabulate any such wholly Unliquidated General Unsecured Claim against the U.S. Debtors, where the holder of such Claim elects treatment of its Claim as a Convenience Claim, as a Convenience Claim irrespective of whether the Debtors accept or reject such election.

e. *Election by Holders of Insured Claims.*

Subject to Section 3.2.4(b)(iv) of the Plan, each holder of an Insured Claim may elect to settle, liquidate, and have such Claim treated as an Allowed Convenience Claim in the Allowed Amount of the lesser of $10,000 and the asserted amount of the Claim. Any holder of such a Claim that desires treatment of its Claim as a single Convenience Claim shall make such election on the Ballot to be provided to holders of Insured Claims in U.S. Debtors Class 7 and return the Ballot to the address specified therein on or before the Voting Deadline. Upon the timely receipt of the Ballot, the Claim shall be tabulated as a Convenience Claim for voting purposes only. Notwithstanding the foregoing, the Debtors may reject such election by providing notice of such rejection fourteen (14) days after the Voting Deadline, in which case, such Claim shall be treated as an Insured Claim in U.S. Debtors Class 7 for all purposes other

than voting. For avoidance of doubt, the Debtors shall tabulate any Insured Claim, where the holder of such Claim elects treatment of its Claim as a Convenience Claim, as a Convenience Claim irrespective of whether the Debtors accept or reject such election.

f. *Voting by U.S. Debtors Class 4.*

U.S. Debtors Class 4 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 4 are entitled to vote to accept or reject the Plan.

5. U.S. Debtors Class 5 (General Unsecured Claims Other than Convenience Claims and Insured Claims).

a. *Classification and Treatment.*

U.S. Debtors Class 5 consists of all General Unsecured Claims other than Convenience Claims and Insured Claims. Pursuant to Section 3.2.5 of the Plan, on the Initial Distribution Date and each Distribution Date until the Final Distribution Date, each holder of an Allowed General Unsecured Claim will receive its Pro Rata Share of $4 million in Cash minus the aggregate amount of Cash previously received by such holder on the Initial Distribution Date and each other Distribution Date.

b. *Debt Claims in U.S. Debtors Class 5.*

A "***Debt Claim***" is any General Unsecured Claim represented by a note or debt security issued pursuant to an indenture, bank credit agreement, note purchase agreement, or otherwise prior to the U.S. Debtors' Commencement Date or any guarantee by any of the U.S. Debtors of any obligations of another Entity under any note or debt security issued pursuant to an indenture, bank credit agreement, note purchase agreement, or otherwise prior to the Commencement Date. Because sufficient value does not exist to satisfy the U.S. Roll-Up Term Loan Claims in full, the U.S. Term Loan Claims are considered to be General Unsecured Claims included in U.S. Debtors Class 5.

Under the Plan, after giving effect to the 9019 Settlement, the following Debt Claims will be deemed Allowed in the following amounts:

Debt Claims	**Amount**
U.S. Term Loan Claims (dollar denominated)[14]	$220,086,098.00
U.S. Term Loan Claims (euro denominated)	€66,974,920.00
Guarantee by U.S. Debtors on European Term Loan Claims (dollar denominated)	$286,058,937.66
Guarantee by U.S. Debtors of European Term Loan Claims (euro denominated)	€53,237,092.34
2006 Senior Notes Claims[15]	$606,521,000.00
2007 Senior Notes Claims	$106,875,016.00
Senior Subordinated Notes Claims	$405,321,945.00

Other Debt Claims have been asserted and are in the process of being reviewed by the Debtors. The following chart summarizes the Allowed, as well as the asserted, Debt Claims outstanding as of the Commencement Date:

Debt Claims	**Estimated Amount**
U.S. Term Loan Claims (dollar denominated)	$220,086,098.00
U.S. Term Loan Claims (euro denominated)	€66,974,920.00
Guarantee by U.S. Debtors on European Term Loan Claims (dollar denominated)	$286,058,937.66
Guarantee by U.S. Debtors of European Term Loan Claims (euro denominated)	€53,237,092.34
2006 Senior Notes Claims	$606,521,000.00
2007 Senior Notes Claims	$106,875,016.00
Senior Subordinated Notes Claims	$405,321,945.00
Series 1996 IRB Claim, BONY Mellon Trust Company, N.A.	$5,864,165.00
Series 1997 IRB Claim, BONY Mellon Trust Company, N.A.	$4,688,758.00
Series 1998 IRB Claim, BONY Mellon Trust Company, N.A.	$4,169,533.00

[14] The figures for dollar and euro denominated U.S. Term Loan Claims account for a reduction in the principal amount of the U.S. Term Loan Claims by the amount of U.S. Term Loan Claims that become U.S. Roll-Up Term Loan Claims, after giving effect to the 9019 Settlement.

[15] Amounts for the 2006 Senior Notes Claims, the 2007 Senior Notes Claims and the Senior Subordinated Notes Claims include both principal and interest accruing up to the U.S. Debtors' Commencement Date and are calculated through February 11, 2009.

Series 2004 IRB Claim, BONY Mellon Trust Company, N.A.[16]	$0.00
J. Aron & Company[17]	$60,809,898.74
TPG Partners V, L.P.[18]	$26,534,557.49

c. *Subordination of the Subordinated Note Claims.*

With respect to Senior Subordinated Note Claims, the Disbursing Agent will enforce section 506 of the Senior Subordinated Indenture whereby holders of Senior Subordinated Notes agreed to subordinate their Senior Subordinated Note Claims to all Senior Indebtedness (as defined in the Senior Subordinated Indenture), including, without limitation, the Senior Note Claims. "***Senior Note Claims***" are Claims arising out of the 2006 Senior Indenture or the 2007 Senior Indenture. Under the Senior Subordinated Indenture "***Senior Indebtedness***" includes all other Debt Claims, except those expressly subordinated, and, as a result, the Senior Subordinated Note Claims are subordinated to the other Debt Claims. The Senior Subordinated Indenture defines Senior Indebtedness as follows:

> "Senior Indebtedness" means with respect to any Person: (1) all Indebtedness of such Person, whether outstanding on the Issue Date or thereafter incurred; and (2) all other Obligations of such Person (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Person whether or not post-filing interest is allowed in such proceeding) in respect of Indebtedness described in clause (1) above unless, in the case of clauses (1) and (2), the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness or other Obligations are subordinate in right of payment to or pari passu in right of payment with the Notes or the Subsidiary Guarantee of such Person, as the case may be; provided that Senior Indebtedness shall not include: (1) any obligation of such Person to the Company or any Subsidiary or to any joint venture in which the Company or any Restricted Subsidiary has an interest; (2) any liability for Federal, state, local or other taxes owed or owing by such Person; (3) any accounts payable or other liability to trade creditors in the ordinary course of business (including guarantees thereof as instruments evidencing such liabilities); (4) any Indebtedness or other Obligation of such Person that is subordinate or junior in right of

[16] This bond has an outstanding balance of $5,003,922.00, but it is fully secured by a letter of credit.

[17] Amounts provided here are based on proofs of claim filed by J. Aron & Company, exclusive of claims for interest and fees, and do not reflect the Debtors' view of the validity of the Claim. The Debtors continue to review this Claim.

[18] Amounts provided here are based on a proof of claim filed by TPG Partners V, L.P., exclusive of claims for interest and fees, and do not reflect the Debtors' view of the validity of the Claim. The Debtors continue to review this Claim.

> payment with respect to any other Indebtedness or other Obligation of such Person; (5) that portion of any Indebtedness that at the time of incurrence is incurred in violation of this Indenture, provided, however, that such Indebtedness shall be deemed not to have been incurred in violation of this Indenture for purposes of this clause (5) if such Indebtedness consists of Designated Senior Indebtedness, and the holder(s) of such Indebtedness or their Representative shall have received a certificate from an officer of the Company to the effect that the incurrence of such Indebtedness does not (or, in the case of a revolving credit facility thereunder, the incurrence of the entire committed amount thereof at the date on which the initial borrowing thereunder is made would not) violate the provisions of this Indenture; or (6) the Notes or the guarantees of the Notes.

Under the terms of this definition, among other things, the Senior Note Claims, the Prepetition Term Facility, and other Debt Claims are considered Senior Indebtedness. To effect the subordination, the remaining holders of Allowed Debt Claims shall be entitled to receive their Pro Rata Share among all Debt Claims (calculated without taking into account the Senior Subordinated Note Claims) of any Distribution that otherwise would have been made under the Senior Subordinated Indenture.

d. ***Election to Convenience Class or Insured Claims Class by Holders of General Unsecured Claims other than Debt Claims.***

Each holder of a General Unsecured Claim in U.S. Debtors Class 5 (other than a holder of a Debt Claim or a General Unsecured Claim that has become a Disallowed Claim), whether or not it is entitled to vote on the Plan, will receive a Ballot on which the holder may elect on or before the Voting Deadline to be treated as a Convenience Claim in U.S. Debtors Class 4 or an Insured Claim in U.S. Debtors Class 7 by marking such election on the Ballot and returning the Ballot in accordance with the directions provided therein. ***A holder of a General Unsecured Claim should consider carefully the respective treatment of the Claims in each of U.S. Debtors Class 4 (Convenience Claims), U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims), and U.S. Debtors Class 7 (Insured Claims) before making an election.*** If the holder of a General Unsecured Claim receives a Ballot for U.S. Debtors Class 5 and fails to make an election, its General Unsecured Claim will be treated as a General Unsecured Claim in U.S. Debtors Class 5.

The U.S. Debtors expect that the holder of any General Unsecured Claims, other than Debt Claims, that are Allowed in an aggregate amount of $1.25 million or less will elect to receive treatment of its Claims as Convenience Claims within U.S. Debtors Class 4. Although many of these General Unsecured Claims are Disputed Claims, the U.S. Debtors estimate that the aggregate of Allowed General Unsecured Claims in this class could be approximately $163 million. The U.S. Debtors' estimates of the aggregate amount of Allowed General Unsecured Claims in U.S. Debtors Class 5 could be higher or lower depending upon how many holders of Allowed General Unsecured Claims elect to receive treatment as Convenience Claims in U.S. Debtors Class 4, the ultimate allowance of General Unsecured Claims against the U.S. Debtors'

estates, and the size of the liability for withdrawing from certain multi-employer pension plans, which the Debtors are unable to estimate at this time.

e. *Voting by U.S. Debtors Class 5.*

U.S. Debtors Class 5 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 5 are entitled to vote to accept or reject the Plan.

6. U.S. Debtors Class 6 (U.S. Affiliate Claims).

U.S. Debtors Class 6 consists of all Allowed Affiliate Claims. A "***U.S. Affiliate Claim***" is any Claim against any U.S. Debtor held by an Affiliate of any U.S. Debtor other than any Affiliate that is a direct or indirect holder of an equity interest in Aleris.

Pursuant to Section 3.2.6 of the Plan, each Allowed U.S. Affiliate Claim will be unimpaired in accordance with section 1124 of the Bankruptcy Code. Accordingly, each Allowed U.S. Affiliate Claim will be treated in one of the following ways:

(1) The legal, equitable, and contractual rights of a holder of an Allowed U.S. Affiliate Claim will be left unaltered, ***or***

(2) Notwithstanding any contractual provision or applicable law that entitles the holder of an Allowed U.S. Affiliate Claim to demand or receive accelerated payment of such Claim prior to the stated maturity of such Claim from and after the occurrence of a default under the agreements governing or evidencing such Claim or applicable law, such Claim will be reinstated and the applicable U.S. Debtor will

(A) cure all defaults that occurred before or from and after the U.S. Debtors' Commencement Date (other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code),

(B) reinstate the maturity of such Claim as such maturity existed prior to the occurrence of such default,

(C) compensate the holder of such Claim for any damages incurred as a consequence of any reasonable reliance by such holder on such contractual provision or such applicable law,

(D) if such Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensate the holder of such Claim (other than the debtor or an insider) for any

actual pecuniary loss incurred by such holder as a result of such failure, ***and***

(E) not otherwise alter the legal, equitable, or contractual rights to which the holder of such Claim is entitled.

U.S. Debtors Class 6 is unimpaired. The holders of Claims in U.S. Debtors Class 6 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

7. U.S. Debtors Class 7 (Insured Claims).

U.S. Debtors Class 7 consists of all Insured Claims. An "***Insured Claim***" is any Claim against any of the U.S. Debtors alleging damages, including without limitation, damages arising in connection with personal injuries, allegedly incurred as a result of the U.S. Debtors' operations and activities prior to the U.S. Debtors' Commencement Date that is allegedly covered by insurance issued on behalf of the applicable U.S. Debtor. Schedule "1.1.108" to the Plan sets forth a list of Claims asserted against the U.S. Debtors that the U.S. Debtors believe may be covered by one or more Insurance Policies. ***Inclusion of any such Claim on such Exhibit, however, does not constitute a representation or warranty by the U.S. Debtors that insurance coverage actually is or will be available for such Claim.***

Pursuant to Section 3.2.7 of the Plan, each holder of an Insured Claim shall elect, by marking the appropriate box on such holder's Ballot, one of the following options:

(1) The recovery of a holder of an Allowed Insured Claim shall be limited to any Insurance Proceeds available to such holder's Claim, if any (without warranty or representation of any kind from the Debtors with respect to the availability of Insurance Proceeds with respect to such Claim), and the holder of an Insured Claim so electing to limit its recovery to Insurance Proceeds shall have the sole responsibility for seeking recovery under the Debtors' Insurance Policies on account of such Insured Claim and to satisfy any and all retroactive premiums, retentions, or deductibles under the Debtors' Insurance Policies,

(2) The Insured Claim shall be treated as a General Unsecured Claim in U.S. Debtors Class 5 and, accordingly, the holder of such Allowed Insured Claim will be limited to any Distribution received by U.S. Debtors Class 5 and will be deemed to have waived any and all rights to seek recovery on such Claim from any other property of the Debtors' estates, including without limitation, any Insurance Proceeds, except to Distributions made to holders of Allowed General Unsecured Claims in U.S. Debtors Class 5; ***or***

(3) The Insured Claim shall be treated as an Allowed Convenience Claim in the Allowed Amount of $10,000 in U.S. Debtors Class 4 and, accordingly, the holder of such Insured Claim will be limited

to any Distribution received by U.S. Debtors Class 4 and will be deemed to have waived any and all rights to seek recovery on such claim from any other property of the Debtors' estates, including, without limitation, any Insurance Proceeds, except to Distributions made to holders of Allowed Convenience Claims in U.S. Debtors Class 4; *provided*, *however*, in accordance with Section 3.2.4(b)(iv) of the Plan, the Debtors may reject the election by the holder of an Insured Claim to have its Insured Claim treated as an Allowed Convenience Claim in U.S. Debtors Class 4, in which case the Insured Claim shall be treated as an Insured Claim in U.S. Debtors Class 7 for all purposes other than voting.

If the holder of an Insured Claim listed on Exhibit "1.1.108" to the Plan fails to make a timely election, such holder shall be irrevocably deemed to have elected to remain an Insured Claim. If the holder of an Insured Claim elects to be treated as a General Unsecured Claim in U.S. Debtors Class 5, then its vote shall be tabulated as a vote in U.S. Debtors Class 5.

U.S. Debtors Class 7 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 7 are entitled to vote to accept or reject the Plan.

8. U.S. Debtors Class 8 (Aleris Equity Interests).

U.S. Debtors Class 8 consists of all Aleris Equity Interests. An "***Aleris Equity Interest***" is an Equity Interest in Aleris. Aurora, an entity owned by TPG and certain members of management, is the sole holder of Aleris Equity Interests.

Pursuant to Section 3.2.8 of the Plan, each holder of an Aleris Equity Interest will not receive or retain anything on account of the Plan. On the Effective Date, following the implementation of the Restructuring Transactions on such date, all Aleris Equity Interests shall be deemed cancelled and extinguished; holders of Aleris Equity Interests need not surrender their certificates or other documentation evidencing ownership of such Aleris Equity Interests.

Pursuant to Section 10.3.7(c) of the Plan (and as described in greater detail in Section V.M.3.g(3), entitled, "THE PLAN OF REORGANIZATION – Confirmation of the Plan – Effects of Confirmation – Terms of Injunctions or Stays – Injunction Against Worthless Stock Deductions") certain holders of Aleris Equity Interests shall be enjoined from taking a worthless stock deduction with respect to any such Aleris Equity Interest.

U.S. Debtors Class 8 is impaired. The holders of Equity Interests in U.S. Debtors Class 8 are deemed to reject the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

9. U.S. Debtors Class 9 (Cancelled U.S. Equity Interests).

U.S. Debtors Class 9 consists of all Allowed Cancelled U.S. Equity Interests. A "Cancelled U.S. Equity Interest" is an Equity Interest (including a membership interest) in the Dissolving U.S. Subsidiaries (which are Wabash Alloys and Aleris Aluminum U.S. Sales Inc.).

Aleris is the indirect parent of Wabash Alloys and Aleris Aluminum U.S. Sales Inc. Aleris' subsidiary, Debtor Alchem Aluminum Shelbyville Inc., is the sole holder of cancelled Wabash Alloys Equity Interests, and Aleris' subsidiary, Debtor CA Lewisport, LLC, is the sole holder of cancelled Aleris Aluminum U.S. Sales Inc. Equity Interests.

Pursuant to Section 3.2.9 of the Plan, the holders of the Cancelled U.S. Equity Interests shall not receive or retain anything on account of the Plan. On the Effective Date, following the implementation of the Restructuring Transactions on such date, all Cancelled U.S. Equity Interests shall be deemed cancelled and extinguished; the holders of the Cancelled U.S. Equity Interests need not surrender their certificates or other documentation evidencing ownership of such Cancelled U.S. Equity Interests.

U.S. Debtors Class 9 is impaired. The holders of Cancelled U.S. Equity Interests in U.S. Debtors Class 9 are deemed to reject the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

10. U.S. Debtors Class 10 (Other U.S. Equity Interests).

U.S. Debtors Class 10 consists of all Allowed Other U.S. Equity Interests. An "***Other U.S. Equity Interest***" is any Equity Interest in the U.S. Debtors other than the Aleris Equity Interests and the Cancelled U.S. Equity Interests.

Pursuant to Section 3.2.10 of the Plan, on the Effective Date, each Allowed Other U.S. Equity Interest shall be reinstated subject to the corporate reorganization of the U.S. Debtors as described in Section 7.6 of the Plan. The reinstatement of the Other U.S. Equity Interests under the Plan simply serves to facilitate the reorganization of the U.S. Debtors and the transfer of indirect ownership of the U.S. Debtors to the Backstop Parties and the other holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims.

U.S. Debtors Class 10 is unimpaired. The holders of Equity Interests in U.S. Debtors Class 10 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

D. Classification and Treatment of Claims Against and Equity Interests in ADH.

1. ADH Class 1 (German Tranche of U.S. DIP Loan Claims).

ADH Class 1 consists of all Allowed German Tranche of U.S. DIP Loan Claims. A "***German Tranche of U.S. DIP Loan Claim***" is any New Money Term DIP Claim against ADH (including any Claim arising under any guarantee by ADH of the obligations of Aleris Aluminum Duffel BVBA under the DIP Term Credit Agreement) arising under the DIP Term Credit Agreement. The German Tranche of U.S. DIP Loan Claims will be allowed in full.

Pursuant to Section 3.3.1 of the Plan, on the Effective Date, each holder of an Allowed German Tranche of U.S. DIP Loan Claim shall be paid the Allowed Amount of its Allowed German Tranche of U.S. DIP Loan Claim in full, in the applicable currency under the DIP Term Credit Agreement, as provided in Section 2.1.3(b) of the Plan as described in

Section V.A.1.e(2) of the Disclosure Statement, entitled, "THE PLAN OF REORGANIZATION – Classification and Treatment of Claims and Equity Interests – Administrative Expenses – Other Administrative Expenses Specific to the U.S. Debtors – New Money Term DIP Claims." Although the German Tranche of U.S. DIP Loan Claim is a prepetition claim against ADH's estate, the U.S. Debtors, pursuant to the DIP Term Credit Facility, guaranteed payment of the German Tranche of U.S. DIP Loan Claims; accordingly, it is an Allowed Administrative Expense against the U.S. Debtors' estates and will be paid in full, in the applicable currency under the DIP Term Credit Agreement, on the Effective Date as provided in Section 2.1.3(b) of the Plan.

ADH Class 1 is unimpaired. The holders of Claims in ADH Class 1 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

2. ADH Class 2 (European Roll-Up Term Loan Claims).

a. *Classification, Allowance, and Treatment.*

ADH Class 2 consists of all Allowed European Roll-Up Term Loan Claims. A "***European Roll-Up Term Loan Claim***" is any Claim arising under the European Roll-Up Term Loans under the DIP Term Credit Agreement. After giving effect to the 9019 Settlement, the European Roll-Up Term Loan Claims will be allowed in the amount of the ADH Roll-Up Value. Pursuant to Section 3.3.2 of the Plan, on the Effective Date and in accordance with the Restructuring Transactions, each holder of an Allowed European Roll-Up Term Loan Claim will receive, at the election of the holder of such Allowed European Roll-Up Term Loan Claim made on or before the Subscription Expiration Date, one of the following:

(1) its Pro Rata Share of ADH Roll-Up Stock to be issued on the Effective Date and the ADH Roll-Up Subscription Rights, ***or***

(2) Cash equal to its Pro Rata Share of $25 million.

Apollo and Oaktree will be the only holders of Allowed European Roll-Up Term Loan Claims, and their respective elections shall be made in accordance with the Equity Commitment Agreement.

Up to ten (10) days prior to the Effective Date and upon written notice to the Debtors and Oaktree, Apollo may change its election of clause 3.3.2(c)(i) of the Plan (*i.e.*, its Pro Rata Share of the ADH Roll-Up Stock to be issued on the Effective Date and the ADH Roll-Up Subscription Rights) to clause 3.3.2(c)(ii) of the Plan (*i.e.*, Cash equal to its Pro Rata Share of $25 million.

For a description of the ADH Roll-Up Stock and the ADH Roll-Up Subscription Rights, and the procedures for exercising such rights in the Rights Offering please *see* Sections V.G.2, entitled, THE PLAN OF REORGANIZATION – Securities to Be Distributed under the Plan – The New Common Stock," V.G.1, entitled, "THE PLAN OF REORGANIZATION – Securities to Be Distributed under the Plan – Subscription Rights," and V.J.1, entitled, "THE PLAN OF REORGANIZATION –Implementation of the Plan – The Rights Offering and Equity Commitment Agreement" of the Disclosure Statement respectively.

b. ***Description of Plan Value Allocation to European Roll-Up Term Loan Claims.***

A description of how the amount of ADH Roll-Up Stock, ADH Roll-Up Subscription Rights, and the ADH Roll-Up Value are allocated and calculated is contained in Section V.E, entitled, "THE PLAN OF REORGANIZATION – Description of the Allocation of Plan Value and New Common Stock Among Holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims." The only holders of the European Roll-Up Term Loan Claims are Apollo and Oaktree. Pursuant to the 9019 Settlement, Apollo and Oaktree have agreed to limit the amount of European Term Loan Claims they roll up in exchange for treatment of the European Roll-Up Term Loan Claims with priority over the European Term Loan Claims. Pursuant to the 9019 Settlement, on the Effective Date, Oaktree and Apollo collectively shall be deemed to have rolled up $25 million in principal amount of their European Term Loan Claims.

Based upon the minimum Plan Value, and the allocation of Plan Value between the U.S. Debtors and ADH, a holder of European Roll-Up Term Loan Claims that elects to receive Cash in an amount equal to its Pro Rata Share of ADH Roll-Up Value will receive $1,000 in Cash for every $1,000 in European Roll-Up Term Loan Claims it holds. Based upon the minimum Plan Value, a holder of European Roll-Up Term Loan Claims that elects to receive its Pro Rata Share of ADH Roll-Up Stock and ADH Roll-Up Subscription Rights would receive 0.000138% of the New Common Stock for every $1,000 of European Roll-Up Term Loan Claims it holds (other than any New Common Stock such holder may receive as a result of its exercise of ADH Roll-Up Subscription Rights). Moreover, if all such holders elect to receive stock, assuming the minimum Plan Value, the class would receive, as Non-Rights Offering Common Stock, 3.5% of the New Common Stock distributed in connection with the Plan, which represents 12% of the total Non-Rights Offering Common Stock that will be distributed.

A holder's Pro Rata Share of the ADH Roll-Up Value or the ADH Roll-Up Stock will be calculated as if all holders of European Roll-Up Term Loan Claims elected to receive their Pro Rata Share of ADH Roll-Up Plan Value. In other words, a holder of European Term Loan Claims will not be entitled to receive a greater share of ADH Roll-Up Value or the ADH Roll-Up Stock allocated to ADH Class 2 as a result of other holders electing the other option.

c. ***Voting by ADH Class 2.***

ADH Class 2 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in ADH Class 2 are entitled to vote to accept or reject the Plan.

3. ADH Class 3 (European Term Loan Claims).

a. ***Classification, Allowance, and Treatment.***

ADH Class 3 consists of all Allowed European Term Loan Claims. A "***European Term Loan Claim***" is any Claim arising out of the European Term Loan Facility. After giving effect to the 9019 Settlement, the European Term Loan Claims will be deemed Allowed in the

aggregate amount of $286,058,937.66 million and €53,237,092.34 million in principal amount, plus accrued and unpaid interest as of the Commencement Date for ADH.

Pursuant to Section 3.3.3 of the Plan, on the Effective Date, and in accordance with the Restructuring Transactions, each holder of a European Term Loan Claim as of the Distribution Record Date shall receive, at the election of the holder of such European Term Loan Claim made on or before the Voting Deadline, one of the following:

(1) its Pro Rata Share of ADH Term Loan Stock to be issued on the Effective Date and the ADH Term Loan Subscription Rights, ***or***

(2) Cash equal to its Pro Rata Share of the ADH Term Loan Value.

If the holder of a European Term Loan Claim (other than a Backstop Party) completes and returns its Subscription Form by the Subscription Expiration Date, such holder shall be deemed to have elected the treatment described in clause 3.3.3(c)(i) of the Plan, unless the holder completes and returns a Ballot in which it elects the treatment described in clause 3.3.3(c)(ii) of the Plan, in which case, such holder will be deemed to have relinquished, forever and irrevocably, its right to participate in the Rights Offering, and the Rights Offering Agent will return any amounts that such holder paid for the exercise of its Subscription Rights without interest. Any other holder of a European Roll-Up Term Loan Claim (i.e., other than a Backstop Party or a holder returning its Subscription Form and electing the treatment described in clause 3.3.3(c)(i) of the Plan pursuant to the preceding sentence) that fails to make a timely election on its Ballot electing the treatment described in clause 3.3.3(c)(i) of the Plan, shall be irrevocably deemed to have elected the treatment under clause 3.3.3(c)(ii) of the Plan.

If a holder of a European Term Loan Claim elects to receive its Pro Rata Share of ADH Term Loan Stock and ADH Term Loan Subscription Rights, and such holder wishes to participate in the Rights Offering, it MUST complete and return the Subscription Form by _____, 2010. This deadline is BEFORE the Voting Deadline. If a Creditor elects on the Ballot to receive ADH Term Loan Stock and ADH Term Loan Subscription Rights, but it has not timely returned its Subscription Form, such holder will be deemed to have received, but have elected not to exercise, the ADH Term Loan Subscription Rights. If, on the other hand, a Creditor timely completes and returns a Subscription Form, but then elects on its Ballot to receive Cash, such Creditor will be deemed to have revoked its election to participate in the Rights Offering.

Up to ten (10) days prior to the Effective Date and upon written notice to the Debtors and Oaktree, Apollo may change its election of clause 3.3.3(c)(i) of the Plan (*i.e.*, its Pro Rata Share of ADH Term Loan Stock to be issued on the Effective Date and the ADH Term Loan Subscription Rights) to clause 3.3.3(c)(ii) of the Plan (*i.e.*, Cash equal to its Pro Rata Share of ADH Term Loan Value).

For a description of the ADH Term Loan Stock and the ADH Term Loan Subscription Rights, and the procedures for exercising such rights in the Rights Offering please *see* Sections V.G.2, entitled, THE PLAN OF REORGANIZATION – Securities to Be

Distributed under the Plan – The New Common Stock," V.G.1, entitled, "THE PLAN OF REORGANIZATION – Securities to Be Distributed under the Plan – Subscription Rights," and V.J.1, entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The Rights Offering and Equity Commitment Agreement" of the Disclosure Statement respectively.

b. ***Description of Plan Value Allocation to European Term Loan Claims.***

A description of how the amount of ADH Term Loan Stock, ADH Term Loan Subscription Rights and ADH Term Loan Value are allocated and calculated is contained in Section V.E, entitled, "THE PLAN OF REORGANIZATION – Description of Allocation of Plan Value, New Common Stock and Subscription Rights Among Holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims." Based upon the minimum Plan Value, and the allocation of Plan Value between the U.S. Debtors and ADH, a holder of European Term Loan Claims that elects to receive its Pro Rata Share of U.S. Plan Value will receive $206 in Cash for every $1,000 in European Term Loan Claims it holds. Based upon the minimum Plan Value, a holder of European Term Loan Claims that elects to receive its Pro Rata Share of ADH Term Loan Stock and ADH Term Loan Subscription Rights would receive 0.0000271% of the New Common Stock for every $1,000 of European Term Loan Claims it holds (other than any New Common Stock such holder may receive as a result of its exercise of ADH Term Loan Subscription Rights). Moreover, if all such holders elect to receive stock, assuming the minimum Plan Value, the class would receive, as Non-Rights Offering Common Stock, 9.9% of the New Common Stock distributed in connection with the Plan, which represents 33.8% of the total Non-Rights Offering Common Stock that will be distributed.

A holder's Pro Rata Share of the ADH Term Loan Value or the ADH Term Loan Stock will be calculated as if all holders of European Term Loan Claims elected to receive the ADH Term Loan Value. In other words, a holder of European Term Loan Claims will not be entitled to receive a greater share of the ADH Term Loan Value or the ADH Term Loan Stock allocated to ADH Class 3 as a result of other holders electing the other option.

c. ***Distributions on Account of European Term Loan Claims.***

Distribution of the ADH Term Loan Stock, the ADH Term Loan Subscription Rights, and/or Cash shall be made by the Debtors' non-debtor affiliate, the European Term Loan Acquisition Entity. Specifically, Aleris shall make a series of capital contributions and/or loans through its direct and indirect subsidiaries to European Term Loan Acquisition Entity. Using the proceeds of such capital contributions and/or loans, on the Effective Date or as soon thereafter as is reasonably practicable, the European Term Loan Acquisition Entity shall distribute the ADH Term Loan Stock, the ADH Term Loan Subscription Rights, and/or Cash to the Disbursing Agent for distribution to the holders of the European Term Loan Claims as of the Distribution Record Date.

The European Term Loan Claims shall not be canceled or discharged as of the Effective Date; instead, on the Effective Date, the terms and conditions of the European Term Loan Facility shall be modified as set forth in Exhibit "7.10" to the Plan and as described in Section V.J.10, entitled "THE PLAN OF REORGANIZATION – Implementation of the Plan –

The European Term Loan," the European Term Loan Claims shall be deemed transferred to the European Term Loan Acquisition Entity, the European Term Loan Acquisition Entity shall be deemed to have assumed all responsibilities of the Prepetition Term Loan Agent Bank thereunder with respect to the European Term Loan Facility, and the Prepetition Term Loan Agent Bank shall be released from all other responsibilities under the Prepetition Term Loan Agreements with respect to the European Term Loan Facility.

d. ***Voting by ADH Class 3.***

ADH Class 3 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of the Claims in ADH Class 3 are entitled to vote to accept or reject the Plan.

4. ADH Class 4 (Other ADH Claims).

ADH Class 4 consists of all Allowed Other ADH Claims. An "***Other ADH Claim***" is any Claim against ADH other than the German Tranche of U.S. DIP Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims.

Pursuant to Section 3.3.4 of the Plan, each Allowed Other ADH Claim shall be unimpaired in accordance with section 1124 of the Bankruptcy Code. Accordingly, each Allowed Other ADH Claim will be treated in one of the following ways:

(1) The legal, equitable, and contractual rights of a holder of an Allowed Other ADH Claim will be left unaltered, ***or***

(2) Notwithstanding any contractual provision or applicable law that entitles the holder of an Allowed Other ADH Claim to demand or receive accelerated payment of such Claim prior to the stated maturity of such Claim from and after the occurrence of a default under the agreements governing or evidencing such Claim or applicable law, such Claim will be reinstated and ADH shall

(A) cure all defaults that occurred before or from and after the ADH Commencement Date (other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code),

(B) reinstate the maturity of such Claim as such maturity existed prior to the occurrence of such default,

(C) compensate the holder of such Claim for any damages incurred as a consequence of any reasonable reliance by such holder on such contractual provision or such applicable law,

(D) if such Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease

subject to section 365(b)(1)(A), compensate the holder of such Claim (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, ***and***

(E) not otherwise alter the legal, equitable, or contractual rights to which the holder of such Claim is entitled.

ADH Class 4 is unimpaired. The holders of Claims in ADH Class 4 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

5. ADH Class 5 (ADH Equity Interests).

ADH Class 5 consists of all Allowed ADH Equity Interests. An "***ADH Equity Interests***" in any Equity Interest in ADH. Pursuant to Section 3.3.5 of the Plan, each Allowed ADH Equity Interest shall be reinstated. ADH Class 5 is unimpaired. Aleris Recycling Holding B.V, an indirect subsidiary of Aleris, is the sole holder of ADH Equity Interests. The holders of Equity Interests in ADH Class 5 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

E. Description of Allocation of Plan Value, New Common Stock and Subscription Rights Among Holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims.

The Plan contemplates that three classes of creditors will share in the "Plan Value" of the Debtors – the U.S. Roll-Up Term Loan Claims, the European Roll-Up Term Loan Claims, and European Term Loan Claims. Under the Plan, Creditors in these classes have the right to elect to receive Cash equal to their Pro Rata Share of the portion of such Plan Value[19] allocable to their class ***or*** to receive Subscription Rights to purchase New Common Stock and IntermediateCo Notes through the Rights Offering, as well as an amount of New Common Stock equivalent to such Creditor's Pro Rata Share of the Plan Value allocable to its Class. The New Common Stock purchased through the Rights Offering is referred to herein as "***Rights Offering Common Stock***" and the New Common Stock distributed to Creditors under the Plan is referred to herein as "***Non-Rights Offering Common Stock***." Both the Non-Rights Offering Common Stock and the Rights Offering Common Stock are subject to dilution.

To determine the respective Plan Value amounts among the three classes, the Debtors started with the assumption, based upon the analysis performed by Moelis & Company ("***Moelis***"), that the enterprise value of the Debtors is $1 billion. Based upon the relative performance of their non-European operations and their European operations, the Debtors allocated $700 million of this enterprise value to the U.S. Debtors (*i.e*., the non-European operations) and $300 million to ADH (*i.e*. the European operations).

[19] A holder of European Roll-Up Term Loan Claims that elects to receive Cash, however, will not receive the full value of its claims. *See* the description of the treatment of European Roll-Up Term Loan Claims in Section V.D.2, entitled, "THE PLAN OF REORGANIZATION – Classification and Treatment of Claims and Equity Interests – ADH Class 2 (European Roll-Up Term Loan Claims)."

"***Plan Value***" is the term used in the Plan to describe the equity value of the Debtors before giving effect to any value ascribed to the Rights Offering. The Plan Value is what remains of the enterprise value after deducting payments under the Plan and reserving for a liquidity adjustment provided under the Plan. The Debtors will allocate these deductions and a liquidity adjustment between the U.S. Debtors and ADH. These deductions are referred to in the Plan as the "***U.S. Plan Deductions***" and the "***ADH Plan Deductions***," and are described in detail in Sections 1.1.188 and 1.1.12 of the Plan, respectively.

One of the deductions applicable to U.S. Plan Value and ADH Plan Value is an amount to account for liquidity requirements to operate the Reorganized Debtors' businesses after their emergence from chapter 11 (the "***U.S. Liquidity Adjustment***" in the case of U.S. Plan Value and the "***ADH Liquidity Adjustment***" in the case of ADH Plan Value). Formulas for calculating the ADH Liquidity Adjustment and the U.S. Liquidity Adjustment are set forth respectively in the Plan at Sections 1.1.11 and 1.1.187. These deductions are calculated off of a projected schedule and are adjusted as of the Determination Date by the "***Closing Liquidity Adjustment.***" A formula for the total Closing Liquidity Adjustment is set forth in the Plan in Section 1.1.50. The "***Determination Date***" will be the last day of the month immediately preceding the month in which the Confirmation Date occurs. If, however the Effective Date is more than **forty-five (45) days** after such Determination Date, then a new Determination Date will be established on the last day of the month immediately preceding the month in which the Effective Date occurs.

To derive the "***U.S. Plan Value***," which is the portion of the Plan Value allocable to the U.S. Roll-Up Term Loan Claims, the Plan subtracts the U.S. Plan Deductions from the $700 million of the enterprise value attributable to the U.S. Debtors. In the event that the ADH Plan Value is not sufficient to provide for the minimum ADH Plan Value (described below), an additional U.S. Plan Deduction will be made from U.S. Plan Value and will be used to provide for the minimum ADH Plan Value.

The "***ADH Plan Value***" is allocated between the Classes of European Roll-Up Term Loan Claims (which receive the "***ADH Roll-Up Value***") and the European Term Loan Claims (which receive the "***ADH Term Loan Value***"). The European Roll-Up Term Loan Claims are entitled to priority over the European Term Loan Claims. Accordingly the ADH Term Loan Value will be the difference between the ADH Plan Value and the ADH Roll-Up Value, which is equal to $25 million (plus certain accrued but unpaid interest and minus certain paid interest). The ADH Term Loan Value, however, must receive a minimum recovery of $75 million (defined in the Plan as the "***European Term Loan Minimum Recovery***"). Therefore, the ADH Plan Value is the greater of (i) $300 million minus the ADH Plan Deductions and (ii) the ADH Roll-Up Value plus the European Term Loan Minimum Recovery. As a result, the ADH Plan Value will be no less than the ADH Roll-Up Value plus the European Term Loan Minimum Recovery. If such minimum value is not achieved, the deduction from U.S. Plan Value discussed above will make up the difference.

The sum of the U.S. Plan Value, ADH Roll-Up Value, and the ADH Term Loan Value equals the Plan Value. For each of the respective categories of Claims, the formulas for U.S. Plan Value and the ADH Term Loan Value reflect the cash-out amount that a Claimant in

such class is entitled to receive, pro rata based upon the amount of its Claim compared to all Claims in the class, if a Claimant elects the cash-out option.

To determine the amount of Non-Rights Offering Common Stock the Classes of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims are each entitled to receive, the Plan allocates the Non-Rights Offering Common Stock among each class based, in each case, on the ratio of U.S. Plan Value to Plan Value, ADH Roll-Up Value to Plan Value, and the ADH Term Loan Value to Plan Value respectively. The assumed price per share of the Non-Rights Offering Common Stock ("***Plan Value Share Price***") is calculated by dividing the Plan Value by the aggregate number of shares of Non-Rights Offering Common Stock, which will be equal to 10 million shares of New Common Stock. The proportion of Subscription Rights to which holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims are entitled is calculated in the same way. Therefore, for example, the calculation of the amount of Non-Rights Offering Common Stock and Subscription Rights for holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims (assuming such holders elect to subscribe to the Rights Offering) would be as described below.

- Holders of U.S. Roll-Up Term Loan Claims collectively would be entitled to receive an amount of "***U.S. Roll-Up Stock***," or Non-Rights Offering Common Stock equal to the aggregate number of shares of Non-Rights Offering Common Stock multiplied by the ratio of the U.S. Plan Value to the Plan Value. Such holders are entitled to subscribe to a number of shares of Rights Offering Common Stock equal to the aggregate number of shares of Rights Offering Common Stock multiplied by the ratio of U.S. Plan Value to Plan Value. As part of such subscription, holders of U.S. Roll-Up Term Loan Claims will also purchase IntermediateCo Notes in an aggregate principal amount equal to the aggregate principal amount of the IntermediateCo Notes multiplied by the ratio of U.S. Plan Value to Plan Value.

- Holders of European Roll-Up Term Loan Claims collectively would be entitled to receive an amount of "***ADH Roll-Up Stock***," or Non-Rights Offering Common Stock equal to the aggregate number of shares of Non-Rights Offering Common Stock multiplied by the ratio of the ADH Roll-Up Value to the Plan Value. Such holders are entitled to subscribe to a number of shares of Rights Offering Common Stock equal to the aggregate number of shares of Rights Offering Common Stock multiplied by the ratio of ADH Roll-Up Value to Plan Value. As part of such subscription, holders of European Roll-Up Term Loan Claims will also purchase IntermediateCo Notes in an aggregate principal amount equal to the aggregate principal amount of the IntermediateCo Notes multiplied by the ratio of ADH Roll-Up Value to Plan Value.

- Holders of European Term Loan Claims collectively would be entitled to receive an amount of "***ADH Term Loan Stock***," or Non-Rights Offering Common Stock equal to the aggregate number of shares of Non-Rights

Offering Common Stock multiplied by the ratio of the ADH Term Loan Value to the Plan Value. Such holders are entitled to subscribe to a number of shares of Rights Offering Common Stock equal to the aggregate number of shares of Rights Offering Common Stock multiplied by the ratio of ADH Term Loan Value to Plan Value. As part of such subscription, holders of European Term Loan Claims will also purchase IntermediateCo Notes in an aggregate principal amount equal to the aggregate principal amount of the IntermediateCo Notes multiplied by the ratio of ADH Term Loan Value to Plan Value.

Under the terms of the Plan, the Rights Offering Participants are entitled to a discount of 10% with respect to the Rights Offering Common Stock that they purchase in the Rights Offering. To do this, the Rights Offering Participants are offered shares at a discount to the Plan Value Share Price. The discount is calculated by issuing Rights Offering Common Stock at a "***Rights Offering Common Stock Price***" equal to the Plan Value Share Price multiplied by 90%. As a result of this discount, the Rights Offering Share Price will be less than the Plan Value Share Price. The aggregate number of shares of Rights Offering Common Stock will be determined by dividing (i) the Rights Offering Value minus the principal amount of IntermediateCo Notes by (ii) the Rights Offering Common Stock Price.

The Rights Offering Value represents the amount of value contributed to the Debtors' businesses on account of the Rights Offering and the IntermediateCo Notes. It is the sum of the ADH Plan Deductions, the U.S. Plan Deductions, and the amounts payable to holders of U.S. Roll-Up Term Loan Claims, holders of European Roll-Up Term Loan Claims and holders of European Term Loan Claims that elect to receive Cash under the Plan; *provided, however* that the Rights Offering Value does not include (i) the liquidity adjustments provided for in each set of plan deductions (ii) in the case of the U.S. Plan Deductions, the adjustment to account for the minimum ADH Plan Value, and (iii) the portion of payments for outstanding borrowings under the DIP Credit Agreements that will be funded by the Debtors' exit financing and not by the proceeds of the Rights Offering.[20]

The Plan Value and the Rights Offering Value will be affected by the size of the U.S. Plan Deductions and the ADH Plan Deductions and the total outstanding borrowings under the DIP Credit Agreements and, accordingly will not be calculated until after the Confirmation Date. In accordance with Section 7.1.1 of the Plan, after the Confirmation Date and before the Effective Date, the Debtors, in consultation with, and subject to approval of, a Majority in Interest, will calculate the Plan Value, the Closing Liquidity Adjustment, the ADH Liquidity Adjustment, the U.S. Liquidity Adjustment, and the Determination Date Net Working Capital (and all amounts related to any of the foregoing). The Debtors will then be able to calculate the Rights Offering Value, the Plan Value Share Price, the Rights Offering Common Stock Price,

[20] Under Section 9(i) of the Equity Commitment Agreement, the Debtors must repay a minimum of $430 million of the amounts outstanding under the DIP Credit Agreements using proceeds of the Rights Offering. The Debtors may pay the remainder, at their option, by using additional proceeds from the Rights Offering (subject to certain limitations and conditions set forth in the Equity Commitment Agreement) using proceeds of their exit financing.

and the number of shares of Rights Offering Common Stock issued to Rights Offering Participants.

F. Impairment under the Plan.

In the event of a controversy as to whether any class of Claims or Equity Interests is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy at or prior to the Confirmation Date.

G. Securities to Be Distributed under the Plan.

As discussed in more detail in Section V.J.7, entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan of Reorganization – The Restructuring Transactions," prior to the filing of the Plan, HoldCo, IntermediateCo, and the OpCos were formed. Part of the consideration to be paid by the OpCos to Reorganized Aleris pursuant to the Acquisition Agreement will be the shares of New Common Stock. This section describes the terms and conditions of such securities.

Under the Plan, holders of certain Allowed Claims will receive (i) shares of New Common Stock, (ii) the Subscription Rights, and/or (iii) Cash. In addition, Rights Offering Eligible Creditors who exercise, as part of the Rights Offering, Subscription Rights will be entitled to receive (x) shares of New Common Stock and (y) the IntermediateCo Notes.

Pursuant to the terms of the Equity Commitment Agreement, the Backstop Parties (or such affiliate, fund, or account managed by a Backstop Party, as may be designated by the managing Backstop Party) shall purchase the IntermediateCo Preferred Stock from IntermediateCo and shall pay to IntermediateCo, by wire transfer in immediately available funds on the Effective Date, Cash in an amount equal to $5 million.

For more information regarding certain securities law issues related to the New Common Stock, the Subscription Rights, the IntermediateCo Notes and the IntermediateCo Preferred Stock, please *see* Section IX, entitled, "EXEMPTIONS FROM SECURITIES ACT REGISTRATION."

1. Subscription Rights.

As described above, certain holders of Allowed U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims may elect to receive Subscription Rights. Creditors that elect to receive and exercise Subscription Rights will receive New Common Stock and IntermediateCo Notes. The proposed terms of the New Common Stock and the IntermediateCo Notes are discussed in this section.

2. The New Common Stock.

The New Common Stock will be common stock of HoldCo, which will have a par value of $0.01. In connection with the Transaction Agreements, HoldCo has authorized 45 million shares of New Common Stock. Of these shares, the Debtors expect approximately 30 million shares will be distributed to holders of U.S. Roll-Up Term Loan Claims, European Roll-

Up Term Loan Claims, and European Term Loan Claims under the Plan (including through the Rights Offering). These shares will be subject to dilution as a result of rights granted pursuant to the Long-Term Equity Incentive Program, or as a result of the exchange of IntermediateCo Notes or IntermediateCo Preferred Stock into New Common Stock

Each share of New Common Stock will have the same rights, preferences, privileges, interests and attributes, and will be subject to the same limitations, as every other share of New Common Stock. Each share of New Common Stock entitles the holder to one vote with respect to each matter on which the holders of New Common Stock are entitled to vote, including elections of directors.

The holders of the New Common Stock will be entitled to receive such dividends and other distributions in Cash, stock, evidences of indebtedness or property of HoldCo as may be declared from time to time by the board of directors of HoldCo (the "***HoldCo Board***") out of funds legally available therefor and, upon any liquidation, dissolution or winding up of affairs, and will be entitled to participate pro rata (at the same rate per share of the New Common Stock) in all distributions to the holders of New Common Stock.

The HoldCo Board will be authorized to provide for the issuance of preferred stock in one or more series and to fix the preferences, powers and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof. Any preferred stock so issued may rank senior to the New Common Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or both. In addition, any such shares of preferred stock may have class or series voting rights.

Any shares of New Common Stock to be distributed under the Plan to any entity required to file a Premerger Notification and Report Form under the HSR Act will not be distributed, until the notification and waiting periods applicable under such Act to such entity shall have expired or been terminated. The Debtors will not refund any Subscription Purchase Price in the event that any Rights Offering Participant fails to receive any applicable regulatory approval (including any approval under the HSR Act). It is a condition to Oaktree's obligations under the Equity Commitment Agreement, however, that Oaktree has received all required regulatory approvals in connection with Oaktree's receipt of New Common Stock under the Plan.

A description of how Plan Value is allocated and calculated is contained in Section V.E, entitled, "THE PLAN OF REORGANIZATION – Description of Allocation of Plan Value, New Common Stock and Subscription Rights among Holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims."

a. ***The Stockholders Agreement.***

Pursuant to Section 7.8.2 of the Plan, as a condition to its receipt of shares of New Common Stock under the Plan, any Entity that, together with its Affiliates, would own nine percent (9.0%) or more of the New Common Stock to be issued on the Effective Date, must execute and agree to be bound by the Stockholders Agreement. All other Creditors that receive New Common Stock under the Plan will be deemed to be party to and, accordingly, bound by

terms thereof. The form of the Stockholders Agreement will be Exhibit "1.1.176" to the Plan and will be included in the Plan Supplement. Reference should be made to the Plan Supplement for the detailed provisions of the Stockholders Agreement. The description set forth below is only a summary of the expected material terms of the Stockholders Agreement and is qualified in its entirety by the actual terms thereof, which will be set forth in the Plan Supplement.

The relevant terms of the Stockholders Agreement are expected to be as follows:

As of the Effective Date, the HoldCo Board will consist of five (5) members, of which one member will be the Chief Executive Officer of HoldCo and the remaining members will be appointed by Oaktree. The names of such additional members will be set forth in the Plan Supplement. Holders of a majority of the outstanding shares of New Common Stock will have the right to effect a merger or other business combination of HoldCo or a sale, lease, transfer or other disposition of all of New Common Stock or all or substantially all of the assets of HoldCo, in each case to an unaffiliated third party, without the approval of other holders of New Common Stock. Holders of New Common Stock will have the right to participate in sales of New Common Stock by Oaktree on a proportionate basis other than sales to Apollo. If HoldCo proposes to issue any additional equity securities and Oaktree is participating in such equity offering, then all other shareholders will have a preemptive right to proportionately participate in such equity offering on the same terms as the proposed issuance to Oaktree. Prior to an initial public offering of HoldCo, holders of New Common Stock may not transfer their shares of New Common Stock if, at any time, the combined number of stockholders of New Common Stock of record equals or exceeds 450, unless such transfer is being made (i) to an existing stockholder of HoldCo, (ii) with the prior written consent of HoldCo, or (iii) to a single transferee of record and 100% of their shares of New Common Stock are being transferred.

b. ***The Registration Rights Agreement.***

On the Effective Date, as provided for in the Transaction Agreements, HoldCo will enter into a Registration Rights Agreement with the Backstop Parties. The form of the Registration Rights Agreement will be Exhibit "1.1.151" to the Plan and will be included in the Plan Supplement. Reference should be made to the Plan Supplement for the detailed provisions of the Registration Rights Agreement. The description set forth below is only a summary of the expected material terms of the Registration Rights Agreement and is qualified in its entirety by the actual terms thereof, which will be set forth in the Plan Supplement.

The relevant terms of the Registration Rights Agreement are expected to be as follows:

HoldCo, Oaktree, and other holders of at least 10% of the outstanding shares of New Common Stock (the "***Other Investors***" and, together with Oaktree, the "***Investors***") will be parties to a registration rights agreement. Under the agreement, Oaktree has the right to request HoldCo to effect three demand registrations. At any time following an initial public offering of HoldCo (an "***IPO***"), Apollo has the right to request HoldCo to effect two demand registrations and Sankaty has the right to request HoldCo to effect one demand registration. Each Other Investor has the right to request HoldCo to effect one demand registration at any time following the one-year anniversary of IPO. Subject to customary exceptions, whenever HoldCo proposes

to register any of its New Common Stock other than on a Form S-8 or Form S-4, HoldCo will provide notice to each Investor and any holder of registrable securities of HoldCo will be granted piggyback registration rights. In the event of any underwritten offering, the underwriter may exclude shares from registration and the underwriting, and the shares will be given priority as follows: (i) to HoldCo for securities it proposes to register, (ii) to each holder requesting piggyback registration on a *pari passu* basis with each other and (iii) to any other securities to be registered on behalf of any other holder.

After HoldCo is eligible to register any securities on Form S-3, each Investor and any Person to whom any Investor transfers shares of New Common Stock (together with the Investors so long as they hold registrable securities of HoldCo, a "***Holder***"), so long as such Holder holds at least 10% of the outstanding shares of New Common Stock, will have the right to demand HoldCo to effect any number of registrations on Form S-3, and such registrations will not be counted as a demand registration. The Holder requesting a demand registration or registration on Form S-3 may choose to distribute its securities in an underwritten offering by notifying HoldCo of such intent as a part of its request. The underwriter may limit the size of the offering and exclude shares from the registration and underwriting, and the shares that will be included will be given priority as follows: (i) to the Holders requesting inclusion of their securities on a *pari passu* basis with each other and (ii) to other holders of securities of HoldCo. Subject to customary exceptions, in the case of an underwritten offering, if so requested by the managing underwriter, each Holder will not for a period of up to 180 days from the effectiveness of the registration statement effect any public sale of its New Common Stock or any other registrable securities, except for those securities included in such registration. HoldCo and each Holder will provide customary indemnification.

3. The IntermediateCo Notes.

Immediately prior to or on the Effective Date, IntermediateCo will issue the IntermediateCo Notes and contribute the IntermediateCo Notes to the OpCos. The OpCos, in turn, will distribute the IntermediateCo Notes to Aleris as part of the consideration paid to Aleris under the Acquisition Agreement. On the Effective Date, pursuant to the Plan, the IntermediateCo Notes will be distributed on behalf of Aleris to the Rights Offering Participants and the Backstop Parties, pursuant to the Rights Offering and the Equity Commitment Agreement and subject to the indenture governing the IntermediateCo Notes (the "***IntermediateCo Note Indenture***"), substantially in the form included in the Plan Supplement as Exhibit "1.1.112." The summary below describes the anticipated principal terms of the IntermediateCo Notes. It does not purport to be a complete description of the terms and conditions thereof, and certain terms and conditions of the IntermediateCo Notes have not yet been determined.

Principal Amounts:	$45,000,000.
Maturity:	Ten years.
Issue Price:	100% of the principal amount on the Effective Date.
Interest:	Interest rate will be equal to 6% per annum, at the

	discretion of IntermediateCo's board of directors, in cash or by accretion to the face value of the IntermediateCo Notes, semiannually in arrears on March 31 and September 30 of each year, beginning on March 31, 2011. Stated interest will be treated as Original Issue Discount for tax purposes due to the ability to defer payment.
Exchange Rights:	At the holder's option, after the third anniversary of the Effective Date, exchangeable for New Common Stock on a per share dollar exchange ratio to be determined at the time of issuance based upon 100% of the Plan Value Share Price, subject to adjustment for dilution.
Anti-Dilution Provisions:	Exchange ratio will be adjusted to provide anti-dilution protection for recapitalizations, below-market issuances, subdivisions or combinations.
Fundamental Change:	Notwithstanding anything to the contrary contained herein, after the date that occurs six (6) months after the Effective Date, the holder shall have the right to exchange the IntermediateCo Notes for New Common Stock immediately prior to an initial public offering (an "***IPO***") of HoldCo at face value plus any accrued but unpaid interest divided by the IPO price or upon the occurrence of a fundamental change (as defined in the IntermediateCo Notes Indenture) of HoldCo.

Optional Redemption:

On or after the third anniversary of the Effective Date upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on the date of the anniversary of the issuance of the IntermediateCo Notes of the years indicated below:

Year	**Percentage**
2013.....	102%
2014.....	101%
2015 and thereafter.....	100%

On or after the later of the six month anniversary of the Effective Date and January 1, 2011, and only upon the occurrence of a fundamental change of HoldCo, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on the date of the anniversary of the issuance of the IntermediateCo Notes of the years indicated below:

Year	**Percentage**
2011.....	104%
2012 and thereafter.....	103%

Covenants: None.

Events of Default:

- Default due to non-payment of the Notes upon maturity
- Customary default due to bankruptcy or receivership

Registration Rights: New Common Stock that may be issued upon exchange of the IntermediateCo Notes will be offered rights, if any, pursuant to the Registration Rights Agreement.

Transfer Restrictions: *See* Section IX, entitled, "EXEMPTIONS FROM SECURITIES ACT REGISTRATION."

Ranking: IntermediateCo shall have the full and absolute discretion

to subordinate the debt represented by the IntermediateCo Notes to any debt or other borrowing of money designated by IntermediateCo to be senior in ranking.

Governing Law: New York.

4. The IntermediateCo Preferred Stock.

Pursuant to the Plan, immediately prior to or on the Effective Date, IntermediateCo will issue the IntermediateCo Preferred Stock. Pursuant to the terms of the Equity Commitment Agreement, the Backstop Parties will purchase the IntermediateCo Preferred Stock from IntermediateCo and shall pay to IntermediateCo, by wire transfer in immediately available funds on the Effective Date, Cash in an amount equal to $5 million. The IntermediateCo Preferred Stock will have a liquidation preference of $5 million. New Common Stock that may be issued upon exchange of the IntermediateCo Preferred Stock will be offered customary registration rights pursuant to the Registration Rights Agreement discussed in Section V.G.2.b, entitled, "THE PLAN OF REORGANIZATION – Securities to be Distributed under the Plan – The Registration Rights Agreement." The summary below describes the anticipated terms of the IntermediateCo Preferred Stock. The certificate of designation for the IntermediateCo Preferred Stock will be included in the Plan Supplement. The discussion herein does not purport to be a complete description of the terms of the IntermediateCo Preferred Stock, certain terms of which have not yet been determined.

Liquidation Preference: $5 million (in the aggregate), plus accrued and unpaid dividends, to be paid upon the liquidation of IntermediateCo prior to any payment on the common stock of IntermediateCo.

Dividends: Payable at 8% per annum multiplied by the liquidation preference, compounded semiannually on each dividend payment date. IntermediateCo's board of directors may declare and pay dividends; if undeclared, dividends will accumulate to the extent they are not paid on the dividend payment date for the semiannual period to which they relate.

Voting Rights: Holders of the IntermediateCo Preferred Stock will have the right to elect one director if IntermediateCo fails to pay in full and in Cash six consecutive semiannual dividends or the mandatory redemption payment. At such time, IntermediateCo's board of directors must be comprised of at least five members.

Amendments and Waivers: The affirmative vote of the holders of 80% of the IntermediateCo Preferred Stock is necessary for amendments of the IntermediateCo Preferred Stock that

	(i) change the stated redemption date of the IntermediateCo Preferred Stock; (ii) reduce the liquidation preference of, or dividend rate on, the IntermediateCo Preferred Stock; (iii) adversely affect the right to exchange the IntermediateCo Preferred Stock, or (iv) reduce the percentage of outstanding IntermediateCo Preferred Stock necessary to amend the terms thereof or to grant waivers.
Registration Rights:	New Common Stock that may be issued upon exchange of the IntermediateCo Preferred Stock will be offered customary registration rights.
Redemption:	Subject to mandatory redemption on the fifth anniversary of the Effective Date at a redemption price equal to the liquidation preference, plus any accrued and unpaid dividends. There will be no optional redemption rights.
Holder's Option to Exchange:	At the holder's option, at any time prior to redemption but after the third anniversary of the Effective Date, the IntermediateCo Preferred Stock will be exchangeable into New Common Stock on a per share dollar exchange ratio to be determined at the time of issuance based upon 110% of the Plan Value Share Price. Notwithstanding anything to the contrary contained herein, after the first anniversary of the Effective Date, the holder shall have the right to exchange the IntermediateCo Preferred Stock into New Common Stock under the following circumstances: ➢ immediately prior to an IPO ***or*** ➢ upon the occurrence of a Fundamental Change (as defined in the IntermediateCo Note Indenture) of HoldCo.
Anti-Dilution Provisions:	Exchange ratio will be adjusted to provide anti-dilution protection for recapitalizations, below-market issuances, or subdivisions or combinations.
Transfer Restrictions:	Any transfer restrictions will be described in the Plan Supplement.

H. Modification, Revocation, or Withdrawal of the Plan.

1. Modification of the Plan.

Pursuant to Section 4.1 of the Plan, the Debtors, with the consent of a Majority in Interest, may alter, amend, or modify the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date so long as the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code. After the Confirmation Date and prior to the Effective Date, the Debtors may only alter, amend, or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code and with the consent of a Majority in Interest.

2. Revocation or Withdrawal.

a. *Right to Revoke.*

Pursuant to Section 4.2.1 of the Plan, the Debtors may revoke or withdraw the Plan prior to the Confirmation Date, subject to the terms of the Equity Commitment Agreement and the Plan Support Agreements.

b. *Effect of Withdrawal or Revocation.*

Pursuant to Section 4.2.2 of the Plan, if the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein or in the Plan shall be deemed to constitute a waiver or release of any claims or defenses or any admission or statement against interest by the Debtors in any further proceedings involving any Debtor.

3. Amendment of Plan Documents.

Pursuant to Section 4.3 of the Plan, from and after the Effective Date, the authority to amend, modify, or supplement the exhibits and schedules to the Plan and any documents attached to such exhibits and schedules shall be as provided in such exhibits and schedules and their respective attachments.

I. Treatment of Disputed Claims.

1. Objections to Claims; Prosecution of Disputed Claims.

Pursuant to Section 5.1 of the Plan, the Reorganized Debtors will object to the allowance of Claims filed with the Bankruptcy Court with respect to which the Reorganized Debtors dispute liability in whole or in part. All objections that are filed and prosecuted by the Reorganized Debtors as provided herein will be litigated to Final Order by the Reorganized Debtors or compromised and settled in accordance with the Claims Settlement Guidelines.

2. Amendment to the Claims Settlement Guidelines.

Pursuant to Section 5.2 of the Plan, the Confirmation Order shall approve the amendment to the Claims Settlement Guidelines as set forth in Exhibit "1.1.48" of the Plan.

Such amendment will maintain the same threshold levels of approval described in Section IV.C.5.c, entitled, "THE CHAPTER 11 CASES – Significant Events During the Chapter 11 Cases – Claims Issues – Claims Settlement Guidelines," but will replace the Creditors' Committee with a representative designated by the Creditors' Committee.

Unless otherwise provided herein or extended by order of the Bankruptcy Court, all objections by the Reorganized Debtors to Claims will be served and filed no later than ninety (90) days after the Effective Date.

3. Distributions on Account of Disputed Claims.

Section 5.3 of the Plan provides that notwithstanding Section 3.2 of the Plan, and subject to Section 3.2.4(b)(iii) of the Plan, a Distribution will only be made by the Reorganized Debtors to the holder of a Disputed Claim when, and to the extent that, such Disputed Claim becomes Allowed. No Distribution will be made with respect to all or any portion of any Disputed Claim pending the entire resolution thereof in the manner prescribed by Section 5.1 of the Plan.

No interest will be paid on account of Disputed Claims that later become Allowed except to the extent that payment of interest is required under section 506(b) of the Bankruptcy Code.

J. Implementation of the Plan.

1. The Rights Offering and Equity Commitment Agreement.

a. *The Equity Commitment Agreement.*

On February 5, 2010, the Debtors and the Backstop Parties entered into the Equity Commitment Agreement, a copy of which is annexed to the Plan as Exhibit "1.1.84," pursuant to which the Backstop Parties have agreed to underwrite a rights offering in an amount up to $690 million (the "***Maximum Rights Offering Amount***").

Subject to the terms and conditions in the Equity Commitment Agreement, each of the Backstop Parties has agreed to subscribe for, in accordance with the Plan, and purchase on the Effective Date, at the Subscription Purchase Price, (i) such Backstop Party's Subscription Units and (ii) a number of Rights Offering Residual Units calculated by multiplying (x) such Backstop Party's Backstop Percentage (as defined in the Equity Commitment Agreement) and (y) the aggregate number of Rights Offering Residual Units. Subject to the foregoing, each Backstop Party shall, or shall cause its affiliates to, elect to receive and exercise all of the Subscription Rights offered to such Backstop Party or affiliate. Without limiting and subject to Apollo's obligations in the Plan Support Agreement if signed by Apollo, Apollo may, at its option, elect to withdraw all or a portion of its commitment under the Equity Commitment Agreement and/or withdraw the election on any Ballot of Apollo or any of its affiliates to receive U.S. Roll-Up Stock, ADH Roll-Up Stock, or, as applicable, ADH Term Loan Stock, and the Subscription Rights in respect of its U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims and/or European Term Loan Claims, respectively and elect cash in lieu thereof, in

each case by written notice to Aleris and Oaktree no later than the date that is ten (10) days prior to the Effective Date.

In addition, without affecting the rights and obligations of the other parties under the Equity Commitment Agreement (i) Sankaty, if Sankaty has executed and delivered a Plan Support Agreement and such Plan Support Agreement has terminated in accordance with Section 9 thereof, or (ii) Oaktree, if Sankaty's Plan Support Agreement is terminated pursuant to section 9(b)(iii) of the Plan Support Agreement or the Termination Event (as defined in the Plan Support Agreement) set forth in section 9(a)(x) has occurred due to a breach of the Plan Support Agreement by Sankaty (regardless of whether the Plan Support Agreement is terminated) may terminate Sankaty's rights and obligations under the Equity Commitment Agreement, in which case (w) Sankaty shall not be required to purchase the Sankaty Residual Units (as defined in the Equity Commitment Agreement), (x) Sankaty shall no longer be entitled to a portion of the Structuring and Arrangement Fee or the Termination Fee, (y) Sankaty shall no longer be a Backstop Party for purposes of the Equity Commitment Agreement and the Plan and (z) Sankaty's Subscription Units shall be subject to the Minimum Ownership Cutback under Section 7 of the Plan.

The Backstop Parties shall pay to the Rights Offering Agent, by wire transfer in immediately available funds on or prior to the Effective Date, Cash in an amount equal to the aggregate Subscription Purchase Price attributable to such amount of Rights Offering Units as provided in the Equity Commitment Agreement. The Rights Offering Agent shall deposit such payment into the same escrow account into which the Subscription Purchase Price payments of Rights Offering Participants were deposited. Aleris and the Rights Offering Agent shall give the Backstop Parties by electronic facsimile transmission certification (the "***Purchase Notice***") by an executive officer of Aleris of (i) the number of such Backstop Party's Subscription Units as of such date and the aggregate Subscription Purchase Price therefor, (ii) such Backstop Party's Rights Offering Residual Units and the aggregate Subscription Purchase Price therefor and (iii) the percentage of New Common Stock to be issued under the Plan that such Units represent (after giving effect to the Rights Offering and purchases under the Equity Commitment Agreement, but subject to dilution for certain events) within two (2) Business Days after the completion of the calculations determined in accordance with the procedures set forth in Section 7.1.1 of the Plan. In addition, the Rights Offering Agent shall notify the Backstop Parties, on each Friday following the commencement of the Rights Offering and on each Business Day during the five (5) Business Days prior to the Subscription Expiration Date (and any extensions thereto), or more frequently if reasonably requested by the Backstop Parties, of the aggregate number of Subscription Rights known by the Rights Offering Agent to have been exercised pursuant to the Rights Offering as of the close of business on the preceding Business Day or the most recent practicable time before such request, as the case may be. Aleris agrees to provide written notice to the Backstop Parties of the anticipated occurrence of the Effective Date at least fourteen (14) days prior to the occurrence of the Effective Date and to provide as much notice as is practicable of any anticipated delay beyond the projected Effective Date described in Aleris' initial notice to the Backstop Parties.

On the Effective Date, each Backstop Party will purchase only such number of Subscription Units and Rights Offering Residual Units as are listed in the Purchase Notice, without prejudice to the rights of such Backstop Party to seek later an upward or downward

adjustment if the number of such Backstop Party's Subscription Units or Rights Offering Residual Units set forth in such Purchase Notice is inaccurate. Delivery of the Subscription Units and Rights Offering Residual Units will be made to the accounts of the respective Backstop Parties (or to such other accounts as the Backstop Parties may designate) on the Effective Date against payment of the aggregate Subscription Purchase Price for the Subscription Units and Rights Offering Residual Units by wire transfer of immediately available funds to the Rights Offering Agent. All Subscription Units and Rights Offering Residual Units will be delivered with any and all issue, stamp, transfer or similar taxes or duties payable in connection with such delivery duly paid by Aleris to the extent required under the Confirmation Order or applicable law.

(1) Structuring and Arrangement Fee.

In consideration for their agreement to backstop the Rights Offering, each Backstop Party (or such affiliate as may be designated by such Backstop Party) will, as set forth in the Equity Commitment Agreement, receive the Structuring and Arrangement Fee. The Structuring and Arrangement Fee will be allocated to each Backstop Party (or, in each case, their designated affiliates) in proportion to the backstop amount provided by such Backstop Party, respectively. The Structuring and Arrangement Fee will be an amount of Cash equal to $24.15 million (three and one-half percent (3.5%) of the Maximum Rights Offering Amount). The Debtors have also agreed to pay certain expenses of the Backstop Parties. The Structuring and Arrangement Fee is payable to the Backstop Parties on the Effective Date.

(2) Termination Fee.

Under the Equity Commitment Agreement, a "Termination Fee" equal to the Structuring and Arrangement Fee minus $5 million is payable by Aleris to the Backstop Parties (or such affiliates as such Backstop Parties may designate) upon the occurrence of certain termination events, including certain breaches of the Equity Commitment Agreement or the Plan Support Agreements by Aleris, and termination due to the fiduciary duties of the board of directors of Aleris.

(3) Additional Terms and Conditions of the Equity Commitment Agreement

In addition, the obligations of the Backstop Parties under the Equity Commitment Agreement are subject to the satisfaction of certain conditions (unless waived in writing by the Requisite Investors (as defined in the Equity Commitment Agreement)), including, among others, the following:

- the representations and warranties of Aleris contained in the Equity Commitment Agreement must be true and correct in all material respects as of the Effective Date, except to the extent that any failure of such representations and warranties, individually or in the aggregate, to be so true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect (as defined in the Equity Commitment Agreement);

- Aleris shall have complied in all material respects with all covenants and agreements in the Equity Commitment Agreement and Sections 2 (Effectuating the Restructuring) and 4 (Company Responsibilities) of the Plan Support Agreements;

- the Plan Support Agreements, if entered into by Oaktree and Apollo, shall not have been terminated pursuant to Section 9 (Termination) of the Plan Support Agreements;

- the Restructuring Transactions and the Plan shall be consummated substantially simultaneously with the transactions contemplated by the Equity Commitment Agreement and on the terms and conditions set forth in the Equity Commitment Agreement and the Plan Support Agreements;

- the U.S. Plan Value is no less than $120,000,000;

- Aleris shall have obtained the Exit ABL Facility on terms reasonably acceptable to Oaktree with a commitment in an amount not less than $500,000,000;

- the Pro Forma Liquidity (as defined in the Equity Commitment Agreement) shall be no less than $233,000,000;

- the roll-up rights of Oaktree and Apollo under the DIP Term Credit Agreement shall not have been rescinded or modified in any way without the consent of Oaktree and Apollo;

- HoldCo shall have entered into employment arrangements with senior executives as described and on the terms and conditions as set forth in Section VI.A.3 entitled, "MANAGEMENT OF HOLDCO AND THE REORGANIZED DEBTORS – Board of Directors and Management – Management Contracts" herein.

- all governmental approvals and consents required by the Plan shall have been obtained and be in full force and effect; and all applicable mandatory waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions;

- the absence of a Material Adverse Effect (as defined in the Equity Commitment Agreement) since the date thereof; and

- the Underlying EBITDA (as defined in the Equity Commitment Agreement) shall meet a certain threshold.

Aleris reserves the right at any time prior to the Subscription Expiration Date to terminate the Rights Offering if consummation is prohibited by law or applicable regulation.

(4) Termination of the Equity Commitment Agreement.

The Equity Commitment Agreement may be terminated by (i) Aleris or (ii) Oaktree or Apollo (each, a "***Minimum Backstop Party***") (if such Minimum Backstop Party has signed its Plan Support Agreement) if the Plan Support Agreements shall not have been entered into by Aleris and the Minimum Backstop Parties within four (4) Business Days after the date of the Disclosure Statement Order; provided that such right to terminate shall be waived if it is not exercised within six (6) Business Days after the date of the Disclosure Statement Order.

Pursuant to the Equity Commitment Agreement, any party may terminate the Equity Commitment Agreement, upon the occurrence of any of the following events (among others):

- at any time after April 1, 2010, if the Bankruptcy Court has not entered the Equity Commitment Agreement Order;
- at any time after April 15, 2010, if the Equity Commitment Order has not become a Final Order;
- at any time after the Bankruptcy Court shall have stated in writing that it will not approve Aleris entering into the Equity Commitment Agreement or will not approve any provision thereof (including certain fees and expenses); or
- at any time after (i) June 30, 2010 or (ii) if the Confirmation Order approving the Plan has been entered by June 30, 2010, but has not become a Final Order by such date and all other conditions in the Equity Commitment Agreement are satisfied or capable of being satisfied by June 30, 2010, the earlier of (x) October 31, 2010, and (y) the maturity date (whether the scheduled maturity date or the maturity date pursuant to an acceleration) of any lending facilities under any DIP Credit Agreement, as such date may be extended.

Pursuant to the Equity Commitment Agreement, the Requisite Investors (as defined in the Equity Commitment Agreement) may terminate the Equity Commitment Agreement, upon the occurrence of any of the following events (among others):

- if any Plan Support Agreement is terminated;
- Aleris files, supports or endorses a plan or reorganization other than the Plan;
- Aleris withdraws the Plan or publicly announces its intention not to support the Plan; or
- the Board of Directors of Aleris has determined that continued pursuit of the Plan is inconsistent with its fiduciary duties.

(5) The Plan Support Agreements.

The form of Plan Support Agreement is attached as Exhibit "B" to the Equity Commitment Agreement. As discussed above, the Equity Commitment Agreement is terminable by Aleris or a Minimum Backstop Party (if such Minimum Backstop Party signed the Plan Support Agreement) if the Plan Support Agreements have not been entered into by Aleris and the Minimum Backstop Parties within four (4) Business Days after the date of the Disclosure Statement Order; *provided* that such right to terminate shall be waived if it is not exercised within six (6) Business Days after the date of the Disclosure Statement Order.

The Debtors have advised the Backstop Parties that they do not intend to solicit acceptances on the Plan until and unless they have received such executed Plan Support Agreements.

b. *The IntermediateCo Preferred Stock.*

Pursuant to the Equity Commitment Agreement, the Backstop Parties have also agreed to purchase the IntermediateCo Preferred Stock for $5 million.

2. Calculation of Plan Value.

Before the Effective Date, but within the later of (i) five (5) Business Days after the Confirmation Date and (ii) ten (10) Business Days after the first day of the month in which the Confirmation Date shall occur, the Debtors, in consultation with, and subject to approval of, a Majority in Interest, will calculate the Plan Value, the Closing Liquidity Adjustment, the ADH Liquidity Adjustment, the U.S. Liquidity Adjustment, and the Determination Date Net Working Capital (and all definitions related to any of the foregoing).

If the Effective Date is more than forty-five (45) days after the initial Determination Date, the Debtors, in consultation with, and subject to approval of, a Majority in Interest, will recalculate, based upon the new Determination Date, the Plan Value, the Closing Liquidity Adjustment, the ADH Liquidity Adjustment, the U.S. Liquidity Adjustment, and the Determination Date Net Working Capital (and all definitions related to any of the foregoing) on the fifth (5^{th}) Business Day before the Effective Date.

Any value (i) determined as of the Determination Date and (ii) denominated in a currency that is not U.S. dollars will be converted to U.S. dollars based upon the applicable exchange rate as of the Determination Date. Any other value (i) used in the calculation of the ADH Plan Deductions or U.S. Plan Deductions, (ii) determined as of a date other than the Determination Date, and (iii) denominated in a currency that is not U.S. dollars will be converted to U.S. dollars based upon the applicable exchange rate as of one (1) Business Day before the date on which such calculation occurs.

The Bankruptcy Court will resolve any dispute between the Debtors and the Majority in Interest regarding any such calculations.

3. Issuance of Subscription Rights in the Rights Offering.

Any holder of a U.S. Roll-Up Term Loan Claim, European Roll-Up Term Loan Claim, or European Term Loan Claim that is either an "accredited investor" (as such term is defined under Regulation D of the Securities Act) or not a "U.S. person" (as such term is defined under Regulation S of the Securities Act) (each a "***Rights Offering Eligible Creditor***") may receive and exercise rights to subscribe for units in the Rights Offering if such holder did not elect to take the Cash payment of the U.S. Plan Value, ADH Roll-Up Value or ADH Term Loan Value, as applicable. The Plan refers to these rights as the U.S. Subscription Rights (for holders of U.S. Roll-Up Term Loan Claims), ADH Roll-Up Subscription Rights (for holders of European Roll-Up Term Loan Claims), and ADH Term Loan Subscription Rights (for holders of European Term Loan Claims), and all these rights are collectively referred to here as "***Subscription Rights***." Any entity that is a Rights Offering Eligible Creditor, does not elect to receive the Cash payment, and does elect to participate in the Rights Offering, in accordance with the terms and conditions set forth in the Subscription Form and generally described herein, is referred to as a "***Rights Offering Participant***." Each portion of New Common Stock and IntermediateCo Notes to be issued and sold to Rights Offering Participants is called a "***Rights Offering Unit***." If you are a holder of a U.S. Roll-Up Term Loan Claim, European Roll-Up Term Loan Claim, or European Term Loan Claim, a Subscription Form accompanies this Disclosure Statement. Full details are set forth in the Subscription Form, but a summary of the procedures in connection with the Rights Offering is set forth below.

The estimate of the amount of New Common Stock that may be issued pursuant to the Rights Offering assumes that the Rights Offering Value will be the Maximum Rights Offering Amount (*i.e.*, $690 million) and that the Plan Value will be the minimum permissible Plan Value (*i.e.*, $221.7 million). To the extent these amounts change, the relative percentage of New Common Stock sold pursuant to the Rights Offering, compared against the amount of New Common Stock distributable under the Plan to holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims that do not elect to receive Cash payments, could change.

The Debtors shall send to each holder of an Allowed U.S. Roll-Up Term Loan Claim, an Allowed European Roll-Up Term Loan Claim or an Allowed European Term Loan Claim a Ballot, on which each holder of such Claims may elect to receive, at its option:

a. (i) its Pro Rata Share of U.S. Roll-Up Stock, ADH Roll-Up Stock, or ADH Term Loan Stock, as applicable, and (ii) its Pro Rata Share of U.S. Subscription Rights, ADH Roll-Up Subscription Rights or ADH Term Loan Subscription Rights, as applicable, or

b. Cash in the amount of its Pro Rata Share of the U.S. Plan Value, the amount set forth in section 3.3.2(c)(ii) of the Plan, or ADH Term Loan Value, as applicable.

If the holder of an Allowed U.S. Roll-Up Term Loan Claim elects option (a) (i.e., its Pro Rata Share of U.S. Roll-Up Stock and its Pro Rata Share of U.S. Subscription Rights), such holder may elect to exercise up to its Pro Rata Share of the U.S. Subscription Rights.

If the holder of an Allowed European Roll-Up Term Loan Claim elects option (a) (i.e., its Pro Rata Share of ADH Roll-Up Stock and its Pro Rata Share of ADH Roll-Up Subscription Rights), such holder may elect to exercise up to its Pro Rata Share of the ADH Roll-Up Subscription Rights.

If the holder of an Allowed European Term Loan Claim elects option (a) (i.e., its Pro Rata Share of ADH Term Loan Stock and its Pro Rata Share of ADH Term Loan Subscription Rights), such holder may elect to exercise up to its Pro Rata Share of the ADH Term Loan Subscription Rights.

If a holder of Allowed U.S. Roll-Up Term Loan Claims, Allowed European Roll-Up Term Loan Claims and Allowed European Term Loan Claims elects option (a), such holder (now a Rights Offering Participant) may also exercise its Subscription Rights via the Subscription Form enclosed with its Ballot.

The number of units of shares of New Common Stock and principal amount of IntermediateCo Notes with respect to which Aleris will accept subscriptions is subject to a reduction (the "***Minimum Ownership Cutback***") in order to effectuate the 9019 Settlement and provide Oaktree and Apollo, collectively, with a minimum ownership of the New Common Stock outstanding on the Effective Date equal to the Minimum Oaktree/Apollo Equity Threshold. Any shares of New Common Stock and IntermediateCo Notes excluded from the Subscription Rights due to a Minimum Ownership Cutback shall instead be considered part of the Rights Offering Residual Units. The Minimum Ownership Cutback will be made pro rata among the Rights Offering Participants other than the Backstop Parties. Notwithstanding the foregoing, the Debtors will not reduce the number of units distributable to Rights Offering Participants (except for the Backstop Parties) by more than the Maximum Third-Party Reduction.

As set forth in Section 7.1.8 of the Plan, any New Common Stock and IntermediateCo Notes distributed in accordance with this Rights Offering shall be distributed upon the Effective Date or as soon thereafter as is reasonably practicable; provided, that such issuances to the Backstop Parties shall be made on the Effective Date.

c. ***Rights Offering Procedures.***

(1) Subscription Period

The Rights Offering shall commence when the Ballots and Subscription Forms are first transmitted/mailed to holders of Allowed U.S. Roll-Up Claims, Allowed European Roll-Up Term Loan Claims, and Allowed European Term Loan Claims, which shall be no later than the Solicitation Date.

Each Rights Offering Eligible Creditor (other than a Backstop Party) intending to participate in the Rights Offering must affirmatively elect to exercise its Subscription Rights on or prior to the Subscription Expiration Date in accordance with the Plan and the Subscription Form.

(2) Exercise of Subscription Rights

Only Rights Offering Eligible Creditors are allowed to exercise Subscription Rights for Rights Offering Units. Even if you received a Subscription Form, you may only participate in the Rights Offering if (i) you do not elect to receive a Cash payment ***and*** (ii) you are a Rights Offering Eligible Creditor.

In order to exercise the Subscription Rights, each Rights Offering Eligible Creditor (other than a Backstop Party) must return a duly completed Subscription Form to the Rights Offering Agent so that such form and payment, in Cash, of the aggregate Subscription Purchase Price are ***actually received*** by the Rights Offering Agent on or before (DATE) (the "***Subscription Expiration Date***"). If the Rights Offering Agent for any reason does not receive from a given Rights Offering Eligible Creditor (other than a Backstop Party) a duly completed Subscription Form and payment, in Cash, of the aggregate Subscription Purchase Price on or prior to the Subscription Expiration Date, then such Rights Offering Eligible Creditor shall be deemed to have forever and irrevocably relinquished and waived its right to participate in the Rights Offering. If a Rights Offering Eligible Creditor returns a Ballot and elects treatment under clause 3.2.3(c)(i) of the Plan or clause 3.3.3(c)(i) of the Plan, as applicable, but fails to timely exercise its Subscription Rights, it will be deemed to have elected to receive New Common Stock and Subscription Rights, but have elected not to exercise its Subscription Rights.

The Subscription Expiration Date is before the Voting Deadline; therefore, Rights Offering Eligible Creditors that wish to participate in the Rights Offering CANNOT wait until the Voting Deadline to return their completed Subscription Forms.

(3) Payment for Units Issuable Upon Exercise of Subscription Rights.

Each Rights Offering Participant, except for the Backstop Parties, will be required to pay, so that it is ***actually received*** by the Rights Offering Agent on or prior to the Subscription Expiration Date, the Subscription Purchase Price for each unit for which such Rights Offering Participant subscribes, consisting of a share of New Common Stock and the principal amount of IntermediateCo Notes applicable to such share (such Subscription Purchase Price, the "***Preliminary Subscription Purchase Price***" and such units, the "***Preliminary Subscription Units***"). For purposes of determining such Rights Offering Participant's aggregate Preliminary Subscription Purchase Price and Preliminary Subscription Units, the Rights Offering Value will be deemed the Maximum Rights Offering Amount.

If the Rights Offering Agent, for any reason, does not receive from a Rights Offering Participant (other than a Backstop Party) full payment of its aggregate Preliminary Subscription Purchase Price on or prior to the Subscription Expiration Date, then such Rights Offering Participant will be deemed to have forever and irrevocably relinquished and waived its right to participate in the Rights Offering. Any such unexercised Subscription Rights will be treated as Rights Offering Residual Units and will be acquired by the Backstop Parties.

As set forth in Section 7.1.1 of the Plan, the Debtors, in consultation with, and subject to the approval of, a Majority in Interest, will determine the Rights Offering Value, the Subscription Purchase Price and, after giving effect to the Minimum Ownership Cutback, the

number of Rights Offering Units each Rights Offering Participant is entitled to receive (such Subscription Purchase Price, the "***Final Subscription Purchase Price***" and such units, the "***Final Subscription Units***"). If the Final Subscription Purchase Price and/or the number of Final Subscription Units are less than the Preliminary Subscription Purchase Price and/or the number of Preliminary Subscription Units respectively, then, promptly following the Effective Date, the Rights Offering Agent shall refund to each Rights Offering Participant (except for the Backstop Parties) the appropriate excess payment (if any) without interest. For U.S. federal income tax purposes, the aggregate Final Subscription Purchase Price paid by each Rights Offering Participant will be allocated to the IntermediateCo Notes received by such Rights Offering Participant in an amount equal to their stated principal amount with the remaining Final Subscription Purchase Price allocated to the New Common Stock received by such participant.

The Rights Offering Agent will hold any payments received for the exercise of Subscription Rights prior to the Effective Date in escrow until the Effective Date. In the event that the conditions to the Effective Date are not met or waived, such payments shall be returned to the applicable Rights Offering Participant without interest. Each Rights Offering Participant may exercise all or any portion of such participant's Subscription Rights pursuant to the Subscription Form. Except as set forth in Section 7.1.5 of the Plan, the valid exercise of Subscription Rights cannot be revoked.

If any Entity (other than a Backstop Party) exercises such Subscription Rights after the Subscription Expiration Date, such exercise will be null and void, and the Debtors are not obligated to honor any such purported exercise regardless of when the documents relating to such exercise were sent.

(4) Rights Offering Residual Units.

After the Subscription Expiration Date, unexercised Subscription Rights shall be treated as Rights Offering Residual Units and shall be purchased by the Backstop Parties pursuant to the Equity Commitment Agreement.

(5) Subscription Notification.

On the Effective Date, the Rights Offering Agent will notify each Rights Offering Participant of its respective allocation of Rights Offering Units, and in the case of the Backstop Parties, the Rights Offering Agent will notify each Backstop Party on or before the third (3rd) Business Day prior to the Effective Date of its portion of Rights Offering Residual Units that such Backstop Party is obligated to purchase pursuant to the Equity Commitment Agreement.

In the event there is a Minimum Ownership Cutback or the Rights Offering Value is less than the Maximum Rights Offering Amount, then any excess portion of the payment made by the Rights Offering Participant will be returned without interest promptly following the Effective Date.

(6) Disputes in the Exercise of Subscription Rights.

All questions concerning the timeliness, viability, form, and eligibility of any exercise of Subscription Rights shall be determined by the Debtors, with the consent of a

Majority in Interest, whose good-faith determinations will be final and binding. The Debtors, in their reasonable discretion, may (i) waive any defect or irregularity, (ii) permit a defect or irregularity to be corrected within such times as the Debtors may determine, or (iii) reject the purported exercise of any Subscription Rights.

Aleris or the Rights Offering Agent may give notice to any Rights Offering Eligible Creditor regarding any defect or irregularity in connection with any purported exercise of Subscription Rights by such Rights Offering Eligible Creditor and may permit such defect or irregularity to be cured within such time as it may determine in good faith to be appropriate; provided, however, that Aleris and the Rights Offering Agent will not have any obligation to provide such notice, nor will they incur any liability for failure to give notification.

(7) Transfer Restrictions.

Subscription Rights will be provided to each Rights Offering Eligible Creditor as of the Voting Record Date. The Subscription Rights are not transferable. **RIGHTS OFFERING ELIGIBLE CREDITORS MAY NOT SELL, TRANSFER, ASSIGN, PLEDGE OR OTHERWISE DISPOSE OF THE SUBSCRIPTION RIGHTS. ANY SUCH TRANSFER OR ATTEMPTED TRANSFER IS NULL AND VOID AND ALERIS AND THE RIGHTS OFFERING AGENT WILL NOT TREAT ANY PURPORTED TRANSFEREE AS THE HOLDER OF ANY SUBSCRIPTION RIGHTS.**

(8) Revocation.

ONCE A RIGHTS OFFERING ELIGIBLE CREDITOR EXERCISES ITS SUBSCRIPTION RIGHTS, SUCH EXERCISE CANNOT BE REVOKED, EXCEPT IF SUCH RIGHTS OFFERING ELIGIBLE CREDITOR ELECTS THE CASH PAYMENT OPTION ON ITS BALLOT. IF A RIGHTS OFFERING ELIGIBLE CREDITOR ELECTS THE CASH PAYMENT OPTION ON ITS BALLOT, THE RIGHTS OFFERING ELIGIBLE CREDITOR SHALL BE DEEMED TO HAVE RELINQUISHED, FOREVER AND IRREVOCABLY, ITS RIGHTS TO PARTICIPATE IN THE RIGHTS OFFERING AND THE RIGHTS OFFERING AGENT SHALL RETURN ANY AMOUNTS THAT SUCH RIGHTS OFFERING ELIGIBLE CREDITOR PAID FOR THE EXERCISE OF ITS SUBSCRIPTION RIGHTS WITHOUT INTEREST.

Completion and return of the Subscription Form represents a binding and irrevocable commitment by the Creditor to participate in the Rights Offering and a representation that, among other things, such Creditor is a Rights Offering Eligible Creditor. If the Rights Offering Agent for any reason does not receive from a given Rights Offering Eligible Creditor a duly completed Subscription Form on or prior to the Subscription Expiration Date, then such Rights Offering Eligible Creditor shall be deemed to have forever and irrevocably relinquished and waived its right to participate in the Rights Offering.

(9) Backstop of the Rights Offering.

Subject to the terms of the Equity Commitment Agreement, the Backstop Parties will purchase all, if any, Rights Offering Residual Units. Accordingly, the Backstop Parties shall pay to the Rights Offering Agent, by wire transfer in immediately available funds on or before the Effective Date, Cash in an amount equal to the Subscription Purchase Price multiplied by the number of units of Rights Offering Residual Units. The Rights Offering Agent shall deposit such funds into the escrow for the proceeds of the Rights Offering.

(10) Key Dates for the Rights Offering

The relevant dates related to the Rights Offering are as follows:

Event	Date
Commencement of Rights Offering	[DATE]
Subscription Expiration Date	[DATE]
Voting Deadline	[DATE]

d. ***Distribution of the New Common Stock and IntermediateCo Notes.***

On, or as soon as practicable after the Effective Date, the Disbursing Agent will distribute the New Common Stock and IntermediateCo Notes purchased by the Rights Offering Participants and the Backstop Parties, pursuant to the Rights Offering, to such purchasers, subject to the terms of the Equity Commitment Agreement with respect to the Backstop Parties. To the extent a holder of a U.S. Roll-Up Term Loan Claim, European Roll-Up Term Loan Claim or European Term Loan Claim requires any regulatory approval to purchase such New Common Stock, the Debtors will not distribute any shares of New Common Stock to such holder unless and until all such regulatory approvals are received. The Debtors will not be required to refund any Subscription Purchase Price in the event that any Rights Offering Participant fails to receive any applicable regulatory approval (including any approval under the HSR Act).

e. ***No Interest.***

No interest shall be paid to Rights Offering Participants exercising Subscription Rights on account of amounts paid in connection with the exercise of the Subscription Rights.

f. ***Minimum Ownership Cutback.***

As part of the 9019 Settlement, Oaktree and Apollo must collectively hold a minimum percentage of the outstanding shares of New Common Stock, as of the Effective Date (the "***Minimum Oaktree/Apollo Equity Threshold***"), equal to 72.1% of the New Common Stock issued on the Effective Date. The Minimum Oaktree/Apollo Equity Threshold will be adjusted up or down to reflect any increase or decrease in the collective holdings by Oaktree and Apollo of European Roll-Up Term Loan Claims, U.S. Roll-Up Term Loan Claims and European Term Loan Claims.

To effect the Minimum Oaktree/Apollo Equity Threshold, the number of units consisting of shares of New Common Stock and principal amount of IntermediateCo Notes with respect to which Aleris will accept subscriptions is subject to reduction (the "***Minimum Ownership Cutback***") in order to effectuate the 9019 Settlement and provide Oaktree and Apollo, collectively, with a minimum ownership of the New Common Stock outstanding on the Effective Date equal to the Minimum Oaktree/Apollo Equity Threshold. The Minimum Ownership Cutback is limited by the "***Maximum Third-Party Reduction***," which provides that no party will have its Preliminary Subscription Units reduced pursuant to the Minimum Ownership Cutback by more than 90%. The calculation of the Minimum Oaktree/Apollo Equity Threshold is set forth in Section 1.1.122 of the Plan.

Any shares of New Common Stock and IntermediateCo Notes excluded from the Subscription Rights due to the Minimum Ownership Cutback will instead be considered part of the Rights Offering Residual Units. The exact amount of the Minimum Ownership Cutback will be determined by Aleris, and each Rights Offering Participant will be notified of its respective allocation of units pursuant to the Rights Offering on the Effective Date. The Minimum Ownership Cutback will be made pro rata among the Rights Offering Participants other than the Backstop Parties.

Based upon the Debtors' understanding of the current holdings of Apollo and Oaktree of U.S. Roll-Up Term Loan Claims and European Roll-Up Term Loan Claims, the Debtors estimate that Oaktree and Apollo collectively would be entitled to receive an aggregate of approximately 55.1% of the New Common Stock pursuant to the Plan and the Rights Offering, and, therefore, would be entitled to purchase an additional 17% of the New Common Stock distributed under the Plan on the Effective Date pursuant to their Minimum Ownership Cutback rights. Such amount may increase or decrease pursuant to the Minimum Oaktree/Apollo Equity Threshold Adjustment if Oaktree or Apollo acquires or sells U.S. Roll-Up Term Loan Claims or European Roll-Up Term Loan Claims. Although Oaktree and Apollo are receiving the benefit of the Minimum Oaktree/Apollo Equity Threshold, Oaktree and Apollo as Backstop Parties, are underwriting an investment of approximately $690 million in the Debtors, and will still be required to pay the Final Subscription Purchase Price for any New Common Stock acquired as a result of the Minimum Oaktree/Apollo Equity Threshold, in each case subject to the terms of the Equity Commitment Agreement. In addition, under the 9019 Settlement, Oaktree and Apollo have agreed to restrictions on their ability to roll up their European Term Loan Claims, which has enabled the Debtors to propose a Plan that provides recoveries for other holders of European Term Loan Claims.

g. ***HSR Act Compliance.***

No Backstop Party will have any obligation to fund under the Equity Commitment Agreement, and no shares of New Common Stock to be distributed under the Plan to it or any other entity required to file a Premerger Notification and Report Form under the HSR Act, until the notification and waiting periods applicable under such Act to such entity shall have expired or been terminated. The Debtors are not required to refund any Subscription Purchase Price in the event that any Rights Offering Participant fails to receive any applicable regulatory approval (including any approval under the HSR Act).

h. ***Compliance with EU Competition Law.***

No Backstop Party will have any obligation to fund under the Equity Commitment Agreement, and no shares of New Common Stock will be distributed under the Plan to Oaktree, until the European Commission shall have (i) declared the acquisition of control by Oaktree over the assets of Aleris and the Dissolving U.S. Subsidiaries pursuant to the Plan, the Rights Offering, and the Transactions Agreements is compatible with the common market pursuant to Article 6(1)(b) of Council Regulation No. 139/2004 of January 20, 2004, on the control of concentrations between undertakings, either unconditionally or conditionally in terms (reasonably) satisfactory to the parties; or (ii) not issued a decision within the required deadlines with the consequence that the transactions contemplated by this Disclosure Statement are

deemed compatible with the common market pursuant to Article 10(6) of the EC Merger Regulation.

i. *Proceeds.*

On the Effective Date, the Debtors will use the proceeds generated from the exercise of the Subscription Rights and the Equity Commitment Agreement to pay (i) Cash payments required by the Plan, (ii) the Structuring and Arrangement Fee, and (iii) the reasonable outstanding fees and expenses of the Backstop Parties. Any remaining excess proceeds will be transferred to the OpCos as directed in the Acquisition Agreement. Such remaining excess proceeds may be used by the OpCos and their subsidiaries for general corporate purposes and to make other payments required by the Plan to the extent the obligations to make such payments are assumed by the OpCos or are otherwise the obligations of the Reorganized Debtors.

j. *No Recommendation Regarding Exercise of Subscription Rights.*

THIS DISCLOSURE STATEMENT, AND THE MATERIALS ATTACHED HERETO OR SUBMITTED HEREWITH, DO NOT CONSTITUTE A RECOMMENDATION REGARDING WHETHER OR NOT A RIGHTS OFFERING ELIGIBLE CREDITOR SHOULD EXERCISE THE SUBSCRIPTION RIGHTS. THE DECISION TO EXERCISE OR NOT EXERCISE THE SUBSCRIPTION RIGHTS IS WITHIN THE SOLE DISCRETION OF EACH RIGHTS OFFERING ELIGIBLE CREDITOR AND SHOULD BE MADE ON THE BASIS OF SUCH RIGHTS OFFERING ELIGIBLE CREDITOR'S INDEPENDENT ASSESSMENT OF THE FACTS AND CIRCUMSTANCES. IN THAT REGARD, EACH RIGHTS OFFERING ELIGIBLE CREDITOR IS ENCOURAGED TO REVIEW CAREFULLY ALL OF THE MATERIALS INCLUDED HEREWITH AND ANY OTHER MATERIALS DEEMED RELEVANT BY SUCH RIGHTS OFFERING ELIGIBLE CREDITOR AND TO CONSULT WITH SUCH RIGHTS OFFERING ELIGIBLE CREDITOR'S OWN FINANCIAL AND LEGAL ADVISERS. EACH RIGHTS OFFERING ELIGIBLE CREDITOR IS ADVISED, HOWEVER, THAT IT WILL RECEIVE NO VALUE FOR THE SUBSCRIPTION RIGHTS IF THE SUBSCRIPTION RIGHTS ARE NOT EXERCISED PRIOR TO THE SUBSCRIPTION EXPIRATION DATE.

4. The 9019 Settlement.

In connection with the New Money Term DIP Facility, Apollo and Oaktree, as the backstop lenders under the New Money Term DIP Facility, were the only prepetition lenders with an extended period of time to roll up their European Term Loans into claims against ADH. No other lenders have elected to roll up their European Term Loans into European Roll-Up Term Loan Claims. They also received the right to delay making such roll-up decision until December 31, 2009. The New Money Term DIP Facility contemplated that Deutsche Bank, as agent under the New Money Term DIP Facility, would enter into an intercreditor agreement to set forth the relative priorities of the European Roll-Up Term Loan Claims and the prepetition European Term Loan Claims. The Debtors, Apollo, and Oaktree believe that the intention of all parties was that, upon any roll-up by Apollo and Oaktree of the European Term Loans, such European Roll-Up Term Loan Claims would have priority in payment over the prepetition European Term Loan Claims. An intercreditor agreement reflecting the relative priorities of these claims, however, was never executed. Moreover, Apollo and Oaktree assert that, if they rolled up their U.S. prepetition term loans into U.S. Roll-Up Term Loan Claims, they would be entitled to assert

a claim for accrued interest retroactively to the date on which all other creditors exercised their rollup rights (i.e., March 19, 2009).

To afford time to resolve these disputes in connection with the Plan, on December 29, 2009, January 29, 2010, and February 5, 2010 parties to DIP Term Credit Facility agreed to extend the period during which Oaktree and Apollo may elect to exercise their additional roll-up rights initially until January 29, 2010 (on December 29, 2009), February 15, 2010 (on January 29, 2010) and subsequently until August 13, 2010 (on February 5, 2010). If the Effective Date has not occurred by such date, the U.S. Debtors, Apollo, and Oaktree may seek to extend such date further.

To consensually resolve all outstanding disputes with respect to the European Term Loan Facility, the DIP Order, the DIP Term Credit Agreement, and the parties' respective rights under the same, the Plan embodies the 9019 Settlement on the following terms pursuant to Bankruptcy Rule 9019, effective as of the Effective Date:

(1) In accordance with the DIP Order and sections 2.01(b)(ii) and 2.01(b)(iv) of the DIP Term Credit Agreement, upon the Effective Date, of their original allocation of roll-up rights ($267 million), Oaktree and Apollo will be deemed to have elected to roll up the following:

(A) $242.0 million principal amount of their U.S. Term Loan Claims into U.S. Roll-Up Term Loan Claims, and

(B) $25.0 million principal amount of their European Term Loan Claims into European Roll-Up Term Loan Claims; ***provided***, with respect to U.S. Term Loan Claims and European Term Loan Claims rolled-up into U.S. Roll-Up Term Loan Claims and European Roll-Up Term Loan Claims, respectively, on or after August 1, 2009, interest shall accrue on such U.S. Roll-Up Term Loan Claims and European Roll-Up Term Loan Claims as if Oaktree and Apollo had rolled-up such claims on August 1, 2009.

(2) Upon the Effective Date, Oaktree and Apollo will each waive its rights to roll up any remaining European Term Loan Claims into the European Roll-Up Term Loan Claims.

(3) Pursuant to the Plan, the Rights Offering and the Equity Commitment Agreement, Oaktree and Apollo will receive the right to subscribe for New Common Stock such that, if the rights are fully exercised, Oaktree and Apollo collectively will own at least the Minimum Oaktree/Apollo Equity Threshold of the New Common Stock issued and outstanding as of the Effective Date. This is the result of the Minimum Ownership Cutback discussed in

Section V.J.3.f entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The Minimum Ownership Cutback."

For avoidance of doubt, for amounts rolled up prior to August 1, 2009, interest will continue to accrue as of the date of such roll-up election.

Before giving effect to this 9019 Settlement, as of September 30, 2009, Oaktree had rolled up approximately $14 million in principal amount of its U.S. Term Loan Claims into U.S. Roll-Up Term Loan Claims, and Apollo had rolled up approximately $27.5 million in principal amount of its U.S. Term Loan Claims into U.S. Roll-Up Term Loan Claims. In accordance with the DIP Term Credit Agreement, any loans originally denominated in euros were converted to dollars at an exchange rate of $1.2805 dollars per euro. These amounts include loans acquired by Oaktree after the U.S. Debtors' Commencement Date.

Pursuant to Section 7.3 of the Plan, the Plan constitutes a motion to approve the 9019 Settlement. Subject to the occurrence of the Effective Date, entry of the Confirmation Order will constitute approval of such settlement pursuant to Bankruptcy Rule 9019 and a finding by the Bankruptcy Court that the 9019 Settlement is in the best interest of the Debtors and their respective estates. In the event that the Effective Date does not occur, the 9019 Settlement will be deemed to have been withdrawn without prejudice to the respective positions of the parties, including, but not limited to the ability of Oaktree and Apollo to elect to roll up into the U.S. Roll-Up Term Loans and the European Roll-Up Term Loans, and neither the fact of the proposed settlement nor the terms thereof shall be admissible in connection with the underlying dispute among the parties.

To reflect the expected roll up by Oaktree and Apollo under the 9019 Settlement, the Voting Procedures afford Oaktree and Apollo voting rights under the Plan that are consistent with the rights they would have if they already had rolled up their positions.

The Debtors believe that the 9019 Settlement appropriately balances the rights of the parties. Absent the 9019 Settlement, Oaktree and Apollo could have sought to roll up approximately $130.1 million and €19 million in European Term Loan Claims based on the terms set forth in the DIP Term Credit Agreement and would have asserted that such European Roll-Up Term Loan Claims have priority over the remaining European Term Loan Claims. If Oaktree and Apollo were successful in this argument, little, if any, value would remain for holders of the European Term Loan Claims. Instead, Oaktree and Apollo are only rolling up $25 million into the European Roll-up Term Loan Claims, thereby allowing value to flow to the holders of the European Term Loan Claims. Because rolling up into the U.S. Roll-Up Term Loan Claims does not adequately compensate Oaktree and Apollo for limiting their European Roll-Up Term Loan Claims, the parties agreed to the Minimum Oaktree/Apollo Equity Threshold.

Moreover, as discussed above in Section V.J.3.f entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The Minimum Ownership Cutback," although Oaktree and Apollo are receiving the benefit of the Minimum Oaktree/Apollo Equity Threshold, Oaktree and Apollo as Backstop Parties, are underwriting an investment of

approximately $690 million in the Debtors' emergence and continued operation on terms that the Debtors believe are fair and reasonable, both to the Debtors, and to other creditors.

Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such settlement pursuant to Bankruptcy Rule 9019 and a finding by the Bankruptcy Court that the 9019 Settlement is in the best interest of the Debtors and their respective estates.

5. Corporate Action.

Pursuant to Section 7.4 of the Plan, on or as soon as practicable after the Effective Date, each Reorganized Debtor shall take such actions as may be or may become necessary to effectuate the Plan and any transactions contemplated thereby, all of which shall be authorized and approved in all respects, in each case without further action being required under applicable law, regulation, order, or rule (including, without limitation, any action by the holders of Equity Interests or directors of any Reorganized Debtor). Such authorization further includes, without limitation, authorization for each Reorganized Debtor to (i) engage in any transaction contemplated by the Plan, including, without limitation, transactions related to the Rights Offering, the Transaction Agreements, the Exit ABL Facility, and the transactions contemplated by Section 7.6 of the Plan, and (ii) file its Amended and Restated Organizational Documents with the Secretary of State for the state of in which such Reorganized Debtor is organized.

Because none of HoldCo, IntermediateCo, or any of the OpCos is a debtor in the Chapter 11 Cases, any actions of those Entities in connection with the Plan or the Transaction Agreements has been, and will be, authorized in accordance with such entities' respective organizational documents.

All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan shall occur in the order specified in Schedule "7.6.1."

On the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors, including the IntermediateCo Note Indenture, the Exit ABL Facility Documents, and any and all other agreements, documents, securities and instruments relating to the foregoing.

The authorizations and approvals contemplated by Section 7.6 of the Plan will be effective notwithstanding any requirements under non-bankruptcy law.

To the full extent permissible under section 1123(a)(5) of the Bankruptcy Code, each Reorganized Debtor, as applicable, is exempt from compliance with any applicable non-bankruptcy laws and regulations related to the transactions contemplated by the Plan.

6. Amendment of Organizational Documents.

Pursuant to Section 7.5 of the Plan, each of the Organizational Documents shall be amended or amended and restated as of the Effective Date in substantially the form of the Amended and Restated Organizational Documents attached as Exhibit "1.1.32" to the Plan, *inter alia*, to be consistent with the requirements of the Bankruptcy Code, including, without limitation, to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such Organizational Documents as permitted by applicable law.

7. The Restructuring Transactions.

a. *Transfer of Assets/Merger/Dissolution/Consolidation.*

Pursuant to Section 7.6 of the Plan on, and as soon as reasonably practicable after the Effective Date, the Debtors, the Reorganized Debtors, and the OpCos shall engage in the transactions set forth on Schedule "7.6.1" to the Plan (the "***Restructuring Transactions***"). In addition, on the Effective Date or as soon as reasonably practicable thereafter and without the need for any further action, the Reorganized Debtors may take any of the following actions:

(1) cause any or all of the Debtors or Reorganized Debtors to be merged into one or more of the Debtors or Reorganized Debtors, dissolved, or otherwise consolidated;

(2) cause the transfer of any assets between or among the Debtors or Reorganized Debtors; ***or***

(3) engage in any other transactions in furtherance of the Plan.

As described above, Aleris is the product of the merger of Commonwealth and IMCO. Since its formation, Aleris made several acquisitions, typically of the stock of different entities. One of the principal purposes of the Restructuring Transactions is to rationalize and streamline the Debtors' corporate structure along business lines without disrupting the Debtors' operations.

b. *Dissolution of Aleris and the Dissolving U.S. Subsidiaries.*

The Plan provides for the dissolution of Aleris and the Dissolving U.S. Subsidiaries (Wabash Alloys, and Aleris Aluminum U.S. Sales Inc.) upon or following the Effective Date, and for certain authority of the current and future officers of Aleris and the Dissolving U.S. Subsidiaries to wind down the affairs of Aleris and each Dissolving U.S. Subsidiary. From and after the Effective Date, the existing directors of Aleris and the Dissolving U.S. Subsidiaries, and the then current officers of Aleris and the Dissolving U.S. Subsidiaries, shall continue to serve in such capacity as the directors and officers of Aleris and the Dissolving U.S. Subsidiaries through the earlier of the date the respective entity is dissolved in accordance with Section 7.6.2 of the Plan and the date such director or officer resigns, is terminated or otherwise is unable to serve; *provided*, *however*, that, in the event that any director or officer of Aleris or a Dissolving U.S. Subsidiary resigns, is terminated, or is unable to serve as a director or

officer, the successor to such director or officer shall be selected in accordance with the organizational documents of Aleris or the applicable Dissolving U.S. Subsidiary in effect at such time.

Upon consummation of the Acquisition Agreement and the filing by or on behalf of Aleris or a Dissolving U.S. Subsidiary of a certification to that effect with the Bankruptcy Court, Aleris or the Dissolving U.S. Subsidiary, as applicable, shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of Aleris or the applicable Dissolving U.S. Subsidiary or payments to be made in connection therewith; *provided, however,* that Aleris and each Dissolving U.S. Subsidiary shall file with the Office of the Secretary of State for the State of Delaware a certificate of dissolution, which may be executed by an officer of such Debtor without need for approval by the Board of Directors or the holders of Equity Interests in Aleris or the applicable Dissolving U.S. Subsidiary. From and after the Effective Date, Aleris and each Dissolving U.S. Subsidiary shall not be required to file any document, or take any other action, or obtain any approval from the Board of Directors or holders of Equity Interests, to withdraw their business operation from any states in which the Debtors previously conducted their business operations.

To the extent that anything in Section 7.6.2 of the Plan is inconsistent or conflicts with any of the bylaws, organizational documents, and related corporate documents of either Aleris or any Dissolving U.S. Subsidiary, such organizational documents are deemed amended by the Plan to permit and authorize the Debtors to take the actions contemplated by Section 7.6.2 of the Plan.

c. *Disposition of Certain Assets.*

The Debtors will identify in the Plan certain assets that are no longer useful to their operations and that they intend to sell, transfer, or otherwise dispose of. If the Debtors do not dispose of theses assets during the Chapter 11 Cases, they intend to do so after the Effective Date. Pursuant to the Acquisition Agreement and Section 7.6.3 of the Plan, these assets will be transferred to an OpCo formed exclusively to hold such assets. The list of such assets will be set forth in Schedule "7.6.3" to the Plan. Any transfer or other disposition by such OpCo of such assets shall be deemed a transfer made pursuant to the Plan, and, therefore, will be exempt from transfer taxes pursuant to section 1145 of the Bankruptcy Code.

In accordance with Section 7.12 of the Plan, the closing of the Acquisition Agreement will occur on the Effective Date. Pursuant to the Acquisition Agreement, Aleris and each Dissolving U.S. Subsidiary will transfer all of the assets specified in the Acquisition Agreement to the OpCos designated in Schedule "2" to the Acquisition Agreement free and clear of any and all Claims, Equity Interests, Encumbrances, and other interests.

8. The Exit ABL Facility.

Pursuant to Section 7.7 of the Plan, the Reorganized Debtors are authorized to enter into the Exit ABL Facility and incur indebtedness thereunder on the Effective Date without the need for any further corporate action and without any further action or consent by any holder of Claims or Equity Interests.

The Debtors are negotiating with certain of the existing DIP ABL Credit Facility Lenders to provide for the Exit ABL Facility. The proceeds of the Exit ABL Facility will be used by the Debtors and certain of their Subsidiaries for (i) working capital, (ii) other general corporate purposes, (iii) capital expenditures, (iv) to issue new letters of credit in the ordinary course of business and (v) for the payment of fees and expenses incurred in connection with the new Exit ABL Facility.

The Exit ABL Facility will be in an amount of at least $500 million, to be made available in U.S. dollars, Canadian dollars, Euros and other currencies to be agreed and provide for a $75 million letter of credit facility. The Exit ABL Facility will contain customary affirmative, negative and financial covenants, events of default, mandatory prepayment requirements and other customary terms.

9. Cancellation of Securities of the U.S. Debtors.

Pursuant to Section 7.9 of the Plan, as of the Effective Date, all notes, agreements, and securities evidencing General Unsecured Claims, except for European Term Loan Claims, and the rights of the holders thereof thereunder shall be cancelled and deemed null and void and of no further force and effect, and the holders thereof shall have no rights, and such instruments shall evidence no rights, except the right to receive the Distributions provided herein.

As of the Effective Date, all Aleris Equity Interests, Cancelled U.S. Equity Interests, 2006 Senior Notes, 2007 Senior Notes, Senior Subordinated Notes, any outstanding industrial revenue bond (each an "***IRB***"), the U.S. Term Loan Facility, and any other Debt Claim will be deemed cancelled.

Notwithstanding any other provisions in the Plan, each Indenture or other agreement that governs the rights of a holder of a Debt Claim that is administered by an Indenture Trustee shall continue in effect solely for the purposes of permitting the applicable Indenture Trustee thereunder (i) to make distributions to such holder pursuant to the terms of the applicable Indenture; (ii) maintain any rights and liens it may have for any unpaid fees, costs, expenses, and indemnification under such Indenture or other agreement, *provided, however,* such rights and liens are limited to the Distributions, if any, to such holders; and (iii) to be paid by such holders or reimbursed for such prepetition and postpetition fees, costs, expenses, and indemnification (to the extent not paid as an Administrative Expense or otherwise) from the Distributions, if any, to such holders (until payment in full of such fees, costs, expenses or indemnification) on the terms and conditions set forth by the respective Indenture, other agreement, or applicable law.

10. The European Term Loan.

Pursuant to Section 7.10 of the Plan, upon the Effective Date, in exchange for consideration provided under the Plan, all holders of Allowed European Term Loan Claims shall be deemed to have assigned their respective Allowed European Term Loan Claims to the European Term Loan Acquisition Entity.

The European Term Loan Acquisition Entity will make any Distributions on account of European Term Loan Claims under the Plan of New Common Stock, ADH Term

Loan Subscription Rights, and/or Cash. Specifically, Aleris will make a series of capital contributions and/or loans through its direct and indirect subsidiaries to European Term Loan Acquisition Entity. Using the proceeds of such capital contributions and/or loans, on the Effective Date or as soon thereafter as is reasonably practicable, the European Term Loan Acquisition Entity shall distribute the New Common Stock, the ADH Term Loan Subscription Rights, and/or Cash to the Disbursing Agent for distribution to the holders of the European Term Loan Claims as of the Distribution Record Date.

As set forth in Section 10.3.3 of the Plan, European Term Loan Claims are not subject to discharge, waiver, or release; instead, on the Effective Date, the terms and conditions of the European Term Loan shall be modified as set forth in Exhibit "7.10" of the Plan, the European Term Loan Claims shall be deemed transferred to the European Term Loan Acquisition Entity, the European Term Loan Acquisition Entity shall be deemed to have assumed all responsibilities of the Prepetition Term Loan Agent Bank thereunder with respect to the European Term Loan Facility, and the Prepetition Term Loan Agent Bank shall be released from all other responsibilities under the Prepetition Term Loan Agreements with respect to the European Term Facility.

Following assignment of the Allowed European Term Loan Claims to the European Term Loan Acquisition Entity, Deutsche Bank will, at the request of the European Term Loan Acquisition Entity, release all guaranties and collateral securing the Allowed European Term Loan Claims and thereafter will resign (without replacement) as administrative agent and collateral agent for the Prepetition Term Loan Agreements. Simultaneously with such assignment, compliance with the covenants set forth under the Prepetition Term Loan Agreements will be waived for a one-year period and the interest rate applicable to the prepetition term loans will be reduced to 1% for 2010. The European Term Loan Acquisition Entity, in its sole discretion, may continue to offer this reduced interest rate for 2011 and later years.

11. Effectuating Documents and Further Transactions.

Pursuant to Section 7.12 of the Plan, each of the officers of the Debtors and the Reorganized Debtors is authorized, in accordance with his or her authority under the resolutions of the Board of Directors, to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including, without limitation, the Exit ABL Facility, the Transaction Agreements, the Rights Offering, any other exhibit or schedule to the Plan, and any notes or securities issued by any of the Reorganized Debtors pursuant to the Plan.

K. Distributions.

1. Disbursing Agent.

Pursuant to Section 8.1 of the Plan, all Distributions under the Plan, including distributions to holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims and European Term Loan Claims, will be made by the Reorganized Debtors as

Disbursing Agent or such other entity designated by the Reorganized Debtors as a Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, and, in the event that a Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety will be borne by the Reorganized Debtors.

2. Distribution Record Date for Distributions under the Plan.

Pursuant to Section 8.2 of the Plan, except as and to the extent otherwise required by customary procedures of DTC with respect to Debt Claims, as of the close of business on the Distribution Record Date, the various transfer and claims registers for each of the classes of Claims as maintained by the Debtors, their respective agents, or the Indenture Trustees shall be deemed closed, and there shall be no further changes in the record holders of any of the Claims. The Debtors and the Reorganized Debtors shall have no obligation to recognize any transfer of the Claims occurring after the close of business on the Distribution Record Date. The Debtors, the Reorganized Debtors, the Disbursing Agent, and the Indenture Trustees shall be entitled to recognize and deal under the Plan only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable.

3. Time of Distributions under the Plan.

Distributions on account of U.S. Debtors Class 4 (Convenience Claims) and U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims) will be made on the Initial Distribution Date, which is a date selected by the Reorganized Debtors within fifteen (15) days after the Effective Date, or such later date as the Bankruptcy Court may establish upon request by the Reorganized Debtors, for cause shown. In no event, however, will the Initial Distribution Date be more than forty-five (45) days after the Effective Date. Additional distributions may be made to holders of Allowed Claims in U.S. Debtors Class 4 (Convenience Claims) and U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims) on subsequent Distribution Dates, which will occur on the first Business Day of the month commencing six (6) months after the Initial Distribution Date, and every six (6) months thereafter, until the Final Distribution Date when all Disputed Claims have become either Allowed Claims or Disallowed Claims. In addition, holders of Allowed Convenience Claims may be eligible for a subsequent distribution on the Final Distribution Date (or such earlier date as the Reorganized Debtors, in their sole discretion, may select) if the aggregate amount of Allowed Administrative Expenses under section 503(b)(9) of the Bankruptcy Code is less than $6.5 million, including any such expenses that have been paid by the Debtors prior to the Effective Date. Distributions on account of all other Allowed Claims will be made on the Effective Date or as soon as practicable thereafter, but in no event more than fifteen (15) days after the Effective Date.

Pursuant to Section 8.3 of the Plan, any Distribution to be made by the Debtors or the Reorganized Debtors pursuant to the Plan shall be deemed to have been timely made if made within ten (10) days after the time therefor specified in the Plan. Distributions with respect to U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims) shall only be made on a Distribution Date; *provided*, *however*, that if a Claim in U.S. Debtors Class 5 becomes Allowed subsequent to the Initial Distribution Date, the Disbursing

Agent may, in its sole discretion, make a Distribution with respect to such Claim prior to the Distribution Date. Distributions to a Backstop Party under the Plan with respect to any U.S. Roll-Up Term Loan Claim, European Term Loan Claim, or European Roll-Up Term Loan Claim will be made on the Effective Date.

4. Single Distribution to Each Creditor.

Pursuant to Section 8.4 of the Plan, for purposes of treatment and Distribution under the Plan, except as expressly provided in the Plan, all Allowed Claims held by a Creditor within a class shall be aggregated and treated as a single Claim. At the written request of Aleris or the Disbursing Agent, any Creditor holding multiple Claims within a class shall provide to Aleris or the Disbursing Agent, as the case may be, a single address to which any Distributions shall be sent. At the written request of any Creditor holding any such multiple Claims made to the Disbursing Agent within thirty (30) days prior to a Distribution Date, such Creditor shall receive an itemized statement of the Allowed Claims for which the Distribution is being made.

5. Compliance with Tax Withholding and Reporting Requirements.

Pursuant to Section 8.5 of the Plan, in connection with the Plan, the Debtors and the Disbursing Agent will comply with all withholding and reporting requirements imposed by all applicable federal, state, local, and foreign taxing authorities, and all Distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution. Any party issuing any instrument or making any Distribution under the Plan has the right, but not the obligation, to withhold such Distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations. The Disbursing Agent may require, as a condition to receipt of a Distribution, that the holder complete the appropriate Form W-8 or Form W-9. If the Disbursing Agent makes such a request, and the holder fails to complete or return a Form W-8 or Form W-9, as applicable, before the one-hundred eightieth (180^{th}) day after the Disbursing Agent makes such a request, such Distribution shall be deemed an unclaimed Distribution.

6. Distributions Administered by the Indenture Trustees.

a. *Distributions.*

Pursuant to Section 8.6.1 of the Plan, distributions to holders of Debt Claims that are governed by an Indenture administered by an Indenture Trustee will be made on each Distribution Date through the facilities of DTC in accordance with the customary practices of the DTC, as and to the extent practicable, at the direction of the Indenture Trustee. On the initial Distribution Date, the distribution will be made by means of book-entry exchange through the facilities of DTC, and each Indenture Trustee will deliver instructions to DTC directing DTC to effect distributions on a pro rata basis as provided under the Plan with respect to the Debt Claims upon which such Indenture Trustee acts as trustee.

b. *Enforcement of Subordination Provisions.*

Pursuant to Section 3.2.5(d) of the Plan, with respect to Senior Subordinated Note Claims, the Disbursing Agent shall enforce Section 506 of the Senior Subordinated Indenture whereby holders of Senior Subordinated Notes agreed to subordinate their Subordinated Note Claims to all, Senior Indebtedness (as defined in the Senior Subordinated Indenture), including, without limitation, the 2006 Senior Notes, the 2007 Senior Notes, the Prepetition ABL Facility, and the Prepetition Term Facility. Any Distribution on account of Senior Subordinated Note Claims shall, instead, be allocated among the holders of Debt Claims, each of which constitutes Senior Indebtedness.

c. *Expiration of the Retention Period.*

The Retention Period is the period during which any Indenture Trustee shall retain monies or other property for distribution to holders of Debt Claims. The Retention Period is five (5) years from and after the Effective Date, or such shorter period as the Bankruptcy Court may set. Pursuant to Section 8.6.2 of the Plan, upon the expiration of the Retention Period, all monies or other property held for distribution by any Indenture Trustee under any indenture governing any of the Claims shall be returned to the Reorganized Debtors by such Indenture Trustee free and clear of any claim or interest of any nature whatsoever, including, without express or implied limitation, escheat rights of any governmental unit under applicable law.

d. *Payment of Indenture Trustees' Fees and Expenses.*

Pursuant to Section 8.6.3 of the Plan, the Reorganized Debtors will pay the Indenture Trustees' Fees and Expenses, up to a maximum of $10,000 per series of Debt Claims, to the extent that an Indenture Trustee makes a written request for Indenture Trustees' Fees and Expenses within thirty (30) days after the Effective Date.

The Indenture Trustees do not need to apply to the Bankruptcy Court for approval of the Indenture Trustees' Fees and Expenses. Any dispute between the Reorganized Debtors and an Indenture Trustee regarding the reasonableness of any such fees and expenses shall be resolved by the Bankruptcy Court.

The Reorganized Debtors shall also compensate each Indenture Trustee for services rendered from and after the Effective Date up to an amount equal to ten-thousand dollars ($10,000) for each series of Debt Claims for which it acts as Indenture Trustee, minus any previously reimbursed Indenture Trustees' Fees and Expenses, including the reasonable compensation, disbursements, and expenses of the agents and legal counsel of such trustee in connection with the performance after the Effective Date of its duties under Section 8.6 of the Plan, and shall be indemnified by the Reorganized Debtors for any loss, liability, or expense incurred by it in connection with the performance of such duties to the same extent and in the same manner as provided in the related indenture.

7. Manner of Payment under the Plan.

Pursuant to Section 8.7 of the Plan, unless the Entity receiving a payment agrees otherwise, any payment in Cash to be made by the Debtors or the Reorganized Debtors shall be

made, at the election of the Debtors or the Reorganized Debtors (as the case may be), by check drawn on a domestic bank or by wire transfer from a domestic bank.

8. Fractional Shares or Other Distributions.

Pursuant to Section 8.8 of the Plan, notwithstanding anything to the contrary contained in the Plan or the Disclosure Statement, no fractional shares of New Common Stock will be distributed, and no Cash payments will be distributed in respect thereof. When any Distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of shares of New Common Stock that is not a whole number, the actual distribution of shares of New Common Stock shall be rounded as follows: (i) fractions of one-half (½) or greater shall be rounded to the next higher whole number, and (ii) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereof. The total number of authorized shares of New Common Stock to be distributed to holders of Allowed Claims will be adjusted as necessary to account for the foregoing rounding.

9. Distribution of Unclaimed Property.

Pursuant to Section 8.9 of the Plan, any Distribution under the Plan that is unclaimed after one hundred eighty (180) days following the date such property is distributed (including, without limitation, because the Distribution made to the last known address is returned as undeliverable or because a check evidencing a Distribution under the Plan is not cashed within such time), or that is not distributed by the Disbursing Agent because of the failure of a holder of an Allowed Claim to comply with certain withholding tax reporting requirements, shall be deemed not to have been made and shall be transferred to the OpCo specified in the Acquisition Agreement, free and clear of any claims or interests of any Entities, including, without express or implied limitation, any claims or interests of any governmental unit under escheat principles. The Debtors shall not be obligated to make any further Distributions on account of the Claim with respect to which such Distribution was made, and such Claim shall be treated as a Disallowed Claim. Nothing contained herein shall affect the discharge of the Claim with respect to which such Distribution was made, and the holder of such Claim shall be forever barred from enforcing such Claim against HoldCo, IntermediateCo, any OpCo, any of the Reorganized Debtors, or their respective assets, estate, properties, or interests in property.

10. Interest on Distributions.

a. *Allocation of Plan Distributions between Principal and Interest.*

Pursuant to Section 8.10.1 of the Plan, to the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount of the Claim (as determined for U.S. federal income tax purposes) first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

b. *Accrual of Interest.*

Pursuant to Section 8.10.2 of the Plan, no interest shall accrue or be paid with respect to any Distribution as a consequence of such Distribution not having been made on the

Effective Date. Whenever any Distribution to be made under the Plan shall be due on a day other than a Business Day, such Distribution shall instead be made, without interest, on the immediately succeeding Business Day, but shall be deemed to have been made on the date due.

L. Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases

a. *Assumption of Contracts and Leases of the U.S. Debtors on Schedule "9.1."*

Pursuant to Section 9.1.1 of the Plan, any executory contracts or unexpired leases listed on Schedule "9.1" to the Plan shall be deemed to have been assumed by the Debtors as of the Effective Date, and the Plan shall constitute a motion to assume such executory contracts and unexpired leases. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the applicable Debtor and its estate.

b. *Cure Amounts.*

Pursuant to Section 9.1.2 of the Plan, with respect to each such executory contract or unexpired lease assumed by the Debtors, unless, prior to the Effective Date (i) the Bankruptcy Court determines otherwise pursuant to a Final Order or (ii) the parties to the executory contract or unexpired lease agree otherwise, the dollar amount required to cure any defaults of the Debtors existing as of the Confirmation Date shall be conclusively presumed to be the amount set forth in Schedule "9.1" to the Plan with respect to such executory contract or unexpired lease unless an objection to the proposed cure amount is filed by the Voting Deadline. Subject to the occurrence of the Effective Date, any such cure amount shall be treated as an Allowed Administrative Expense under the Plan unless an objection is timely filed, and, upon payment of such Allowed Administrative Expense, all defaults of the Debtors existing as of the Confirmation Date with respect to such executory contract or unexpired lease shall be deemed to have been cured.

c. *Assignment of Assumed Aleris Contracts and Leases.*

Pursuant to Section 9.1.3 of the Plan, on the Effective Date, in furtherance of the obligations of the Reorganized Debtors under the Transaction Agreements, the executory contracts and unexpired leases set forth on Schedule "9.1" to the Plan, which either have been assumed during the course of the Chapter 11 Cases or are being assumed pursuant to Section 9.1.1 of the Plan, shall be assigned to the Entity identified on Schedule "9.1."

d. *Assumption of ADH Contracts and Leases.*

Pursuant to Section 9.1.4 of the Plan, any executory contracts or unexpired leases of ADH (whether or not such executory contracts or unexpired leases are listed on the Schedules of ADH) shall be deemed to have been assumed by ADH as of the Effective Date. The Plan shall constitute a motion to assume such executory contracts and unexpired leases. Subject to the

occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of ADH and its estate. The parties to such executory contracts and unexpired leases shall not be required to assert any cure claims in the Chapter 11 Cases, but may instead assert any claims or obligations owed by ADH in the ordinary course in a forum of competent jurisdiction.

2. Rejection of Executory Contracts and Unexpired Leases of the U.S. Debtors.

Pursuant to Section 9.2 of the Plan, any executory contracts or unexpired leases of the U.S. Debtors (whether or not such executory contracts or unexpired leases are listed on the Schedules of the U.S. Debtors) that either (i) are set forth on Schedule "9.2" to the Plan *or* (ii) (x) are not listed on Schedule "9.2" to the Plan, (y) have not been assumed by the Debtors with the approval of the Bankruptcy Court, and (iii) are not the subject of pending motions to assume at the Confirmation Date shall be deemed to have been rejected by the Debtors as of the Effective Date.

The Plan shall constitute a motion to reject such executory contracts and unexpired leases, and the Reorganized Debtors shall have no liability thereunder except as is specifically provided in the Plan. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such rejections pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such rejected executory contract or unexpired lease is burdensome and that the rejection thereof is in the best interest of the applicable Debtor and its estate.

3. Claims Arising from Rejection, Termination, or Expiration.

Under the Bar Date Order, unscheduled claims that arose prior to the Commencement Date, including those that arose under executory contracts, must have been asserted in a proof of claim prior to the Bar Date on September 15, 2009. Pursuant to Section 9.3 of the Plan, Claims created by the rejection of executory contracts or unexpired leases (including, without limitation, the rejection provided in Section 9.2 of the Plan) or the expiration or termination of any executory contract or unexpired lease of any of the U.S. Debtors prior to the Confirmation Date, must be filed with the Bankruptcy Court and served on the Debtors no later than thirty (30) days after

(1) in the case of an executory contract or unexpired lease that was terminated or expired by its terms prior to the Confirmation Date, the Confirmation Date,

(2) in the case of an executory contract or unexpired lease rejected by the Debtors, the entry of the order of the Bankruptcy Court authorizing such rejection, or

(3) in the case of an executory contract or unexpired lease that is deemed rejected pursuant to Section 9.2 of the Plan, the Confirmation Date.

Any Claims for which a rejection claim is not filed and served within the time provided herein will be forever barred from assertion and shall not be enforceable against HoldCo, IntermediateCo, any of the OpCos, the Reorganized Debtors, or any of their respective estates, assets, properties, or interests in property.

Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of Article V of the Plan.

4. Previously Scheduled Contracts.

Pursuant to Section 9.4 of the Plan, Schedule "9.4" to the Plan sets forth a list of agreements that were listed on the Schedules of the U.S. Debtors as executory contracts, but which the U.S. Debtors believe should not be considered executory contracts (either because they were not executory contracts as of the Commencement Date or because they have expired or terminated in accordance with their terms prior to the Effective Date). If any party to an agreement listed on Schedule "9.4" believes that such agreement is an executory contract or unexpired lease that should be assumed or rejected in the Chapter 11 Cases, such party must file an objection to the characterization of its agreement by the Voting Deadline.

If any such agreements are determined to be executory contracts, the Debtors or the Reorganized Debtors, as the case may be, reserve the right to seek the assumption, assumption and assignment, or rejection of any such contract, and the time within which the Debtors or the Reorganized Debtors, as the case may be, may seek to assume, assume and assign, or reject any such agreements shall be tolled until twenty (20) Business Days after the date on which an order determining that any such agreement is an executory contract becomes a Final Order.

5. Insurance Policies and Agreements.

The Debtors do not believe that the insurance policies issued to, or insurance agreements entered into by, the Debtors prior to the Commencement Date constitute executory contracts. Pursuant to the Transaction Agreements, Aleris is assigning any right, title, and interest it has in any insurance policy or insurance agreement to the OpCo identified in the Acquisition Agreement.

Pursuant to Section 9.5 of the Plan, to the extent that such insurance policies or agreements are determined to be executory contracts, then, notwithstanding anything contained in Section 9.1 or 9.2 of the Plan to the contrary, the Plan shall constitute a motion to assume such insurance policies and agreements and, in the case of Aleris, to assign such insurance policies and insurance agreements as set forth in Schedule II to the Acquisition Agreement. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtors, their estates, and all parties in interest in these Chapter 11 Cases.

Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure

any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy or agreement.

Nothing contained in the Plan, including this section, shall constitute a waiver of any claim, right, or Cause of Action that the Debtors or the Reorganized Debtors, as the case may be, may hold against the insurer under any policy of insurance or insurance agreement.

6. Indemnification and Reimbursement Obligations.

Pursuant to Section 9.6 of the Plan, for purposes of the Plan, the obligations of the Debtors to indemnify and reimburse persons who are or were directors, officers, or employees of the Debtors on the Commencement Date or at any time thereafter against and for any obligations pursuant to their respective Organizational Documents, applicable non-bankruptcy law, or specific agreement, or any combination of the foregoing, shall survive confirmation of the Plan, remain unaffected thereby, and not be discharged in accordance with section 1141 of the Bankruptcy Code, irrespective of whether indemnification or reimbursement is owed in connection with an event occurring before, on, or after the Commencement Date.

7. Employee Compensation and Benefit Programs.

a. *Assumption of Employee Compensation and Benefit Programs.*

Except with respect to any benefit plans, policies, or programs (i) for which the Debtors have received approval of the Bankruptcy Court to reject or terminate on or before the Effective Date, (ii) that is being rejected pursuant to the Plan, or (iii) that is the subject of a pending motion to reject or terminate as of the Confirmation Date, all employment and severance policies, workers' compensation programs, and all compensation and benefit plans, policies and programs of the Debtors applicable to any employee, officer, or director that is in his or her position as of the Confirmation Date, including, without express or implied limitation, all savings plans; retirement and savings plans; health care plans; disability plans; employee assistance programs; severance benefit plans; incentive plans; and life, accidental death, and dismemberment insurance plans; and any other benefit plans, policies, or programs that the Debtors are required to continue pursuant to section 1113 or section 1114 of the Bankruptcy Code, shall be deemed to be, and shall be treated as though they are, executory contracts that are deemed assumed under the Plan, and the Debtors' obligations under such plans, policies, and programs shall be deemed assumed pursuant to section 365(a) of the Bankruptcy Code, survive confirmation of the Plan, remain unaffected thereby, and not be discharged in accordance with section 1141 of the Bankruptcy Code.

Any rights and obligations of Aleris under such plans, policies, and programs shall be assumed and/or assigned in accordance with the Transaction Agreements.

Any defaults existing under any of such plans, policies, and programs shall be cured promptly after they become known by the Reorganized Debtors.

b. *The Wabash Alloys Multiemployer Pension Plans*

Pursuant to the Restructuring Transactions described herein and in the Plan, the assets of Wabash Alloys will be sold free and clear of liabilities, other than assumed liabilities, to Spec A Acquisition Co., one of the OpCos, and all of the outstanding equity interests of Wabash, which are currently owned by Alchem Aluminum Shelbyville Inc., will be cancelled. Contributions to multi-employer pension plans are an obligation of Wabash under certain collective bargaining agreements, which Wabash will reject, and will not assign to Spec A Acquisition Co. The effect of this transaction will be to cause a complete withdrawal by Wabash from such multi-employer plans as of the date of the rejection of the collective bargaining agreements. The multi-employer pension plans will have prepetition, General Unsecured Claims against Wabash, and such claims will receive treatment in U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims). The increase, if any, in the amount of the complete withdrawal liability for 2009 under such multi-employer pension plans attributable to post-petition contributions by Wabash for 2009 should receive administrative expense priority.

8. Management Agreements.

Pursuant to Section 9.8 of the Plan, on the Effective Date, all employment contracts between the Debtors and any employee of the Debtors who was employed by Debtors as of the date immediately preceding the Effective Date (including, without limitation, any offer letters issued to any such employees to the extent such offer letters are not superseded by formal employment contracts) shall be deemed assumed by the Debtors; *provided*, *however*, that set forth in Schedule "9.8" to the Plan is a list of employees of the Debtors that will enter into, or have entered into, new employment contracts with HoldCo, the Debtors, or the Reorganized Debtors on or before the Effective Date and the material terms of such contracts, in which case any such new employment contract described on Schedule "9.8" to the Plan will supersede the existing contract with such employee. Any rights and obligations of Aleris under any such employment contracts shall be assumed and assigned as set forth in Schedule "2" to the Acquisition Agreement. For a discussion of certain management contracts *see* section VI.A.3, entitled, "MANAGEMENT OF HOLDCO AND THE REORGANIZED DEBTORS – Management Contracts."

M. Confirmation of the Plan

1. Condition Precedent to Entry of the Confirmation Order.

Entry of the Confirmation Order (and the occurrence of the Confirmation Date) is subject to the termination of the Pension Plans in accordance with 29 U.S.C. § 1341(c) or 1342. "***Pension Plans***" are collectively, the Commonwealth Aluminum Lewisport, LLC Hourly Employees Pension Plan, the Commonwealth Industries, Inc. Cash Balance Plan, the ALSCO Metals Corporation Cash Balance Plan, and the ALSCO Metals Corporation Retirement Plan for Bargained Employees.

2. Conditions Precedent to the Effective Date Under the Plan.

a. *Occurrence of the Effective Date.*

Pursuant to Section 10.2.1 of the Plan, the "effective date of the plan," as used in section 1129 of the Bankruptcy Code, shall not occur, and the Plan shall be of no force and effect, until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of the following conditions precedent:

(1) The Confirmation Order has been entered and is in full force and effect.

(2) The Confirmation Order has become a Final Order.

(3) All conditions to the obligations of the Backstop Parties in the Equity Commitment Agreement have been satisfied or waived.

(4) The Reorganized Debtors (other than Reorganized Aleris) shall have received a commitment reasonably satisfactory to such Reorganized Debtors and a Majority in Interest for an Exit ABL Facility, and all conditions to closing under the Exit ABL Facility have been satisfied or waived.

(5) The Rights Offering has been completed, including, among other things, the occurrence of the Subscription Expiration Date.

(6) All required regulatory approvals from any government agencies, including, without limitation, the European Commission shall have been obtained, and any applicable waiting period under the HSR Act shall have expired or been terminated.

(7) Each of the exhibits to the Plan shall be in form and substance reasonably satisfactory to the Reorganized Debtors and a Majority in Interest.

(8) The U.S. Plan Value is no less than $120 million.

b. *Waiver of Conditions Precedent.*

Pursuant to Section 10.2.2 of the Plan, notwithstanding the foregoing, the Debtors reserve the right to waive the occurrence of any of the foregoing conditions precedent to the Confirmation Date or the Effective Date or to modify any of such conditions precedent with the express consent of a Majority in Interest; *provided, however*, the Debtors may not waive the condition to the occurrence of the Effective Date set forth in Section 10.2.1(h) of the Plan (requiring that the U.S. Plan Value be no less than the U.S. Roll-Up Minimum Recovery) unless each holder of a U.S. Roll-Up Claim either (i) agrees to receive less value than its Pro Rata Share of the U.S. Roll-Up Minimum Recovery or (ii) receives value at least equal to its Pro Rata Share of the U.S. Roll-Up Minimum Recovery. Any such written waiver of a condition precedent set

forth in this section may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Except as the Reorganized Debtors may otherwise specify, any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

c. *Effect of Failure of Conditions to the Effective Date.*

Pursuant to Section 10.2.3 of the Plan, if the Debtors decide, in consultation with the Majority in Interest, that one of the foregoing conditions cannot be satisfied, and the Debtors do not waive the occurrence of such condition, then the Debtors, with the consent of a Majority in Interest shall file a notice of the failure of the Effective Date with the Bankruptcy Court, at which time the Plan and the Confirmation Order shall be deemed null and void.

3. Effects of Confirmation

a. *Vesting of Assets.*

Pursuant to Section 10.3.1 of the Plan, except as otherwise provided in the Plan, on the Effective Date, title to all assets and properties and interests in property dealt with by the Plan shall vest in the Reorganized Debtors free and clear of all Claims, Equity Interests, Encumbrances, and other interests, and the Confirmation Order shall be a judicial determination of discharge of the liabilities of the Debtors arising prior to the Effective Date, except as may be otherwise provided in the Plan.

b. *Binding Effect.*

Pursuant to Section 10.3.2 of the Plan, except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted or rejected the Plan.

c. *Discharge of Debtors.*

Pursuant to Section 10.3.3 of the Plan, the rights afforded in the Plan and the treatment of all Claims and Equity Interests therein will be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever, including any interest accrued thereon from and after the Commencement Date, against the Debtors, or their estates, assets, properties, or interests in property; *provided*, *however*, ADH shall not receive a discharge and release of Allowed European Term Loan Claims, and such claims shall survive ADH's chapter 11 case.

Except as otherwise provided in the Plan, on the Effective Date, all Claims against the Debtors and Equity Interests in Aleris and the Dissolving U.S. Subsidiaries shall be satisfied, discharged, and released in full. The Reorganized Debtors shall not be responsible for any obligations of the Debtors except those expressly assumed by the Reorganized Debtors in the

Plan. All Entities shall be precluded and forever barred from asserting against the Debtors, the Reorganized Debtors, their successors or assigns, or their assets, properties, or interests in property any other or further Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date.

d. ***Release of Certain Parties.***

Pursuant to Section 10.3.4 of the Plan, on the Effective Date, the Debtors and the Reorganized Debtors shall be deemed to unconditionally and irrevocably release (i) each person who is or was a director or officer of the Debtors on the Commencement Date or any time thereafter and (ii) the Backstop Parties and their Affiliates and all of their respective directors and officers from any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such entity or person would have been legally entitled to assert (whether individually or collectively) or that any holder of a Claim or Equity Interest or other Entity would have been able to assert on behalf of the Debtors, relating to any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan, except that (a) no such (i) director or officer of the Debtors or (ii) Backstop Party, Affiliate thereof, or director or officer thereof shall be released from any act or omission that constitutes gross negligence, willful misconduct, or fraud as determined by Final Order of a court of competent jurisdiction, and (b) the foregoing release shall not apply to any express contractual or financial obligations owed to the Debtors or the Reorganized Debtors or any right or obligation arising under or that is part of the Plan or an agreement entered into pursuant to, in connection with or contemplated by, the Plan.

e. ***Exculpation.***

Pursuant to Section 10.3.5 of the Plan, none of the Debtors, the Reorganized Debtors, HoldCo, IntermediateCo, any of the OpCos, any of the Backstop Parties and their Affiliates, any of the members of the Creditors' Committee, or any of their respective officers, directors, employees, attorneys, agents, or advisers shall have or incur any liability to any Entity for any act or omission in connection with or arising out of the Chapter 11 Cases, including, without limitation, the commencement of these Chapter 11 Cases, the DIP Credit Agreement, the negotiation of the Plan, pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under, or in connection with, the Plan.

f. ***Reservation of Claims Including Avoidance Actions.***

Pursuant to Section 10.3.6 of the Plan, any rights, claims, or causes of action accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, including, without express or implied limitation, any avoidance or recovery actions under sections 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code and (except as

provided herein) any rights to, claims or causes of action for recovery under any policies of insurance issued to or on behalf of the Debtors shall remain assets of the Debtors' estates and, on the Effective Date, shall be transferred to the Reorganized Debtors. The Reorganized Debtors shall be deemed the appointed representatives to, and may, pursue, litigate, and compromise and settle any such rights, claims, or causes of action, as appropriate, in accordance with what is in the best interests of and for the benefit of the Reorganized Debtors; ***provided***, ***however***, that, upon the occurrence of the Effective Date, the Debtors shall be deemed to have released any right to pursue an avoidance or recovery action under section 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code against any Creditor that continued to supply goods or services to any of the Debtors during the pendency of the Chapter 11 Cases.

g. ***Term of Injunctions or Stays.***

(1) Injunction Related to Discharged Claims and Cancelled Interests.

Pursuant to Section 10.3.7(a) of the Plan, except as otherwise expressly provided in the Plan, and except with respect to enforcement of the Plan, all Entities who have held, hold, or may hold Claims against or Equity Interests in any Debtor are permanently enjoined, from and after the Effective Date, from:

(A) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against any Reorganized Debtor;

(B) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against any Reorganized Debtor with respect to any such Claim or Equity Interest;

(C) creating, perfecting, or enforcing any encumbrance of any kind against any Reorganized Debtor, or against property of any Reorganized Debtor, as applicable, with respect to any such Claim or Equity Interest; and

(D) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor, as applicable, with respect to any such Claim or Equity Interest.

(2) Continuation of Existing Injunctions and Stays.

Pursuant to Section 10.3.7(b) of the Plan, unless otherwise ordered by the Bankruptcy Court or provided by the Plan, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

(3) Injunction Against Worthless Stock Deductions.

PURSUANT TO SECTION 10.2.7(C) OF THE PLAN, UNLESS OTHERWISE ORDERED BY THE BANKRUPTCY COURT, ON OR AFTER THE CONFIRMATION DATE, ANY PERSON OR GROUP OF PERSONS CONSTITUTING A "FIFTY PERCENT SHAREHOLDER" OF ALERIS WITHIN THE MEANING OF SECTION 382(G)(4)(D) OF THE TAX CODE SHALL BE ENJOINED FROM CLAIMING A WORTHLESS STOCK DEDUCTION WITH RESPECT TO ANY ALERIS EQUITY INTERESTS HELD BY SUCH PERSON(S) (OR OTHERWISE TREATING SUCH EQUITY INTERESTS AS WORTHLESS FOR U.S. FEDERAL INCOME TAX PURPOSES) FOR ANY TAXABLE YEAR OF SUCH PERSON(S) ENDING PRIOR TO THE EFFECTIVE DATE.

N. Retention of Jurisdiction.

Pursuant to Article XI of the Plan and sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter (i) arising under the Bankruptcy Code, (ii) arising in or related to the Chapter 11 Cases or the Plan, or (iii) to perform any of the following actions:

(1) to hear and determine any and all motions or applications pending on the Confirmation Date (or thereafter if a contract listed on Schedule "9.4" of the Plan is thereafter determined to be executory, and the Debtors are required to assume or reject it) for the assumption and/or assignment or rejection of executory contracts or unexpired leases to which a Debtor is a party or with respect to which a Debtor may be liable, and to hear and determine any and all Claims resulting therefrom or from the expiration or termination prior to the Confirmation Date of any executory contract or unexpired lease;

(2) to determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by any of the Reorganized Debtors after the Effective Date, including, without express or implied limitation, any claims to avoid any preferences, fraudulent transfers, or other avoidable transfers, or otherwise to recover assets for the benefit of the Debtors' estates;

(3) to hear and determine any objections to the allowance of Claims arising prior to the Effective Date, whether filed, asserted, or made before or after the Effective Date, including, without express or implied limitation, to hear and determine any objections to the classification of any Claim and to allow or disallow any Disputed Claim in whole or in part;

(4) to issue such orders in aid of execution of the Plan to the extent authorized or contemplated by section 1142 of the Bankruptcy Code;

(5) to consider any modifications of the Plan, remedy any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without express or implied limitation, the Confirmation Order;

(6) to hear and determine all applications for allowances of compensation and reimbursement of expenses of professionals under sections 330 and 331 of the Bankruptcy Code and any other fees and expenses authorized to be paid or reimbursed under the Plan;

(7) to hear and determine all controversies, suits, and disputes that may relate to, affect, or arise in connection with the Plan (and all exhibits to the Plan) or its interpretation, implementation, enforcement, or consummation;

(8) to the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim or Cause of Action by or against the Debtors' estates;

(9) to determine such other matters that may be set forth in the Plan, the Confirmation Order, or that may arise in connection with the Plan or the Confirmation Order;

(10) to hear and determine matters concerning state, local, and federal taxes, fines, penalties, or additions to taxes for which the Debtors may be liable, directly or indirectly, in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including any request for expedited determination under section 505(b) of the Bankruptcy Code);

(11) to hear and determine matters concerning the exemption to comply with any applicable non-bankruptcy laws and regulations, in accordance with, among other things, section 1123(a)(5) of the Bankruptcy Code, relating to transactions contemplated by the Plan; and

(12) to enter an order or final decree closing these Chapter 11 Cases.

O. Miscellaneous Provisions of the Plan.

1. Payment of Statutory Fees.

Pursuant to Section 12.1 of the Plan, all fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the hearing on confirmation of the Plan, shall be paid by the Debtors on or before the Effective Date. Notwithstanding Section 6.4 of the Plan, the Debtors shall pay all statutory fees on a per-Debtor basis.

2. Third Party Agreements.

Pursuant to Section 12.3 of the Plan, the Distributions to the various classes of Claims hereunder shall not affect the right of any Entity to levy, garnish, attach, or employ any other legal process with respect to such Distributions by reason of any claimed subordination rights or otherwise. All of such rights and any agreements relating thereto shall remain in full force and effect.

3. Dissolution of Creditors' Committee.

Pursuant to Section 12.4 of the Plan, on the Effective Date, the Creditors' Committee shall thereupon be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with these Chapter 11 Cases. Except for the limited purpose of presenting final applications for fee and expenses, the Creditors' Committee shall be deemed dissolved.

4. Notices.

Pursuant to Section 12.5 of the Plan, any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually received at the following addresses:

If to the Debtors:

Aleris International, Inc
25825 Science Park Dr., Suite 400
Beachwood, Ohio 44122
Attn: Christopher R. Clegg, Esq.

and

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attn: Stephen Karotkin, Esq.
Debra A. Dandeneau, Esq.

and

Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Attn: Paul N. Heath, Esq.
L. Katherine Good, Esq.
Andrew C. Irgens, Esq.

If to the Creditors' Committee:

Reed Smith LLP
2500 One Liberty Place
1650 Market Street
Philadelphia, Pennsylvania 19103
Attn: Claudia Z. Springer, Esq.
Derek J. Baker, Esq.

Reed Smith LLP
Reed Smith Centre
225 Seventh Avenue
Pittsburgh, Pennsylvania 15222
Attn: Paul M. Singer, Esq.

Reed Smith LLP
1202 N. Market Street, Suite 1500
Wilmington, Delaware 19801
Attn: Kurt F. Gwynne, Esq.
Mark W. Eckard, Esq.

If to the Backstop Parties:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attn: Alan W. Kornberg, Esq.
Kenneth M. Schneider, Esq.
Wachtell, Lipton, Rosen, & Katz
51 West 52nd Street
New York, New York 10019
Attn: Philip Mindlin, Esq.
Andrew J. Nussbaum, Esq.
Gregory E. Pessin, Esq.

5. Inconsistency.

Pursuant to Section 12.7 of the Plan, in the event of any inconsistency among the Plan, the Disclosure Statement, and any exhibit or any schedule to the Disclosure Statement, the Plan governs. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order governs.

6. Severability.

Pursuant to Section 12.8 of the Plan, at the option of the Debtors, acting with the consent of a Majority in Interest, any provision of the Plan, the Confirmation Order, or any of the exhibits to the Plan that is prohibited, unenforceable, or invalid shall, as to any jurisdiction in which such provision is prohibited, unenforceable, or invalidated, be ineffective to the extent of such prohibition, unenforceability, or invalidation without invalidating the remaining provisions of the Plan, the Confirmation Order, and the exhibits to the Plan or affecting the validity or enforceability of such provisions in any other jurisdiction.

7. Governing Law.

Pursuant to Section 12.9 of the Plan, unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Delaware, without giving effect to the conflict of laws principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise expressly provided in such agreements, documents, or instruments.

8. Exemption from Transfer Taxes.

Pursuant to section 1146(a) of the Bankruptcy Code, and in accordance with Section 12.10.1 of the Plan, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without express or implied limitation, any liens granted in connection with Exit ABL Facility and the sale, transfer, or other disposition of assets held by OpCo for disposition, as described in Section 7.6 of the

Plan shall not be subject to any sales and use, stamp, real estate transfer, mortgage recording, or other similar tax.

9. Supplemental Plan Documents.

Pursuant to Section 1.3 of the Plan, any exhibit to the Plan that is not annexed to the Plan annexed hereto shall be contained in a separate exhibit volume or plan supplement, which will be filed with the Clerk of the Bankruptcy Court no later than [__], 2010 (which is the earlier of (i) thirty (30) days prior to the commencement of the hearing on confirmation of the Plan and (ii) fifteen (15) days prior to the Voting Deadline).

Such exhibits may be inspected in the office of the Clerk of the Bankruptcy Court during normal hours of operation of the Bankruptcy Court. Such exhibits shall also be available for download from the following website: **www.kccllc.net/aleris**. Holders of Claim and Equity Interests also may obtain a copy of the exhibit volume, once filed, from the Debtors by written request sent to the following address:

Aleris Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Ave.
El Segundo, CA 90245

VI.

MANAGEMENT OF HOLDCO AND THE REORGANIZED DEBTORS

In accordance with the Acquisition Agreement, the indirect and direct parents of each of the Reorganized Debtors will be HoldCo and IntermediateCo. The management, control, and operation of HoldCo and IntermediateCo are the responsibility of their respective boards of directors and officers, subject to, and in accordance with, HoldCo's Certificate of Incorporation and Bylaws. On the Effective Date, the management, control, and operation of each Reorganized Debtor shall be the responsibility of its respective board of directors, officers, and/or managing members, subject to and in accordance with, its respective Amended and Restated Organizational Documents.

A. Board of Directors and Management.

1. Composition of Management and the Board of Directors.

a. *Current Board of Directors of Aleris.*

The current members of the Board of Directors of Aleris are as follows:

- Steven J. Demetriou, Chairman of the Board and Chief Executive Officer
- Dale V. Kesler, Retired Partner of professional accounting firm Arthur Andersen LLP
- Paul E. Lego, President of Intelligent Enterprises, a private consulting firm; Retired Chairman of the Board of Directors and Chief Executive Officer of Westinghouse Electric Corporation
- J. Steven Whisler, Retired Chairman and Chief Executive Officer of Phelps Dodge Corporation

b. *Boards of Directors of HoldCo and the Reorganized Debtors.*

The members of the HoldCo Board and the boards of the Reorganized Debtors on the Effective Date shall be disclosed in the Plan Supplement. Pursuant to the Equity Commitment Agreement, the HoldCo Board will consist of five (5) members, one of whom shall be the current Chairman and Chief Executive Officer of Aleris, and the remainder of whom will be individuals selected by Oaktree and named in the Plan Supplement.

c. *Officers of HoldCo and the Reorganized Debtors.*

Pursuant to Section 7.11.1 of the Plan, the current officers of Aleris will, on the Effective Date, become the officers of HoldCo with comparable titles and responsibilities. Such officers will serve in accordance with applicable non-bankruptcy law, any employment agreements with HoldCo, IntermediateCo, or the Reorganized Debtors, and any Amended and

Restated Organizational Documents. The senior officers of Aleris and of the Reorganized Debtors are, and will be, as follows:

Steven J. Demetriou, Chairman and Chief Executive Officer. Mr. Demetriou, age 51, became Chairman of the Board and Chief Executive Officer of Aleris following the merger of Commonwealth Industries Inc. and IMCO Recycling. Mr. Demetriou had served as President and Chief Executive Officer of Commonwealth from June 2004 and served as an outside Director of Commonwealth from 2002 until the merger. Mr. Demetriou was President and Chief Executive Officer of Noveon, Inc., a global producer of advanced specialty chemicals, from 2001 until June 2004. Prior to that, from 1999 to 2001, he was Executive Vice President of IMC Global Inc., a producer of crop nutrients and animal feed ingredients. Mr. Demetriou also served in a number of leadership positions with Cytec Industries Inc., a specialty chemicals and materials company, from 1997 to 1999. From 1981 to 1997, he held various positions with Exxon Corporation. Mr. Demetriou is a Director of OM Group, Inc., Foster Wheeler, Ltd., and Kraton Polymers LLC and serves on the Board of Advisors for Resilience Capital Partners, a private equity investment group. In addition, Mr. Demetriou serves on the Board of Directors of United Way of Northeastern Ohio, the Cuyahoga Community College Foundation, and the Aluminum Association where he is also Chairman.

Sean M. Stack, Executive Vice President and Chief Financial Officer. Mr. Stack, age 43, was named Executive Vice President and Chief Financial Officer of Aleris in 2009. Prior to this position, he held the position of Executive Vice President, Corporate Development and Strategy since 2008. Prior to that role, he held the position of Executive Vice President and Chief Financial Officer since 2007. He also served as Executive Vice President and President, Europe since the acquisition of the Corus Business through 2007. Prior to that time, Mr. Stack was Senior Vice President, Treasurer and Corporate Development of Aleris since Aleris' acquisition of Commonwealth, and prior to that, he was Vice President and Treasurer of Commonwealth. Prior to joining Commonwealth in 2004, he had served as Vice President and Treasurer of Noveon, Inc., beginning in 2001. Prior to joining Noveon, Mr. Stack served as Vice President and Treasurer for Specialty Foods Corporation from 1996 to 2000. Mr. Stack joined Specialty Foods as Assistant Treasurer in 1996. Prior to that, he was a vice president at ABN AMRO Bank in commercial and investment banking.

Christopher R. Clegg, Executive Vice President, General Counsel and Secretary. Mr. Clegg, age 52, has served as the Executive Vice President, General Counsel and Secretary of Aleris since 2007. From 2004 to 2007, he was the Company's Senior Vice President, General Counsel and Secretary. He joined Commonwealth in 2004 as Vice President, General Counsel and Secretary, and upon the merger with IMCO was named Senior Vice President, General Counsel and Secretary of Aleris. Before joining Commonwealth in 2004, he had served as Senior Vice President, General Counsel and Secretary of Noveon, Inc. since 2001. Previously, Mr. Clegg had served as Vice President-Legal for the Performance Materials Segment of BF Goodrich Company from 1999 to 2001. Before assuming that position, Mr. Clegg served as Senior Corporate Counsel for Goodrich Aerospace since 1991. Prior to joining Goodrich, Mr. Clegg was a corporate lawyer in private practice with the law firms of Squire, Sanders & Dempsey in Cleveland, Ohio and Perkins Coie in Seattle, Washington.

Scott A. McKinley, Senior Vice President and Controller. Mr. McKinley, age 48, was elected as Senior Vice President and Controller of Aleris in 2008. Mr. McKinley served as Senior Vice President and Treasurer from 2006 through 2008. From 2004 until 2006, Mr. McKinley served as Vice President and Chief Financial Officer for Lubrizol Corporation's Specialty Chemicals Segment. Prior to that, he was the Vice President and Controller of Noveon, Inc. Mr. McKinley also previously held the position of Director, Financial Planning and Analysis for BF Goodrich Performance Materials and spent the first 15 years of his career at the General Electric Company.

Roeland Baan, Executive Vice President and CEO, Aleris Europe. Mr. Baan, age 53, joined the Company as Executive Vice President and CEO, Aleris Europe in 2008. From 2004-2007, Mr. Baan worked for Mittal Steel Company N.V. where he most recently served as Executive Vice President and Chief Executive Officer, Mittal Steel Europe and served on Arcelor Mittal's Management Committee. Prior to joining Mittal, Mr. Baan served as the Senior Vice President of SHV Gas BV, a member of SHV NV, a privately held international conglomerate with activities in retail, energy and venture capital activities. From 1998 to 2001 Mr. Baan served as Chief Executive Officer Thyssen Sonnenberg Recycling GMBH (TSR), a metals recycling company with 55 production sites in five countries.

K. Alan Dick, Executive Vice President and President, Rolled Products North America. Mr. Dick, age 46, became Executive Vice President and President, Rolled Products North America in 2009. Prior to his present position, Mr. Dick held a variety of roles with increasing responsibility with Aleris including Senior Vice President and General Manager, Rolled Products North America beginning at the end of 2007, Senior Vice President, Global Metals Procurement beginning in 2007 and Vice President, Metals Sourcing beginning in 2004. Prior to 2004, Mr. Dick was the Director, Raw Material Purchasing for Commonwealth Industries, Inc. and had held a number of positions in the Commonwealth supply chain function since 1998. Prior to joining Commonwealth, Mr. Dick was Vice President and General Manager--Pacific Region for Ideal Metals. He began his career with Pechiney SA in Canada where he held several positions including Vice President and General Manager.

Terrance J. Hogan, Senior Vice President and General Manager, Recycling and Specification Alloys Americas. Mr. Hogan, age 54, has served as Senior Vice President and General Manager, Recycling and Specification Alloys Americas since 2008. Prior to that he served as Vice President and General Manager, Aluminum Recycling since joining Aleris in 2005 as a part of the acquisition of Alumitech, Inc. and its subsidiaries. Mr. Hogan was Alumitech Inc.'s president for ten years until the acquisition by Aleris. He is a member of the Aluminum Association Casting and Recycling Division.

Thomas W. Weidenkopf, Executive Vice President Human Resources and Communications. Mr. Weidenkopf, age 51, has served as the Company's Chief Human Resources Officer since 2008. Prior to joining Aleris, Mr. Weidenkopf served as the Senior Vice President, Human Resources and Communications for Honeywell International where he was responsible for leading global human resources strategy and programs for the company's 120,000 employees in more than 100 countries. During his 13-year career at Honeywell, Mr. Weidenkopf also served as the human resources leader for the company's aerospace business and

was responsible for staffing and executive development across the corporation. His career also includes human resource leadership roles at PepsiCo and General Electric.

2. Long-Term Equity Incentive Program.

On or after the Effective Date, HoldCo will implement the Long-Term Equity Incentive Program, the key terms of which are described below.

Eligibility for participation	➢ Senior executives, including Steven J. Demetriou, Roeland Baan, Sean M. Stack, Christopher R. Clegg, Thomas W. Weidenkopf, and K. Alan Dick. ➢ A number of other management employees ➢ Outside directors
Type of awards available under plan	➢ Nonqualified stock options, with 10-year option term ➢ Restricted stock units (each an "***RSU***") or restricted shares of New Common Stock ➢ Performance-contingent awards (in the form of stock options or RSUs) ➢ Stock Appreciation Rights ("***SARs***") ➢ Other stock-based awards
Total equity pool	➢ Total reserve equal to 9% of New Common Stock outstanding on the Effective Date, including common underlying IntermediateCo convertible preferred stock and debt (the "***Management Reserve***"), comprised of the following: o 1% RSUs o 4% time-vested stock options with exercise price equal to the Plan Value Share Price o 1% time-vested stock options with exercise price equal to 1.5x the Plan Value Share Price o 1% time-vested stock options with exercise price equal to 2.0x the Plan Value Share Price; and o 2% held in reserve.

Individual initial grant composition	➢ Initial grants comprised of stock options and RSUs.
Timing	➢ Grants (other than grants of the 2% reserve pool) to be made as of the Effective Date for the senior executives and shortly following the Effective Date for the other management employees.
Option exercise price	➢ Stock option grants are awarded in three groups: o 4% with exercise price equal to the Plan Value Share Price; o 1% with exercise price equal to 1.5x the Plan Value Share Price; and o 1% with exercise price equal to 2.0x the Plan Value Share Price.
Vesting period	➢ Stock options o All time-based vesting o Vest ratably over four years in equal quarterly installments ➢ RSUs o Vest ratably over four years in equal quarterly installments
Acceleration and period to exercise	
In the event of a voluntary resignation (without "good reason")	➢ No acceleration ➢ Vested stock options exercisable for 90 days from date of termination
In the event of termination for "cause"	➢ No acceleration ➢ All vested stock options expire on date of termination.
In the event of termination by the company without "cause" or by the executive for "good reason"	➢ Acceleration: 50% of unvested stock options and RSUs for Mr. Demetriou, and 33% for the other executives, fully vest ➢ Exercisability of stock options: 6 months to exercise

In the event of termination due to the executive's death or disability	➢ No acceleration ➢ Exercisability of stock options: 1 year to exercise
In the event of a Change in Control (as defined in Long-Term Equity Incentive Program)	➢ Acceleration: Vesting of unvested stock options and RSUs shall accelerate, as needed, to assure a minimum vested percentage equal to the combined reduction in Oaktree and Apollo's percentage of ownership interest since the Effective Date. A compensation committee for HoldCo's board will have discretion to vest any remaining unvested stock options and RSUs on the Change in Control.
In the event of termination by the company without "cause" or by the executive for "good reason," in each case, in anticipation of or within 12 months following a Change in Control	➢ Acceleration: All unvested stock options and RSUs shall fully vest. ➢ Exercisability of stock options: 6 months to exercise
Adjustment	➢ The Long-Term Equity Incentive Program will contain typical compensatory option anti-dilution and adjustment provisions. In the event of a change in capitalization, equitable adjustments will be made to the number and class of shares subject to outstanding awards, and the exercise price of any outstanding stock options. ➢ A "change in capitalization" generally includes any increase or reduction in the number of shares effected without consideration (*e.g.*, a share split, reverse split, or stock dividend) and any recapitalization, merger, consolidation, reorganization, spin-off, split-up, extraordinary cash dividend, etc.
Treatment in event of a Change in Control	➢ In the event of a Change in Control or certain reorganizations, the Board of Directors (or appropriate committee) may provide, with respect to any or all awards, for the award to be (i) assumed or substituted or (ii) cancelled for cash in a cash transaction and/or the same consideration as other shareholders in the transaction, or (iii) in the case of options, cancelled for the "in the money" value of such options (underwater options may be cancelled for no consideration). ➢ Determination of treatment for any or all awards may be set forth in award agreements, in the change in control

transaction documents, or otherwise.

Shareholder rights	➢ Shares will be subject to a shareholders' agreement, including customary company call rights. RSUs will provide for cash to be paid for the value of any dividend on unvested RSUs.
Clawback/forfeiture	➢ The agreements governing the awards under the Long-Term Equity Incentive Program will contain a clawback provision with respect to the violation of certain restrictive covenants.
Miscellaneous	➢ Cashless exercise of stock options (both for the exercise price and for required tax withholding) ➢ Net settlement of RSUs to pay required tax withholding, except that Steven J. Demetriou and Sean M. Stack will pay required tax withholding with cash or a personal loan from the company; *provided*, *however*, that any RSUs that vest in connection with a termination of employment will be net settled. ➢ For purposes of cashless exercise, net settlement, tax withholding, call rights and grants of bonus stock, the value of shares will be determined on the same basis as for Oaktree and Apollo (and thus not discounted for illiquidity, minority status, etc.).

The above terms describe the initial awards to be made to the senior executives. The Long-Term Equity Incentive Program will be administered by the Board of Directors of HoldCo, or a committee thereof, which shall determine the terms of other equity awards.

3. Management Contracts.

Upon the Effective Date, IntermediateCo and, for certain purposes, HoldCo will enter into employment agreements (the "***New Executive Agreements***") with Steven J. Demetriou, Roeland Baan, Sean M. Stack, Christopher R. Clegg, Thomas W. Weidenkopf, and K. Alan Dick, with each executive continuing to serve in his role as previously set forth herein. In each case, a New Executive Agreement will supersede any existing employment agreement or arrangement.

The New Executive Agreements provide that Messrs. Demetriou, Baan, Stack, Clegg, Weidenkopf, and Dick will initially receive annual base salaries at their existing levels of $1,000,000, CHF 950,070, $400,000, $350,000, $375,000, $360,000 respectively, and will be eligible to participate in (i) retirement plans applicable to senior executives and (ii) health,

welfare, and other employee benefit plans and perquisites on the same basis and terms as are currently applicable with respect to the executive.

The executives will be eligible to participate in an annual incentive plan pursuant to which each executive may earn an annual bonus based on achievement of annual performance objectives set forth in the plan, with a target annual bonus of 100% of base salary up to a maximum bonus of 200% of base salary for Mr. Demetriou, a target annual bonus of 75% of base salary up to a maximum bonus of 150% of base salary for Messrs. Baan, Stack, Clegg, Weidenkopf and Dick. For Messrs Demetriou and Stack, 50% of their annual bonuses (determined on an after tax basis) earned for 2010 and 2011 performance will be paid in New Common Stock valued on the bonus payment date. The New Executive Agreements also require Messrs. Demetriou and Stack to purchase New Common Stock after the Effective Date at the Plan Value Share Price in an amount equal to $500,000 to $1 Million for Mr. Demetriou and $150,000 to $250,000 for Mr. Stack.

The New Executive Agreements also provide that the executives will be granted, as of the Effective Date, stock options to purchase shares of New Common Stock at an exercise price equal to or greater than the Plan Value Share Price and RSUs, in each case vesting 6.25% each quarter (so that the stock option and RSUs will be vested in full after four years). These options and RSUs will be granted from seven ninths (7/9) of the Management Reserve (the "***Initial Grants***") (with the remaining two ninths (2/9) of the Management Reserve being reserved for future grants). Mr. Demetriou will receive 25% of the pool of RSUs reserved for Initial Grants and 25% of the pool of stock options reserved for Initial Grants. The portion of the pool of Initial Grants to be awarded to the other executives will be determined by the initial members of the HoldCo Board, including Mr. Demetriou.

Each New Executive Agreement has a three year initial term, with automatic one-year extensions thereafter unless a notice of non-extension is delivered by IntermediateCo (one year prior to the end of the then-scheduled term for Mr. Demetriou and six months prior to the end of the then-scheduled term for Messrs Baan, Stack, Clegg, Weidenkopf, and Dick) or by the executive 90 days prior to the end of the initial term. The New Executive Agreements will contain non-competition and non-solicitation provisions that apply during employment and extend for two years (for Mr. Demetriou) and 18 months (for Messrs. Baan, Stack, Clegg, Weidenkopf, and Dick) following any termination of employment. During the term of the executives' employment and thereafter, they will be subject to standard confidentiality and non-disparagement provisions.

Prior to the end of the then-applicable term, an executive's employment may be terminated at any time by either party, subject to certain notice provisions and severance obligations in the event of termination under certain circumstances. If Mr. Demetriou's employment is terminated without cause or if he resigns for good reason (as will be defined in his New Executive Agreement), he will be entitled to cash severance equal to (i) two times the sum of his base salary and target bonus, if the termination occurs during the first year of the initial term, or (ii) if the termination occurs after the first year of the initial term his base salary and annual bonus for the remainder of the term, but in no event less than one times his base salary and annual bonus (for this purpose, the annual bonus will be based on Mr. Demetriou's average earned bonuses for the prior two years, and Mr. Demetriou will be deemed to have

earned an annual bonus for years 2009 and 2010 equal to the amount of his target bonus on the Effective Date). The New Executive Agreements for the other executives provide that, if the executive's employment is terminated without cause or if he resigns for good reason, he will be entitled to cash severance equal to one and one-half times the sum of his base salary and annual bonus (for this purpose, the annual bonus will be based on the executive's average earned bonuses for the prior two years, and the executive will be deemed to have earned an annual bonus for years 2008, 2009 and 2010 equal to the amount of his target bonus on the Effective Date). Cash severance will be paid in installments over two years for Mr. Demetriou and over 18 months for the other executives. In the event IntermediateCo elects to not renew a New Employment Agreement, the executive will be entitled to receive cash severance equal to one times the executive's annual base salary and annual bonus (determined in the same manner described above), to be paid in installments over one year. In addition to the cash severance described above, Messrs. Demetriou, Baan, Stack, Clegg, Weidenkopf, and Dick will each receive continued welfare benefits during the period of time that he is receiving his severance installments.

All post-termination payments are conditioned upon the execution by the executive of a release of all claims against the Company and are subject to clawback if the executive materially breaches the restrictive covenants.

VII.

REORGANIZATION VALUE

A. Going Concern Valuation.

The Debtors have been advised by Moelis, the Debtors' financial adviser, with respect to the estimated enterprise value of HoldCo on a going concern basis. Solely for purposes of the Plan, the analysis performed by Moelis indicates that the estimated enterprise value of HoldCo, excluding cash in excess of cash required to maintain appropriate liquidity, is within the range of $925 million to $1,195 billion (with a mid-point estimate of approximately $1 billion, the "enterprise value" provided in the Plan) as of an assumed Effective Date of June 1, 2010.

THE ESTIMATED RANGE OF ENTERPRISE VALUES ASSUMES AN EFFECTIVE DATE OF JUNE 1, 2010 AND IS BASED ON WORK PERFORMED BY MOELIS USING INFORMATION CONCERNING THE BUSINESS AND ASSETS OF THE DEBTORS AVAILABLE TO MOELIS AS OF DECEMBER 4, 2009. NEITHER MOELIS NOR THE DEBTORS HAVE UPDATED THE ESTIMATED RANGE OF ENTERPRISE VALUES TO REFLECT INFORMATION AVAILABLE TO THE DEBTORS OR MOELIS SUBSEQUENT TO DECEMBER 4, 2009.

The foregoing estimate of the enterprise value of HoldCo is based on a number of assumptions, including a successful reorganization of the Debtors' business and finances in a timely manner, the implementation of the Reorganized Debtors' business plan, the achievement of the forecasts reflected in the Projections, continuity of a qualified management team, market conditions through the period covered by the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein.

The valuation assumptions are not a prediction or reflection of post-Confirmation trading prices of the New Common Stock. Such securities may trade at substantially lower or higher prices because of a number of factors, including, but not limited to, those discussed in Section VIII.B, entitled, "RISK FACTORS – Risk Factors that May Affect the Value of Securities to be Issued under the Plan and/or Recoveries under the Plan." The trading prices of securities distributed under a plan of reorganization are subject to many unforeseeable circumstances and therefore cannot be predicted.

In preparing its analysis of the estimated enterprise value of HoldCo, Moelis, among other analyses: (i) reviewed certain historical financial information of the Debtors for recent years and interim periods, including the most current financial results through October 31, 2009; (ii) reviewed certain internal financial and operating data of the Debtors, including financial projections prepared and provided by management relating to their business and their prospects; (iii) met with certain members of senior management of the Debtors to discuss the Debtors' operations and future prospects; (iv) reviewed publicly available financial data and considered the market value of public companies that Moelis deemed generally comparable to the operating business of the Debtors; (v) considered certain economic and industry information relevant to HoldCo and the Reorganized Debtors; and (vi) conducted such other studies, analysis, inquiries, and investigations as it deemed appropriate.

ALTHOUGH MOELIS CONDUCTED A REVIEW AND ANALYSIS OF THE DEBTORS' BUSINESS, OPERATING ASSETS AND LIABILITIES AND THE REORGANIZED DEBTORS' BUSINESS PLANS, IT ASSUMED AND RELIED ON THE ACCURACY AND COMPLETENESS OF ALL FINANCIAL AND OTHER INFORMATION FURNISHED TO IT BY THE DEBTORS AND PUBLICLY AVAILABLE INFORMATION. IN ADDITION, MOELIS DID NOT INDEPENDENTLY VERIFY MANAGEMENT'S PROJECTIONS IN CONNECTION WITH SUCH ESTIMATES OF THE ENTERPRISE VALUE, AND NO INDEPENDENT VALUATIONS OR APPRAISALS OF THE DEBTORS WERE SOUGHT OR OBTAINED IN CONNECTION HEREWITH.

THE ESTIMATED RANGE OF ENTERPRISE VALUES DESCRIBED HEREIN DOES NOT PURPORT TO BE AN APPRAISAL OR NECESSARILY REFLECT THE VALUES THAT MAY BE REALIZED IF ASSETS ARE SOLD AS A GOING CONCERN, IN LIQUIDATION, OR OTHERWISE.

THE ANALYSIS OF THE DEBTORS' ENTERPRISE VALUE PREPARED BY MOELIS REPRESENTS THE HYPOTHETICAL RANGE OF VALUES AND IS BASED ON THE ASSUMPTIONS CONTAINED HEREIN. THE ANALYSIS WAS DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF A PLAN OF REORGANIZATION AND THE DETERMINATION OF IMPLIED RELATIVE RECOVERIES TO CREDITORS THEREUNDER. SUCH ESTIMATES REFLECT COMPUTATIONS OF THE RANGE OF ENTERPRISE VALUES OF HOLDCO THROUGH THE APPLICATION OF VARIOUS GENERALLY ACCEPTED VALUATION TECHNIQUES AND DO NOT PURPORT TO REFLECT OR CONSTITUTE APPRAISALS, LIQUIDATION VALUES, OR ESTIMATES OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE DISTRIBUTED PURSUANT TO THE PLAN, WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN THE AMOUNTS SET FORTH HEREIN.

THE VALUE OF AN OPERATING BUSINESS IS SUBJECT TO NUMEROUS UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT TO PREDICT, AND WILL FLUCTUATE WITH CHANGES IN FACTORS AFFECTING THE FINANCIAL CONDITION AND PROSPECTS OF SUCH A BUSINESS. AS A RESULT, THE ESTIMATE OF THE RANGE OF ENTERPRISE VALUES OF THE COMPANY SET FORTH HEREIN IS NOT NECESSARILY INDICATIVE OF ACTUAL OUTCOMES, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN THOSE SET FORTH HEREIN. BECAUSE SUCH ESTIMATES ARE INHERENTLY SUBJECT TO UNCERTAINTIES, NEITHER THE DEBTORS, MOELIS, NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THEIR ACCURACY. IN ADDITION, THE VALUATION OF NEWLY ISSUED SECURITIES IS SUBJECT TO ADDITIONAL UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT.

B. Valuation Methodology.

Moelis performed a variety of analyses and considered a variety of factors in preparing its estimated range of the Company enterprise values. Moelis primarily relied on two principal methodologies to estimate the value of HoldCo, based on the financial projections contained in Exhibit "C" to this Disclosure Statement, which were prepared by Aleris management: (i) a calculation of the present value of the unlevered free cash flows reflected in the Company's Projections, including calculating the terminal value of the business based upon a range of exit multiples applied to EBITDA, perpetuity growth rates and weighted average cost of capital ("***WACC***"), and (ii) a comparison of financial data of the Company with similar data for other publicly held companies in businesses similar to the Company.

The following summary does not purport to be a complete description of the analyses undertaken and factors reviewed to support Moelis's conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, as well as the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation is not readily summarized. Moelis's valuation must be considered as a whole, and selecting just one methodology or portions of the analyses, without considering the analyses as a whole, could create a misleading or incomplete conclusion as to the enterprise value of HoldCo.

1. Discounted Cash Flow Analysis.

The discounted cash flow ("***DCF***") valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF methodology is a "forward looking" approach that discounts the expected future cash flows by an estimated WACC. The expected future cash flows have two components: the present value of the projected unlevered free cash flows for a determined period and the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the projections). Moelis's discounted cash flow valuation is based on the projection of the Company's operating results as contained in the Projections.

This approach relies on the Company's ability to project future cash flows with some degree of accuracy. Because the Company's projections reflect significant assumptions made by Aleris' management concerning anticipated results, the assumptions and judgments used in the Projections may or may not prove correct and, therefore, no assurance can be provided that projected results are attainable or will be realized. Moelis cannot and does not make any representations or warranties as to the accuracy or completeness of the Company's projections.

2. Comparable Companies Analysis.

The comparable company analysis involved identifying a group of publicly traded companies whose businesses are similar to those of the Company and then calculating ratios of enterprise value to EBITDA of these companies based upon the public market value of such companies' securities. Criteria for selecting comparable companies include, among other relevant characteristics, similar lines of business, business risks, growth prospects, business maturity, market presence, and size and scale of operations. The selection of truly comparable companies is often difficult and subject to interpretation. However, the underlying concept is to develop a premise for relative value, which, when coupled with other approaches, presents a foundation for determining firm value. The ranges of ratios derived were then applied to the Company's projected financial results to derive a range of implied values.

While Moelis evaluated prior mergers and acquisitions transactions in order to determine their relevance to a valuation of the Company, Moelis did not rely on a precedent transaction analysis in formulating its estimate for the going concern valuation of HoldCo.

THE RANGE OF REORGANIZATION VALUES DETERMINED BY MOELIS IS AN ESTIMATE AND DOES NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS.

VIII.

RISK FACTORS

HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR REFERRED TO HEREIN BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Certain Bankruptcy Considerations.

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes. Although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing. Even if the Bankruptcy Court enters the Confirmation Order, if any of the conditions precedent described in Section 10.2.1 of the Plan have not been satisfied or waived (to the extent possible) by the Debtors and the Majority in Interest (as provided for in the Plan) and the Plan cannot be consummated, as of the Effective Date, then the Confirmation Order will be null and void.

The Plan provides for no distribution to U.S. Debtors Class 8 (Aleris Equity Interests) and U.S. Debtors Class 9 (Cancelled U.S. Equity Interests). The Bankruptcy Code conclusively deems these classes to have rejected the Plan. Notwithstanding that these classes are deemed to have rejected the Plan, the Bankruptcy Court may confirm the Plan if at least one impaired Class votes to accept the Plan (with such acceptance being determined without including the vote of any "insider" in such class). Thus, for the Plan to be confirmed with respect to the U.S. Debtors, at least one of U.S. Debtors Class 3, 4, 5, or 7 must vote to accept the Plan excluding the votes of any insiders. For the Plan to be confirmed with respect to ADH, ADH Class 2 or 3 must vote to accept the Plan excluding the votes of any insiders. As to each impaired Class that has not accepted the Plan, the Plan may be confirmed if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to these classes. The Debtors believe that the Plan satisfies these requirements. For more information, *see* Section XII.C, entitled, "CONFIRMATION AND CONSUMMATION PROCEDURE – Confirmation Procedure."

B. Risk Factors that May Affect the Value of Securities to Be Distributed Under the Plan and/or Recoveries under the Plan.

1. Overall Risks to Recovery by Holders of Claims.

The ultimate recoveries under the Plan to holders of Claims (other than holders whose entire Distribution is paid in Cash) depend upon the realizable value of the New Common Stock and the IntermediateCo Notes, which are subject to a number of material risks, including,

but not limited to, those specified below. The factors below assume that the Plan is confirmed and that the Effective Date occurs on or about June 1, 2010. Prior to voting on the Plan, each holder of a Claim should consider carefully the risk factors specified or referred to below, including the exhibits included in the Plan Supplement, as well as all of the information contained in the Plan.

2. Variances from Projections.

The Projections for the Reorganized Debtors included herein are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to, the Reorganized Debtors' ability to operate their business consistent with the Projections, comply with the covenants of their financing agreements, comply with the terms of their existing contracts and leases, and respond to adverse regulatory actions taken by the federal and state governments. In addition, unanticipated events and circumstances occurring subsequent to the preparation of the Projections may affect the actual financial results of the Reorganized Debtors. Although the Debtors believe that the Projections are reasonably attainable, variations between the actual financial results and those projected will occur, and these variances may be material.

3. Unforeseen Events.

Future performance of the Reorganized Debtors is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond their control. While no assurance can be provided, based upon the current level of operations and anticipated increases in revenues and cash flows described in the Projections, the Debtors believe that cash flow from operations and available cash will be adequate to fund the Plan and meet their future liquidity needs.

4. Value of Consideration to Be Distributed under the Plan.

In estimating the value of distributions under the Plan, the Debtors have assumed that (i) Cash has a value equal to its face amount; (ii) the IntermediateCo Notes have a value equal to their face amount; and (iii) after giving effect to the Rights Offering, the New Common Stock will have an aggregate value of approximately $795 million. *See* Section V.G, entitled, "THE PLAN OF REORGANIZATION – Securities to be Distributed under the Plan," for a more complete description of the securities being distributed under the Plan and their estimated values. There is no assurance that such assumed values can be obtained.

5. Absence of a Public Market for the IntermediateCo Preferred Stock, IntermediateCo Notes, and New Common Stock.

The IntermediateCo Preferred Stock, IntermediateCo Notes, and New Common Stock are newly issued securities for which there is no established trading market, and there can be no assurance that a trading market for these securities will develop. In addition, there is no public market for the IntermediateCo Preferred Stock, IntermediateCo Notes, or New Common Stock, nor will there be one following the issuance of these securities. Accordingly, no assurance can be given as to the ability of holders of these securities to sell such securities or the

price that holders may obtain for such securities. Neither HoldCo nor IntermediateCo will be required to, nor do they intend to, file periodic reports with the SEC upon emergence.

C. Risk Factors that Could Negatively Affect the Reorganized Debtors' Business.

1. The difficult conditions in the capital, credit, commodities, automobile, and housing markets and in the overall economy could materially adversely affect the financial positions and results of operations of the Reorganized Debtors, and these conditions may not improve in the near future.

The financial position and results of operations of the Reorganized Debtors could be materially adversely affected by the difficult conditions and significant volatility in the capital, credit, commodities, automobile, and housing markets and in the overall economy. These factors, combined with declining business and consumer confidence, and increased unemployment, precipitated an economic slowdown and a recession. The difficult conditions in these markets and the overall economy affect the business of the Reorganized Debtors in a number of ways. For example:

- As a result of recent volatility in commodity prices, the Debtors have significantly increased the price for certain products and may have to further increase prices in the future. Any delays in implementing price increases or a failure to achieve market acceptance of future price increases could materially adversely affect the financial position and results of operations of the Reorganized Debtors. Increases in the Reorganized Debtors' cost of raw materials and energy could cause their cost of goods sold to increase, thereby reducing operating results and limiting the Reorganized Debtors' operating flexibility.

- Although the Reorganized Debtors believe they will have sufficient liquidity under the Exit ABL Facility to run their business, under extreme market conditions there can be no assurance that funds would be available or sufficient, and in such a case, the Reorganized Debtors may not be able to successfully obtain additional financing on favorable terms, or at all.

- Market conditions could cause the counterparties to the derivative financial instruments that the Reorganized Debtors use to hedge their exposure to fluctuations in the prices of certain commodities, principally aluminum, to experience financial difficulties and, as a result, the Reorganized Debtors' efforts to hedge these exposures could prove unsuccessful, and, furthermore, their ability to engage in additional hedging activities may decrease or become even more costly as a result of these conditions. The Reorganized Debtors may be unable to manage effectively their exposure to commodity price fluctuations, and their hedging activities may affect profitability in a changing metals price environment and subject their earnings to great volatility from period to period.

- Market conditions could result in the Reorganized Debtors' largest customers experiencing financial difficulties and/or electing to limit spending, which in turn could result in decreased sales and earnings for the Reorganized Debtors. If the Reorganized Debtors were to lose order volumes from any of their largest customers, the Reorganized Debtors' sales volumes, revenues, and cash flows could be reduced.

The Debtors do not know if market conditions or the state of the overall economy will improve in the near future.

2. If the Reorganized Debtors fail to implement their business strategies, their financial condition and results of operations could be adversely affected.

The Reorganized Debtors' future financial performance and success depend in large part on their ability to successfully implement their business strategy. The Reorganized Debtors cannot assure that they will be able to successfully implement their business strategy or be able to continue improving their operating results. In particular, the Reorganized Debtors cannot assure that they will be able to achieve all operating cost savings targeted through focused productivity improvements and capacity optimization, further enhancements of the business and product mix, expansion in selected regions, opportunistic pursuit of strategic acquisitions, and management of key commodity exposures.

Furthermore, the Reorganized Debtors cannot assure that they will be successful in their growth efforts or that they will be able to manage effectively expanded or acquired operations. Their ability to achieve the expansion and acquisition objectives and to effectively manage their growth effectively depends upon a number of factors, including the following:

- the ability to introduce new products and end-use applications;
- the ability to identify appropriate acquisition targets and to negotiate acceptable terms for their acquisition;
- the ability to integrate new businesses into the operations; and
- the availability of capital on acceptable terms.

Implementation of the business strategy could be affected by a number of factors beyond the Reorganized Debtors' control, such as increased competition, legal and regulatory developments, general economic conditions, or an increase in operating costs. Any failure to successfully implement the business strategy could adversely affect the Reorganized Debtors' financial condition and results of operations. The Reorganized Debtors may, in addition, decide to alter or discontinue certain aspects of their business strategy at any time.

3. The cyclical nature of the metals industry and the Reorganized Debtors' businesses, the end-use segments, and customers' industries could limit the operating flexibility of the Reorganized Debtors, which could negatively affect their financial condition and results of operations.

The metals industry in general is cyclical in nature. It tends to reflect and be amplified by changes in general and local economic conditions. These conditions include the level of economic growth, financing availability, the availability of affordable energy sources, employment levels, interest rates, consumer confidence, and housing demand. Historically, in periods of recession or periods of minimal economic growth, metals companies have often tended to underperform other sectors. The Reorganized Debtors will be particularly sensitive to trends in the transportation and construction industries, which are both seasonal and highly cyclical in nature, and dependent upon general economic conditions. For example, during recessions or periods of low growth, the transportation and construction industries typically experience major cutbacks in production, resulting in decreased demand for aluminum. This leads to significant fluctuations in demand and pricing for products and services. Because the Reorganized Debtors generally will have high fixed costs, profitability is significantly affected by decreased processing volume. Accordingly, reduced demand and pricing pressures may significantly reduce the Reorganized Debtors' profitability and adversely affect the financial condition. Economic downturns in regional and global economies or a prolonged recession in the Reorganized Debtors' principal industry segments have had a negative impact on the Debtors' operations in the past and could have a negative impact on the future financial condition or results of operations. In addition, in recent years global economic and commodity trends have been increasingly correlated. Although the Reorganized Debtors will continue to seek to diversify their businesses on a geographic and industry end-use basis, they cannot assure that diversification will significantly mitigate the effect of cyclical downturns.

Changes in the market price of aluminum will affect the selling prices of the Reorganized Debtors' products. Market prices of aluminum are dependent upon supply and demand and a variety of factors over which the Reorganized Debtors have minimal or no control, including the following:

- regional and global economic conditions;
- availability and relative pricing of metal substitutes;
- labor costs;
- energy prices;
- environmental and conservation regulations;
- seasonal factors and weather; and
- import and export restrictions.

4. The loss of certain members of management of the Reorganized Debtors may have an adverse effect on their operating results.

The success of the Reorganized Debtors will depend, in part, upon the efforts of their senior management and other key employees. These individuals possess sales, marketing, engineering, manufacturing, financial, and administrative skills that are critical to the operation of the business. If the Reorganized Debtors lose or suffer an extended interruption in the services of one or more of their senior officers, their financial condition and results of operations may be negatively affected. Moreover, the market for qualified individuals may be highly competitive, and the Reorganized Debtors may not be able to attract and retain qualified personnel to replace or succeed members of their senior management or other key employees, should the need arise.

5. Increases in the Reorganized Debtors' cost of raw materials and energy could cause their cost of goods sold to increase, thereby reducing operating results and limiting the Reorganized Debtors' operating flexibility.

The operations of the Reorganized Debtors will require substantial amounts of raw materials and energy, consisting principally of primary-based aluminum, aluminum scrap, alloys and other materials, and natural gas. Any substantial increases in the cost of raw materials or energy could cause the operating costs of the Reorganized Debtors to increase and negatively affect their financial condition and results of operations.

Aluminum scrap and primary aluminum metal prices are subject to significant cyclical price fluctuations. Metallics (primary aluminum metal, aluminum scrap, and aluminum dross) will represent the largest component of the Reorganized Debtors' cost of sales. The Reorganized Debtors will purchase aluminum primarily from aluminum scrap dealers and will meet their remaining aluminum requirements through the purchase of primary-based aluminum. They will have limited control over the price or availability of these supplies in the future.

The availability and price of aluminum scrap depend upon a number of factors outside the Reorganized Debtors' control, including general economic conditions, international demand for metallics, and internal recycling activities by primary aluminum producers. Increased regional and global demand for aluminum scrap can have the effect of increasing the prices that the Reorganized Debtors pay for these raw materials thereby increasing the cost of sales. The Reorganized Debtors often will be unable to adjust the selling prices for their products to recover the increases in scrap prices. If scrap and dross prices were to increase significantly without a commensurate increase in the market value of the primary metals, the Reorganized Debtors' future financial condition and results of operations could be affected by higher costs and lower profitability. In addition, a significant decrease in the pricing spread between aluminum scrap and primary aluminum could make recycling less attractive compared to primary production, and thereby reduce customer demand for the recycling business.

After raw material and labor costs, utilities will represent the third largest component of the Reorganized Debtors' historical cost of sales. The price of natural gas can be particularly volatile. As a result, the Reorganized Debtors' natural gas costs may fluctuate dramatically, and they may not be able to reduce the effect of higher natural gas costs on their cost of sales. If natural gas costs increase, the financial condition and results of operations of the

Reorganized Debtors may be adversely affected. Although the Reorganized Debtors will attempt to mitigate volatility in natural gas costs through the use of hedging and the inclusion of price escalators in certain of their long-term supply contracts, the Reorganized Debtors may be unable to eliminate the effects of such cost volatility. Furthermore, in an effort to offset the effect of increasing costs, the Reorganized Debtors may have also limited the potential benefit they could receive from declining costs.

6. The Reorganized Debtors may be unable to manage effectively their exposure to commodity price fluctuations, and their hedging activities may affect profitability in a changing metals price environment and subject their earnings to greater volatility from period to period.

Significant increases in the price of primary aluminum, aluminum scrap, or alloys and other materials would cause the Reorganized Debtors cost of sales to increase significantly and, if not offset by product price increases, would negatively affect the future financial condition and results of operations of the Reorganized Debtors. The Reorganized Debtors will be substantial consumers of raw materials and by far the largest input cost in producing the Reorganized Debtors' goods is the cost of metal. The cost of energy used by the Reorganized Debtors, however, also will be substantial. Customers will pay for the Reorganized Debtors' products based on the price of the metal contained in the products, plus a "rolling margin" or "conversion margin" fee (the "***Price Margin***"), or based on a fixed price. In general, the Reorganized Debtors will use this pricing mechanism to pass changes in the price of metal, and sometimes in the price of natural gas, through to their customers. In most market sectors and by industry convention, however, the Reorganized Debtors at times will offer their products on a fixed price basis as a service to the customer. This commitment to supply an aluminum-based product to a customer at a fixed price often extends months, but sometimes years, into the future. Such commitments require the Reorganized Debtors to purchase raw materials in the future, exposing the Reorganized Debtors to the risk that increased metal or natural gas prices will increase the cost of producing their goods, thereby reducing or eliminating the Price Margin they receive when they deliver the product.

Furthermore, the RPNA and Europe segments are exposed to variability in the market price of a premium differential (referred to as "***Midwest Premium***" in the United States and "***Duty Paid/Unpaid Rotterdam***" in Europe) charged by industry participants to deliver metal from the smelter to the manufacturing facility. This premium differential also fluctuates in relation to market and other conditions. The RPNA and Europe segments follow a pattern of increasing or decreasing their selling prices to customers in response to changes in the Midwest Premium and the Duty Paid/Unpaid Rotterdam.

Similarly, as the Reorganized Debtors will maintain large quantities of base inventory, significant decreases in the price of primary aluminum would reduce the realizable value of the inventory, negatively affecting the future financial condition and results of operations of the Reorganized Debtors. In addition, a drop in aluminum prices between the date of purchase and the final settlement date on derivative contracts used to control the risk of price fluctuations may require the Reorganized Debtors to post additional margin, which, in turn, can be a significant demand on liquidity.

The Reorganized Debtors will purchase LME forwards, futures and options contracts to reduce their exposure to changes in metal prices. Despite the use of LME forwards, futures and options contracts, the Reorganized Debtors will remain exposed to the variability in prices of scrap metal. While scrap metal is priced in relation to prevailing LME prices, it is also priced at a discount to LME metal (depending upon the quality of the material supplied). This discount is referred to in the industry as the "scrap spread" and fluctuates depending upon market conditions. In addition, the Reorganized Debtors will purchase forwards, futures or options contracts to reduce their exposure to changes in natural gas prices and will purchase other types of derivative products to reduce their exposure to other types of risks such as those resulting from currency fluctuations and variable interest rates. The Reorganized Debtors will not account for their LME forward, futures, or options contracts as hedges of the underlying risks. As a result, unrealized gains and loses of the Reorganized Debtors' metal derivative financial instruments must be reported in the Reorganized Debtors' consolidated results of operations. The inclusion of such unrealized gains and losses in earnings may produce significant period to period earnings volatility that will not necessarily be reflective of the underlying operating performance of the Reorganized Debtors.

7. If the Reorganized Debtors were to lose order volumes from any of their largest customers, their sales volumes, revenues, and cash flows could be reduced.

The Reorganized Debtors' business is exposed to risks related to customer concentration. A loss of order volumes from, or a loss of industry share by, any major customer could negatively affect the financial condition and results of operations of the Reorganized Debtors by lowering sales volumes, increasing costs and lowering profitability. In addition, the Reorganized Debtors' strategy of having dedicated facilities and arrangements with certain customers subject the Reorganized Debtors to the inherent risk of increased dependence on a single or a few customers with respect to these particular facilities. In such cases, the loss of such a customer or the reduction of that customer's business at one or more of the facilities could negatively affect the financial condition and results of operations of the Reorganized Debtors, and the Reorganized Debtors may be unable to timely replace, or replace at all, lost order volumes. In addition, several of the Debtors' customers have become involved in bankruptcy or insolvency proceedings and have defaulted on their obligations in recent years.

8. The Reorganized Debtors will not have long-term contractual arrangements with a substantial number of their customers, and their sales volumes and revenues could be reduced if their customers switch suppliers.

A significant portion of the Debtors' revenues are generated from customers who do not have long-term contractual arrangements with the Debtors. These customers will purchase products and services from the Reorganized Debtors on a purchase order basis and may choose not to purchase products and services in the future. Any significant loss of these customers or a significant reduction in their purchase orders could have a material negative impact on the sales volume and business of the Reorganized Debtors.

9. The Reorganized Debtors may not be able to compete successfully in the industry segments they serve, and aluminum may become less competitive with alternative materials, which could result in a reduction of the Reorganized Debtors' share of industry sales, sales volumes, and selling prices.

Aluminum competes with other materials such as steel, plastic and composite materials and glass for various applications. Higher aluminum prices tend to make aluminum products less competitive with these alternative materials. The Reorganized Debtors will compete in the production and sale of rolled aluminum products with a number of other aluminum rolling mills, including large, single-purpose sheet mills, continuous casters and other multi-purpose mills, some of which are larger and have greater financial and technical resources. The Reorganized Debtors will compete with other rolled products suppliers, principally multi-purpose mills, on the basis of quality, price, timeliness of delivery, technological innovation and customer service, and will also compete with other aluminum recyclers in segments that are highly fragmented and characterized by smaller, regional operators. The principal factors of competition in the aluminum recycling business include price, metal recovery rates, proximity to customers, customer service, molten metal delivery capability, environmental and safety regulatory compliance, and types of services offered. Additional competition could result in a reduced share of industry sales or reduced prices for the Reorganized Debtors' products and services, which could decrease revenues or reduce volumes, either of which could have a negative effect on the financial condition and results of operations of the Reorganized Debtors.

10. A portion of the Reorganized Debtors' revenues will be derived from international operations, which will expose them to certain risks inherent in doing business abroad.

The Company has aluminum recycling operations in Germany, the United Kingdom, Mexico, Canada, and Brazil, and magnesium recycling operations in Germany. The Company also has rolled products and extrusions operations in Germany, Canada, and China. The Reorganized Debtors may continue to explore opportunities to expand their international operations. The international operations generally will be subject to risks, including the following:

- changes in U.S. and international governmental regulations, trade restrictions and laws, including tax laws and regulations;
- currency exchange rate fluctuations;
- tariffs and other trade barriers;
- the potential for nationalization of enterprises;
- interest rate fluctuations;
- high rates of inflation;
- currency restrictions and limitations on repatriation of profits;

- divergent environmental laws and regulations; and

- political, economic and social instability.

The occurrence of any of these events could cause the Reorganized Debtors' costs to rise, limit growth opportunities or have a negative effect on their operations and their ability to plan for future periods and subject the Reorganized Debtors to risks not generally prevalent in the United States.

The financial condition and results of operations of some of the Reorganized Debtors' operating entities will be reported in various currencies and then translated into U.S. dollars at the applicable exchange rate for inclusion in the consolidated financial statements. As a result, appreciation of the U.S. dollar against these currencies will have a negative impact on reported revenues and operating profit while depreciation of the U.S. dollar against these currencies generally will have a positive effect on reported revenues and operating profit. In addition, a portion of the revenues generated by the Reorganized Debtors' international operations will be denominated in U.S. dollars, while the majority of costs incurred are denominated in local currencies. As a result, appreciation in the U.S. dollar generally will have a positive impact on earnings while depreciation of the U.S. dollar generally will have a negative impact on earnings. The Reorganized Debtors will seek to reduce the risks associated with currency exchange rate fluctuation by using derivative financial investments, but no assurances can be made that such activities will be successful.

11. Current environmental liabilities, as well as the cost of compliance with and liabilities under health and safety laws, could increase operating costs and negatively affect the Reorganized Debtors' financial condition and results of operations.

The Reorganized Debtors' operations will be subject to federal, state, local and foreign environmental laws and regulations, which govern, among other things, air emissions, wastewater discharges, the handling, storage, and disposal of hazardous substances and wastes, the remediation of contaminated sites, and employee health and safety. Future environmental regulations could impose stricter compliance requirements on the industries in which they operate. Additional pollution control equipment, process changes, or other environmental control measures may be needed at some of the facilities to meet future requirements.

Financial responsibility for contaminated property can be imposed on the Reorganized Debtors where current operations have had an environmental impact. Such liability can include the cost of investigating and remediating contaminated soil or ground water, fines and penalties sought by environmental authorities, and damages arising out of personal injury, contaminated property, and other toxic tort claims, as well as lost or impaired natural resources. Certain environmental laws impose strict, and in certain circumstances joint and several, liability for certain kinds of matters, such that a person can be held liable without regard to fault for all of the costs of a matter even though others were also involved or responsible. These costs of all such matters have not been material to net income (loss) for any accounting period of the Debtors since January 1, 2002. However, future remedial requirements at currently owned or operated properties or adjacent areas could result in significant liabilities.

Changes in environmental requirements or changes in their enforcement could materially increase the Reorganized Debtors' costs. For example, if salt cake, a by-product from some of the recycling operations, were to become classified as a hazardous waste in the United States, the costs to manage and dispose of it would increase and could result in significant increased expenditures.

12. The Reorganized Debtors could experience labor disputes that could disrupt their business.

Approximately 45% of the Company's U.S. employees and substantially all of its non-U.S. employees, located primarily in Europe where union membership is common, are represented by unions or equivalent bodies and are covered by collective bargaining or similar agreements that are subject to periodic renegotiation. Although the Debtors believe that the Reorganized Debtors will be able to successfully negotiate new collective bargaining agreements when the current agreements expire, these negotiations may not prove successful, may result in a significant increase in the cost of labor, or may break down and result in the disruption of operations.

Labor negotiations may not conclude successfully, and, in that case, work stoppages or labor disturbances may occur. Any such stoppages or disturbances may have a negative impact on the financial condition and results of operations of the Reorganized Debtors by limiting plant production, sales volumes and profitability.

13. The Reorganized Debtors will need to generate sufficient cash to service their debt. Their ability to generate cash depends on many factors beyond the Reorganized Debtors' control, and any failure to meet their debt services obligations could harm the business, financial condition, and results of operations of the Reorganized Debtors.

The Reorganized Debtors' ability to satisfy their debt obligations will primarily depend upon their future operating performance. As a result, prevailing economic conditions and financial, business, and other factors, many of which are beyond the Reorganized Debtors' control, will affect their ability to make payments to satisfy their debt obligations.

If the Reorganized Debtors do not generate sufficient cash flow from operations to satisfy their debt service obligations, they may have to undertake alternative financing plans, such as refinancing or restructuring their debt, selling assets, reducing or delaying capital investments, or seeking to raise additional capital. Their ability to restructure or refinance their debt will depend on the condition of the capital markets and the financial condition of the Reorganized Debtors at such time. Any refinancing could be at higher interest rates and may require the Reorganized Debtors to comply with more onerous covenants, which could further restrict their business operations. The terms of existing or future debt instruments may restrict the Reorganized Debtors from adopting some of these alternatives, which in turn could exacerbate the effects of any failure to generate sufficient cash flow to satisfy their debt obligations. In addition, any failure to make payments of interest and principal on outstanding debt on a timely basis would likely result in a reduction of the credit rating of the Reorganized Debtors, which could harm their ability to incur additional indebtedness on acceptable terms.

The Reorganized Debtors' inability to generate sufficient cash flow to satisfy their debt obligations, or to refinance their obligations on commercially reasonable terms or at all, would have an adverse affect, which could be material, on their business, financial condition, and results of operations and may restrict current and future operations of the Reorganized Debtors, particularly their ability to respond to business changes or to take certain actions.

14. The Reorganized Debtors' Exit ABL Facility may restrict current and future operations of the Reorganized Debtors, particularly their ability to respond to business changes or to take certain actions.

The credit agreement governing the Reorganized Debtors' Exit ABL Facility is likely to contain a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on the ability to take actions that may be in the best long term interest of the Reorganized Debtors. The credit agreement governing the Exit ABL Facility is likely to include covenants that, among other things, restrict the ability of the Reorganized Debtors to do the following:

- incur additional indebtedness;
- pay dividends on capital stock and make other restricted payments;
- make investments and acquisitions;
- engage in transactions with affiliates;
- sell assets;
- merge; and
- create liens.

A breach of any of the restrictive covenants in the Exit ABL Facility would result in a default thereunder. If such default occurs, the lenders under the Exit ABL Facility may elect to declare all outstanding borrowings under the Exit ABL Facility, together with accrued and unpaid interest and other fees, to be immediately due and payable or enforce their security interests. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings.

The operating and financial restrictions and covenants in the Exit ABL Facility and any other future financing agreements may adversely affect the ability of the Reorganized Debtors to finance future operations or capital needs or to engage in other business activities.

IX.

EXEMPTIONS FROM SECURITIES ACT REGISTRATION

A. Transfer and Securities Laws Restrictions.

1. New Securities and the Rights Offering.

Pursuant to the Contribution Agreement, HoldCo will issue New Common Stock and will contribute the New Common Stock to IntermediateCo, and IntermediateCo will issue the IntermediateCo Preferred Stock and IntermediateCo Notes and contribute the New Common Stock, IntermediateCo Notes, and cash proceeds received upon the sale of the IntermediateCo Preferred Stock to the OpCos. Pursuant to the Acquisition Agreement, the OpCos will transfer the New Common Stock, IntermediateCo Notes, and a portion of the cash proceeds received upon the sale of the IntermediateCo Preferred Stock to Aleris, in exchange for substantially all of the assets of Aleris and the Dissolving U.S. Subsidiaries. Aleris, in turn, will distribute the New Common Stock and IntermediateCo Notes pursuant to the Rights Offering and the Plan. IntermediateCo will sell the IntermediateCo Preferred Stock to the Backstop Parties pursuant to the Equity Commitment Agreement. Pursuant to the Rights Offering, holders of Allowed U.S Roll-Up Term Loan Claims, Allowed European Roll-Up Term Loan Claims, or Allowed European Term Loan Claims that elect to receive, and are eligible to exercise, Subscription Rights to purchase New Common Stock and IntermediateCo Notes will receive New Common Stock and IntermediateCo Notes.

2. Transfer and Securities Laws Restrictions.

a. *The Subscription Rights.*

The Subscription Rights are being offered only to those holders of the Allowed U.S. Roll-Up Term Loan Claims, the Allowed European Roll-Up Term Loan Claims, and the Allowed European Term Loan Claims who are either (i) "accredited investors" as defined in Regulation D under the Securities Act or (ii) not "U.S. persons" as defined in Regulation S under the Securities Act.

These definitions are included with the Subscription Form that accompanies this Disclosure Statement if you are a holder of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, or European Term Loan Claims.

b. *Issuance and Resale of the New Common Stock.*

The following securities are being issued under section 1145 of the Bankruptcy Code:

- New Common Stock distributed to holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims (other than New Common Stock distributed to Rights Offering Participants pursuant to the Rights Offering).

As described in detail below, such securities will be "freely-tradable."

The following securities are being issued under Regulation D and Regulation S of the Securities Act:

- All New Common Stock distributed to Rights Offering Participants pursuant to the Rights Offering (other than New Common Stock distributed to the Backstop Parties pursuant to the Equity Commitment Agreement) and

- All IntermediateCo Notes distributed to Rights Offering Participants pursuant to the Rights Offering (other than IntermediateCo Notes distributed to the Backstop Parties pursuant to the Equity Commitment Agreement).

These securities will be "restricted securities" and cannot be sold absent registration under the Securities Act or pursuant to an exemption therefrom.

The following securities are being issued under Section 4(2) of the Securities Act:

- All New Common Stock distributed to the Backstop Parties pursuant to the Equity Commitment Agreement,

- All IntermediateCo Notes distributed to the Backstop Parties pursuant to the Equity Commitment Agreement, and

- All IntermediateCo Preferred Stock issued to the Backstop Parties pursuant to the Equity Commitment Agreement.

These securities will be "restricted securities" and cannot be sold absent registration under the Securities Act or pursuant to an exemption therefrom.

Section 1145 of the Bankruptcy Code generally exempts from registration under the Securities Act the offer or sale, under a chapter 11 plan of reorganization, of a security of a debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to a debtor under a plan, if such securities are offered or sold in exchange for a claim against, or equity interest in, such debtor or affiliate. In reliance upon this exemption, the New Common Stock distributed under the Plan (other than pursuant to the Rights Offering or Equity Commitment Agreement), (the "***1145 Securities***") to be distributed to holders of claims against the Debtors generally will be exempt from the registration requirements of the Securities Act, and state and local securities laws. Accordingly, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to the exemption provided by section 4(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in section 1145(b) of the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states. Recipients of new securities distributed under the Plan, however, are advised to consult with their own legal advisers as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

Section 1145(b) of the Bankruptcy Code defines "underwriter" for purposes of the Securities Act as one who (i) purchases a claim with a view to distribution of any security to be

received in exchange for the claim other than in ordinary trading transactions, (ii) offers to sell securities issued under a plan for the holders of such securities, (iii) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution, or (iv) is an issuer, as used in section 2(a)(11) of the Securities Act, with respect to such securities.

Notwithstanding the foregoing, control person underwriters, as referred to in clause (iv) above, may be able to sell securities without registration pursuant to the resale limitations of Rule 144 under the Securities Act which, in effect, permit the resale of securities received by such underwriters pursuant to a chapter 11 plan, subject to applicable volume limitations, notice and manner of sale requirements and certain other conditions. Parties who believe they may be underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own legal advisers as to the availability of the exemption provided by Rule 144 or other applicable exemptions.

To the extent that persons receive shares of New Common Stock pursuant to the Rights Offering or persons deemed to be "underwriters" receive 1145 Securities pursuant to the Plan (collectively, the "***Restricted Holders***"), resales by Restricted Holders would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Restricted Holders may, however, be able, at a future time and under certain conditions described below, to sell securities without registration pursuant to the resale provisions of Rule 144 of the Securities Act.

Under certain circumstances, holders of 1145 Securities deemed to be "underwriters" or holders of the New Common Stock received pursuant to the Rights Offering or the Equity Commitment Agreement may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act, to the extent available, and in compliance with applicable state and foreign securities laws. Generally, Rule 144 of the Securities Act provides that persons who are affiliates of an issuer who resell securities will not be deemed to be underwriters if certain conditions are met. These conditions include the requirement that current public information with respect to the issuer be available, a limitation as to the amount of securities that may be sold in any three-month period, the requirement that the securities be sold in a "brokers' transaction" or in a transaction directly with a "market maker" and that notice of the resale be filed with the SEC. The Debtors cannot assure, however, that adequate current public information will exist with respect to any issuer of 1145 Securities or New Common Stock issued pursuant to the Rights Offering or the Equity Commitment Agreement and therefore, that the safe harbor provisions of Rule 144 of the Securities Act will be available.

c. ***Legends.***

Certificates evidencing shares of New Common Stock received by Rights Offering Participants (including the Backstop Parties) pursuant to the Rights Offering, IntermediateCo Notes and shares of the IntermediateCo Preferred Stock and certificates evidencing such Securities received by holders of at least 10% of the outstanding voting stock of HoldCo will bear a legend substantially in the form below:

[THIS NOTE] [THESE SHARES OF COMMON STOCK] [THESE SHARES OF PREFERRED STOCK] HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND SAID LAWS OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF.

IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A RECIPIENT OF SECURITIES MAY BE AN UNDERWRITER OR AN AFFILIATE OF THE REORGANIZED DEBTORS, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN SECURITIES TO BE DISTRIBUTED PURSUANT TO THE PLAN. ACCORDINGLY, THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF SECURITIES CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

d. ***Listing; No SEC Filings.***

Upon the consummation of the Plan, the New Common Stock, IntermediateCo Notes, and IntermediateCo Preferred Stock will not be publicly traded or listed on any nationally recognized market or exchange. Neither HoldCo nor IntermediateCo will be required to, nor do they intend to, file periodic reports with the SEC.

X.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain income tax consequences of the implementation of the Plan to the Debtors and to certain holders of Claims. This discussion does not address the U.S. federal income tax consequences to holders of Claims who are unimpaired or otherwise entitled to payment in full in Cash under the Plan, to holders of Insured Claims, or to holders of Claims who are deemed to reject the Plan. *See* Section XI, entitled, "GERMAN INCOME TAX CONSEQUENCES OF THE PLAN," for a discussion of the Plan with respect to ADH and certain holders of Claims against ADH.

The discussion of U.S. federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the "***Tax Code***"), Treasury regulations, judicial authorities, published positions of the Internal Revenue Service ("***IRS***") and other applicable authorities, all as in effect on the date of this Disclosure Statement, and all of which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the contemplated transactions are complex and are subject to significant uncertainties. The Debtors have not requested, and do not expect to request, a ruling from the IRS or any other tax authority with respect to any of the tax aspects of the contemplated transactions, and the discussion below is not binding upon the IRS or such other authorities. Thus, no assurance can be given that the IRS or such other authorities would not assert, or that a court would not sustain, a different position from any discussed herein.

The discussion under this heading does not address foreign, state or local tax consequences of the contemplated transactions, nor does it purport to address the U.S. federal income tax consequences of the transactions to special classes of taxpayers (*e.g.*, mutual funds, small business investment companies, regulated investment companies, banks and certain other financial institutions, insurance companies, tax-exempt organizations, holders that are, or hold Claims through, pass-through entities, persons whose functional currency is not the U.S. dollar, dealers in securities or foreign currency, and persons holding Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale or conversion transaction). If a partnership (or other entity taxed as a partnership) holds a Claim, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and upon the activities of the partnership. Moreover, the following discussion does not address U.S. federal taxes other than income taxes, nor does it apply to any person that acquires any of the exchange consideration in the secondary market.

This discussion also assumes that the U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, European Term Loan Claims, New Common Stock, Subscription Rights and IntermediateCo Notes are held as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the Tax Code, and that the various debt and other arrangements to which the Debtors are parties will be respected for U.S. federal income tax purposes in accordance with their form.

As used in this section of the Disclosure Statement, the term "***U.S. Holder***" means a beneficial owner that is for U.S. federal income tax purposes one of the following:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Non-U.S. Holders are subject to special U.S. federal income tax provisions, some of which are discussed below.

The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of Claims.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims and Interests are hereby notified that: (i) any discussion of U.S. federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims and Interests for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (ii) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (iii) holders of Claims and Interests should seek advice based on their particular circumstances from an independent tax adviser.

A. Consequences to the U.S. Debtors.

For U.S. federal income tax purposes, the U.S. Debtors are members of an affiliated group of corporations, of which Aurora is the common parent (the "***Aleris Group***"), and file a single consolidated U.S. federal income tax return, or are disregarded or pass-through entities for U.S. federal income tax purposes wholly or substantially owned by members of the Aleris Group. The Aleris Group has reported net operating loss ("***NOL***") carryforwards of approximately $80.3 million for U.S. federal income tax purposes as of the end of 2008 and expects to report operating losses for its taxable year ended December 31, 2009. The amount of any such NOL carryforwards and other losses remains subject to audit and adjustment by the IRS.

As discussed below, it is anticipated that any losses and credits of the Aleris Group will be either utilized or eliminated in connection with the implementation of the Plan, whether on account of attribute reduction resulting from the cancellation of debt ("***COD***"), or as a result of the implementation of the transactions contemplated by the Plan and the Acquisition Agreement (including the Restructuring Transactions). In addition, the tax basis of the assets held by certain of the Reorganized U.S. Debtors may be reduced in connection with the implementation of the Plan.

1. Implementation of the Plan and Acquisition Agreement.

Pursuant to the Plan and the Acquisition Agreement, and in accordance with the Restructuring Transactions, approximately eight corporations (the OpCos, each of which is an indirect subsidiary of HoldCo) will acquire, in the aggregate, all or substantially all of the assets of Aleris and the Dissolving U.S. Subsidiaries (the "***Asset Acquisition***"). Each OpCo will acquire the assets relating, directly or indirectly, to a separate business division or other segment of the operations of the Aleris Group. HoldCo and its U.S. subsidiaries, including the OpCos (collectively, the "***HoldCo Group***"), intend to file a U.S. consolidated federal income tax return. The consideration for the acquisition of the assets by the OpCos will be New Common Stock and IntermediateCo Notes.

The Debtors believe that, for U.S. federal income tax purposes, the Asset Acquisition should be treated as – and the discussion herein assumes treatment as – a taxable transaction, such that the OpCos would obtain a new cost basis in the assets acquired (or deemed acquired) from Aleris and the Dissolving U.S. Subsidiaries and, where applicable, Aleris's other subsidiaries for U.S. federal income tax purposes, based on the fair market value of such assets acquired on the Effective Date. The OpCos would not succeed to any tax attributes of Aleris or the Dissolving U.S. Subsidiaries, although any corporate subsidiary generally would retain its tax attributes, subject to any required reductions on account of COD and any applicable limitations (as discussed below), unless the HoldCo Group properly elects to treat the acquisition of the subsidiary as a taxable acquisition of its underlying assets under section 338 of the Tax Code.

So treated, the Aleris Group generally would recognize gain or loss upon the transfer in an amount equal to the difference between the fair market value of the consideration received for U.S. federal income tax purposes and the tax basis of such assets (including any assets deemed transferred, such as by reason of the transfer of the membership interests in a wholly-owned limited liability company that is disregarded for U.S. federal income tax purposes, or pursuant to an election under section 338 of the Tax Code). Based upon the projected enterprise value, and due to the substantial tax basis in the assets being transferred (in the aggregate, projected to be upwards of approximately $2.1 billion as of September 30, 2009), the Debtors believe that no significant U.S. federal, state or local income tax liability, if any, should be incurred upon the transfer. However, the fair market value of the property may vary from current estimates and, in any event, the amount of gain or loss and resulting tax liability will remain subject to audit and adjustment by the IRS or other applicable taxing authority.

Although the Debtors expect the Asset Acquisition to be treated as a taxable transaction, there is no assurance that the IRS would not take a contrary position. Were the transfer of assets to the OpCos determined to constitute a tax-free reorganization, the HoldCo

Group would carry over the tax attributes of Aleris and its subsidiaries (including tax basis in assets), subject to the required attribute reduction attributable to the substantial COD incurred and other applicable limitations (as discussed below). The required attribute reduction would be expected to leave the HoldCo Group with little or no NOL carryforwards and with a significantly diminished tax basis in its assets (with the result that the HoldCo Group could have increased taxable income over time, as such assets are sold or would otherwise be depreciated or amortized).

2. Cancellation of Debt.

In general, the Tax Code provides that a debtor in a bankruptcy case must reduce certain of its tax attributes – such as NOL carryforwards, net capital loss carryforwards, current year NOLs, capital losses, tax credits and tax basis in assets – by the amount of any COD incurred pursuant to a confirmed chapter 11 plan. The COD incurred is generally the amount by which the indebtedness discharged (reduced by any unamortized discount) exceeds any consideration given in exchange therefore, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD (such as where the payment of the cancelled debt would have given rise to a tax deduction). Where the borrower joins in the filing of a consolidated U.S. federal income tax return, applicable Treasury regulations require, in certain circumstances, that the tax attributes of the consolidated subsidiaries of the borrower and other members of the group also be reduced. To the extent the amount of COD exceeds the tax attributes available for reduction, the remaining COD generally is excluded without further tax cost to the debtor.

Alternatively, the American Recovery and Reinvestment Act of 2009 permits a debtor to elect to defer the inclusion of COD income resulting from its chapter 11 plan (thereby preserving the current use of its tax attributes, subject to applicable limitations), with the amount of COD income becoming includible in its income ratably over a five-taxable year period beginning in the fourth taxable year after the COD income arises (if the chapter 11 plan is consummated in 2010).

As a result of the discharge of Claims pursuant to the Plan, the U.S. Debtors will incur substantial COD. The extent of such COD and resulting tax attribute reduction will depend, in principal part, on the value of the New Common Stock and IntermediateCo Notes distributed. Based on the projected enterprise value of the Reorganized Debtors (*see* Section VII.A, entitled, REORGANIZATION VALUE – Going Concern Valuation"), it is estimated that the Debtors will incur approximately $1.9 billion of COD. However, any reduction in tax attributes attributable to such COD does not occur until the end of the taxable year in which the COD is incurred. Accordingly, the Debtors do not expect the attribute reduction resulting from the discharge of debt under the Plan to affect the U.S. federal income tax treatment of the Asset Acquisition to the Aleris Group (as described above). Any NOLs or other tax attributes of Aleris (including those resulting from the Asset Acquisition), and of any subsidiary Debtor that is treated as selling its assets for U.S. federal income tax purposes in connection with the implementation of the Plan, will be eliminated by reason of the attribute reduction or upon the actual or deemed liquidation of such Debtor for U.S. federal income tax purposes. In contrast, the tax attributes of any corporate Debtor that is acquired by an OpCo but is not treated as having sold its assets will be subject to reduction in respect of the COD incurred by it and the Aleris

Group (a "***Non-Selling Debtor***"), with the result that any NOL carryforwards of such Debtor may be eliminated and its tax basis in its assets may be significantly reduced.

3. Limitations on NOL Carryforwards and Other Tax Attributes.

Following the Effective Date, any Non-Selling Debtor may be subject to the provisions of section 382 of the Tax Code. Under section 382, any remaining NOL carryforwards and certain other tax attributes (including current year NOLs) allocable to periods prior to the Effective Date (collectively, "***Pre-change Losses***") may be limited as a result of the change in ownership of the Debtor pursuant to the Plan. These limitations apply in addition to, and not in lieu of, the attribute reduction that may result from the potential COD arising in connection with the Plan.

Under section 382, if a corporation undergoes an "ownership change" and the corporation does not qualify for (or elects out of) the special bankruptcy exception discussed below, the amount of its Pre-change Losses that may be utilized to offset future taxable income is subject to an annual limitation. A loss corporation generally undergoes an ownership change if the percentage of stock of the corporation owned by one or more 5% shareholders has increased by more than 50 percentage points over a three-year period (with certain groups of less-than-5% shareholders treated as a single shareholder for this purpose). Pursuant to the Plan, an ownership change of each Non-Selling Debtor will occur pursuant to the Plan.

In general, the amount of the annual limitation to which a corporation that undergoes an ownership change would be subject is equal to the product of (i) the fair market value of the stock of the corporation *immediately before* the ownership change (with certain adjustments) multiplied by (ii) the "long-term tax-exempt rate" in effect for the month in which the ownership change occurs (4.14% for ownership changes occurring in February 2010, for example). This annual limitation sometimes may be increased in the event the corporation has an overall "built-in" gain in its assets at the time of the ownership change. For a corporation in bankruptcy that undergoes an ownership change pursuant to a confirmed bankruptcy plan, the stock value generally is determined *immediately after* (rather than before) the ownership change after giving effect to the surrender of creditors' claims, but subject to certain adjustments (which can result in a reduced stock value); in no event, however, can the stock value for this purpose exceed the pre-change gross value of the corporation's assets.

Any portion of the annual limitation that is not used in a given year may be carried forward, thereby adding to the annual limitation for the subsequent taxable year. However, if the corporation does not continue its historic business or use a significant portion of its historic assets in a new business for at least two years after the ownership change, the annual limitation resulting from the ownership change is reduced to zero, thereby precluding any utilization of the corporation's Pre-change Losses (absent any increases due to recognized net built-in gains).

Accordingly, the impact of an ownership change on any Non-Selling Debtors depends upon, among other things, the amount of Pre-change Losses remaining after any reduction of attributes due to the COD, the value of both the stock and assets of the applicable

Debtor at or about the Effective Date, the continuation of their respective businesses, and the amount and timing of future taxable income.

Among the Pre-change Losses to which section 382 applies, section 382 can operate to limit the deduction of "built-in" losses recognized subsequent to the date of the ownership change. If a loss corporation has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of built-in income, gain, loss and deduction), then any built-in losses recognized during the following five years (up to the amount of the original net unrealized built-in loss) generally will be treated as Pre-change Losses and similarly will be subject to the annual limitation. In general, a loss corporation's net unrealized built-in loss will be deemed to be zero unless such loss exceeds the lesser of (i) $10 million or (ii) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. Whether a Non-Selling Debtor will be subject to the limitation for "built-in" losses will depend upon the respective value of the Debtor's assets immediately before the Effective Date.

An exception to the foregoing annual limitation rules generally applies where qualified (so-called "old and cold") creditors of a debtor receive, in respect of their claims, at least 50% of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in bankruptcy) pursuant to a confirmed chapter 11 plan. However, the Debtors do not believe that they will qualify for this exception.

B. Consequences to U.S. Holders of Certain Claims.

Pursuant to the Plan, and in satisfaction of their respective Claims, holders of Allowed U.S. Roll-Up Term Loan Claims (U.S. Debtors Class 3), Allowed European Roll-Up Term Loan Claims (ADH Class 2), and European Term Loan Claims (ADH Class 3) will receive, at their election, either (a) New Common Stock and Subscription Rights or (b) Cash, and holders of Allowed Convenience Claims (U.S. Debtors Class 4) and Allowed General Unsecured Claims (U.S. Debtors Class 5) will receive Cash.

As discussed above (*see* Section X.A.1, entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to the U.S. Debtors – Implementation of the Plan and Acquisition Agreement"), the discussion herein assumes that the Asset Acquisition will be treated as a taxable transfer by Aleris, with the result that any consideration received by creditors in respect of their Claims would be considered received in a taxable transaction in which the creditors generally recognize gain or loss. Were the Asset Acquisition not a taxable transfer by Aleris, the U.S. federal income tax consequences of the Plan to holders of Allowed U.S. Roll-Up Term Loan Claims receiving New Common Stock and Subscription Rights could vary from that described below.

1. Gain or Loss.

In general, a U.S. Holder of such an Allowed Claim will recognize gain or loss upon implementation of the Plan in an amount equal to the difference between (i) the "amount realized" by the U.S. Holder in satisfaction of its Claim (other than any Claim for accrued but unpaid interest, and excluding any portion required to be treated as imputed interest, as described below) and (ii) the U.S. Holder's adjusted tax basis in its Claim (other than any Claim for

accrued but unpaid interest). For a discussion of the tax consequences of any Claims for accrued but unpaid interest, *see* Section X.B.2, entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to U.S. Holders of Certain Claims – Distributions in Respect of Accrued Interest," below. The "amount realized" by a U.S. Holder should equal the sum of the amount of any Cash, and the fair market value of any New Common Stock and Subscription Rights (*see* Section X.B.3, entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to U.S. Holders of Certain Claims – Tax Treatment of Subscription Rights"), received in satisfaction of such U.S. Holder's Claim.

As and when any Disputed General Unsecured Claims become disallowed, U.S. Holders of previously Allowed General Unsecured Claims in U.S. Debtors Class 5 will become entitled to additional Cash. Furthermore, under certain circumstances, holders of Allowed Convenience Claims may be eligible for additional Cash. As to any subsequent distributions, the imputed interest provisions of the Tax Code may apply to treat a portion of such amounts as imputed interest. It is also possible that any loss, or a portion of any gain, realized by a U.S. Holder of an Allowed General Unsecured Claim in U.S. Debtors Class 5 may be deferred until all Disputed General Unsecured Claims are resolved. U.S. Holders are urged to consult their tax advisers regarding the possible applicability of, and the ability to elect out of, the installment method with respect to any gain recognized.

Where gain or loss is recognized by a U.S. Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, whether the Claim constitutes a capital asset in the hands of the U.S. Holder and how long it has been held, whether the Claim was acquired at market discount, and whether and to what extent the U.S. Holder previously had claimed a bad debt deduction.

A U.S. Holder's tax basis in any New Common Stock and Subscription Rights received will equal the fair market value of such stock and rights. The holding period for any New Common Stock and Subscription Rights received generally will begin the day following the issuance of such stock and rights.

2. Distributions in Respect of Accrued Interest.

In general, to the extent that any consideration received by a U.S. Holder of an Allowed Claim (whether in cash, stock or other property) is received in satisfaction of interest or original issue discount ("***OID***") that accrued during its holding period, such amount will be taxable to the U.S. Holder as interest income (if not previously included in the U.S. Holder's gross income). Conversely, a U.S. Holder generally recognizes a deductible loss to the extent any accrued interest or amortized OID was previously included in its gross income and is not paid in full. However, the IRS has privately ruled that a U.S. Holder of a Claim in an otherwise tax-free exchange could not claim a current deduction with respect to any unpaid OID. Accordingly, it is also unclear whether, by analogy, a U.S. Holder of a Claim in a fully taxable exchange would be viewed by the IRS as required to recognize a capital loss, rather than an ordinary loss, with respect to previously included OID that is not paid in full.

The Plan provides that consideration received in respect of an Allowed Claim is allocable first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent of any excess, to the remainder of the Claim, including any Claim for accrued but unpaid interest (in contrast, for example, to a pro rata allocation of a portion of the exchange consideration received between principal and interest, or an allocation first to accrued but unpaid interest). There is no assurance that the IRS will respect such allocation for U.S. federal income tax purposes.

3. Tax Treatment of Subscription Rights.

The characterization of the Subscription Rights and their subsequent exercise for U.S. federal income tax purposes – as simply the exercise of options to acquire the underlying stock and notes or, alternatively, as an integrated transaction pursuant to which the underlying stock and notes are acquired directly in partial satisfaction of a U.S. Holder's Claim – is uncertain. Regardless of the characterization, however, a U.S. Holder of Subscription Rights generally will not recognize any gain or loss upon the exercise of such Subscription Rights (beyond the gain or loss recognized in respect of its Claim, as described above).

A U.S. Holder's aggregate tax basis in the New Common Stock and IntermediateCo Note received upon exercise of a Subscription Right should be equal to the sum of (i) the amount paid for the New Common Stock and IntermediateCo Notes and (ii) the U.S. Holder's tax basis, if any, in the Subscription Rights (or underlying stock and notes) due to the receipt of such interest in partial satisfaction of its Allowed Claim. The IntermediateCo Notes are intended to have a fair market value approximately equal to their stated principal amount. Accordingly, pursuant to the Plan and the terms of the Subscription Rights, the exercise price will be allocated to the IntermediateCo Notes in an amount equal to their stated principal amount, with the remainder allocated to the New Common Stock. The Debtors believe that a U.S. Holder's tax basis in its respective notes and stock received should be determined consistent with this allocation. A U.S. Holder will commence a new holding period with respect to the New Common Stock and IntermediateCo Notes acquired.

Upon the lapse or disposition of a Subscription Right, the U.S. Holder generally would recognize gain or loss equal to the difference between the amount received (zero in the case of a lapse) and its tax basis in the Subscription Right (if any). In general, such gain or loss would be a capital gain or loss, long-term or short-term, depending upon whether the requisite holding period was satisfied.

4. Ownership and Disposition of the IntermediateCo Notes.

a. *Stated Interest and Original Issue Discount.*

The IntermediateCo Notes will be issued with OID in an amount equal to the excess of the "stated redemption price at maturity" of the notes over their "issue price." For purposes of the foregoing, the general rule is that the stated redemption price at maturity of a debt instrument is the sum of all payments provided by the debt instrument other than payments of qualified stated interest. None of the stated interest payments on the IntermediateCo Notes will constitute qualified stated interest, due to the ability to defer the payment of such interest

until the maturity of the notes. Thus, cash interest on the IntermediateCo Notes will be included in the stated redemption price at maturity and taxed as part of OID.

The "issue price" of the IntermediateCo Notes principally depends on whether, at any time during the 60-day period ending 30 days after the exchange date, such notes are traded on an "established market." If the IntermediateCo Notes are treated for this purpose as traded on an established market, the issue price of the IntermediateCo Notes will equal the fair market value of such notes, as of the Effective Date. In such event, an IntermediateCo Note will be treated as issued with additional OID to the extent that its issue price is less than its principal amount. As indicated in the preceding section, the IntermediateCo Notes are intended to have a fair market value approximately equal to their stated principal amount. Consistent therewith, the terms of the Subscription Rights provide for an allocation of the exercise price to the IntermediateCo Notes in an amount equal to their stated principal amount. Accordingly, whether or not the IntermediateCo Notes are traded on an established market, the Debtors expect that the "issue price" of the note will be their stated principal amount. In general, the Debtors' determination of issue price will be binding on all holders (subject to examination by the IRS), other than a holder that explicitly discloses its inconsistent treatment in a statement attached to its timely filed tax return for the taxable year in which the holder acquires the IntermediateCo Notes.

Pursuant to applicable Treasury regulations, an "established market" need not be a formal market. It is sufficient that the notes appear on a system of general circulation (including a computer listing disseminated to subscribing brokers, dealers or traders) that provides a reasonable basis to determine fair market value by disseminating either recent price quotations or actual prices of recent sales transactions. Also, under certain circumstances, notes are considered to be publicly traded when price quotations for such notes are readily available from dealers, brokers or traders. There can be no assurance that the IntermediateCo Notes will not be traded on an "established market" on or after the Effective Date. If the IntermediateCo Notes are traded on an established market and, contrary to the Debtors' expectation, the fair market value of such notes is less than their stated principal amount, then such notes could have additional OID and, depending on the value, such OID could be substantial.

A U.S. Holder generally must include OID in gross income as it accrues over the term of the notes using the "constant yield method" without regard to its regular method of accounting for U.S. federal income tax purposes, and in advance of the receipt of cash payments attributable to that income. However, a U.S. Holder generally will not be required to include separately in income cash interest payments paid or accrued on the notes. Any OID that a U.S. Holder includes in income will increase its tax basis in the notes, and any cash interest payments will reduce its tax basis in the notes by the amount of the payments.

Any OID on the IntermediateCo Notes generally will be amortizable by IntermediateCo utilizing the constant yield method and deductible as interest as it accrues, unless the IntermediateCo Notes are treated as applicable high yield discount obligations ("***AHYDOs***") within the meaning of the Tax Code. Based on the expected issue price of the IntermediateCo Notes, the Debtors do not expect that the IntermediateCo Notes will be subject to the AHYDO rules; however, there can be no assurance that the IRS will not take a contrary position (in which event the deduction could be deferred and a portion possibly disallowed).

The income of a corporate holder of the IntermediateCo Notes with respect to any portion of the OID for which a deduction is disallowed generally would be treated as a dividend for purposes of the dividends-received-deduction to the extent IntermediateCo has sufficient "earnings and profits" such that a similar distribution in respect of stock would have been treated as a dividend for U.S. federal income tax purposes. Presumably, a corporate holder's entitlement to a dividends-received-deduction would be subject to the normal holding period and taxable income requirements and other limitations applicable to dividends-received-deductions.

b. *Possible Acquisition at a Market Discount.*

If the IntermediateCo Notes are not traded on an established market, such that their issue price is equal to their stated principal amount irrespective of the fair market value of the notes, it is possible (although contrary to the Debtors' expectations) that the IntermediateCo Notes can have a fair market value significantly less than the stated principal amount. In such event, the notes will have been acquired at a market discount, and the holder will be subject to the market discount rules of the Tax Code (unless the discount is less than a *de minimis* amount).

Under the market discount rules, a holder is required to treat any principal payment on, or any gain recognized on the sale, exchange, retirement or other disposition of, an IntermediateCo Note as ordinary income to the extent of the market discount that is treated as having accrued on such note at the time of such payment or disposition and has not yet previously been included in income. A holder can be required to defer the deduction of a portion of the interest expense on any indebtedness incurred or maintained to purchase or to carry a market discount note, unless an election is made to include all market discount in income as it accrues. Such an election would apply to all bonds acquired by the holder on or after the first day of the first taxable year to which such election applies, and may not be revoked without the consent of the IRS.

Any market discount will be considered to accrue on a straight-line basis during the period from the date of acquisition of such IntermediateCo Notes to the maturity date of such notes, unless the holder irrevocably elects to compute the accrual on a constant yield basis. This election can be made on a note-by-note basis.

c. *Sale, Exchange or Other Disposition of the IntermediateCo Notes (including Conversion).*

Any gain or loss recognized by a U.S. Holder on a sale, exchange or other disposition of the IntermediateCo Notes (including the conversion of the notes into New Common Stock) generally should be capital gain or loss in an amount equal to the difference, if any, between the amount realized by the U.S. Holder and the U.S. Holder's adjusted tax basis in the notes immediately before the sale, exchange, conversion or other disposition (increased for any OID accrued through the date of disposition, which OID would be includible as ordinary income, less any cash payments of stated interest). Any such gain or loss generally should be long-term capital gain or loss if the U.S. Holder's holding period in its interests is more than one year at that time.

A U.S. Holder's tax basis in any New Common Stock received upon a conversion of the IntermediateCo Notes generally should equal the fair market value of such stock, and the holding period for any New Common Stock received generally will begin the day following the issuance of such stock.

5. Information Reporting and Backup Withholding.

Payments of interest or dividends (including accruals of OID) and any other reportable payments, possibly including amounts received pursuant to the Plan and payments of proceeds from the sale, retirement or other disposition of stock and notes, may be subject to "backup withholding" (currently at a rate of 28%) if a recipient of those payments fails to furnish to the payor certain identifying information or to make certain certifications. Backup withholding is not an additional tax. Any amounts deducted and withheld should generally be allowed as a credit against that recipient's U.S. federal income tax, if any, provided that appropriate proof is provided to the IRS under rules established by the IRS. Furthermore, certain penalties may be imposed by the IRS on a recipient of payments that is required to supply information but does not do so in the proper manner. Backup withholding generally should not apply with respect to payments made to certain exempt recipients, such as corporations and financial institutions. Information may also be required to be provided to the IRS concerning payments, unless an exemption applies. U.S. Holders should consult their tax advisers regarding their qualification for exemption from backup withholding and information reporting, and the procedures for obtaining such an exemption.

Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of certain thresholds. U.S. Holders are urged to consult their tax advisers regarding these regulations and whether the exchanges contemplated by the Plan would require disclosure on the U.S. Holders' tax returns.

C. Consequences to Non-U.S. Holders of Certain Claims.

1. Exchanges under the Plan.

a. *Consequences of Exchange.*

Subject to the discussion below with respect to accrued interest, a non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain realized in an exchange of Allowed Claims pursuant to the Plan, unless (i) the holder is an individual who was present in the United States for 183 days or more during the taxable year, such holder has a "tax home" in the United States and certain other conditions are met, or (ii) such gain is effectively connected with such non-U.S. Holder's conduct of a trade or business within the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States). If the first exception applies, to the extent that any gain is taxable (*i.e.*, not deferred under the rules applicable to tax-free exchanges), the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable

income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of the Claims. If the second exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

b. ***Accrued Interest.***

Payments to a non-U.S. Holder that are attributable to accrued interest (including OID and any imputed interest) generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, an IRS Form W-8BEN, IRS Form W-8EXP or, in either case, a successor form) establishing that the non-U.S. Holder is not a U.S. person, unless

(1) the non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of Aleris stock that are entitled to vote,

(2) the non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to the issuer (each, within the meaning of the Tax Code),

(3) the non-U.S. Holder is a bank which acquired the Allowed Claim by making a loan in the ordinary course of its trade or business, or

(4) such interest is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States (and if an income tax treaty applies, such interest is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) (in which case, provided the non-U.S. Holder provides a properly-executed IRS Form W-8ECI (or successor form) to the withholding agent, the non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the interest or OID at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

A non-U.S. Holder that does not qualify for exemption from withholding tax under the foregoing paragraph generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax

treaty) on payments that are attributable to accrued interest (including OID). For purposes of providing a properly-executed IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8EXP (or, in each case, a successor form), special procedures are provided under applicable Treasury regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

The Plan provides that consideration received in respect of a Claim is allocable first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent of any excess, to the remainder of the Claim, including any Claim for accrued but unpaid interest (in contrast, for example, to a pro rata allocation of a portion of the exchange consideration received between principal and interest, or an allocation first to accrued but unpaid interest). There is no assurance that the IRS will respect such allocation for U.S. federal income tax purposes. You are urged to consult your own tax adviser regarding the allocation of consideration and the deductibility of accrued but unpaid interest for U.S. federal income tax purposes.

Payments of accrued market discount are not treated as interest for purposes of applicable U.S. withholding tax rules.

c. ***Treaty Benefits.***

To claim the benefits of a treaty, a non-U.S. Holder must provide a properly-executed IRS Form W-8BEN or IRS Form W-8EXP (or, in either case, a successor form) prior to the payment.

2. Tax Treatment of Subscription Rights.

The rules described above in Section X.B.3, entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to U.S. Holders of Certain Claims – Tax Treatment of Subscription Rights," generally apply with respect to the Subscription Rights to a non-U.S. Holder, except that any reference to stock ownership in such Section should be to stock ownership in HoldCo. However, on lapse or disposition of a Subscription Right any gain or loss would not be subject to U.S. federal income tax unless (i) such gain or loss is effectively connected with such non-U.S. Holder's conduct of a trade or business within the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States), or (ii) HoldCo is or has been a United States real property holding corporation ("***USRPHC***") (within the meaning of the Tax Code) at any time during such holder's holding period. The Debtors do not expect HoldCo to be regarded as a USRPHC during the period the Subscription Rights are exercisable.

3. Ownership and Disposition of New Common Stock.

a. ***Dividends.***

Any distributions made on New Common Stock (including any constructive distributions thereon) constitute dividends for U.S. federal income tax purposes to the extent of HoldCo's current or accumulated earnings and profits as determined under U.S. federal income

tax principles. Except as described below, dividends paid on New Common Stock held by a non-U.S. Holder that are not effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A non-U.S. Holder generally will be required to satisfy certain IRS certification requirements (including obtaining and furnishing an IRS tax identification number) in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or IRS Form W-8EXP (or, in either case, a successor form) upon which the non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid on New Common Stock held by a non-U.S. Holder that are effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

b. ***Sale or Exchange.***

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on gain realized on the sale or exchange of New Common Stock received pursuant to the Plan unless (i) such holder is an individual who was present in the United States for 183 days or more during the taxable year, has a "tax home" in the United States and certain other conditions are met, (ii) such gain is effectively connected with such non-U.S. Holder's conduct of a trade or business within the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) or (iii) HoldCo is or has been a USRPHC at any time within the shorter of the five-year period preceding such disposition or such holder's holding period.

If the first exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of the New Common Stock. If the second exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

The Debtors believe that HoldCo will not be a USRPHC for U.S. federal income tax purposes immediately after the Effective Date. Although the Debtors consider it unlikely based on HoldCo's current business plans and operations, HoldCo may become a USRPHC in the future. If HoldCo were to become a USRPHC, a non-U.S. Holder might be subject to U.S.

federal income tax (but not the branch profits tax) with respect to gain realized on the disposition of New Common Stock.

4. Ownership and Disposition of the IntermediateCo Notes.

a. *Stated Interest and Original Issue Discount.*

The rules described above under Section X.C.1.b, entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to Non-U.S. Holders of Certain Claims – Exchanges under the Plan – Accrued Interest," generally apply with respect to interest or OID on the IntermediateCo Notes paid to a non-U.S. Holder.

b. *Sale, Exchange or Other Disposition of the IntermediateCo Notes (including Conversion).*

The rules described above under Section X.C.1.a, entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to Non-U.S. Holders of Certain Claims – Exchanges under the Plan – Consequences of Exchange," generally apply with respect to any gain realized on the sale, exchange or other taxable disposition (including a cash redemption or a conversion of the IntermediateCo Notes into New Common Stock) of the IntermediateCo Notes by a non-U.S. Holder. However, on the sale, exchange or other disposition of an IntermediateCo Note, any gain or loss would not be subject to U.S. federal income tax unless (i) such gain or loss is effectively connected with such non-U.S. Holder's conduct of a trade or business within the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) or (ii) HoldCo is or has been a USRPHC at any time within the shorter of the five-year period preceding such disposition or such holder's holding period.

A non-U.S. Holder's tax basis in any New Common Stock received upon the conversion of the IntermediateCo Notes will equal the fair market value of such stock at the time of the conversion, and the holding period for any New Common Stock received generally will begin the day following the issuance of such stock.

5. Information Reporting and Backup Withholding.

A non-U.S. Holder generally will not be subject to backup withholding with respect to payments of interest (including accruals of OID) or dividends and any other reportable payments, including amounts received pursuant to the Plan and payments of proceeds from the sale, retirement or other disposition of the consideration received in exchange for Allowed Claims pursuant to the Plan, as long as (i) the payor or broker does not have actual knowledge or reason to know that the holder is a U.S. person, and (ii) the holder has furnished to the payor or broker a valid IRS Form W-8BEN or IRS Form W-8EXP (or, in either case, a successor form) certifying, under penalties of perjury, its status as a non-U.S. person or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules from a payment to a non-U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability, if any, or will otherwise be refundable, provided that the requisite procedures are

followed and the proper information is filed with the IRS on a timely basis. You should consult your own tax adviser regarding your qualification for exemption from backup withholding and the procedure for obtaining such an exemption, if applicable.

In addition to the foregoing, HoldCo Group generally must report to a non-U.S. Holder and to the IRS the amount of interest (including OID) and dividends paid to each non-U.S. Holder during each calendar year and the amount of tax, if any, withheld from such payments. Copies of the information returns reporting such amounts and withholding may be made available by the IRS to the tax authorities in the country in which a non-U.S. Holder is a resident under the provision of an applicable income tax treaty or other agreement.

a. ***Pending Legislation.***

Under Section 501 of the Tax Extenders Act of 2009, which was enacted by the House of Representatives, but not the Senate, payments to certain foreign entities may be subject to a 30% withholding tax unless such persons comply with certain information gathering and reporting requirements. Consult your tax adviser concerning the potential application of this legislation to your particular circumstances.

The foregoing summary has been provided for informational purposes only. All holders of Claims receiving a distribution under the Plan are urged to consult their tax advisers concerning the U.S. federal, state, local and foreign tax consequences applicable to them under the Plan.

XI.

GERMAN INCOME TAX CONSEQUENCES OF THE PLAN.

The following discussion summarizes certain German income tax consequences of the implementation of the Plan to ADH. *See* Section X.B, entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to U.S. Holders of Certain Claims" and Section X.C entitled, "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Consequences to Non-U.S. Holders of Certain Claims" for a discussion summarizing certain U.S. federal income tax consequences of the implementation of the Plan to certain holders of Claims.

The discussion of the German income tax consequences below is based on the German tax code in effect on the date of this Disclosure Statement, which is subject to change or differing interpretations (possibly with retroactive effect). The German income tax consequences of the contemplated transactions are complex and are subject to significant uncertainties. The Debtors have not requested and do not expect to request a ruling from any tax authority with respect to any of the tax aspects of the contemplated transactions, and the discussion below is not binding upon such authorities. Thus, no assurance can be given that the German tax authorities would not assert, or that a court would not sustain, a different position from any discussed herein.

The following summary of certain German income tax consequences to ADH is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances.

Holders of Claims and Interests are hereby notified that: (i) any discussion of German tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims and Interests for the purpose of avoiding penalties that may be imposed on them; (ii) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (iii) holders of Claims and Interests should seek advice based on their particular circumstances from an independent tax advisor.

A. Elimination of Tax Carryforwards.

For German income tax purposes, ADH and certain of its Non-Debtor German subsidiaries form a fiscal unity of corporations, of which ADH is the common parent (the "***ADH Tax Group***"). ADH as the parent of the ADH Tax Group has no NOL carryforwards for German income tax purposes as of the end of 2008, but is expected to report operating losses for its taxable year ended December 31, 2009. Additionally, ADH as the parent of the ADH Tax Group has an interest expense limitation ("***IEL***") carryforward of approximately € 18.4 million for German income tax purposes as of the end of 2008 and expects to report IEL carryforward for its taxable year ended December 31, 2009. The IEL results from recent German tax legislation effective January 1, 2008 which generally limits the deduction of interest expense for German income tax purposes to 30% of taxable earnings before deductions for interest, taxes,

depreciation and amortization. The amount of any such NOL and IEL carryforwards and other losses remains subject to audit and adjustment by the German tax authorities.

It is anticipated that the carryforwards discussed above and a portion of any 2010 operating losses will be forfeited as a result of the indirect change-in-ownership in the U.S. upon emergence from bankruptcy. German tax law requires the reduction of these tax attributes as a result of a greater than 50% direct or indirect change-in-ownership.

B. Transfer of Allowed European Roll-Up Term Loan Claims and Allowed European Term Loan Claims.

Upon the Effective Date, the Plan will effectuate the transfer of all Allowed European Roll-Up Term Loan Claims and all Allowed European Term Loan Claims to the European Term Loan Acquisition Entity (the "***Assignments***"), after which certain terms and conditions of the loan may be modified (*e.g.*, interest rate). In consideration for the Assignments, the holders of the Allowed European Roll-Up Term Loan Claims and Allowed European Term Loan Claims will receive either (i) a combination of New Common Stock and their respective Subscription Rights, or (ii) Cash. As a result of the Assignments, the Allowed European Roll-Up Term Loan Claims and the Allowed European Term Loan Claims will continue to be outstanding claims against ADH held by the European Term Loan Acquisition Entity; such claims will not be cancelled or discharged.

The Debtors believe that, for German income tax purposes, the Assignments should be respected as acquisitions by the European Term Loan Acquisition Entity and, thus, should not be a taxable event to ADH (even though the European Term Loan Acquisition Entity is indirectly related to ADH through common ownership). The acquisition of debt below its face value by a person related to a debtor company has been dealt with in German tax court decisions in the past. Accordingly, the Debtors believe that there should not be a deemed dividend leading to increased income to ADH in the amount of the difference between the face value and the purchase price of the debt plus any withholding tax. Similarly the Debtors believe that the Assignments should not be considered deemed waivers of the European Roll-Up Term Loan Claims and the European Term Loan Claims, which could otherwise result in taxable waiver income to ADH up to the face value of the debt.

C. Participation in Chapter 11 Process.

For German tax purposes, a transaction with an affiliate can result in a deemed dividend unless the transaction is considered to be at arm's length. ADH's determination to file for Chapter 11 under joint administration and participate in the Chapter 11 plan was based on its separate evaluation of the overall net benefits of the process to ADH. As such, ADH's decision to participate in the Chapter 11 process should itself not result in the imposition of a deemed dividend.

There is no assurance that the German fiscal authorities and/or the German tax courts will not take a contrary position to those espoused above. The foregoing summary has been provided for informational purposes only. All holders of Claims receiving a distribution

under the Plan are urged to consult their tax advisors concerning the German tax consequences applicable to them under the Plan.

XII.

CONFIRMATION AND CONSUMMATION PROCEDURE

A. Plan Support Agreements.

Upon execution of the Plan Support Agreement by a Backstop Party, such Backstop Party will agree, among other things, subject to the terms and conditions stated therein, to timely vote or cause to be voted all of the claims held by such Backstop Party to accept the Plan, and not to consent to, or otherwise directly or indirectly seek, solicit, support or vote in favor of any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of Aleris that could reasonably be expected to prevent, delay or impede the restructuring or reorganization of Aleris in accordance with the Plan. The Plan Support Agreements further provide for a prohibition against the sale, assignment, transfer or other disposition of, directly or indirectly (each such disposition, for the avoidance of doubt not including a pledge or collateral assignment or other grant of a security interest until the occurrence of a transfer pursuant to enforcement thereof), all or any of such party's claims (including any voting rights associated with such claims), unless the transferee agrees in an enforceable writing to assume and be bound by the Plan Support Agreement, and to assume the rights and obligations of such party under the Plan Support Agreement and promptly delivers such writing to Aleris.

A "***Termination Event***" occurs pursuant to the Plan Support Agreement upon the occurrence of any of the following events (among others):

- the Board of Directors of Aleris determines that continued pursuit of the Plan is inconsistent with its fiduciary duties;
- a Confirmation Order is not entered by the Bankruptcy Court on or before the one hundred and twentieth (120^{th}) day following the date the Plan was filed with the Bankruptcy Court;
- the Effective Date shall not have occurred on or before the Termination Date (as defined in the Equity Commitment Agreement);
- any party has breached any material provision of the Plan Support Agreements or the Equity Commitment Agreement, the waiver of which breach of the Equity Commitment Agreement would be a Subject Change (as defined in the Equity Commitment Agreement), and any such breach has not been duly waived or cured after a period of five (5) days;
- Aleris shall (i) withdraw the Plan or (ii) publicly announce its intention not to support the Plan; or
- the release of the guarantee claims against certain of the Debtors' affiliates pursuant to the *Release* dated February 5, 2010 shall cease to be in full force and effect.

B. Substantive Consolidation for Voting and Distribution Purposes.

1. Deemed Substantive Consolidation.

Pursuant to Section 6.4.1 of the Plan, for administrative convenience, the U.S. Debtors' estates will be substantively consolidated for voting, confirmation, and distribution purposes only. Absent the substantive consolidation provided herein, no recovery would be available to Creditors in U.S. Debtors Class 4 (Convenience Claims) and U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims). The funding of the recoveries to these Creditors essentially is coming from collateral that would otherwise be available to be distributed to holders of U.S. Roll-Up Term Loan Claims, which, after satisfaction of the DIP ABL Facility and the DIP New Money Term Loan Facility, have liens on substantially all the assets of the U.S. Debtors and superpriority Administrative Expenses against each of the U.S. Debtors. Accordingly, the U.S. Debtors believe that the substantive consolidation under the Plan will be consensual, and no creditor will be prejudiced by the deemed substantive consolidation.

Entry of the Confirmation Order shall constitute approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the limited consolidation of the U.S. Debtors' chapter 11 cases.

On and after the Effective Date:

(1) All guarantees by any of the U.S. Debtors of the obligations of any other U.S. Debtor arising prior to the Effective Date shall be deemed eliminated so that any Claim against any U.S. Debtor and any guarantee thereof executed by any other U.S. Debtor and any joint and several liability of any of the U.S. Debtors shall be deemed to be one obligation of the deemed consolidated U.S. Debtors, and

(2) Each and every General Unsecured Claim and the U.S. Roll-Up Term Loan Claims filed or to be filed in the Chapter 11 Cases against one or more of the U.S. Debtors shall be deemed filed against the consolidated U.S. Debtors and shall be deemed one Claim against and an obligation of the deemed consolidated U.S. Debtors.

The substantive consolidation shall not affect the following:

(3) The mutuality requirements imposed by section 553 of the Bankruptcy Code in connection with any setoff rights asserted by a Creditor;

(4) The allowance or treatment of U.S. Affiliate Claims;

(5) The legal and organizational structure of the Reorganized U.S. Debtors;

(6) Pre- and post-Commencement Date liens, guarantees, and security interests that are required to be maintained in connection with the following:

(A) Executory contracts that were entered into during the U.S. Debtors' chapter 11 cases or that have been or will be assumed pursuant to section 365 of the Bankruptcy Code;

(B) The Plan;

(C) The DIP Credit Agreements; or

(D) The Exit ABL Facility; or

(7) Distributions out of any insurance policies or distributions out of proceeds of such policies.

2. Reservation of Rights.

Pursuant to Section 6.4.2 of the Plan, notwithstanding Section 6.4.1 of the Plan, the U.S. Debtors reserve the right to deconsolidate any or all of the U.S. Debtors and tabulate votes on a debtor-by-debtor basis.

C. Confirmation Procedure.

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

1. Solicitation of Votes.

In accordance with sections 1126 and 1129 of the Bankruptcy Code, the Claims in each of U.S. Debtors Classes 3 (U.S. Roll-Up Term Loan Claims), 4 (Convenience Claims), 5 (General Unsecured Claims other than Convenience Claims and Debt Claims), and 7 (Insured Claims) and the Claims in each of ADH Classes 2 (European Roll-Up Term Loan Claims) and 3 (European Term Loan Claims) are impaired, and the holders of Claims in each of such classes are entitled to vote to accept or reject the Plan in the manner and to the extent set forth in the Voting Procedures. Detailed voting instructions are provided with the Ballot accompanying this Disclosure Statement and are set forth in the Voting Procedures annexed to this Disclosure Statement. Pursuant to the Voting Procedures, any Creditor holding a Claim in an impaired Class under the Plan may vote on the Plan so long as such Claim has not been disallowed and is not the subject of an objection pending as of the "***Voting Record Date***" [DATE], the date that is two (2) Business Days before the commencement of the hearing on the disclosure statement. Nevertheless, if a Claim is the subject of such an objection, the holder thereof may vote if, prior to the Voting Deadline ([DATE], 2010), such holder obtains an order of the Bankruptcy Court, or the Bankruptcy Court approves a stipulation between the Debtors and such holder, fully or partially allowing such Claim, whether for all purposes or for voting purposes only. ***You must file any motion seeking to allow a Claim for voting purposes no later than the fifteenth (15th)***

day after the later of (i) [DATE], 2010 (the deadline for the Debtors to complete their mailing of solicitation packages) and (ii) service of the notice of an objection, if any, to such Claim.

Claims in each of U.S. Debtors Classes 1 (Priority Non-Tax Claims), 2 (Other U.S. Secured Claims), 6 (U.S. Affiliate Claims), and 10 (Other U.S. Equity Interests) and ADH Classes 1 (German Tranche of U.S. DIP Loan Claims), 4 (Other ADH Claims), and 5 (ADH Equity Interests) are unimpaired. The holders of Allowed Claims and Equity Interests in each of such classes are conclusively presumed to have accepted the Plan, and the solicitation of acceptances with respect to each such Class is not required under section 1126(f) of the Bankruptcy Code. If your Claim or Equity Interest is in one of these classes, you will not receive a Ballot.

U.S. Debtors Classes 8 (Aleris Equity Interests) and 9 (Cancelled U.S. Equity Interests) are impaired by the Plan, and the holders of Equity Interests in such Classes are presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. If you hold a U.S. Debtors Class 8 or 9 Equity Interest, you will not receive a Ballot.

As to classes of claims entitled to vote on a plan, the Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that have timely voted to accept or reject a plan. Please refer to the Voting Procedures for special rules concerning the calculation of the amount of Claims voting in a Class of Claims.

2. The Confirmation Hearing.

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. The Confirmation Hearing in respect of the Plan has been scheduled to commence on [DATE], 2010, at [TIME], at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Wilmington, Delaware 19801, Courtroom number 1. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court or the Debtors without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

Any objection to confirmation must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection, and the amount and Class of the Claim or Equity Interest held by the objector. Any such objection must be filed with the Bankruptcy Court and served so that it is received by the Bankruptcy Court and the persons identified as the Notice Parties in the Disclosure Statement Order (attached as Exhibit "B" to this Disclosure Statement) on or before [DATE], 2010, at [TIME], Wilmington, Delaware time. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

3. Confirmation.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of the Plan are that the Plan is (i) accepted by all impaired Classes of Claims and Equity Interests or, if rejected by an impaired Class, that the Plan "does not

discriminate unfairly" and is "fair and equitable" as to such class, (ii) feasible, and (iii) in the "best interests" of creditors and stockholders that are impaired under the Plan.

4. Acceptance.

U.S. Debtors Classes 3, 4, 5, and 7 and ADH Classes 2 and 3 are impaired under the Plan and are entitled to vote to accept or reject the Plan. U.S. Debtors Classes 1, 2, 6, and 10 and ADH Classes 1, 4, and 5 are unimpaired and are conclusively deemed to have voted to accept the Plan. U.S. Debtors Classes 8 and 9 are impaired by the Plan and are conclusively deemed to have voted to reject the Plan. Because the U.S. Debtors Classes 8 (Aleris Equity Interests) and 9 (Cancelled U.S. Equity Interests) are deemed to have rejected the Plan, the Debtors intend to seek confirmation of the Plan in accordance with section 1129(b) of the Bankruptcy Code. In the event that any impaired Class of Claims shall fail to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, the Debtors intend to (i) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case the Plan itself shall constitute a motion for such relief, or (ii) amend the Plan in accordance with Section 4.1 of the Plan.

5. Unfair Discrimination and Fair and Equitable Tests.

To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, nonaccepting Class.

a. *The Fair and Equitable Test*

The Bankruptcy Code provides the following non-exclusive definition of the phrase "fair and equitable" as it applies to secured creditors, unsecured creditors, and equity holders:

(1) Secured Creditors.

With respect to any holder of a secured claim that rejects a plan, the Bankruptcy Code requires that either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale, and the treatment of such liens on proceeds is provided in clause (i) or (ii) of this subparagraph. Holders of substantial portions of U.S. Debtors Class 3 (U.S. Roll-Up Term Loan Claims) and ADH Classes 2 (European Roll-Up Term Loan Claims) and 3 (European Term Loan Claims) have agreed through the Plan Support Agreements to support the Plan. In the event, however, that any of these classes nonetheless votes to reject the Plan, this test would apply to the extent that the Claims in any such rejecting class are Secured Claims.

(2) Unsecured Creditors.

With respect to any class of unsecured claims that rejects a plan, the Bankruptcy Code requires that either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim, or (ii) the holders of claims and interests that are junior to the claims of the rejecting class of unsecured creditors will not receive or retain any property under the plan on account of such junior claim or interest. This test will be applicable if any of U.S. Debtors Classes 4 (Convenience Claims), 5 (General Unsecured Claims other than Convenience Claims and Debt Claims), or 7 (Insured Claims) votes to reject the Plan. Because U.S. Debtors Class 8 (Aleris Equity Interests) and U.S. Debtors Class 9 (Cancelled U.S. Equity Interests) are not receiving or retaining anything under the Plan, the Plan satisfies this test.

(3) Equity Holders.

With respect to any class of equity interests that rejects a plan, the Bankruptcy Code requires that either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled, or the value of the interest, or (ii) the holder of an interest that is junior to the non-accepting class will not receive or retain any property under the plan on account of such junior interest. This test will be applicable to U.S. Debtors Class 8 (Aleris Equity Interests) and U.S. Debtors Class 9 (Cancelled U.S. Equity Interests), which are deemed to have rejected the Plan. Because no class is junior to U.S. Debtors Class 8 (Aleris Equity Interests) or U.S. Debtors Class 9 (Cancelled U.S. Equity Interests), the Plan satisfies this test.

The Debtors believe that the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for nonconsensual confirmation of the Plan.

6. Unfair Discrimination Test.

For a plan to be approved even though a Class of Creditors rejects the Plan, the Plan must not "discriminate unfairly" against any impaired and non-accepting class. Discrimination may exist if there is a difference in treatment between a dissenting class and another class of the same priority that results in a materially lower recovery to the dissenting class or a materially greater risk in connection with the distribution to the dissenting class. None of the impaired classes under the Plan is receiving more than a 100% recovery under the Plan. No two classes in the Plan are similarly situated. Although the Claims in U.S. Debtors Class 5 (General Unsecured Claims) and U.S. Debtors Class 7 (Insured Claims) are General Unsecured Claims, the treatment of such Claims takes into account that, unlike the General Unsecured Claims, Insured Claims may be covered by insurance. In addition, Claimants that elect to treat their Claims as Insured Claims take the risk that such Claims may not be covered by insurance or that the deductibles relating to such Claims may exceed the Allowed Amount of such Claims. Moreover, holders of U.S. Debtors Class 5 General Unsecured Claims and U.S. Debtors Class 7 Insured Claims may both elect treatment in U.S. Debtors Class 4 Convenience Claims, and holders of U.S. Debtors Class 7 Insured Claims may elect treatment in U.S. Debtors Class 5. In

light of the foregoing, the Debtors believe that, if any of the U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims or Insured Claims) or Class 8 (Insured Claims) votes to reject the Plan, the different treatment of the General Unsecured Claims under the Plan satisfies the requirement that the Plan not unfairly discriminate against the rejecting class.

7. Feasibility.

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. As part of this analysis, the Debtors have prepared projections of their financial performance for the period from 2009 through 2014 (the "***Projection Period***"). These Projections, and the assumptions on which they are based, are included in the Projected Financial Information for the Reorganized Debtors included in the Financial Appendix annexed hereto as Exhibit "C." Based upon the Projections, the Debtors believe that the Reorganized Debtors will be able to make all payments required pursuant to the Plan, and, therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization. The Debtors further believe that the Reorganized Debtors will be able to repay or refinance the Exit ABL Facility and any and all of the secured indebtedness outstanding as of the Effective Date under the Plan at or prior to the maturity of such indebtedness.

The Projections consist of the following:

- a Projected Pro Forma Consolidated Balance Sheet of the Reorganized Debtors as of September 30, 2009 (which reflects the projected accounting effects of consummation of the Plan and the application of "fresh start" accounting principles), and for each of the years ending December 31, 2010 through December 31, 2014;

- a Projected Consolidated Income Statement for the Reorganized Debtors for the each of the years ending December 31, 2010 through December 31, 2014; and

- a Projected Consolidated Statements of Cash Flows for the Reorganized Debtors for the years ending December 31, 2010 through December 31, 2014.

The Projections are based upon the assumption that the Plan will be confirmed and, for projection purposes, that the Effective Date and the initial distributions take place as of June 1, 2010. Although the Projected Financial Information is based upon a June 1, 2010 Effective Date, the Debtors believe that an actual Effective Date as late as October 31, 2010 would not have any material adverse effect on the Projections.

The Debtors have prepared the Projections based upon certain assumptions that they believe to be reasonable under the circumstances. Those assumptions considered to be significant are described in the Projections. The Projections have not been examined or compiled by independent accountants. Many of the assumptions on which the Projections are

based are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the actual financial results. Therefore, the actual results achieved throughout the Projection Period may vary from the projected results, and the variations may be material. All holders of Claims that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the Projected Financial Information is based in evaluating the Plan.

8. Best Interests Test.

With respect to each impaired class of Claims and Equity Interests, confirmation of the Plan requires that each holder of a Claim or Equity Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is referred to as the "best interests test." To determine what holders of Claims and Equity Interests of each impaired Class would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The cash amount that would be available for satisfaction of Claims and Equity Interests would consist of the proceeds from the disposition of the assets of the Debtors. Any cash generated would first be paid to holders of Claims secured by the assets sold, in the order of priority of their respective security interests. A chart showing the relative priorities of claims asserted under the Prepetition ABL Agreements, the Prepetition Term Loan Agreements, the DIP ABL Credit Facility, and the DIP Term Credit Facility can be found at section IV.C.1.d, entitled, "THE CHAPTER 11 CASES – Significant Events During the Chapter 11 Cases – The DIP Credit Facilities – Collateral Securing the DIP Facilities."

The Debtors do not believe that any proceeds would be available to satisfy General Unsecured Claims after distributing the proceeds to holders of Other U.S. Secured Claims (U.S. Debtors Class 2), U.S. Roll-Up Term Loan Claims (U.S. Debtors Class 3), German Tranche of U.S. DIP Loan Claims (ADH Class 1), and European Roll-Up Term Loan Claims (ADH Class 2).

Moreover, before any proceeds could be distributed to holders of General Unsecured Claims, the Debtors would have to fund the costs of liquidating their assets. The Debtors' costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals that such a trustee may engage. In addition, claims would arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. The foregoing types of claims and other claims that may arise in a liquidation case or result from the pending Chapter 11 Cases, including any unpaid expenses incurred by the Debtors, as debtors in possession, during the Chapter 11 Cases, such as compensation for attorneys, financial advisers, and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition Claims.

To determine if the Plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of the liquidation of the Debtors' unencumbered

assets and properties, after subtracting the amounts attributable to the foregoing Claims, is then compared with the value of the property offered to such classes of Claims and Equity Interests under the Plan.

After considering the effects that chapter 7 liquidation would have on the ultimate proceeds available for distribution to Creditors in the Chapter 11 Cases, including (i) the increased costs and expenses of liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisers to such trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under a chapter 7 case and the "forced sale" atmosphere that would prevail, (iii) the substantial increases in Claims that would be satisfied on a priority basis or on a parity with Creditors in the Chapter 11 Cases, and (iv) the inability of the non-Debtor affiliates of the Debtors to continue their operations as going concerns following the conversion of the Chapter 11 Cases to Chapter 7 Cases, the Debtors have determined that confirmation of the Plan will provide each holder of an Allowed Claim or Equity Interest that rejects the Plan with a recovery that is not less than such holder would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

The Debtors also believe that the value of any distributions to each class of Allowed Claims in a chapter 7 case, including to all Allowed Secured Claims, would be less than the value of distributions under the Plan because such distributions in a chapter 7 case would not occur for a substantial period of time. It is likely that distribution of the proceeds of the liquidation could be delayed a number of years after the completion of such liquidations in order to resolve claims and prepare for distributions. In the likely event litigation was necessary to resolve claims asserted in the chapter 7 case, the delay could be prolonged.

The Debtors' liquidation analysis is attached hereto as Exhibit "E" (the "***Liquidation Analysis***"). The information set forth in Exhibit "E" provides a summary of the liquidation values of the Debtors' assets assuming a chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Debtors' estates. Reference should be made to the Liquidation Analysis for a complete discussion and presentation of the Liquidation Analysis.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although considered reasonable by the Debtors' management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors' management. The Liquidation Analysis is also based upon assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected may not be realized if the Debtors were, in fact, to undergo such a liquidation.

D. Consummation.

The Plan will be consummated on the Effective Date. For a more detailed discussion of the conditions precedent to consummation of the Plan and the impact of the failure to meet such conditions, *see* Section V.M.1, entitled, "THE PLAN OF REORGANIZATION – Confirmation of the Plan – Conditions Precedent to the Effective Date under the Plan."

The Plan is to be implemented pursuant to the provisions of the Bankruptcy Code.

XIII.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the Debtors' alternatives include (i) a sale of some or all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code, (ii) liquidation under chapter 7 of the Bankruptcy Code, and (iii) the preparation and presentation of an alternative plan of reorganization.

A. Sale Under Section 363 of the Bankruptcy Code.

If the Plan is not confirmed, the Debtors could request from the Bankruptcy Court, after notice and a hearing, authorization to sell their businesses, either on a going-concern basis or by selling their assets, under section 363 of the Bankruptcy Code. Holders of Secured Claims would be entitled to bid on any property to which their security interest is attached, and to offset their Claims against the purchase price of the property. In addition, the security interests in the Debtors' assets held by holders of Secured Claims would attach to the proceeds of any sale of the Debtors' assets. After these Claims are satisfied, the remaining funds could be used to pay holders of General Unsecured Claims. The Debtors do not believe a sale of their assets and/or businesses under section 363 of the Bankruptcy Code would yield a higher recovery for holders of secured Claims, and do not believe that such a sale would yield any recovery for holders of General Unsecured Claims.

B. Liquidation Under Chapter 7.

If no chapter 11 plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the Debtors' assets. A discussion of the effect that a chapter 7 liquidation would have on the recovery of holders of Claims is set forth in Section XII.C.8, entitled, "CONFIRMATION AND CONSUMMATION PROCEDURE – Confirmation – Best Interests Test." The Debtors believe that liquidation under chapter 7 would result in (i) smaller distributions being made to Creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee; (ii) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the Debtors' operations; and (iii) the failure to realize the greater, going concern value of all of the Debtors' assets.

C. Alternative Plan of Reorganization.

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of their assets. During the negotiations prior to the filing of the Plan, the Debtors explored various alternatives to the Plan.

The Debtors believe that the Plan enables them to emerge from chapter 11 successfully and expeditiously, allows them to preserve their businesses, and allows Creditors to realize the highest recoveries under the circumstances. In a liquidation under chapter 11 of the Bankruptcy Code, the Debtors' assets would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, and a trustee need not be appointed. Accordingly, creditors would receive greater recoveries than in a chapter 7 liquidation. Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, the Debtors believe that a liquidation under chapter 11 is a much less attractive alternative to Creditors than the Plan because the Plan provides a greater return to Creditors than a liquidation of any kind. In any liquidation, Creditors will be paid their distribution in Cash, whereas, under the Plan, some Creditors will receive a part of their distribution in New Common Stock and rights to participate in the Rights Offering.

XIV.

CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will provide the greatest recoveries to holders of Claims. In addition, other alternatives would involve significant delay, uncertainty, and substantial additional administrative costs. We urge holders of impaired Claims entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots to the address set forth thereon so that they will be received no later than 5:00 p.m., Wilmington, Delaware time, on [DATE].

Dated: [DATE]

Respectfully submitted,

Aleris International, Inc.
Alchem Aluminum Shelbyville Inc.
Alchem Aluminum, Inc.
Aleris Aluminum Europe, Inc.
Aleris Aluminum U.S. Sales Inc.
Aleris Blanking and Rim Products, Inc.
Aleris Light Gauge Products, Inc.
Aleris Nevada Management, Inc.
Aleris Ohio Management, Inc.
Aleris, Inc.
Alsco Holdings, Inc.
Alsco Metals Corporation
Alumitech of Cleveland, Inc.
Alumitech of Wabash, Inc.
Alumitech of West Virginia, Inc.
Alumitech, Inc.
AWT Properties, Inc.
CA Lewisport, LLC
CI Holdings, LLC
Commonwealth Aluminum Concast, Inc.
Commonwealth Aluminum Lewisport, LLC
Commonwealth Aluminum Metals, LLC
Commonwealth Aluminum Sales Corporation
Commonwealth Aluminum Tube Enterprises, LLC
Commonwealth Aluminum, LLC
Commonwealth Industries, Inc.
ETS Schaefer Corporation
IMCO Indiana Partnership L.P.
IMCO International, Inc.
IMCO Investment Company
IMCO Management Partnership, L.P.
IMCO Recycling of California, Inc.

IMCO Recycling of Idaho Inc.
IMCO Recycling of Illinois Inc.
IMCO Recycling of Indiana Inc.
IMCO Recycling of Michigan L.L.C.
IMCO Recycling of Ohio Inc.
IMCO Recycling of Utah Inc.
IMCO Recycling Services Company
IMSAMET, Inc.
Rock Creek Aluminum, Inc.
Silver Fox Holding Company
Wabash Alloys, L.L.C.
Aleris Deutschland Holding, GmbH

By: _____

Name: Sean M. Stack
Title: Executive Vice President and Chief Financial Officer of Aleris International, Inc., President of the other U.S. Debtors, and Managing Director of ADH

Exhibit "A"

The Joint Plan of Reorganization of Aleris International, Inc. and its Affiliated Debtors

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
ALERIS INTERNATIONAL, INC., *et al.*,	:	Case No. 09-10478 (BLS)
Debtors.	:	(Jointly Administered)

JOINT PLAN OF REORGANIZATION OF ALERIS INTERNATIONAL, INC. AND ITS AFFILIATED DEBTORS

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EXHIBITS TO THE PLAN

Exhibit No.	Description
1.1.5	Acquisition Agreement
1.1.32	Form of Amended and Restated Organizational Documents of HoldCo, IntermediateCo, and the Reorganized Debtors
1.1.48	Amendment to the Claims Settlement Guidelines
1.1.55	Contribution Agreement
1.1.84	Equity Commitment Agreement
1.1.112	Form of IntermediateCo Note Indenture
1.1.114	Terms of the IntermediateCo Preferred Stock
1.1.151	Form of Registration Rights Agreement
1.1.176	Form of Stockholders Agreement
7.10	Terms of the Amendment to European Term Loan Facility

SCHEDULES TO THE PLAN

Schedule No.	Description
1.1.11	ADH Liquidity Adjustment
1.1.12(j)	ADH Plan Deductions
1.1.108	Insured Claims
1.1.187	U.S. Liquidity Adjustment
1.1.188(o)	U.S. Plan Deductions
7.6.1	Transactions under Section 7.6.1 of the Plan (Merger/Dissolution/Consolidation)
7.6.3	Assets to Be Disposed under Section 7.6.3 (Disposition of Certain Assets)
7.11.2	Members of HoldCo Board of Directors
9.1	Executory Contracts and Leases to Be Assumed
9.2	Executory Contracts and Leases to Be Rejected
9.4	Previously Scheduled Contracts
9.8	Management Agreements

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
ALERIS INTERNATIONAL, INC., *et al.*,	:	Case No. 09-10478 (BLS)
Debtors.	:	(Jointly Administered)

JOINT PLAN OF REORGANIZATION OF ALERIS INTERNATIONAL, INC. AND ITS AFFILIATED DEBTORS

Aleris International, Inc. and its affiliated Debtors and Debtors in Possession (each as defined below) hereby propose the following joint plan of reorganization:

ARTICLE I

DEFINITIONS

1.1 Defined Terms.

As used herein, the following terms shall have the respective meanings specified below, unless the context otherwise requires:

1.1.1 ***2006 Senior Indenture.*** That certain Senior Indenture, dated December 19, 2006, among Aleris, as issuer, certain U.S. Debtors as guarantors, and LaSalle Bank National Association, as indenture trustee, pursuant to which Aleris issued those certain 2006 Senior Notes.

1.1.2 ***2006 Senior Notes.*** Those certain 9%/9.75% Senior Notes due 2014 and issued pursuant to the 2006 Senior Indenture.

1.1.3 ***2007 Senior Indenture.*** That certain Senior Indenture, dated September 11, 2007 among Aleris, as issuer, certain U.S. Debtors, as guarantors, and LaSalle Bank National Association, pursuant to which Aleris issued those certain 2007 Senior Notes.

1.1.4 ***2007 Senior Notes.*** Those certain 9% Senior Notes due 2014 and issued by Aleris pursuant to the 2007 Senior Indenture.

1.1.5 ***9019 Settlement.*** That certain settlement described in Section 7.3 of the Plan.

1.1.6 ***9019 Settlement Parties.*** Oaktree, Apollo, and the Debtors, each as parties to the 9019 Settlement.

1.1.7 ***Acquisition Agreement.*** That certain Asset Acquisition Agreement, dated February 5, 2010, among each OpCo, Aleris, and the Dissolving U.S. Subsidiaries, attached as Exhibit "1.1.7" to the Plan.

1.1.8 ***Administrative Bar Date Order*.** An order of the Bankruptcy Court setting a deadline to file a proof of claim asserting an Administrative Expense.

1.1.9 ***ADH*.** Aleris Deutschland Holding GmbH, as debtor and debtor in possession.

1.1.10 ***ADH Equity Interests*.** Equity Interests in ADH.

1.1.11 ***ADH Liquidity Adjustment*.** An amount equal to (a) the amount set forth in Schedule "1.1.11" to the Plan on the applicable Determination Date ***plus*** (b) thirty percent (30%) of the Closing Liquidity Adjustment (if the Closing Liquidity Adjustment is a positive number) ***minus*** (c) the absolute value of thirty percent (30%) of the Closing Liquidity Adjustment (if the Closing Liquidity Adjustment is a negative number).

1.1.12 ***ADH Plan Deductions.*** The sum of the following, each as determined in accordance with Section 7.1.1 of the Plan and without duplication:

(a) thirty-six percent (36%) of unpaid fees and expenses due and owing under the DIP Credit Agreements,

(b) thirty-six percent (36%) of a reasonable estimate of additional unpaid fees and expenses that will be due and owing under the DIP Credit Agreements on the Effective Date,

(c) forty percent (40%) of a reasonable estimate of fees and expenses that will be due and owing in connection with the Exit ABL Facility on the Effective Date,

(d) thirty percent (30%) of the Structuring and Arrangement Fee,

(e) thirty percent (30%) of the fees and expenses due and owing under the Equity Commitment Agreement,

(f) thirty percent (30%) of a reasonable estimate of additional fees and expenses that will be due and owing under the Equity Commitment Agreement on the Effective Date,

(g) the Administrative Expenses on account of fees and expenses incurred by professionals retained under section 327 of the Bankruptcy Code specifically for and by ADH (other than ordinary course professionals),

(h) a reasonable estimate of additional Administrative Expenses on account of fees and expenses incurred by professionals retained under section 327 of the Bankruptcy Code specifically for and by ADH (other than ordinary course professionals) that will be due and owing on the Effective Date,

(i) thirty-six percent (36%) of the Blackstone Fees,

(j) the amount set forth on Schedule "1.1.12(j)" to the Plan as the outstanding borrowings under the Belgian and German sub-facilities under the DIP Term Credit Agreement and borrowings under the European tranche of the DIP ABL Credit Agreement, each on the applicable Determination Date, and

(k) the ADH Liquidity Adjustment.

1.1.13 ***ADH Plan Value.*** The greater of (a) $300 million ***minus*** the ADH Plan Deductions and (b) the ADH Roll-Up Value ***plus*** the European Term Loan Minimum Recovery.

1.1.14 ***ADH Roll-Up Stock.*** Non-Rights Offering Common Stock multiplied by a fraction, the numerator of which is the ADH Roll-Up Value and the denominator of which is the Plan Value.

1.1.15 ***ADH Roll-Up Subscription Notes.*** IntermediateCo Notes in an aggregate principal amount equal to the aggregate principal amount of the IntermediateCo Notes multiplied by a fraction, the numerator of which is the ADH Roll-Up Value and the denominator of which is the Plan Value.

1.1.16 ***ADH Roll-Up Subscription Stock***. Number of shares of Rights Offering Common Stock equal to the aggregate number of shares of Rights Offering Common Stock multiplied by a fraction, the numerator of which is the ADH Roll-Up Value and the denominator of which is the Plan Value.

1.1.17 ***ADH Roll-Up Subscription Rights.*** The rights to subscribe for units consisting of the ADH Roll-Up Subscription Stock and the ADH Roll-Up Subscription Notes to be issued on the Effective Date at the Subscription Purchase Price on the terms and subject to the conditions set forth in Section 7.1.1 of the Plan.

1.1.18 ***ADH Roll-Up Value.*** An amount equal to (a) $25 million ***plus*** (b) interest accrued from August 1, 2009 to the Effective Date on European Roll-Up Term Loan Claims to be rolled up pursuant to the 9019 Settlement set forth in Section 7.3 of the Plan ***minus*** (c) interest received from August 1, 2009 to the Effective Date on the European Term Loan Claims to be rolled up into European Roll-Up Term Loan Claims pursuant to the 9019 Settlement.

1.1.19 ***ADH Term Loan Stock.*** Non-Rights Offering Common Stock multiplied by a fraction, the numerator of which is the ADH Term Loan Value and the denominator of which is the Plan Value.

1.1.20 ***ADH Term Loan Subscription Notes.*** IntermediateCo Notes in an aggregate principal amount equal to the aggregate principal amount of IntermediateCo Notes multiplied by a fraction, the numerator of which is the ADH Term Loan Value and the denominator of which is Plan Value.

1.1.21 ***ADH Term Loan Subscription Stock.*** Number of shares of Rights Offering Common Stock equal to the aggregate number of shares of Rights Offering Common Stock multiplied by a fraction, the numerator of which is the ADH Term Loan Value and the denominator of which is Plan Value.

1.1.22 ***ADH Term Loan Subscription Rights.*** The rights to subscribe for units consisting of the ADH Term Loan Subscription Stock and ADH Term Loan Subscription Notes to be issued on the Effective Date at the Subscription Purchase Price on the terms and subject to the conditions set forth in Section 7.1.1 of the Plan.

1.1.23 ***ADH Term Loan Value.*** ADH Plan Value ***minus*** ADH Roll-Up Value.

1.1.24 ***Administrative Expense.*** Any Claim constituting a cost or expense of administration in these Chapter 11 Cases under section 503 of the Bankruptcy Code, including, without express or implied limitation, any actual and necessary costs and expenses of preserving the Debtors' estates, any expenses of professionals under sections 330 and 331 of the Bankruptcy Code, any actual and necessary costs and expenses of operating the Debtors' businesses, any indebtedness or obligations incurred or assumed by the Debtors, as debtors in possession (except as expressly provided otherwise herein), in connection with the conduct of their business or for the acquisition or lease of property or the rendition of services, any allowed compensation or reimbursement of expenses under section 503(b)(2)-(5) of the Bankruptcy Code, and any fees or charges assessed against the Debtors' estates under section 1930, chapter 123, title 28, United States Code.

1.1.25 ***Administrative Expense Creditor.*** Any Creditor entitled to payment of an Administrative Expense.

1.1.26 ***Administrative Expense Objection Deadline.*** The first Business Day that is **thirty (30) days** after the Effective Date, as such date may be extended from time to time by order of the Bankruptcy Court.

1.1.27 ***Affiliate.*** Any entity that is an "affiliate" within the meaning of section 101(2) of the Bankruptcy Code.

1.1.28 ***Aleris.*** Aleris International, Inc., a Delaware corporation and Debtor and Debtor in Possession in the Chapter 11 Cases.

1.1.29 ***Aleris Equity Interests.*** Equity Interests in Aleris.

1.1.30 ***Allowed.***

(a) With respect to any Claim (other than an Administrative Expense, Other ADH Claim, or U.S. Affiliate Claim), proof of which was filed within the applicable period of limitation fixed in accordance with Bankruptcy Rule 3003(c)(3) by the Bankruptcy Court,

(i) as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or a Final Order of the Bankruptcy Court, such Claim to the extent asserted in the proof of such Claim, or

(ii) as to which an objection has been interposed, such Claim to the extent that it has been allowed in whole or in part by a Final Order of the Bankruptcy Court or by an agreement with the Debtors or Reorganized Debtors, as the case may be, in accordance with the Claims Settlement Guidelines as in effect at the time of such agreement.

(b) Any claim allowed in accordance with the Claims Settlement Guidelines, by Final Order of the Bankruptcy Court, or under this Plan.

(c) With respect to any Other ADH Claim or U.S. Affiliate Claim, such Claim to the extent it has been determined to be valid and enforceable in whole or in part in

accordance with applicable non-bankruptcy law, and any dispute with respect to the allowance of such Claim shall be resolved in any appropriate forum of competent jurisdiction.

(d) With respect to any Claim (other than an Administrative Expense), as to which no proof of claim was filed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or a Final Order of the Bankruptcy Court, such Claim to the extent that it has been listed by a Debtor in its Schedules as liquidated in amount and not disputed or contingent.

(e) With respect to any Claim that is asserted to constitute an Administrative Expense,

(i) that represents an actual or necessary expense of preserving the estate or operating any of the Debtors' businesses for payment of goods, services, wages, or benefits or for credit extended to any of the Debtors, as debtor in possession, any such Claim to the extent that such claim is reflected as a postpetition liability of such Debtor on the Debtor's books and records as of the Effective Date;

(ii) in an action against any of the Debtors commenced after the Commencement Date and pending as of the Confirmation Date, any such Claim to the extent,

(1) it is allowed by a Final Order of a court of competent jurisdiction or by agreement between the Reorganized Debtor and the holder of such Administrative Expense, and

(2) if such Debtor disputes that such claim is a cost or expense of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code, to the extent the Bankruptcy Court determines by a Final Order that it constitutes a cost or expense of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code;

(iii) timely filed in accordance with the Administrative Bar Date Order, any such Claim to the extent,

(1) no objection is interposed by the Administrative Expense Objection Deadline, or

(2) if an objection is interposed by the Administrative Expense Objection Deadline, is allowed in whole or in part by a Final Order of the Bankruptcy Court and only to the extent that such allowed portion is deemed, pursuant to a Final Order of the Bankruptcy Court, to constitute a cost or expense of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code; or

(iv) that represents a Claim of a professional person employed under section 327 or 1103 of the Bankruptcy Code that is required to apply to

the Bankruptcy Court for the allowance of compensation and reimbursement of expenses pursuant to section 330 of the Bankruptcy Code or an Administrative Expense arising under section 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 503(b)(6) of the Bankruptcy Code, such Claim to the extent it is allowed by a Final Order of the Bankruptcy Court; or

(v) that is a fee or expense properly due and owing under the DIP Credit Agreements or Equity Commitment Agreement.

1.1.31 ***Allowed Amount.*** The lesser of (a) the dollar amount of an Allowed Claim or (b) the Estimated Amount of such Claim.

1.1.32 ***Amended and Restated Organizational Documents.*** The certificates or articles of incorporation and by-laws, partnership agreement, or limited liability company agreement, as applicable, of HoldCo, IntermediateCo, and each of the Reorganized Debtors, to be amended or amended and restated in accordance with Section 7.5 hereof, in substantially the form of Exhibit "1.1.32" to the Plan.

1.1.33 ***Apollo.*** Apollo Management VII, L.P. and its affiliated investment funds, and/or such other affiliate of Apollo Management VII, L.P. as it may designate.

1.1.34 ***Backstop Parties.*** Oaktree, Apollo, and Sankaty.

1.1.35 ***Ballot.*** The form or forms distributed to holders of impaired Claims and Equity Interests on which is to be indicated the acceptance or rejection of the Plan.

1.1.36 ***Bankruptcy Code.*** Title 11 of the United States Code, as amended from time to time, as applicable to these Chapter 11 Cases.

1.1.37 ***Bankruptcy Court.*** The United States District Court for the District of Delaware, having jurisdiction over these Chapter 11 Cases and, to the extent of any reference made pursuant to section 157 of title 28 of the United States Code, the unit of such District Court constituted pursuant to section 151 of title 28 of the United States Code.

1.1.38 ***Bankruptcy Rules.*** The Federal Rules of Bankruptcy Procedure, as amended, as applicable to these Chapter 11 Cases, including the Local Rules of the Bankruptcy Court.

1.1.39 ***Bar Date.*** September 15, 2009 at 5:00 p.m. (New York Time).

1.1.40 ***Blackstone Fees.*** Unpaid Administrative Expenses on account of fees and expenses incurred by The Blackstone Group pursuant to their engagement letter dated May 19, 2009.

1.1.41 ***Board of Directors.*** The Board of Directors of each of the Debtors or each of the Reorganized Debtors, as it may exist from time to time.

1.1.42 ***Business Day.*** Any day on which commercial banks are required to be open for business in New York, New York.

1.1.43 ***Cancelled U.S. Equity Interests.*** Equity Interests in the Dissolving U.S. Subsidiaries.

1.1.44 ***Cash*****.** Legal tender of the United States of America.

1.1.45 ***Cause of Action.*** Any action, cause of action, liability, obligation, right, suit, debt, sum of money, damage, judgment, claim, and demand whatsoever, whether known or unknown, in law, equity, or otherwise.

1.1.46 ***Chapter 11 Cases*****.** The Debtors' chapter 11 cases pending in the Bankruptcy Court and jointly administered under the caption *In re Aleris International, Inc., et al.*, Case No. 09-10478 (BLS) (Jointly Administered).

1.1.47 ***Claim.*** A "claim," as defined in section 101(5) of the Bankruptcy Code, against the Debtors, as debtors or Debtors in Possession, whether or not asserted, whether or not the facts of or legal bases therefor are known or unknown, and specifically including, without express or implied limitation, any rights under sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, any claim of a derivative nature, any potential or unmatured contract claims, and any other Contingent Claim, whether or not it constitutes a "claim" under section 101(5) of the Bankruptcy Code.

1.1.48 ***Claims Settlement Guidelines*****.** The settlement guidelines and authority contained in that certain Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019(b) Authorizing the Establishment of Procedures to Settle Certain Prepetition or Postpetition Claims Against the Debtors' Estates, dated June 23, 2009 [Docket No. 706], as amended by the amendments set forth in Exhibit "1.1.48" to the Plan.

1.1.49 ***Class*****.** Any group of Claims or Equity Interests classified by the Plan pursuant to section 1122(a)(1) of the Bankruptcy Code.

1.1.50 ***Closing Liquidity Adjustment.*** An amount, determined as of the Determination Date, equal to:

(a) if the Determination Date Net Working Capital is both (i) equal to or greater than the Net Working Capital Floor and (ii) equal to or less than the Net Working Capital Ceiling, zero dollars ($0.00);

(b) if the Determination Date Net Working Capital is less than the Net Working Capital Floor, then the lesser of (i) the amount of such difference and (ii) $45 million, which in either case shall be expressed as a positive number; or

(c) if the Determination Date Net Working Capital is greater than the Net Working Capital Ceiling, then the lesser of (i) the amount of such excess and (ii) $45 million, which in either case shall be expressed as a negative number.

1.1.51 ***Commencement Date*****.**

(a) For the U.S. Debtors, February 12, 2009.

(b) For ADH, February 5, 2010.

1.1.52 ***Confirmation Date*****.** The date on which the Confirmation Order has been entered by the Clerk of the Bankruptcy Court.

1.1.53 ***Confirmation Order*****.** The order or orders of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

1.1.54 ***Contingent Claim*****.** Any Claim, the liability for which attaches or is dependent upon the occurrence or happening, or is triggered by, an event, which event has not yet occurred, happened, or been triggered, as of the date on which such Claim is sought to be estimated or an objection to such Claim is filed, whether or not such event is within the actual or presumed contemplation of the holder of such Claim and whether or not a relationship between the holder of such Claim and the Debtors now or hereafter exists or previously existed.

1.1.55 ***Contribution Agreement.*** That certain Contribution Agreement, dated February 5, 2010, among HoldCo, IntermediateCo, and each OpCo attached as Exhibit "1.1.55" to the Plan.

1.1.56 ***Convenience Claim*****.**

(a) One or more Allowed General Unsecured Claims against any of the U.S. Debtors other than Debt Claims held by a Creditor in an aggregate Allowed Amount of $10,000 or less, or

(b) One or more Allowed General Unsecured Claims against any of the U.S. Debtors other than Debt Claims held by a Creditor in an aggregate Allowed Amount greater than $10,000, the aggregate Allowed Amount of which has been reduced to $10,000 by the election of such Creditor, or

(c) One or more General Unsecured Claims that are wholly Unliquidated Claims against any of the U.S. Debtors held by a Creditor, as to which the Creditor elects to liquidate at an amount equal to $10,000 for purposes of treating such General Unsecured Claims as an Allowed Convenience Claim.

1.1.57 ***Creditor*****.** Any Entity that holds a Claim against any of the Debtors.

1.1.58 ***Creditors' Committee*****.** The Official Unsecured Creditors' Committee, consisting of Entities appointed as members in the Chapter 11 Cases by the United States Trustee for the District of Delaware in accordance with section 1102(a) of the Bankruptcy Code and their duly appointed successors, if any, as the same may be reconstituted from time to time.

1.1.59 ***Debt Claim*****.** Any General Unsecured Claim represented by a note or debt security issued pursuant to an indenture, bank credit agreement, note purchase agreement, or otherwise prior to the Commencement Date or any guarantee by any of the Debtors of any obligations of another Entity under any note or debt security issued pursuant to an indenture, bank credit agreement, note purchase agreement, or otherwise prior to the Commencement Date.

1.1.60 ***Debtor*****.** Any of the U.S. Debtors or ADH. "***Debtors***" collectively refers to the U.S. Debtors and ADH.

1.1.61 ***Debtor in Possession*****.** Any of the Debtors in its capacity as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. "***Debtors in Possession***"

collectively refers to the Debtors in their capacity as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

1.1.62 ***Determination Date*****.** The last day of the month immediately preceding the month in which the Confirmation Date occurs; ***provided***, that if the Effective Date is more than **forty-five (45) days** after such Determination Date, then a new Determination Date shall be established on the last day of the month immediately preceding the month in which the Effective Date occurs.

1.1.63 ***Determination Date Net Working Capital*****.** The Net Working Capital of Aleris and its subsidiaries as of the Determination Date.

1.1.64 ***DIP ABL Agent Bank*****.** Deutsche Bank AG New York Branch, as administrative agent under the DIP ABL Credit Agreement, or such other Entity acting as administrative agent under the DIP ABL Credit Agreement from time to time.

1.1.65 ***DIP ABL Claim*****.** Claims arising under the DIP ABL Credit Agreement.

1.1.66 ***DIP ABL Credit Agreement*****.** That certain Amended and Restated Debtor-in-Possession Credit Agreement, dated as of August 1, 2006 and amended and restated as of December 19, 2006 and as further amended as of November 7, 2007, September 10, 2008, February 10, 2009, and amended and restated as of March 20, 2009 and further amended on June 29, 2009, December 29, 2009, and February 5, 2010 among Aleris, each of the other U.S. Debtors, Aleris Aluminum Canada S.E.C./Aleris Aluminum Canada L.P., Aleris Specification Alloy Products Canada Company, Aleris Switzerland GmbH, the lenders from time to time party thereto, the DIP ABL Agent, and Deutsche Bank AG New York Branch, Bank of America, N.A., and Wachovia Bank, N.A. as co-collateral agents, as further amended, amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms of the DIP ABL Credit Agreement.

1.1.67 ***DIP Credit Agreements*****.** Collectively, the DIP Term Credit Agreement and the DIP ABL Credit Agreement.

1.1.68 ***DIP Lenders*****.** Collectively, the lender parties to the DIP Credit Agreements.

1.1.69 ***DIP Order*****.** That certain Final Order Pursuant to Sections 361, 362, 363 and 364 of the Bankruptcy Code and Rule 4001 of the Federal Rules of Bankruptcy Procedure (A) Authorizing the Debtors to (I) Use Cash Collateral, and (II) Obtain Postpetition Financing and (B) Granting Adequate Protection, dated March 18, 2009 [Docket No. 299].

1.1.70 ***DIP Term Agent Bank*****.** Deutsche Bank AG New York Branch, as administrative agent under the DIP Term Credit Agreement, or such other Entity acting as administrative agent under the DIP Term Credit Agreement from time to time.

1.1.71 ***DIP Term Credit Agreement.*** That certain Debtor-in-Possession Amended and Restated Credit Agreement, dated as of February 12, 2009 and amended and restated as of March 19, 2009 and amended as of May 12, 2009, June 29, 2009, December 29, 2009, January 29, 2010, and February 5, 2010, among Aleris, ADH, Aleris Aluminum Duffel BVBA, the lenders party thereto, and the DIP Term Agent Bank, as further amended,

amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms of the DIP Term Credit Agreement.

1.1.72 ***Disallowed Claim*****.** A Claim that is disallowed in its entirety by an order of the Bankruptcy Court or such other court of competent jurisdiction, as the case may be.

1.1.73 ***Disbursing Agent.*** Any Entity in its capacity as a disbursing agent under Section 8.1 of the Plan.

1.1.74 ***Disputed Claim*****.** A Claim that is neither an Allowed Claim nor a Disallowed Claim.

1.1.75 ***Dissolving U.S. Subsidiaries*****.** Together, Aleris Aluminum U.S. Sales Inc. and Wabash Alloys, L.L.C.; and each a "***Dissolving U.S. Subsidiary***."

1.1.76 ***Distribution.*** The payment or distribution under the Plan of property or interests in property to the holders of Allowed Claims.

1.1.77 ***Distribution Date.*** The first Business Day of the month commencing six (6) months after the Initial Distribution Date and every six (6) months thereafter until the Final Distribution Date.

1.1.78 ***Distribution Record Date*****.** The first Business Day that is **five (5) days** from and after the Confirmation Date.

1.1.79 ***District Court.*** The United States District Court for the District of Delaware having jurisdiction over the Chapter 11 Cases.

1.1.80 ***DTC.*** Depository Trust Company.

1.1.81 ***Effective Date*****.** A Business Day selected by the Debtors, with the consent of a Majority in Interest, that is within **thirty-one (31) days** after the date by which all of the conditions precedent to the effectiveness of the Plan specified in Section 10.1 have been satisfied or waived in accordance with such section, or, if a stay of the Confirmation Order is in effect, a date mutually acceptable to the Debtors and a Majority in Interest that is within **thirty-one (31) days** after the date of the expiration, dissolution, or lifting of such stay.

1.1.82 ***Encumbrance*****.** With respect to any asset, any mortgage, lien, pledge, charge, security interest, assignment, or encumbrance of any kind or nature in respect of such asset (including, without express or implied limitation, any conditional sale or other title retention agreement, any security agreement, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

1.1.83 ***Entity*****.** An individual, corporation, partnership, limited liability company, association, joint stock company, joint venture, estate, trust, unincorporated organization, or government or any political subdivision thereof, or other person or entity.

1.1.84 ***Equity Commitment Agreement.*** That certain equity commitment agreement, dated February 5, 2010 among the Debtors and the Backstop Parties annexed as Exhibit "1.1.84" to the Plan.

1.1.85 ***Equity Interest.*** Any interest in any of the Debtors represented by shares of common or preferred stock or membership interests or the right to acquire shares of common or preferred stock or membership interests.

1.1.86 ***Estimated Amount***. The estimated dollar value of an Unliquidated Claim, Disputed Claim, or Contingent Claim pursuant to section 502(c) of the Bankruptcy Code.

1.1.87 ***European Roll-Up Term Loans.*** The German Roll-Up Loans, as defined in the DIP Term Credit Agreement.

1.1.88 ***European Roll-Up Term Loan Claim.*** Any Claims arising under the European Roll-Up Term Loans under the DIP Term Credit Agreement.

1.1.89 ***European Term Loan Acquisition Entity.*** A direct or indirect subsidiary of IMCO International, Inc. to be identified at or before the Confirmation Hearing.

1.1.90 ***European Term Loan Claim.*** Any Claim arising out of that certain European Term Loan Facility.

1.1.91 ***European Term Loan Facility.*** That certain €303 million sub-facility under the Prepetition Term Loan Agreements, among ADH, as borrower, and certain U.S. Debtors and non-debtor affiliates, as guarantors.

1.1.92 ***European Term Loan Minimum Recovery.*** $75 million.

1.1.93 ***Exchange Act.*** The Securities Exchange Act of 1934, as amended.

1.1.94 ***Exit ABL Facility.*** Asset-based lending facility to become available to the Reorganized Debtors on or after the Effective Date on terms and conditions reasonably acceptable to the Debtors and a Majority in Interest.

1.1.95 ***Final Distribution Date.*** The Distribution Date on or after the Initial Distribution Date and after all Disputed Claims have become either Allowed Claims or Disallowed Claims.

1.1.96 ***Final Order.*** An order as to which the time to appeal, petition for *certiorari*, or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for *certiorari*, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or the Reorganized Debtors, as the case may be, and their counsel or, in the event that an appeal, writ of *certiorari*, or reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or *certiorari* has been denied or from which reargument or rehearing was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing shall have expired.

1.1.97 ***Final Subscription Purchase Price.*** As defined in Section 7.1.3(c) of the Plan.

1.1.98 ***Final Subscription Units.*** As defined in Section 7.1.3(c) of the Plan.

1.1.99 ***GAAP.*** Generally accepted accounting principles in the United States as set forth in the Financial Accounting Standards Board Accounting Standards Codification.

1.1.100 ***General Unsecured Claim*****.** Any Claim against the U.S. Debtors other than a DIP Claim, an Administrative Expense, a U.S. Tax Claim, a Priority Non-Tax Claim, an Insured Claim, or a U.S. Roll-Up Term Claim. General Unsecured Claims include, without limitation, any U.S. Term Loan Claims and any Claims against the U.S. Debtors held by an Affiliate that is a direct or indirect holder of an equity interest in Aleris.

1.1.101 ***German Tranche of U.S. DIP Loan Claims*****.** Any New Money DIP Term Claim against ADH arising under the DIP Term Credit Agreement.

1.1.102 ***HoldCo*****.** ACH1 Holding Co., a Delaware corporation, which is or will be the parent of IntermediateCo and the indirect parent of each OpCo.

1.1.103 ***HSR Act.*** The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.1.104 ***Indenture Trustees*****.** The respective indenture trustees under the Indentures.

1.1.105 ***Indenture Trustees' Fees and Expenses*****.** All the fees and expenses, including the reasonable fees and expenses of their attorneys and advisers, incurred by the Indenture Trustees under their respective indentures from the Commencement Date to the Effective Date, up to a maximum of ten-thousand dollars ($10,000) for each Indenture Trustee for each series of Debt Claims for which it acts as Indenture Trustee.

1.1.106 ***Indentures*****.** Collectively, the 2006 Senior Indenture, the 2007 Senior Indenture, and the Senior Subordinated Indenture and each, an "***Indenture***."

1.1.107 ***Initial Distribution Date*****.** A date after the Effective Date that is selected by the Reorganized Debtors in their discretion but, in any event, is within **fifteen (15) days** after the Effective Date, or such later date as the Bankruptcy Court may establish upon request by the Reorganized Debtors, for cause shown.

1.1.108 ***Insured Claims*****.** Any Claim against any of the U.S. Debtors alleging damages, including without limitation, damages arising in connection with personal injuries, allegedly incurred as a result of the U.S. Debtors' operations and activities prior to the U.S. Debtors' Commencement Date that is allegedly covered by insurance issued on behalf of the applicable U.S. Debtor. A list of Insured Claims are identified or will be identified on Schedule "1.1.108" to the Plan.

1.1.109 ***Insurance Policies*****.** The liability insurance policies that are potentially available to respond to defense costs and indemnity payments incurred in connection with the Insured Claims.

1.1.110 ***Insurance Proceeds*****.** Any indemnity proceeds payable under the Insurance Policies with respect to liability for the Insured Claims.

1.1.111 ***IntermediateCo.*** AHC Intermediate Co., a Delaware corporation, which is or will be the parent of each OpCo.

1.1.112 ***IntermediateCo Note Indenture*****.** That certain IntermediateCo Note Indenture to be entered into between IntermediateCo and an indenture trustee to be named at or before the Confirmation Hearing substantially in the form of Exhibit "1.1.112" to the Plan.

1.1.113 ***IntermediateCo Notes.*** Subordinated, unsecured notes issued pursuant to the IntermediateCo Note Indenture in an aggregate principal amount equal to Forty-Five and 00/100 Million Dollars ($45,000,000) and having such other terms, covenants, and conditions set forth therein.

1.1.114 ***IntermediateCo Preferred Stock.*** Preferred stock issued by IntermediateCo having the terms and conditions set forth in Exhibit "1.1.114" to the Plan**.**

1.1.115 ***Internal Revenue Code*****.** The Internal Revenue Code of 1986, as amended from time to time, and any applicable rulings, Treasury Regulations, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or the IRS.

1.1.116 ***IRB*****.** An industrial revenue bond.

1.1.117 ***IRS*****.** The United States Internal Revenue Service.

1.1.118 ***Majority in Interest.*** At any time before the Voting Deadline, "***Majority in Interest***" shall mean Backstop Parties (a) having executed a Plan Support Agreement and (b) at such time, holding over fifty percent (50%) of the funding commitments under the Equity Commitment Agreement of the Backstop Parties that have executed a Plan Support Agreement, and at any time on and after the Voting Deadline, "***Majority in Interest***" shall mean Backstop Parties (x) having executed a Plan Support Agreement and (y) at such time, holding over eighty-three percent (83%) of the funding commitments under the Equity Commitment Agreement of the Backstop Parties that have executed a Plan Support Agreement (it being understood that for purposes of this definition, the percentage of funding commitments of each Backstop Party that executes a Plan Support Agreement shall equal the total amount of such Backstop Party's European Term Loan Claims, European Roll-Up Term Loan Claims, and U.S. Roll-Up Term Loan Claims (such claims, the "***Relevant Claims***"), as a percentage of Relevant Claims held by all of the Backstop Parties that have executed a Plan Support Agreement and in each case giving *pro forma* effect to the 9019 settlement).

1.1.119 ***Maximum Rights Offering Amount.*** $690 million.

1.1.120 ***Maximum Third-Party Reduction*****.** The product of (i) the Preliminary Subscription Units, to which Rights Offering Participants (other than the Backstop Parties) would be entitled without giving effect to the Minimum Ownership Cutback multiplied by (ii) ninety percent (90%).

1.1.121 ***Minimum Liquidity Requirement.*** $233 million.

1.1.122 ***Minimum Oaktree/Apollo Equity Threshold***. Percentage of New Common Stock issued on the Effective Date equal to (a) seventy-two and one tenths of a percent (72.1%) ***plus*** (b) the Minimum Oaktree/Apollo Equity Threshold Adjustment (if such amount is a positive number) ***minus*** (c) the absolute value of the Minimum Oaktree/Apollo Equity Threshold Adjustment (if such amount is a negative number).

1.1.123 ***Minimum Oaktree/Apollo Equity Threshold Adjustment.*** Percentage of New Common Stock issuable on the Effective Date, which percentage may be positive or negative, equal to the following:

(a) the percentage of New Common Stock distributable to Oaktree and Apollo pursuant to the Plan and the Rights Offering based upon the principal amount of European Roll-Up Term Loan Claims, U.S. Roll-Up Term Loan Claims, and European Term Loan Claims held by Oaktree and Apollo as of the Confirmation Date ***plus*** interest that accrued on such amounts as of the Confirmation Date (including interest accrued pursuant to the 9019 Settlement set forth in Section 7.3 of the Plan) ***minus***

(b) the percentage of New Common Stock distributable to Oaktree and Apollo pursuant to the Plan and the Rights Offering based upon Oaktree and Apollo owning collectively the principal amount of European Roll-Up Term Loan Claims, U.S. Roll-Up Term Loan Claims, and European Term Loan Claims set forth in the Schedule 8(e) to the Equity Commitment Agreement ***plus*** interest that accrued on such amounts as of the Confirmation Date (including interest accrued pursuant to the 9019 Settlement set forth in Section 7.3 of the Plan),

in each case calculated without giving effect to the Minimum Oaktree/Apollo Equity Threshold.

1.1.124 ***Minimum Ownership Cutback*****.** As defined in Section 7.1.2 of the Plan.

1.1.125 ***Net Working Capital*****.** The difference, with respect to any Entity or Entities at any date, of the following relating to the applicable Entity or Entities as of such date:

(a) the sum of

(i) cash,

(ii) net accounts receivable,

(iii) net inventories,

(iv) prepaid expenses, and

(v) margin call broker receivable, ***minus***

(b) the sum of

(i) accounts payable,

(ii) accrued employee costs,

(iii) accrued withholding,

(iv) accrued payroll taxes,

(v) toll liabilities,

(vi) borrowings outstanding under the DIP Credit Agreements, including accrued but unpaid interest thereon,

(vii) accrued restructuring, and

(viii) all other current liabilities.

Net Working Capital shall be determined in accordance with GAAP consistently applied using the same accounting methods, policies, practices and procedures as were used in the determination of Projected Net Working Capital. Net Working Capital shall be determined using the Hyperion report titled, "Aleris International, Inc. Balance Sheet – Trend – detailed (Other Assets and Liabilities) Total Aleris – Consolidated." In addition, the Net Working Capital shall be determined so as to remove the effects, if any, resulting from any change in the Net Working Capital or components thereof, caused by a change in GAAP, including accounting pronouncements, promulgated or implemented by the Debtors between the date of Projected Net Working Capital and the applicable determination date regardless of whether or not such change is otherwise required to be adopted, except as otherwise agreed by the Debtors and the Majority in Interest. To the extent that any adjustments result from matters set forth in the immediately preceding sentence, the Net Working Capital shall be adjusted to eliminate the effect of such amounts.

1.1.126 ***Net Working Capital Allowed Adjustment Amount.*** $25 million.

1.1.127 ***Net Working Capital Ceiling.*** Projected Net Working Capital ***plus*** the Net Working Capital Allowed Adjustment Amount.

1.1.128 ***Net Working Capital Floor.*** Projected Net Working Capital ***minus*** the Net Working Capital Allowed Adjustment Amount.

1.1.129 ***New Common Stock.*** Common stock, par value $0.01 per share, of HoldCo of which forty-five million (45,000,000) shares shall be authorized.

1.1.130 ***New Money Term DIP Claim.*** Any Claim arising under the New Money Term DIP Facility.

1.1.131 ***New Money Term DIP Facility.*** That certain $500 million term loan facility under the DIP Term Credit Agreement.

1.1.132 ***Non-Rights Offering Common Stock.*** Ten million (10,000,000) shares of New Common Stock.

1.1.133 ***Oaktree.*** Certain investment funds and accounts managed by Oaktree Capital Management, L.P. and its affiliates.

1.1.134 ***OpCo.*** RLD Acquisition Co., RCY Acquisition Co., Spec A Acquisition Co., Spec P Acquisition Co., HQ1 Acquisition Co., Intl Acquisition Co., UWA Acquisition Co., or Name Acquisition Co., each as a signatory to the Acquisition Agreement, which will acquire the assets of Aleris and the Dissolving U.S. Subsidiaries pursuant to the terms of the Acquisition Agreement. "***OpCos***" collectively refers to RLD Acquisition Co., RCY Acquisition Co., Spec A Acquisition Co., Spec P Acquisition Co., HQ1 Acquisition Co., Intl Acquisition Co., UWA Acquisition Co., and Name Acquisition Co.

1.1.135 ***Organizational Documents.*** The certificates or articles of incorporation and by-laws, partnership agreement, or limited liability company agreement, or other operative

formation documents, as applicable, of each of the Debtors as of the Commencement Date.

1.1.136 ***Other ADH Claims*****.** Any Claim against ADH other than the German Tranche of U.S. DIP Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims.

1.1.137 ***Other U.S. Equity Interests*****.** Any Equity Interest in the U.S. Debtors other than the Aleris Equity Interests and the Cancelled U.S. Equity Interests.

1.1.138 ***Other U.S. Secured Claim*****.** Any Claim against any of the U.S. Debtors to the extent of the value of the interest in property of the estate of such Debtor securing such Claim other than a DIP ABL Claim, New Money Term DIP Claim, Administrative Expense, U.S. Roll-Up Term Loan Claim, and any U.S. Tax Claim that is secured by property of the estate of any U.S. Debtor.

1.1.139 ***Pension Plans***. Collectively, the Commonwealth Aluminum Lewisport, LLC Hourly Employees Pension Plan, the Commonwealth Industries, Inc. Cash Balance Plan, the ALSCO Metals Corporation Cash Balance Plan, and the ALSCO Metals Corporation Retirement Plan for Bargained Employees.

1.1.140 ***Plan*****.** This plan of reorganization, either in its present form or as it may be amended, supplemented, or otherwise modified in accordance with Section 4.1 hereof, and the exhibits and schedules to the foregoing, as the same may be in effect at the time such reference becomes operative.

1.1.141 ***Plan Support Agreements*****.** As defined in the Equity Commitment Agreement.

1.1.142 ***Plan Value.*** U.S. Plan Value ***plus*** ADH Plan Value.

1.1.143 ***Plan Value Share Price***. Plan Value divided by Non-Rights Offering Common Stock.

1.1.144 ***Preliminary Subscription Purchase Price*****.** As defined in Section 7.1.3(c) of the Plan.

1.1.145 ***Preliminary Subscription Units*****.** As defined in Section 7.1.3(c) of the Plan.

1.1.146 ***Prepetition Term Loan Agent Bank*****.** Deutsche Bank AG New York Branch, as administrative agent, under the Prepetition Term Loan Agreements, or such other Entity acting as administrative agent under the Prepetition Term Loan Agreements from time to time.

1.1.147 ***Prepetition Term Loan Agreements.*** Together with related agreements and documents, that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2006 and amended and restated as of December 19, 2006, and further amended as of March 13, 2007 and February 10, 2009, among Aleris, Aurora Acquisition Merger Sub, Inc., which merged with and into Aleris, ADH, various lenders thereto, the Prepetition Term Loan Agent Bank, Goldman Sachs Credit Partners L.P., as syndication agent, and PNC Bank, National Association, National City Business Credit, Inc., and Key Bank National Association, as co-documentation agents.

1.1.148 ***Priority Non-Tax Claim*****.** Any Claim against a U.S. Debtor to the extent such claim is entitled to priority in right of payment under section 507(a) of the Bankruptcy Code other than a DIP ABL Claim, New Money Term DIP Claim, Administrative Expense, U.S. Roll-Up Term Loan Claim, and a U.S. Tax Claim.

1.1.149 ***Pro Rata Share.*** The percentage derived by dividing the Allowed Amount of a Creditor's Allowed Claim by the sum of (i) aggregate Allowed Amount of all Allowed Claims within the class under the Plan in which such Creditor's Allowed Claim is treated and (ii) the aggregate Disputed Amount of all Disputed Claims within the class under the Plan in which such Creditor's Allowed Claim is treated. For purposes of calculating Pro Rata Share, any claims denominated in a currency other than U.S. dollars shall be converted to U.S. dollars based upon the applicable exchange rate on the Distribution Record Date.

1.1.150 ***Projected Net Working Capital*****.** The amounts set forth below opposite the projected Determination Dates:

Determination Date	**Projected Net Working Capital**
March 31, 2010	$87.1 million
April 30, 2010	$83.2 million
May 31, 2010	$67.5 million
June 30, 2010	$78.2 million

For any Determination Date after June 30, 2010, the Projected Net Working Capital will be determined by the Debtors with the approval of the Majority in Interest by a date that is at least **three (3) months** prior to the applicable Determination Date. The Debtors will use projection methods consistent with the preparation of the Projected Net Working Capital above, volumes no less than those consistent with the projections provided in the disclosure statement for the Plan and the then projected London Metal Exchange aluminum prices.

1.1.151 ***Registration Rights Agreement.*** That certain Registration Rights Agreement to be entered into on the Effective Date among HoldCo and the applicable Backstop Parties, in substantially the form attached hereto as Exhibit "1.1.151."

1.1.152 ***Reorganized ADH*****.** ADH, as reorganized as of the Effective Date in accordance with this Plan, or any successor in interest thereto, from and after the Effective Date.

1.1.153 ***Reorganized Aleris.*** Aleris, as reorganized as of the Effective Date in accordance with this Plan, or any successor in interest thereto, from and after the Effective Date.

1.1.154 ***Reorganized Debtor*****.** Any of the Debtors, as reorganized as of the Effective Date in accordance with this Plan, or any successors in interest thereto (including, without limitation, any OpCo to the extent that such Entity, pursuant to the Acquisition Agreement, assumes the liabilities of such Debtor for Allowed Administrative Expenses or other amounts payable under the Plan), from and after the Effective Date.

1.1.155 ***Restructuring Transactions.*** To have the meaning set forth in Section 7.6 of the Plan.

1.1.156 ***Retention Period.*** Five (5) years from and after the Effective Date or such shorter period as the Bankruptcy Court may set.

1.1.157 ***Rights Offering.*** The offering of the Subscription Rights to the holders of (a) U.S. Roll-Up Term Loan Claims, (b) European Roll-Up Term Loan Claims, and (c) European Term Loan Claims.

1.1.158 ***Rights Offering Agent.*** The Debtors or any Entity designated by the Debtors in the Subscription Form, as agent with respect to the Rights Offering described in Section 7.1 of the Plan.

1.1.159 ***Rights Offering Common Stock.*** Aggregate number of shares of New Common Stock available to the Rights Offering Eligible Creditors, which will be calculated by dividing (a) the Rights Offering Value ***minus*** the principal amount of the IntermediateCo Notes by (b) the Rights Offering Common Stock Price.

1.1.160 ***Rights Offering Common Stock Price.*** Plan Value Share Price multiplied by 90%.

1.1.161 ***Rights Offering Eligible Creditors.*** Collectively, holders of Allowed U.S. Roll-Up Term Loan Claims, holders of Allowed European Roll-Up Term Loan Claims, and holders of Allowed European Term Loan Claims who are (a) accredited investors as defined in Rule 501 under Regulation D of the Securities Act or (b) non-U.S. persons, as defined in Regulation S of the Securities Act.

1.1.162 ***Rights Offering Participants.*** Collectively, Rights Offering Eligible Creditors that elect to receive New Common Stock and Subscription Rights in full satisfaction of their Claims pursuant to the Plan.

1.1.163 ***Rights Offering Units.*** The New Common Stock and IntermediateCo Notes to be issued and sold through the Rights Offering (including the Rights Offering Residual Units to be issued and sold pursuant to the Equity Commitment Agreement).

1.1.164 ***Rights Offering Value.*** The sum of the following:

(a) the fees, expenses and/or payments payable on or prior to the Effective Date set forth in the definition of "ADH Plan Deductions" other than clauses (j) and (k) thereof;

(b) the fees, expenses and/or payments payable on or prior to the Effective Date set forth in the definition of "U.S. Plan Deductions" other than clauses (o), (p), and (x) thereof;

(c) the amount of borrowings under the DIP Credit Agreements and interest thereon to be repaid on the Effective Date from proceeds of the Rights Offering; and

(d) the amount payable to holders of U.S. Roll-Up Term Loan Claims, holders of European Roll-Up Term Loan Claims, and holders of European Term Loan Claims that elect to receive Cash under this Plan.

1.1.165 ***Rights Offering Residual Units*****.** New Common Stock and IntermediateCo Notes available for purchase pursuant to the Rights Offering, but not subscribed for by Rights Offering Participants.

1.1.166 ***Sankaty*****.** Sankaty Advisors, LLC on behalf of the investment funds advised by it.

1.1.167 ***Schedules*****.** The schedules of assets and liabilities and the statements of financial affairs filed by the Debtors with the Bankruptcy Court, as required by section 521 of the Bankruptcy Code and the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements have been and may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009.

1.1.168 ***SEC*****.** The United States Securities and Exchange Commission.

1.1.169 ***Securities Act*****.** The Securities Act of 1933, as amended.

1.1.170 ***Security*****.** Any instrument that qualifies under section 2(a)(1) of the Securities Act, including, among other things, the New Common Stock, the IntermediateCo Notes, the IntermediateCo Preferred Stock, and the Subscription Rights.

1.1.171 ***Senior Note Claims*****.** Any Claim arising out of the 2006 Senior Indenture or the 2007 Senior Indenture.

1.1.172 ***Senior Subordinated Indenture*****.** That certain Senior Subordinated Indenture, dated December 19, 2006 among Aurora Acquisition Merger Sub, Inc., which was merged with and into Aleris, as issuer, certain U.S. Debtors, as guarantors, and LaSalle Bank National Association, as indenture trustee, pursuant to which Aleris issued those certain Senior Subordinated Notes.

1.1.173 ***Senior Subordinated Note Claim*****.** Any Claim against the Debtors arising out of the Senior Subordinated Notes.

1.1.174 ***Senior Subordinated Notes*****.** Those certain 10% Senior Subordinated Notes due 2016 issued by Aurora Acquisition Merger Sub, Inc., which was merged with and into Aleris, pursuant to the Senior Subordinated Indenture.

1.1.175 ***Solicitation Date*****.** The deadline for the Debtors to commence solicitation of acceptances of the Plan as set forth in the order approving the disclosure statement for this Plan.

1.1.176 ***Stockholders Agreement*****.** That certain Stockholders Agreement to be entered into on the Effective Date among HoldCo and each Entity receiving nine percent (9.0%) or more of the outstanding shares of New Common Stock on the Effective Date, in substantially the form attached hereto as Exhibit "1.1.176." As set forth in Section 7.8.2 of the Plan, all other Creditors receiving New Common Stock under the Plan shall be deemed parties to the Stockholders Agreement and, accordingly, bound by the terms thereof, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

1.1.177 ***Structuring and Arrangement Fee*****.** An amount of Cash equal to three and one-half percent (3.5%) of the Maximum Rights Offering Amount.

1.1.178 ***Subscription Expiration Date.*** The first Business Day that is **twenty (20) Business Days** after the Solicitation Date, but subject to the Debtors' right to extend such date with the consent of the Majority in Interest, which shall be the final date by which a Rights Offering Participant may exercise its Subscription Rights and pay the Subscription Purchase Price.

1.1.179 ***Subscription Form.*** The form used by the holder of a Subscription Right to exercise such Subscription Right.

1.1.180 ***Subscription Purchase Price.*** An amount equal to the sum of (a) Rights Offering Common Stock Price per share of New Common Stock distributed pursuant to the Rights Offering, ***plus*** (b) the principal amount of the IntermediateCo Notes allocable to that share.

1.1.181 ***Subscription Rights.*** Collectively, the ADH Roll-Up Subscription Rights, the ADH Term Loan Subscription Rights, and the U.S. Subscription Rights.

1.1.182 ***Tax Code.*** Internal Revenue Code of 1986, as amended.

1.1.183 ***Transaction Agreements.*** Collectively, the Acquisition Agreement and the Contribution Agreement.

1.1.184 ***Unliquidated.*** As to any Claim, the amount of liability has not been fixed, whether pursuant to agreement, applicable law, or otherwise, as of the date on which such Claim is sought to be estimated.

1.1.185 ***U.S. Affiliate Claims.*** All Claims against any U.S. Debtor held by an Affiliate of any U.S. Debtor other than any Affiliate that is a direct or indirect holder of an equity interest in Aleris.

1.1.186 ***U.S. Debtors.*** The following Entities, as debtors and debtors in possession:

(a) Aleris;

(b) Alchem Aluminum Shelbyville Inc., a Delaware corporation;

(c) Alchem Aluminum, Inc., a Delaware corporation;

(d) Aleris Aluminum Europe, Inc., a Delaware corporation;

(e) Aleris Aluminum U.S. Sales Inc., a Delaware corporation;

(f) Aleris Blanking and Rim Products, Inc., a Indiana corporation;

(g) Aleris Light Gauge Products, Inc., a Delaware corporation;

(h) Aleris Nevada Management, Inc., a Nevada corporation;

(i) Aleris Ohio Management, Inc., a Delaware corporation;

(j) Aleris, Inc., a Delaware corporation;

(k) Alsco Holdings, Inc., a Delaware corporation;

(l) Alsco Metals Corporation, a Delaware corporation;

(m) Alumitech of Cleveland, Inc., a Delaware corporation;

(n) Alumitech of Wabash, Inc., a Indiana corporation;

(o) Alumitech of West Virginia, Inc., a Delaware corporation;

(p) Alumitech, Inc., a Delaware corporation;

(q) AWT Properties, Inc., a Ohio corporation;

(r) CA Lewisport, LLC, a limited liability company organized under the laws of the state of Delaware;

(s) CI Holdings, LLC, a limited liability company organized under the laws of the state of Delaware;

(t) Commonwealth Aluminum Concast, Inc., a Ohio corporation;

(u) Commonwealth Aluminum Lewisport, LLC, a limited liability company organized under the laws of the state of Delaware;

(v) Commonwealth Aluminum Metals, LLC, a limited liability company organized under the laws of the state of Delaware;

(w) Commonwealth Aluminum Sales Corporation, a Delaware corporation;

(x) Commonwealth Aluminum Tube Enterprises, LLC, a limited liability company organized under the laws of the state of Delaware;

(y) Commonwealth Aluminum, LLC, a limited liability company organized under the laws of the state of Delaware;

(z) Commonwealth Industries, Inc., a Delaware corporation;

(aa) ETS Schaefer Corporation, a Ohio corporation;

(bb) IMCO Indiana Partnership L.P., a limited partnership between IMCO Recycling of Indiana, Inc. and IMCO International, Inc. under the laws of the state of Indiana;

(cc) IMCO International, Inc., a Delaware corporation;

(dd) IMCO Investment Company, a Delaware corporation;

(ee) IMCO Management Partnership, L.P., a limited partnership between IMCO Investment Company and Aleris International, Inc. under the laws of the state of Texas;

(ff) IMCO Recycling of California, Inc., a Delaware corporation;

(gg) IMCO Recycling of Idaho Inc., a Delaware corporation;

(hh) IMCO Recycling of Illinois Inc., a Illinois corporation;

(ii) IMCO Recycling of Indiana Inc., a Delaware corporation;

(jj) IMCO Recycling of Michigan L.L.C., a limited liability company organized under the laws of the state of Delaware;

(kk) IMCO Recycling of Ohio Inc., a Delaware corporation;

(ll) IMCO Recycling of Utah Inc., a Delaware corporation;

(mm) IMCO Recycling Services Company, a Delaware corporation;

(nn) IMSAMET, Inc, a Delaware corporation;

(oo) Rock Creek Aluminum, Inc., a Ohio corporation;

(pp) Silver Fox Holding Company, a Delaware corporation; and

(qq) Wabash Alloys, L.L.C., a limited liability company organized under the laws of the state of Delaware.

1.1.187 ***U.S. Liquidity Adjustment.*** An amount equal to (a) an amount set forth on Schedule "1.1.187" on the applicable Determination Date ***plus*** (b) seventy percent (70%) of the Closing Liquidity Adjustment (if the Closing Liquidity Adjustment is a positive number), ***minus*** (c) the absolute value of seventy percent (70%) of the Closing Liquidity Adjustment (if the Closing Liquidity Adjustment is a negative number).

1.1.188 ***U.S. Plan Deductions.*** The sum of the following, each as determined in accordance with Section 7.1.1 of the Plan and without duplication:

(a) sixty-four percent (64%) of unpaid fees and expenses due and owing under the DIP Credit Agreements,

(b) sixty-four percent (64%) of a reasonable estimate of additional unpaid fees and expenses that will be due and owing under the DIP Credit Agreements on the Effective Date,

(c) sixty percent (60%) of a reasonable estimate of fees and expenses that will be due and owing in connection with the Exit ABL Facility on the Effective Date,

(d) seventy percent (70%) of the Structuring and Arrangement Fee,

(e) seventy percent (70%) of the fees and expenses due and owing under the Equity Commitment Agreement,

(f) seventy percent (70%) of a reasonable estimate of additional fees and expenses that will be due and owing under the Equity Commitment Agreement on the

Effective Date,

(g) Cash payments to be made to Allowed Convenience Claims,

(h) a reasonable estimate of the Cash payments to Convenience Claims that constitute Disputed Claims that may become Allowed,

(i) $4 million (the amount associated with the Cash payment to U.S. Debtors Class 5 Claims),

(j) A reasonable estimate of Administrative Expenses pursuant to section 503(b)(9) of the Bankruptcy Code that constitute Disputed Claims that may become Allowed,

(k) Allowed but unpaid Administrative Expenses pursuant to section 503(b)(9) of the Bankruptcy Code,

(l) unpaid Administrative Expenses on account of fees and expenses incurred by professionals retained under section 327 of the Bankruptcy Code (other than ordinary course professionals and professionals retained specifically for and by ADH),

(m) a reasonable estimate of additional unpaid Administrative Expenses on account of fees and expenses incurred by professionals retained under section 327 of the Bankruptcy Code as of the Effective Date (other than ordinary course professionals and professionals retained specifically for and by ADH),

(n) sixty-four percent (64%) of the Blackstone Fees,

(o) the amount set forth on Schedule "1.1.188(o)" to the Plan as the outstanding borrowings by non-European entities under the DIP Credit Agreements on the applicable Determination Date,

(p) the U.S. Liquidity Adjustment,

(q) a reasonable estimate of cure costs as of the Effective Date under executory contracts and leases assumed pursuant to Section 9.1.2 of this Plan,

(r) the amount of payments to be made on account of Allowed Other Secured Claims,

(s) a reasonable estimate of the payments that would be required to be made on account of Disputed Other Secured Claims that may become Allowed,

(t) the amount of payments to be made on account of Allowed U.S. Tax Claims,

(u) a reasonable estimate of the payments that would be required to be made on account of Disputed U.S. Tax Claims that may become Allowed,

(v) the amount of payments to be made on account of Priority Non-Tax Claims,

(w) a reasonable estimate of the payments that would be required to be made on

account of Disputed Priority Non-Tax Claims that may become Allowed, and

(x) if the ADH Term Loan Value equals the European Term Loan Minimum Recovery, the ADH Plan Deductions in excess of (i) $300 million ***minus*** (ii) the European Term Loan Minimum Recovery ***minus*** (iii) the ADH Roll-Up Value.

1.1.189 ***U.S. Plan Value.*** $700 million ***minus*** the U.S. Plan Deductions.

1.1.190 ***U.S. Roll-Up Cash-Out Amount.*** U.S. Plan Value.

1.1.191 ***U.S. Roll-Up Minimum Recovery.*** $120 million.

1.1.192 ***U.S. Roll-Up Stock.*** Non-Rights Offering Common Stock multiplied by a fraction, the numerator of which is the U.S. Plan Value and the denominator of which is the Plan Value.

1.1.193 ***U.S. Roll-Up Term Loan Claim.*** Any Claim arising out of the U.S. Roll-Up Term Loans under the DIP Term Credit Agreement.

1.1.194 ***U.S. Roll-Up Term Loans.*** U.S. Roll-Up Loans, as defined in the DIP Credit Agreement.

1.1.195 ***U.S. Subscription Notes.*** IntermediateCo Notes in an aggregate principal amount equal to the aggregate principal amount of IntermediateCo Notes multiplied by a fraction, the numerator of which is the U.S. Plan Value and the denominator of which is the Plan Value.

1.1.196 ***U.S. Subscription Stock.*** Number of shares of Rights Offering Common Stock equal to the aggregate amount of Rights Offering Common Stock multiplied by a fraction, the numerator of which is the U.S. Plan Value and the denominator of which is the Plan Value.

1.1.197 ***U.S. Subscription Rights.*** The rights to subscribe for units consisting of the U.S. Subscription Stock and the U.S. Subscription Notes to be issued on the Effective Date at the Subscription Purchase Price on the terms and subject to the conditions set forth in Section 7.1.1 of the Plan.

1.1.198 ***U.S. Tax Claim.*** A Claim against the U.S. Debtors that (i) meets the requirements specified in section 507(a)(8) of the Bankruptcy Code or (ii) that is of the type specified in section 507(a)(8) of the Bankruptcy Code and that is secured by an interest of any of the U.S. Debtors in property of the estate whether or not the Claim arises within the periods specified in section 507(a)(8), and including any related prepetition secured claim for penalties.

1.1.199 ***U.S. Term Loan Claims.*** Any Claims arising under the U.S. Term Loan Facility.

1.1.200 ***U.S. Term Loan Facility.*** That certain $825 million facility under the Prepetition Term Loan Agreement with Aleris, as borrower, and the U.S. Debtors, as guarantors.

1.1.201 ***U.S. Trustee.*** The Office of the United States Trustee for the District of Delaware.

1.1.202 ***Voting Deadline*****.** The date set by the Bankruptcy Court by which all completed ballots must be received.

1.1.203 ***Voting Procedures Order*****.** A final order of the Bankruptcy Court approving procedures relating to the solicitation and tabulation of votes with respect to the Plan.

1.1.204 ***Voting Record Date.*** As defined in the Voting Procedures Order.

1.2 Other Terms.

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, the feminine, and the neuter. The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. An initially capitalized term used herein that is not defined herein shall have the meaning ascribed to such term, if any, in the Bankruptcy Code, unless the context shall otherwise require.

1.3 Exhibits and Schedules.

Any exhibit or schedule to the Plan not annexed hereto shall be contained in a separate exhibit volume or plan supplement, which shall be filed with the Clerk of the Bankruptcy Court no later than the earlier of (i) **thirty (30) days** prior to the commencement of the hearing on confirmation of the Plan and (ii) **fifteen (15) days** prior to the Voting Deadline. To the extent an exhibit to the Plan (or an exhibit to such exhibit) contains the Plan, the disclosure statement for the Plan, or an item that is already annexed to the Plan as an exhibit, the exhibit hereto may not include the redundant item.

Such exhibits and schedules may be inspected in the office of the Clerk of the Bankruptcy Court during normal hours of operation of the Bankruptcy Court. Such exhibits and schedules shall also be available for download from the following website: **www.kccllc.com/aleris**.

ARTICLE II

PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSES AND U.S. TAX CLAIMS

2.1 Administrative Expenses.

2.1.1 ***Payment of Allowed Administrative Expenses.***

The Allowed Amount of each Administrative Expense against a U.S. Debtor that is Allowed as of the Effective Date shall be paid in full, in Cash, on the Effective Date or as soon thereafter as is reasonably practicable; ***provided***, ***however***, that (a) Administrative Expenses of the type specified in Section 1.1.30(e)(i) of the Plan shall be assumed and paid by the Reorganized Debtors in accordance with the terms and conditions of the particular transactions and any agreements relating thereto and, (b) the U.S. Roll-Up Term Loan Claims shall be satisfied in accordance with the treatment set forth in U.S. Debtors Class 3. Each Administrative Expense of the type specified in Section 1.1.30(e)(ii) or 1.1.30(e)(iii) of the Plan shall be paid the Allowed Amount of such Administrative Expense in full, in Cash, as soon as practicable after such Administrative Expense is Allowed.

2.1.2 *Compensation and Reimbursement Claims.*

The Bankruptcy Court shall fix in the Confirmation Order a date for the filing of, and a date to hear and determine, all applications for final allowances of compensation or reimbursement of expenses under section 330 of the Bankruptcy Code or applications for allowance of Administrative Expenses arising under section 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 503(b)(6) of the Bankruptcy Code, other than expenses already allowed by Final Order. The Allowed Amount of all Administrative Expenses arising under section 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 503(b)(6) of the Bankruptcy Code shall be paid in full, in Cash, (a) upon the later of (i) the Effective Date and (ii) the date upon which any such Administrative Expense becomes Allowed or (b) at such later date or upon such other terms as may be mutually agreed upon between each such Administrative Expense Creditor and the Reorganized Debtors.

2.1.3 *Administrative Expenses Specific to the U.S. Debtors.*

(a) DIP ABL Claims.

Each holder of a DIP ABL Claim will receive payment in full, in the applicable currency under the DIP ABL Credit Agreement, of the unpaid portion of its claim on the Effective Date or as soon thereafter as is reasonably practicable. The payment shall be made by Aleris and the Debtors' non-Debtor affiliates, Aleris Specification Alloy Products Canada Company and Aleris Switzerland GmbH. To fund the payments by Aleris Specification Alloy Products Canada Company and Aleris Switzerland GmbH, Aleris shall make a series of cash capital contributions and/or loans using proceeds from the Rights Offering through its direct and indirect Debtor and non-Debtor subsidiaries, such that Aleris Specification Alloy Products Canada Company and Aleris Switzerland GmbH, respectively, receive certain cash capital contributions and/or loans. Using the proceeds of the cash capital contributions and/or loans, on the Effective Date or soon thereafter as is reasonably practicable, Aleris, Aleris Specification Alloy Products Canada Company and Aleris Switzerland GmbH shall pay all outstanding DIP ABL Claims in full in applicable currency under the DIP ABL Credit Agreement to the DIP ABL Agent Bank for distribution to holders of DIP ABL Claims.

(b) New Money Term DIP Claims.

Each holder of a New Money DIP Claim will receive payment in full, in the applicable currency under the DIP Term Credit Agreement, of the unpaid portion of its claim on the Effective Date or as soon thereafter as is reasonably practicable. The payment shall be made by ADH and the Debtors' non-Debtor affiliate, Aleris Aluminum Duffel BVBA. Specifically, using proceeds from the Rights Offering, Aleris shall make a series of cash capital contributions and/or loans through its direct and indirect Debtor and non-Debtor subsidiaries, such that ADH and Aleris Aluminum Duffel BVBA, respectively, receive certain cash capital contributions and/or loans. Using the proceeds of the cash capital contributions and/or loans, on the Effective Date or as soon thereafter as is reasonably practicable, ADH and Aleris Aluminum Duffel BVBA shall pay all outstanding New Money Term DIP Claims in full in the applicable currency under the DIP Term Credit Agreement to the DIP Term Agent Bank for distribution to holders of New Money Term DIP Claims.

(c) U.S. Roll-Up Term Loan Claims.

Classification and treatment of U.S. Roll-Up Term Loan Claims are set forth below in Section 3.1.2 below. If the holders of the U.S. Roll-Up Term Loans do not vote to accept the Plan in accordance with section 1126 of the Bankruptcy Code, then the U.S. Debtors reserve the right to confirm

the Plan in accordance with section 1129(b) of the Bankruptcy Code and Paragraph 17(c) of the DIP Order.

2.1.4 *Administrative Claims Specific to ADH.*

Administrative Expenses against ADH shall be assumed and paid by Reorganized ADH in accordance with the terms and conditions of the particular transactions and any agreements relating thereto.

2.2 U.S. Tax Claims.

At the sole option of the Debtors or the Reorganized Debtors, each holder of an Allowed U.S. Tax Claim shall be paid the Allowed Amount of its Allowed U.S. Tax Claim either:

(a) in full, in Cash, on the latest of (i) the Effective Date, (ii) the date such Allowed U.S. Tax Claim becomes Allowed, and (iii) the date such Allowed U.S. Tax Claim is payable under applicable non-bankruptcy law;

(b) equal semi-annual Cash payments in an aggregate amount equal to such Allowed U.S. Tax Claim, together with interest at the applicable non-bankruptcy rate, commencing upon the later of (i) the Effective Date and (ii) the date such U.S. Tax Claim becomes Allowed; or as soon thereafter as is practicable and continuing over a period of eighteen (18) months (but in no event exceeding five (5) years from and after the Commencement Date of the U.S. Debtors);

(c) such other treatment as shall be determined by the Bankruptcy Court to provide the holder of such Allowed U.S. Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed U.S. Tax Claim; or

(d) upon such other terms as may be mutually agreed upon between each holder of a U.S. Tax Claim and the Reorganized Debtor against which such Allowed U.S. Tax Claim is asserted.

ARTICLE III

CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

3.1 Summary of Claims and Equity Interests.

3.1.1 *Claims Against and Equity Interests in the U.S. Debtors.*

Claims against and Equity Interests in the U.S. Debtors are classified for all purposes, including, without express or implied limitation, voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Treatment	Status	Entitled to Vote
U.S. Debtors Class 1: Priority Non-Tax Claims	Paid in full, in Cash, on the later of the Effective Date and as soon as practicable after the Priority Non-Tax Claim becomes Allowed.	Unimpaired	No. Deemed to accept.

Class	Treatment	Status	Entitled to Vote
U.S. Debtors Class 2: Other U.S. Secured Claims	Reinstated or otherwise left unimpaired.	Unimpaired	No. Deemed to accept.
U.S. Debtors Class 3: U.S. Roll-Up Term Loan Claims	Pro Rata Share of one of the following: 1. (a) U.S. Roll-Up Stock and (b) U.S. Subscription Rights, ***or*** 2. Cash equal to the U.S. Plan Value.	Impaired	Yes.
U.S. Debtors Class 4: Convenience Claims	Paid Cash equal to 25% of Allowed Amount of Allowed Convenience Claim on later of the Initial Distribution Date and as soon as practicable after such Convenience Claim becomes Allowed. Eligible for 50% payout on the Final Distribution Date if total Allowed Amount of Administrative Expenses under section 503(b)(9) is less than $6.5 million (including any such expenses that have been paid by the Debtors prior to the Effective Date).	Impaired	Yes.
U.S Debtors Class 5: General Unsecured Claims other than Convenience Claims and Insured Claims	Pro Rata Share of $4 million in Cash.	Impaired	Yes.
U.S. Debtors Class 6: U.S. Affiliate Claims	Reinstated or otherwise left unimpaired.	Unimpaired	No. Deemed to accept.
U.S. Debtors Class 7: Insured Claims	The holder of an Insured Claim may elect to**:** 1. remain in U.S. Debtors Class 7 and limit such holder's recovery on account of its Allowed Insured Claim to any Insurance Proceeds available for such Claim, 2. have its Insured Claim be treated under the Plan as a General Unsecured Claim in U.S. Debtors Class 5, ***or*** 3. subject to Section 3.2.4(b) of the Plan, have its Insured Claim be treated under the Plan as a Convenience Claim in U.S. Debtors Class 4.	Impaired	Yes.
U.S. Debtors Class 8: Aleris Equity Interests.	Cancelled.	Impaired	No. Deemed to reject.
U.S. Debtors Class 9: Cancelled U.S. Equity Interests.	Cancelled.	Impaired	No. Deemed to reject.

Class	Treatment	Status	Entitled to Vote
U.S. Debtors Class 10: Other U.S. Equity Interests	Reinstated.	Unimpaired	No. Deemed to accept.

3.1.2 *Claims Against and Equity Interests in ADH.*

Claims against and Equity Interests in ADH are classified for all purposes, including, without express or implied limitation, voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Treatment	Status	Entitled to Vote
ADH Class 1: German Tranche of U.S. DIP Loan Claims	Paid in full, in Cash, on the Effective Date.	Unimpaired	No.
ADH Class 2: European Roll-Up Term Loan Claims	Pro Rata Share of one of the following: 1. (a) ADH Roll-Up Stock and (b) the ADH Roll-Up Subscription Rights, ***or*** 2. Cash equal to $25 million.	Impaired	Yes.
ADH Class 3: European Term Loan Claims	Pro Rata Share of one of the following: 1. (a) ADH Term Loan Stock and (b) the ADH Term Loan Subscription Rights, ***or*** 2. Cash equal to the ADH Term Loan Value.	Impaired	Yes.
ADH Class 4: Other ADH Claims	Reinstated or otherwise left unimpaired.	Unimpaired	No. Deemed to accept.
ADH Class 5: ADH Equity Interests	Reinstated.	Unimpaired	No. Deemed to accept.

3.2 Classification and Treatment of Claims Against and Equity Interests in the U.S. Debtors.

3.2.1 *U.S. Debtors Class 1 – Priority Non-Tax Claims.*

(a) Classification: U.S. Debtors Class 1 consists of all Allowed Priority Non-Tax Claims.

(b) Treatment: On the later of (x) the Effective Date and (y) as soon as practicable

after the date its Priority Non-Tax Claim becomes Allowed, each holder of an Allowed Priority Non-Tax Claim shall be paid the Allowed Amount of its Allowed Priority Non-Tax Claim in full, in Cash.

(c) Status: U.S. Debtors Class 1 is unimpaired. The holders of Claims in U.S. Debtors Class 1 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.2.2 ***U.S. Debtors Class 2 – Other U.S. Secured Claims.***

(a) Classification: U.S. Debtors Class 2 consists of all Allowed Other U.S. Secured Claims.

(b) Treatment: Each Allowed Other U.S. Secured Claim shall be unimpaired in accordance with section 1124 of the Bankruptcy Code. Accordingly, each Allowed Other U.S. Secured Claim shall be treated in one of the following ways:

(i) The legal, equitable, and contractual rights of a holder of an Allowed Other U.S. Secured Claim shall be left unaltered, *or*

(ii) Notwithstanding any contractual provision or applicable law that entitles the holder of an Allowed Other U.S. Secured Claim to demand or receive accelerated payment of such Claim prior to the stated maturity of such Claim from and after the occurrence of a default under the agreements governing or evidencing such Claim or applicable law, such Claim shall be reinstated and the applicable U.S. Debtor shall:

(1) cure all defaults that occurred before or from and after the U.S. Debtors' Commencement Date (other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code),

(2) reinstate the maturity of such Claim as such maturity existed prior to the occurrence of such default,

(3) compensate the holder of such Claim for any damages incurred as a consequence of any reasonable reliance by such holder on such contractual provision or such applicable law,

(4) if such Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensate the holder of such Claim (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, *and*

(5) Not otherwise alter the legal, equitable, or contractual rights to which the holder of such Claim is entitled.

(c) Status: U.S. Debtors Class 2 is unimpaired. The holders of Claims in U.S. Debtors Class 2 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.2.3 *U.S. Debtors Class 3 – U.S. Roll-Up Term Loan Claims.*

(a) Classification: U.S. Debtors Class 3 consists of all Allowed U.S. Roll-Up Term Loan Claims.

(b) Allowance of Claims: After giving effect to the 9019 Settlement, the U.S. Roll-Up Term Loan Claims will be deemed allowed in the principal amount, as of September 30, 2009, of $436,762,168.50 and €70,944,418.10 ***plus*** accrued interest (including interest accrued pursuant to the 9019 Settlement from August 1, 2009) up to the Effective Date.

(c) Treatment: On the Effective Date and in accordance with the Restructuring Transactions, each holder of a U.S. Roll-Up Term Loan Claim as of the Distribution Record Date shall receive, at the election of the holder of such U.S. Roll-Up Term Loan Claim made on or before the Subscription Expiration Date, one of the following:

(i) its Pro Rata Share of U.S. Roll-Up Stock to be issued on the Effective Date and the U.S. Subscription Rights, ***or***

(ii) Cash equal to its Pro Rata Share of U.S. Plan Value.

If the holder of a U.S. Roll-Up Term Loan Claim (other than a Backstop Party) completes and returns its Subscription Form by the Subscription Expiration Date, such holder shall be deemed to have elected the treatment described in clause 3.2.3(c)(i) of the Plan ***unless*** the holder completes and returns a Ballot, in which it elects the treatment described in clause 3.2.3(c)(ii) of the Plan, in which case, such holder shall be deemed to have relinquished, forever and irrevocably, its right to participate in the Rights Offering and the Rights Offering Agent shall return any amounts that such holder paid for the exercise of its Subscription Rights without interest. Any other holder of a U.S. Roll-Up Term Loan Claim (*i.e.*, other than a Backstop Party or a holder returning its Subscription Form and electing the treatment described in clause 3.2.3(c)(i) of the Plan pursuant to the preceding sentence) that fails to make a timely election on its Ballot electing the treatment described in clause 3.2.3(c)(i) of the Plan, shall be irrevocably deemed to have elected the treatment under clause 3.2.3(c)(ii) of the Plan.

Up to **ten (10) days** prior to the Effective Date and upon written notice to the Debtors and Oaktree, Apollo may change its election of clause 3.2.3(c)(i) of the Plan (*i.e.*, to receive its Pro Rata Share of U.S. Roll-Up Stock to be issued on the Effective Date and the U.S. Subscription Rights) to clause 3.2.3(c)(ii) of the Plan (*i.e.*, Cash equal to its Pro Rata Share of U.S. Plan Value).

(d) Status: U.S. Debtors Class 3 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 3 are entitled to vote to accept or reject the Plan.

3.2.4 *U.S. Debtors Class 4 – Convenience Claims.*

(a) Classification: U.S. Debtors Class 4 consists of all Allowed Convenience Claims.

(b) Treatment: On the later of (x) the Initial Distribution Date and (y) as soon as practicable after the date its Convenience Claim is Allowed, each holder of an Allowed Convenience Claim shall receive a payment of Cash equal to 25% of the Allowed Amount of its Convenience Claim. If the aggregate amount of Allowed Administrative Expenses under section 503(b)(9) of the Bankruptcy Code is less than $6.5 million (including any such expenses that have been paid by the Debtors prior to the Effective Date), then on the later of the Final Distribution Date and as soon as practicable after the date its Convenience Claim is Allowed, each holder of an Allowed Convenience Claim shall receive an additional payment of Cash equal to 25% of the Allowed Amount of its Convenience Claim.

(i) *Aggregation of Claims*: For purposes of treatment in U.S. Debtors Class 4, all General Unsecured Claims, including, without limitation, any Claims arising from the rejection of an executory contract or unexpired lease pursuant to the Plan or otherwise and irrespective of whether any or all such Claims are unliquidated, disputed, or contingent, against all the U.S. Debtors of a Creditor shall be aggregated and treated as a single Convenience Claim. If a holder of a General Unsecured Claim elects to have any eligible General Unsecured Claim, including, among others, any unliquidated, disputed, or contingent General Unsecured Claim or Insured Claim, treated as a Convenience Claim, then that election applies to all such holder's General Unsecured Claims other than Debt Claims against all the U.S. Debtors, and such holder shall have a single Convenience Claim. Notwithstanding the foregoing, in determining the aggregate Allowed Amount of Convenience Claims held by a Creditor, claims acquired by such Creditor after the Commencement Date from an Entity other than an Affiliate of such Creditor shall not be included in such total, and a Creditor may make separate Convenience Claim elections with respect to General Unsecured Claims acquired after the Commencement Date from an Entity other than an Affiliate of such Creditor.

(ii) *Election by Holders of Allowed General Unsecured Claims Other than Debt Claims*: Any creditor whose aggregate Allowed General Unsecured Claims other than Debt Claims against the U.S. Debtors total $10,000 or less automatically shall have such Claims treated as a Convenience Claim. Any holder of any other eligible Allowed General Unsecured Claim that desires treatment of such Claims as a Convenience Claim in the Allowed Amount of $10,000 shall make such election on the Ballot to be provided to holders of Claims in U.S. Debtors Class 5 and return such Ballot to the address specified therein on or before the Voting Deadline and such Ballot shall be tabulated as a Convenience Claim. Any election the Debtors receive after the Voting Deadline shall not be binding on the U.S. Debtors unless the Voting Deadline is expressly waived in writing by Aleris with respect to any such Claim.

(iii) *Election by Holders of Wholly Unliquidated General Unsecured Claims*: Subject to Section 3.2.4(b)(i) of the Plan, each Creditor that asserts General Unsecured Claims that are only Unliquidated Claims against the U.S. Debtors may elect to settle, liquidate, and have all of such Claims

treated as a single Allowed Convenience Claim in the Allowed Amount of $10,000. Any holder of such unliquidated Claims that desires treatment of its Claims as a Convenience Claim shall make such election on the Ballot to be provided to holders of Claims in U.S. Debtors Class 5 and return the Ballot to the address specified therein on or before the Voting Deadline. Upon the timely receipt of the Ballot, the Claim shall be tabulated as a Convenience Claim for voting purposes only. Notwithstanding the foregoing, the Debtors may reject such election by providing notice of such rejection **fourteen (14) days** after the Voting Deadline, in which case, all such Claims shall be treated as Unliquidated. Claims that are General Unsecured Claims in U.S. Debtors Class 5 subject to allowance, liquidation, and/or estimation by the Bankruptcy Court for all purposes other than voting. For avoidance of doubt, the Debtors shall tabulate any such wholly Unliquidated General Unsecured Claim against the U.S. Debtors, where the holder of such Claim elects treatment of its Claim as a Convenience Claim, as a Convenience Claim irrespective of whether the Debtors accept or reject such election.

(iv) *Election by Holders of Insured Claims*: Subject to Section 3.2.4(b)(i) of the Plan, each holder of an Insured Claim may elect to settle, liquidate, and have such Claim treated as an Allowed Convenience Claim in the Allowed Amount of the lesser of $10,000 and the asserted amount of the Claim. Any holder of such a Claim that desires treatment of its Claim as a single Convenience Claim shall make such election on the Ballot to be provided to holders of Insured Claims in U.S. Debtors Class 8 and return the Ballot to the address specified therein on or before the Voting Deadline. Upon the timely receipt of the Ballot, the Claim shall be tabulated as a Convenience Claim for voting purposes only. Notwithstanding the foregoing, the Debtors may reject such election by providing notice of such rejection **fourteen (14) days** after the Voting Deadline, in which case, such Claim shall be treated as an Insured Claim in U.S. Debtors Class 8 for all purposes other than voting. For avoidance of doubt, the Debtors shall tabulate any Insured Claim, where the holder of such Claim elects treatment of its Claim as a Convenience Claim, as a Convenience Claim irrespective of whether the Debtors accept or reject such election.

(c) Status: U.S. Debtors Class 4 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 4 are entitled to vote to accept or reject the Plan.

3.2.5 ***U.S. Debtors Class 5 – General Unsecured Claims Other than Convenience Claims and Insured Claims.***

(a) Classification: U.S. Debtors Class 5 consists of all Allowed General Unsecured Claims other than Convenience Claims and Insured Claims.

(b) Allowance of Certain Debt Claims:

(i) The 2006 Senior Notes shall be deemed Allowed in the aggregate amount of $606,521,000.00.

(ii) The 2007 Senior Notes shall be deemed Allowed in the aggregate amount of $106,875,016.00.

(iii) The Senior Subordinated Notes shall be deemed Allowed in the aggregate amount of $405,321,945.00.

(iv) After giving effect to the 9019 Settlement, the U.S. Term Loan Claims shall be deemed Allowed in the aggregate amount of $220,086.098.00 and €66,974,920.30.

(v) After giving effect to the 9019 Settlement, the guarantee of the European Term Loan shall be deemed Allowed in the aggregate amount of $286,058,937.20 and €53,237,092.30.

(c) Treatment: On the Initial Distribution Date and each Distribution Date until the Final Distribution Date, each holder of an Allowed General Unsecured Claim shall receive its Pro Rata Share of $4 million in Cash ***minus*** the aggregate amount of Cash previously received by such holder on the Initial Distribution Date and each other Distribution Date.

(d) Subordination of the Subordinated Note Claims: With respect to Senior Subordinated Note Claims, the Disbursing Agent shall enforce Section 506 of the Senior Subordinated Indenture whereby holders of Senior Subordinated Notes agreed to subordinate their Subordinated Note Claims to all Senior Indebtedness (as defined in the Senior Subordinated Indenture), including, without limitation, the Senior Note Claims. To effect such subordination, the remaining holders of Allowed Debt Claims shall be entitled to receive their Pro Rata Share among all Debt Claims (calculated without taking into account the Senior Subordinated Note Claims) of any Distribution that otherwise would have been made on account of Senior Subordinated Note Claims.

(e) Status: U.S. Debtors Class 5 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 5 are entitled to vote to accept or reject the Plan.

3.2.6 ***U.S. Debtors Class 6 – U.S. Affiliate Claims.***

(a) Classification: U.S. Debtors Class 6 consists of all Allowed U.S. Affiliate Claims against the U.S. Debtors.

(b) Treatment: Each Allowed U.S. Affiliate Claim shall be unimpaired in accordance with section 1124 of the Bankruptcy Code. Accordingly, each Allowed U.S. Affiliate Claim shall be treated in one of the following ways:

(i) The legal, equitable, and contractual rights of a holder of an Allowed U.S. Affiliate Claim shall be left unaltered, *or*

(ii) Notwithstanding any contractual provision or applicable law that entitles the holder of an Allowed U.S. Affiliate Claim to demand or receive accelerated payment of such Claim prior to the stated maturity of such Claim from and after the occurrence of a default under the agreements

governing or evidencing such Claim or applicable law, such Claim shall be reinstated and the applicable U.S. Debtor shall

(1) cure all defaults that occurred before or from and after the U.S. Debtors' Commencement Date (other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code),

(2) reinstate the maturity of such Claim as such maturity existed prior to the occurrence of such default,

(3) compensate the holder of such Claim for any damages incurred as a consequence of any reasonable reliance by such holder on such contractual provision or such applicable law,

(4) if such Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensate the holder of such Claim (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, *and*

(5) not otherwise alter the legal, equitable, or contractual rights to which the holder of such Claim is entitled.

(c) Status: U.S. Debtors Class 6 is unimpaired. The holders of Claims in U.S. Debtors Class 6 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.2.7 ***U.S. Debtors Class 7 – Insured Claims.***

(a) Classification: U.S. Debtors Class 7 consists of all Insured Claims.

(b) Treatment: Each holder of an Insured Claim shall elect, by marking the appropriate box on such holder's Ballot, one of the following options:

(i) The recovery of a holder of an Allowed Insured Claim shall be limited to any Insurance Proceeds available to such holder's Claim, if any (without warranty or representation of any kind from the Debtors with respect to the availability of Insurance Proceeds with respect to such Claim), and the holder of an Insured Claim so electing to limit its recovery to Insurance Proceeds shall have the sole responsibility for seeking recovery under the Debtors' Insurance Policies on account of such Insured Claim and to satisfy any and all retroactive premiums, retentions, or deductibles under the Debtors' Insurance Policies;

(ii) The Insured Claim shall be treated as a General Unsecured Claim in U.S. Debtors Class 5 and, accordingly, the holder of an Allowed Insured Claim will be limited to any Distribution received by U.S. Debtors Class 5 and will be deemed to have waived any and all rights to seek recovery on such Claim from any other property of the Debtors' estates, including without limitation, any Insurance Proceeds, except to

Distributions made to holders of Allowed General Unsecured Claims in U.S. Debtors Class 5; ***or***

(iii) The Insured Claim shall be treated as an Allowed Convenience Claim in the Allowed Amount of $10,000 in U.S. Debtors Class 4 and, accordingly, the holder of such Insured Claim will be limited to any Distribution received by U.S. Debtors Class 4 and will be deemed to have waived any and all rights to seek recovery on such claim from any other property of the Debtors' estates, including, without limitation, any Insurance Proceeds, except to Distributions made to holders of Allowed Convenience Claims in U.S. Debtors Class 4; ***provided***, ***however***, in accordance with Section 3.2.4(b)(iv) of the Plan, the Debtors may reject the holder of an Insured Claim's election of clause 3.2.7(b)(iii), in which case, the Insured Claim shall be treated as an Insured Claim in U.S. Debtors Class 7 for all purposes other than voting.

If the holder of an Insured Claim fails to make a timely election, such holder shall be irrevocably deemed to have elected to remain an Insured Claim.

(c) Status: U.S. Debtors Class 7 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in U.S. Debtors Class 7 are entitled to vote to accept or reject the Plan.

3.2.8 ***U.S. Debtors Class 8 – Aleris Equity Interests.***

(a) Classification: U.S. Debtors Class 8 consists of all Aleris Equity Interests.

(b) Treatment: Each holder of an Aleris Equity Interest shall not receive or retain anything on account of the Plan. On the Effective Date, following the implementation of the Restructuring Transactions on such date, all Aleris Equity Interests shall be deemed cancelled and extinguished; holders of Aleris Equity Interests need not surrender their certificates or other documentation evidencing ownership of such Aleris Equity Interests.

As set forth in Section 10.3.7(c) of the Plan, certain holders of Aleris Equity Interests shall be enjoined from taking a worthless stock deduction with respect to any such Aleris Equity Interest.

(c) Status: U.S. Debtors Class 8 is impaired. The holders of Aleris Equity Interests in U.S. Debtors Class 8 are deemed to reject the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.2.9 ***U.S. Debtors Class 9 – Cancelled U.S. Equity Interests.***

(a) Classification: U.S. Debtors Class 9 consists of all Allowed Cancelled U.S. Equity Interests.

(b) Treatment: The holders of Cancelled U.S. Equity Interests shall not receive or retain anything on account of the Plan. On the Effective Date, following the implementation of the Restructuring Transactions on such date, all Cancelled U.S. Equity Interests shall be deemed cancelled and extinguished; the holders of

the Cancelled U.S. Equity Interests need not surrender its certificates or other documentation evidencing ownership of such Cancelled U.S. Equity Interests.

(c) Status: U.S. Debtors Class 9 is impaired. The holders of Cancelled U.S. Equity Interests in U.S. Debtors Class 9 are deemed to reject the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.2.10 ***U.S. Debtors Class 10 – Other U.S. Equity Interests.***

(a) Classification: U.S. Debtors Class 10 consists of all Allowed Other U.S. Equity Interests.

(b) Treatment: On the Effective Date, each Allowed Other Equity Interest shall be reinstated subject to the corporate reorganization of the U.S. Debtors as described in Section 7.6 below.

(c) Status: U.S. Debtors Class 10 is unimpaired. The holders of Equity Interests in U.S. Debtors Class 10 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.3 Classification and Treatment of Claims Against and Equity Interests in ADH.

3.3.1 ***ADH Class 1 – German Tranche of U.S. DIP Loan Claims.***

(a) Classification: ADH Class 1 consists of all Allowed German Tranche of U.S. DIP Loan Claims.

(b) Treatment: On the Effective Date, each holder of an Allowed German Tranche of U.S. DIP Loan Claim shall be paid the Allowed Amount of its Allowed German Tranche of U.S. DIP Loan Claim in full, in the applicable currency under the DIP Term Credit Agreement, as provided in Section 2.1.3(b) of the Plan.

(c) Status: ADH Class 1 is unimpaired. The holders of Claims in ADH Class 1 are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.3.2 ***ADH Class 2 – European Roll-Up Term Loan Claims.***

(a) Classification: ADH Class 2 consists of all Allowed European Roll-Up Term Loan Claims.

(b) Allowance: After giving effect to the 9019 Settlement, the European Roll-Up Term Loan Claims will be deemed Allowed in the amount of the ADH Roll-Up Value.

(c) Treatment: On the Effective Date and in accordance with the Restructuring Transactions, each holder of an Allowed European Roll-Up Term Loan Claim shall receive, at the election of the holder of such Allowed European Roll-Up Term Loan Claim made on or before the Subscription Expiration Date, one of the following:

(i) its Pro Rata Share of the ADH Roll-Up Stock to be issued on the Effective Date and the ADH Roll-Up Subscription Rights, ***or***

(ii) Cash equal to its Pro Rata Share of $25 million.

Up to **ten (10) days** prior to the Effective Date and upon written notice to the Debtors and Oaktree, Apollo may change its election of clause 3.3.2(c)(i) of the Plan (*i.e.*, its Pro Rata Share of the ADH Roll-Up Stock to be issued on the Effective Date and the ADH Roll-Up Subscription Rights) to clause 3.3.2(c)(ii) of the Plan (*i.e.*, Cash equal to its Pro Rata Share of $25 million).

(d) Status: ADH Class 2 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of Claims in ADH Class 2 are entitled to vote to accept or reject the Plan.

3.3.3 ***ADH Class 3 – European Term Loan Claims.***

(a) Classification: ADH Class 3 consists of all Allowed European Term Loan Claims.

(b) Allowance: After giving effect to the 9019 Settlement, the European Term Loan Claims will be deemed Allowed in the aggregate principal amount of $286,058,937.66 and €53,237,092.34 ***plus*** accrued and unpaid interest as of the Commencement Date for ADH.

(c) Treatment: On the Effective Date and in accordance with the Restructuring Transactions, each holder of a European Term Loan Claim as of the Distribution Record Date shall receive, at the election of the holder of such European Term Loan Claim made on or before the Subscription Expiration Date, one of the following:

(i) its Pro Rata Share of ADH Term Loan Stock to be issued on the Effective Date and the ADH Term Loan Subscription Rights, ***or***

(ii) Cash equal to its Pro Rata Share of ADH Term Loan Value.

If the holder of a European Term Loan Claim (other than a Backstop Party) completes and returns its Subscription Form by the Subscription Expiration Date, such holder shall be deemed to have elected the treatment described in clause 3.3.3(c)(i) of the Plan ***unless*** the holder completes and returns a Ballot, in which it elects the treatment described in clause 3.3.3(c)(ii) of the Plan, in which case, such holder shall be deemed to have relinquished, forever and irrevocably, its right to participate in the Rights Offering and the Rights Offering Agent shall return any amounts that such holder paid for the exercise of its Subscription Rights without interest. Any other holder of a European Term Loan Claim (*i.e.*, other than a Backstop Party or a holder returning its Subscription Form and electing the treatment described in clause 3.3.3(c)(i) of the Plan pursuant to the preceding sentence) that fails to make a timely election on its Ballot electing the treatment described in clause 3.3.3(c)(i) of the Plan, shall be irrevocably deemed to have elected the treatment under clause 3.3.3(c)(ii) of the Plan.

Up to **ten (10) days** prior to the Effective Date and upon written notice to the Debtors and Oaktree, Apollo may change its election of clause 3.3.3(c)(i) of the Plan (*i.e.*, its Pro Rata Share of ADH Term Loan Stock to be issued on the Effective Date and the ADH Term Loan Subscription Rights) to clause 3.3.3(c)(ii) of the Plan (*i.e.*, Cash equal to its Pro Rata Share of ADH Term Loan Value).

(d) Status: ADH Class 3 is impaired. To the extent and in the manner provided in the Voting Procedures Order, the holders of the Claims in ADH Class 3 are entitled to vote to accept or reject the Plan.

3.3.4 ***ADH Class 4 – Other ADH Claims.***

(a) Classification: ADH Class 4 consists of all Allowed Other ADH Claims.

(b) Treatment: Each Allowed Other ADH Claim shall be unimpaired in accordance with section 1124 of the Bankruptcy Code. Accordingly, each Allowed Other ADH Claim shall be treated in one of the following ways:

(i) The legal, equitable, and contractual rights of a holder of an Allowed Other ADH Claim shall be left unaltered, *or*

(ii) Notwithstanding any contractual provision or applicable law that entitles the holder of an Allowed Other ADH Claim to demand or receive accelerated payment of such Claim prior to the stated maturity of such Claim from and after the occurrence of a default under the agreements governing or evidencing such Claim or applicable law, such Claim shall be reinstated and ADH shall

(1) cure all defaults that occurred before or from and after ADH's Commencement Date (other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code),

(2) reinstate the maturity of such Claim as such maturity existed prior to the occurrence of such default,

(3) compensate the holder of such Claim for any damages incurred as a consequence of any reasonable reliance by such holder on such contractual provision or such applicable law,

(4) if such Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensate the holder of such Claim (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, *and*

(5) not otherwise alter the legal, equitable, or contractual rights to which the holder of such Claim is entitled.

(c) Status: ADH Class 4 is unimpaired. The holders of Claims in ADH Class 4 are

deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.3.5 *ADH Class 5 – ADH Equity Interests.*

(a) Classification: ADH Class 5 consists of all Allowed ADH Equity Interests.

(b) Treatment: Each Allowed ADH Equity Interest shall be reinstated.

(c) Status: ADH Class 5 is unimpaired. The holders of ADH Equity Interests are deemed to accept the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

3.4 Impairment under the Plan.

In the event of a controversy as to whether any class of Claims or Equity Interests is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy at or prior to the Confirmation Date.

ARTICLE IV

MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

4.1 Modification of the Plan.

The Debtors may, with the consent of a Majority in Interest, alter, amend, or modify the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date so long as the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code. After the Confirmation Date and prior to the Effective Date, the Debtors may only alter, amend, or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code and with the consent of a Majority in Interest.

4.2 Revocation or Withdrawal.

4.2.1 *Right to Revoke.*

The Debtors may revoke or withdraw the Plan prior to the Confirmation Date, subject to the terms of the Equity Commitment Agreement and the Plan Support Agreements.

4.2.2 *Effect of Withdrawal or Revocation.*

If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims or defenses or any admission or statement against interest by the Debtors in any further proceedings involving any Debtor.

4.3 Amendment of Plan Documents.

From and after the Effective Date, the authority to amend, modify, or supplement the exhibits and schedules to the Plan and any documents attached to such exhibits and schedules shall be as provided in such exhibits and schedules and their respective attachments.

ARTICLE V

TREATMENT OF DISPUTED CLAIMS

5.1 Objections to Claims; Prosecution of Disputed Claims.

The Reorganized Debtors shall object to the allowance of Claims filed with the Bankruptcy Court with respect to which the Reorganized Debtors dispute liability in whole or in part. All objections that are filed and prosecuted by the Reorganized Debtors as provided herein shall be litigated to Final Order by the Reorganized Debtors or compromised and settled in accordance with the Claims Settlement Guidelines.

Unless otherwise provided herein or extended by order of the Bankruptcy Court, all objections by the Reorganized Debtors to Claims shall be served and filed no later than **ninety (90) days** after the Effective Date.

5.2 Amendment to the Claim Settlement Guidelines.

The Confirmation Order shall approve the amendment to the Claim Settlement Guidelines as set forth in Exhibit "1.1.48" of the Plan.

5.3 Distributions on Account of Disputed Claims.

Notwithstanding Section 3.2 hereof, but subject to Section 3.2.4(b)(iii) hereof, a Distribution shall only be made by the Reorganized Debtors to the holder of a Disputed Claim when, and to the extent that, such Disputed Claim becomes Allowed. No Distribution shall be made with respect to all or any portion of any Disputed Claim pending the entire resolution thereof in the manner prescribed by Section 5.1 hereof.

No interest shall be paid on account of Disputed Claims that later become Allowed except to the extent that payment of interest is required under section 506(b) of the Bankruptcy Code.

ARTICLE VI

ACCEPTANCE OR REJECTION OF THE PLAN

6.1 Impaired Classes to Vote.

Each holder of a Claim in an impaired Class of Claims shall be entitled to vote to accept or reject the Plan to the extent and in the manner provided by the Voting Procedures Order.

6.2 Acceptance by Class of Claims.

Acceptance of the Plan by any impaired Class of Claims shall be determined in accordance with the Voting Procedures Order.

6.3 Nonconsensual Confirmation.

Because the U.S. Debtors Class 8 (Aleris Equity Interests) and U.S. Debtors Class 9 (Cancelled U.S. Equity Interests) are deemed to have rejected the Plan, the Debtors intend to seek confirmation of the Plan in accordance with section 1129(b) of the Bankruptcy Code.

In the event that any impaired Class of Claims shall fail to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, the Debtors intend to (a) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case the Plan itself shall constitute a motion for such relief, or (b) amend the Plan in accordance with Section 4.1 hereof.

6.4 Substantive Consolidation for Voting and Distribution Purposes.

6.4.1 ***Deemed Substantive Consolidation.***

For administrative convenience, the U.S. Debtors' estates shall be substantively consolidated for voting, confirmation, and distribution purposes only. Absent the substantive consolidation provided herein, no recovery would be available to Creditors in U.S. Debtors Class 4 (Convenience Claims) and U.S. Debtors Class 5 (General Unsecured Claims Other than Convenience Claims and Insured Claims).

Entry of the Confirmation Order shall constitute approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the limited consolidation of the U.S. Debtors' chapter 11 cases.

On and after the Effective Date:

(a) All guarantees by any of the U.S. Debtors of the obligations of any other U.S. Debtor arising prior to the Effective Date shall be deemed eliminated so that any Claim against any U.S. Debtor and any guarantee thereof executed by any other U.S. Debtor and any joint and several liability of any of the U.S. Debtors shall be deemed to be one obligation of the deemed consolidated U.S. Debtors, and

(b) Each and every General Unsecured Claim and the U.S. Roll-Up Term Loan Claims filed or to be filed in the Chapter 11 Cases against one or more of the U.S. Debtors shall be deemed filed against the consolidated U.S. Debtors and shall be deemed one Claim against and an obligation of the deemed consolidated U.S. Debtors.

The substantive consolidation shall not affect the following:

(a) The mutuality requirements imposed by section 553 of the Bankruptcy Code in connection with any setoff rights asserted by a Creditor;

(b) The allowance or treatment of U.S. Affiliate Claims;

(c) The legal and organizational structure of the Reorganized U.S. Debtors;

(d) Pre- and post-Commencement Date liens, guarantees, and security interests that are required to be maintained in connection with any of the following:

(i) Executory contracts that were entered into during the U.S. Debtors' chapter 11 cases or that have been or will be assumed pursuant to section 365 of the Bankruptcy Code;

(ii) The Plan;

(iii) The DIP Credit Agreements; or

(iv) The Exit ABL Facility; or

(e) Distributions out of any insurance policies or Distributions out of proceeds of such policies.

6.4.2 ***Reservation of Rights.***

Notwithstanding the foregoing, the U.S. Debtors reserve the right to deconsolidate any or all of the U.S. Debtors and tabulate votes on a debtor-by-debtor basis.

ARTICLE VII

IMPLEMENTATION OF THE PLAN

7.1 The Rights Offering.

7.1.1 ***Calculation of Plan Value.***

Before the Effective Date, but within the later of (a) **five (5) Business Days** after the Confirmation Date and (b) **ten (10) Business Days** after the first day of the month in which the Confirmation Date shall occur, the Debtors, in consultation with, and subject to approval of, a Majority in Interest, will calculate the Plan Value, the Closing Liquidity Adjustment, the ADH Liquidity Adjustment, the U.S. Liquidity Adjustment, and the Determination Date Net Working Capital (and all definitions related to any of the foregoing).

If the Effective Date is more than **forty-five (45) days** after the initial Determination Date, the Debtors, in consultation with, and subject to approval of, a Majority in Interest, will recalculate, based upon the new Determination Date, the Plan Value, the Closing Liquidity Adjustment, the ADH Liquidity Adjustment, the U.S. Liquidity Adjustment, and the Determination Date Net Working Capital (and all definitions related to the foregoing) on the **fifth (5^{th}) Business Day** before the Effective Date.

Any value (a) determined as of the Determination Date and (b) denominated in a currency that is not U.S. dollars will be converted to U.S. dollars based upon the applicable exchange rate as of the Determination Date. Any other value (x) used in the calculation of the ADH Plan Deductions or U.S. Plan Deductions, (y) determined as of a date other than the Determination Date, and (z) denominated in a currency that is not U.S. dollars will be converted to U.S. dollars based upon the applicable exchange rate as of **one (1) Business Day** before the date on which such calculation occurs.

The Bankruptcy Court will resolve any dispute between the Debtors and the Majority in Interest regarding any such calculations.

7.1.2 ***Issuance of Subscription Rights in the Rights Offering.***

The Debtors shall send to each holder of an Allowed U.S. Roll-Up Term Loan Claim, an Allowed European Roll-Up Term Loan Claim or an Allowed European Term Loan Claim a Ballot, on which each holder of such Claims may elect to receive, at its option:

(a) (i) its Pro Rata Share of U.S. Roll-Up Stock, ADH Roll-Up Stock, or ADH Term Loan Stock, as applicable, and

(ii) its Pro Rata Share of U.S. Subscription Rights, ADH Roll-Up Subscription Rights or ADH Term Loan Subscription Rights, as applicable, ***or***

(b) Cash in the amount of its Pro Rata Share of the U.S. Plan Value, the amount set forth in section 3.3.2(c)(ii) of the Plan, or ADH Term Loan Value, as applicable.

If the holder of an Allowed U.S. Roll-Up Term Loan Claim elects option (a) (*i.e.*, its Pro Rata Share of U.S. Roll-Up Stock and its Pro Rata Share of U.S. Subscription Rights), such holder may elect to exercise up to its Pro Rata Share of the U.S. Subscription Rights.

If the holder of an Allowed European Roll-Up Term Loan Claim elects option (a) (*i.e.*, its Pro Rata Share of ADH Roll-Up Stock and its Pro Rata Share of ADH Roll-Up Subscription Rights), such holder may elect to exercise up to its Pro Rata Share of the ADH Roll-Up Subscription Rights.

If the holder of an Allowed European Term Loan Claim elects option (a) (*i.e.*, its Pro Rata Share of ADH Term Loan Stock and its Pro Rata Share of ADH Term Loan Subscription Rights), such holder may elect to exercise up to its Pro Rata Share of the ADH Term Loan Subscription Rights.

If a holder of Allowed U.S. Roll-Up Term Loan Claims, Allowed European Roll-Up Term Loan Claims and Allowed European Term Loan Claims elects option (a), such holder (now a Rights Offering Participant) may also exercise its Subscription Rights via the Subscription Form enclosed with its Ballot.

The number of units of shares of New Common Stock and principal amount of IntermediateCo Notes with respect to which Aleris will accept subscriptions is subject to a reduction (the "***Minimum Ownership Cutback***") in order to effectuate the 9019 Settlement and provide Oaktree and Apollo, collectively, with a minimum ownership of the New Common Stock outstanding on the Effective Date equal to the Minimum Oaktree/Apollo Equity Threshold. Any shares of New Common Stock and IntermediateCo Notes excluded from the Subscription Rights due to a Minimum Ownership Cutback shall instead be considered part of the Rights Offering Residual Units. The Minimum Ownership Cutback will be made pro rata among the Rights Offering Participants other than the Backstop Parties. Notwithstanding the foregoing, the Debtors shall not reduce the number of units distributable to Rights Offering Participants (except for the Backstop Parties) by more than the Maximum Third-Party Reduction.

As set forth in Section 7.1.8 of the Plan, any New Common Stock and IntermediateCo Notes distributed in accordance with this Rights Offering shall be distributed upon the Effective Date or as soon thereafter as is reasonably practicable.

7.1.3 ***Rights Offering Procedures.***

(a) Subscription Period.

The Rights Offering shall commence when the Ballots and Subscription Forms are first transmitted/mailed to holders of Allowed U.S. Roll-Up Claims, Allowed European Roll-Up Term Loan Claims, and Allowed European Term Loan Claims, which shall be no later than the Solicitation Date.

Each Rights Offering Eligible Creditor (other than a Backstop Party) intending to participate in the Rights Offering must affirmatively elect to exercise its Subscription Rights on or prior to the Subscription Expiration Date in accordance with the Plan and the Subscription Form.

(b) Exercise of Subscription Rights.

Only Rights Offering Eligible Creditors will be allowed to exercise Subscription Rights for Rights Offering Units.

In order to exercise the Subscription Rights, each Rights Offering Eligible Creditor (other than a Backstop Party) must return a duly completed Subscription Form to the Rights Offering Agent so that such form and payment, in Cash, of the aggregate Subscription Purchase Price are **actually received** by the Rights Offering Agent on or before the Subscription Expiration Date. If the Rights Offering Agent for any reason does not receive from a given Rights Offering Eligible Creditor (other than a Backstop Party) a duly completed Subscription Form and payment, in Cash, of the aggregate Subscription Purchase Price on or prior to the Subscription Expiration Date, then such Rights Offering Eligible Creditor shall be deemed to have forever and irrevocably relinquished and waived its right to participate in the Rights Offering. If a Rights Offering Eligible Creditor returns a Ballot and elects treatment under clause 3.2.3(c)(i) of the Plan or clause 3.3.3(c)(i) of the Plan, as applicable, but fails to timely exercise its Subscription Rights, it shall be deemed to have elected to receive New Common Stock and Subscription Rights, but have elected not to exercise its Subscription Rights.

(c) Payment for Units Distributable Upon Exercise of Subscription Rights.

Each Rights Offering Participant, except for the Backstop Parties, shall be required to pay, so that it is **actually received** by the Rights Offering Agent on or prior to the Subscription Expiration Date, the Subscription Purchase Price for each unit for which such Rights Offering Participant subscribes, consisting of a share of New Common Stock and the principal amount of IntermediateCo Notes applicable to such share (such Subscription Purchase Price, the "***Preliminary Subscription Purchase Price***" and such units, the "***Preliminary Subscription Units***"). For purposes of determining such Rights Offering Participant's aggregate Preliminary Subscription Purchase Price and Preliminary Subscription Units, the Rights Offering Value shall be deemed the Maximum Rights Offering Amount.

If the Rights Offering Agent, for any reason, does not receive from a Rights Offering Participant (other than a Backstop Party) full payment of its aggregate Preliminary Subscription Purchase Price on or prior to the Subscription Expiration Date, then such Rights Offering Participant shall be deemed to have forever and irrevocably relinquished and waived its right to participate in the Rights Offering. Any such unexercised Subscription Rights shall be treated as Rights Offering Residual Units and shall be acquired by the Backstop Parties.

As set forth in Section 7.1.1 of this Plan, the Debtors, in consultation with, and subject to the approval of, a Majority in Interest, shall determine the Rights Offering Value, the Subscription Purchase Price and, after giving effect to the Minimum Ownership Cutback, the number of Rights Offering Units each Rights Offering Participant is entitled to receive (such Subscription Purchase Price, the "***Final Subscription Purchase Price***" and such units, the "***Final Subscription Units***"). If the Final Subscription Purchase Price and/or the number of Final Subscription Units are less than the Preliminary Subscription Purchase Price and/or the number of Preliminary Subscription Units respectively, then, promptly following the Effective Date, the Rights Offering Agent shall refund to each Rights Offering Participant (except for the Backstop Parties) the appropriate excess payment (if any) without interest. For U.S. federal income tax purposes, the aggregate Final Subscription Purchase Price paid by each Rights Offering Participant shall be allocated to the IntermediateCo Notes received by such Rights Offering Participant in an amount equal to their stated principal amount with the remaining Final Subscription Purchase Price allocated to the New Common Stock received by such participant.

The Rights Offering Agent shall hold any payments received for the exercise of Subscription Rights prior to the Effective Date in escrow until the Effective Date. In the event that the conditions to the Effective Date are not met or waived, such payments shall be returned to the applicable Rights Offering Participant without interest. Each Rights Offering Participant may exercise all or any portion of such participant's Subscription Rights pursuant to the Subscription Form. Except as set forth in Section 7.1.5, the valid exercise of Subscription Rights cannot be revoked.

If any Entity (other than a Backstop Party) exercises such Subscription Rights after the Subscription Expiration Date, such exercise shall be null and void, and the Debtors shall not be obligated to honor any such purported exercise regardless of when the documents relating to such exercise were sent.

(d) Rights Offering Residual Units.

After the Subscription Expiration Date, unexercised Subscription Rights shall be treated as Rights Offering Residual Units and shall be purchased by the Backstop Parties pursuant to the Equity Commitment Agreement.

(e) Subscription Notification.

On the Effective Date, the Rights Offering Agent will notify each Rights Offering Participant of its respective allocation of Rights Offering Units, and in the case of the Backstop Parties, the Rights Offering Agent will notify each Backstop Party on or before the **third (3rd) Business Day** prior to the Effective Date of its portion of Rights Offering Residual Units that such Backstop Party is obligated to purchase pursuant to the Equity Commitment Agreement.

In the event there is a Minimum Ownership Cutback or the Rights Offering Value is less than the Maximum Rights Offering Amount, then any excess portion of the payment made by the Rights Offering Participant shall be returned without interest promptly following the Effective Date.

(f) Disputes in the Exercise of Subscription Rights.

All questions concerning the timeliness, viability, form, and eligibility of any exercise of Subscription Rights shall be determined by the Debtors, with the consent of a Majority in Interest, whose good-faith determinations shall be final and binding. The Debtors, in their reasonable discretion, may (a) waive any defect or irregularity, (b) permit a defect or irregularity to be corrected within such times as the Debtors may determine, or (c) reject the purported exercise of any Subscription Rights.

Aleris or the Rights Offering Agent may give notice to any Rights Offering Eligible Creditor regarding any defect or irregularity in connection with any purported exercise of Subscription Rights by such Rights Offering Eligible Creditor and may permit such defect or irregularity to be cured within such time as it may determine in good faith to be appropriate; ***provided***, ***however***, that Aleris and the Rights Offering Agent will not have any obligation to provide such notice, nor will they incur any liability for failure to give notification.

7.1.4 ***Transfer Restrictions.***

Subscription Rights shall be provided to each Rights Offering Eligible Creditor as of the Voting Record Date. The Subscription Rights are not transferable. Rights Offering Eligible Creditors may not sell, transfer, assign, pledge or otherwise dispose of the Subscription Rights. Any such transfer

or attempted transfer is null and void and the Debtors will not treat any purported transferee as the holder of any Subscription Rights.

7.1.5 *Revocation.*

Once a Rights Offering Eligible Creditor exercises its Subscription Rights, such exercise cannot be revoked except if such Rights Offering Eligible Creditor elects the cash payment option on its Ballot. If a Rights Offering Eligible Creditor elects the cash payment option on its Ballot, the Rights Offering Eligible Creditor shall be deemed to have relinquished, forever and irrevocably, its rights to participate in the Rights Offering and the Rights Offering Agent shall return any amounts that such Rights Offering Eligible Creditor paid for the exercise of its Subscription Rights without interest.

7.1.6 *Backstop of the Rights Offering.*

Subject to the terms of the Equity Commitment Agreement, the Backstop Parties shall purchase all, if any, Rights Offering Residual Units. Accordingly, the Backstop Parties shall pay to the Rights Offering Agent, by wire transfer in immediately available funds on or before the Effective Date, Cash in an amount equal to the Subscription Purchase Price multiplied by the number of units of Rights Offering Residual Units. The Rights Offering Agent shall deposit such funds into the escrow for the proceeds of the Rights Offering.

7.1.7 *Structuring and Arrangement Fee.*

Each Backstop Party (or such affiliate as may be designated by such Backstop Party) shall, as set forth in the Equity Commitment Agreement, receive the Structuring and Arrangement Fee. The Structuring and Arrangement Fee shall be allocated to each Backstop Party (or, in each case, their designated affiliates) in proportion to the backstop amount provided by such Backstop Party, respectively.

7.1.8 *Distribution of the New Common Stock and IntermediateCo Notes.*

On, or as soon as practicable after the Effective Date, the Disbursing Agent shall distribute the New Common Stock and IntermediateCo Notes purchased by the Rights Offering Participants and the Backstop Parties, pursuant to the Rights Offering, to such purchasers, subject to the terms of the Equity Commitment Agreement with respect to the Backstop Parties. To the extent a holder of a U.S. Roll-Up Term Loan Claim, European Roll-Up Term Loan Claim or European Term Loan Claim requires any regulatory approval to purchase such New Common Stock, the Debtors will not distribute any shares of New Common Stock to such holder unless and until all such regulatory approvals are received. The Debtors will not be required to refund any Subscription Purchase Price in the event that any Rights Offering Participant fails to receive any applicable regulatory approval (including any approval under the HSR Act).

7.1.9 *No Interest.*

No interest shall be paid to Rights Offering Participants exercising Subscription Rights on account of amounts paid in connection with the exercise of the Subscription Rights.

7.2 Purchase of the IntermediateCo Preferred Stock.

Pursuant to the terms of the Equity Commitment Agreement, the Backstop Parties (or such affiliate, fund, or account managed by a Backstop Party, as may be designated by the managing Backstop Party) shall purchase the IntermediateCo Preferred Stock from IntermediateCo and shall pay to

IntermediateCo, by wire transfer in immediately available funds on the Effective Date, Cash in an amount equal to $5 million.

7.3 The 9019 Settlement.

To consensually resolve all outstanding disputes among the 9019 Settlement Parties (*i.e.*, Oaktree, Apollo, and the Debtors) with respect to the European Term Loan, the DIP Order, the DIP Term Credit Agreement, and the parties' respective rights under the same, the 9019 Settlement Parties have agreed to the following settlement pursuant to Bankruptcy Rule 9019, effective as of the Effective Date:

(a) In accordance with the DIP Order and sections 2.01(b)(ii) and 2.01(b)(iv) of the DIP Term Credit Agreement, upon the Effective Date of their original allocation of roll-up rights ($267.0 million), Oaktree and Apollo will be deemed to have elected to roll up:

(i) $242.0 million principal amount of their U.S. Term Loan Claims into U.S. Roll-Up Term Loan Claims, and

(ii) $25.0 million principal amount of their European Term Loan Claims into European Roll-Up Term Loan Claims;

provided, with respect to U.S. Term Loan Claims and European Term Loan Claims rolled-up into U.S. Roll-Up Term Loan Claims and European Roll-Up Term Loan Claims, respectively, on or after August 1, 2009, interest shall accrue on such U.S. Roll-Up Term Loan Claims and European Roll-Up Term Loan Claims as if Oaktree and Apollo had rolled-up such claims on August 1, 2009.

For avoidance of doubt, the amounts set forth above include amounts rolled up prior to August 1, 2009, and as to such amounts, interest will continue to accrue as of the date of such roll-up election.

(b) Upon the Effective Date, Oaktree and Apollo will each waive its rights to roll up any remaining European Term Loan Claims into the European Roll-Up Term Loan Claims.

(c) Pursuant to the Plan, the Rights Offering, and the Equity Commitment Agreement, Oaktree and Apollo will receive the right to subscribe for New Common Stock equal to at least the Minimum Oaktree/Apollo Equity Threshold.

The Plan shall constitute a motion to approve the 9019 Settlement. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such settlement pursuant to Bankruptcy Rule 9019 and a finding by the Bankruptcy Code that the 9019 Settlement is in the best interest of the Debtors and their respective estates. If the Effective Date does not occur, the 9019 Settlement shall be deemed to have been withdrawn without prejudice to the respective positions of the parties, including, but not limited to the ability of Oaktree and Apollo to elect to roll up into the U.S. Roll-Up Term Loans and the European Roll-Up Term Loans, and neither the fact of the proposed settlement nor the terms thereof shall be admissible in connection with the underlying dispute among the parties.

7.4 Corporate Action.

On or as soon as practicable after the Effective Date, each Reorganized Debtor shall take such actions as may be or become necessary to effectuate the Plan and any transactions contemplated thereby, all of which shall be authorized and approved in all respects, in each case without further action being required under applicable law, regulation, order, or rule (including, without limitation, any action by the holders of Equity Interests or directors of any Reorganized Debtor), including, without limitation, each Reorganized Debtor (a) may engage in any transaction contemplated by the Plan, including, without limitation, transactions related to the Rights Offering, the Transaction Agreements, the Exit ABL Facility, and the transactions contemplated by Sections 7.6.1 and 7.6.2 of the Plan, and (b) may file its Amended and Restated Organizational Documents with the Secretary of State for the state in which such Reorganized Debtor is organized. All matters provided for in the Plan involving the corporate structure of the Debtors or Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan shall occur in the order specified in Schedule "7.6.1" to the Plan.

To the full extent permissible under section 1123(a)(5) of the Bankruptcy Code, each Reorganized Debtor, as applicable, is exempt from compliance with any applicable non-bankruptcy law and regulations related to the transactions contemplated by the Plan.

7.5 Amendment of Organizational Documents.

Each of the Organizational Documents shall be amended or amended and restated as of the Effective Date in substantially the form of the Amended and Restated Organizational Documents.

7.6 The Restructuring Transactions.

7.6.1 *Transfer of Assets/Merger/Dissolution/Consolidation.*

On, or as soon as reasonably practicable after the Effective Date, the Debtors, the Reorganized Debtors, and the OpCos shall engage in the transactions set forth on Schedule "7.6.1" to the Plan (the "***Restructuring Transactions***"). In addition, on the Effective Date or as soon as reasonably practicable thereafter and without the need for any further action, the Reorganized Debtors may:

(a) Cause any or all of the Debtors or Reorganized Debtors to be merged into one or more of the Debtors or Reorganized Debtors, dissolved, or otherwise consolidated;

(b) Cause the transfer of any assets between or among the Debtors or Reorganized Debtors; or

(c) Engage in any other transactions in furtherance of the Plan.

7.6.2 *Dissolution of Aleris and the Dissolving U.S. Subsidiaries.*

From and after the Effective Date, the existing directors of Aleris and the Dissolving U.S. Subsidiaries and the then current officers of Aleris and the Dissolving U.S. Subsidiaries shall continue to serve in such capacity as the directors and officers of Aleris and the Dissolving U.S. Subsidiaries through the earlier of the date the respective entity is dissolved in accordance with this Section 7.6.2 of the Plan and the date such director or officer resigns, is terminated or otherwise is unable to serve; ***provided***, ***however***, that, in the event that any director or officer of Aleris or any Dissolving U.S. Subsidiary resigns,

is terminated, or is unable to serve as a director or officer, the successor to such director or officer shall be selected in accordance with the organizational documents of Aleris or the applicable Dissolving U.S. Subsidiary in effect at such time.

Upon consummation of the Acquisition Agreement and the filing by or on behalf of Aleris or any Dissolving U.S. Subsidiary of a certification to that effect with the Bankruptcy Court, Aleris or the applicable Dissolving U.S. Subsidiary shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of Aleris or the applicable Dissolving U.S. Subsidiary or payments to be made in connection therewith; ***provided***, ***however***, that Aleris and each Dissolving U.S. Subsidiary shall file with the Office of the Secretary of State for the State of Delaware a certificate of dissolution, which may be executed by an officer of such Debtor without need for approval by the Board of Directors or the holders of Equity Interests in Aleris or the applicable Dissolving U.S. Subsidiary. From and after the Effective Date, Aleris and each Dissolving U.S. Subsidiary shall not be required to file any document, or take any other action, or obtain any approval from the Board of Directors or holders of Equity Interests, to withdraw their business operation from any states in which the Debtors previously conducted their business operations.

To the extent that anything in this Section 7.6.2 of the Plan is inconsistent or conflicts with any of the bylaws, organizational documents, and related corporate documents of either Aleris or any Dissolving U.S. Subsidiary, such organizational documents are deemed amended by the Plan to permit and authorize the Debtors to take the actions contemplated by this Section 7.6.2 of the Plan. In addition, as of the Effective Date, the respective organizational documents of Aleris and the Dissolving U.S. Subsidiaries shall be deemed amended to prohibit the issuance of any shares of non-voting stock.

7.6.3 *Disposition of Certain Assets.*

Certain assets that the Reorganized Debtors intend to sell, transfer, or otherwise dispose of after the Effective Date will be transferred to an OpCo formed exclusively to hold such assets. The list of such assets is set forth in Schedule "7.6.3" to the Plan. Any transfer or other disposition by such OpCo of such assets shall be deemed a transfer made pursuant to this Plan, and, therefore, will be exempt from the transfer taxes pursuant to section 1145 of the Bankruptcy Code.

In accordance with Section 7.12 of the Plan, the closing of the Acquisition Agreement will occur on the Effective Date. Pursuant to the Acquisition Agreement, each Dissolving U.S. Subsidiary will transfer all of the assets specified in the Acquisition Agreement to the OpCo designated in Schedule "2" to the Acquisition Agreement free and clear of any and all Claims, Equity Interests, Encumbrances, and other interests.

7.7 The Exit ABL Facility.

The Reorganized Debtors are authorized to enter into the Exit ABL Facility and incur indebtedness thereunder on the Effective Date without the need for any further corporate action and without any further action by the holder of Claims or Equity Interest.

7.8 New Common Stock.

7.8.1 *Distribution of New Common Stock.*

In accordance with Section 7.1.8 and Article 8 of the Plan, the Debtors shall distribute or cause to be distributed the New Common Stock to Creditors in U.S. Debtor Class 3 (U.S. Roll-Up Term

Loan Claims), ADH Class 2 (European Roll-Up Term Loan Claims), and ADH Class 3 (European Term Loan Claims).

7.8.2 *Stockholders Agreement.*

As a condition to its receipt of shares of New Common Stock under the Plan, any Entity that, together with its Affiliates, would own nine percent (9.0%) or more of the New Common Stock to be issued on the Effective Date must execute and agree to be bound by the Stockholders Agreement. All other Creditors that receive New Common Stock under the Plan shall be deemed to be party to and, accordingly, bound by terms thereof.

7.8.3 *Registration Rights Agreement.*

Pursuant to the Transaction Agreements, HoldCo shall enter into the Registration Rights Agreement for the benefit of the applicable Backstop Parties and any such other parties identified in the Registration Rights Agreement.

7.8.4 *HSR Act Compliance.*

No Backstop Party will have any obligation to fund under the Equity Commitment Agreement, and no shares of New Common Stock to be distributed under the Plan to it or any other entity required to file a Premerger Notification and Report Form under the HSR Act, until the notification and waiting periods applicable under such Act to such entity shall have expired or been terminated. The Debtors will not be required to refund any Subscription Purchase Price in the event that any Rights Offering Participant fails to receive any applicable regulatory approval (including any approval under the HSR Act).

7.8.5 *Compliance with E.U. Competition Law.*

No Backstop Party will have any obligation to fund under the Equity Commitment Agreement, and no shares of New Common Stock will be distributed under the Plan to it, until the European Commission shall have (i) declared the acquisition of control by Oaktree over the assets of Aleris and the Dissolving U.S. Subsidiaries pursuant to the Plan, the Rights Offering, and the Transaction Agreements is compatible with the common market pursuant to Article 6(1)(b) of Council Regulation No. 139/2004 of January 20, 2004, on the control of concentrations between undertakings, either unconditionally or conditionally in terms reasonably satisfactory to the parties; or (ii) not issued a decision within the required deadlines with the consequences that the transaction contemplated by the Plan are deemed compatible with the common market pursuant to Article 10(6) of the EC Merger Regulation.

7.9 Cancellation of Securities of the U.S. Debtors.

As of the Effective Date, all notes, agreements, and securities evidencing General Unsecured Claims, except for European Term Loan Claims, and the rights of the holders thereof thereunder shall be cancelled and deemed null and void and of no further force and effect, and the holders thereof shall have no rights, and such instruments shall evidence no rights, except the right to receive the Distributions provided herein.

As of the Effective Date, all Aleris Equity Interests, Cancelled U.S. Equity Interests, 2006 Senior Notes, 2007 Senior Notes, Senior Subordinated Notes, any outstanding IRB, the U.S. Term Loan Facility, and any other Debt Claim will be deemed cancelled.

Notwithstanding any other provisions in the Plan, each Indenture or other agreement that governs the rights of a holder of a Debt Claim that is administered by an Indenture Trustee shall continue in effect solely for the purposes of permitting the applicable Indenture Trustee thereunder (i) to make Distributions to such holder pursuant to the terms of the applicable Indenture; (ii) maintain any rights and liens it may have for any unpaid fees, costs, expenses, and indemnification under such Indenture or other agreement, ***provided***, ***however***, such rights and liens are limited to the Distributions, if any, to such holders; and (iii) to be paid by such holders or reimbursed for such prepetition and postpetition fees, costs, expenses, and indemnification (to the extent not paid as an Administrative Expense or otherwise) from the Distributions, if any, to such holders (until payment in full of such fees, costs, expenses or indemnification) on the terms and conditions set forth by the respective Indenture, other agreement, or applicable law.

7.10 The European Term Loan.

Upon the Effective Date, in exchange for consideration provided under the Plan, all holders of Allowed European Term Loan Claims shall be deemed to have assigned their respective Allowed European Term Loan Claims to the European Term Loan Acquisition Entity.

The European Term Loan Acquisition Entity shall make any Distributions on account of European Term Loan Claims under the Plan of New Common Stock, ADH Term Loan Subscription Rights, and/or Cash. Specifically, Aleris shall make a series of capital contributions and/or loans through its direct and indirect subsidiaries to European Term Loan Acquisition Entity. Using the proceeds of such capital contributions and/or loans, on the Effective Date or as soon thereafter as is reasonably practicable, the European Term Loan Acquisition Entity shall distribute the New Common Stock, the ADH Term Loan Subscription Rights, and/or Cash to the Disbursing Agent for distribution to the holders of the European Term Loan Claims as of the Distribution Record Date.

As set forth in Section 10.3.3 of the Plan, European Term Loan Claims are not subject to discharge, waiver, or release; instead, on the Effective Date, the terms and conditions of the European Term Loan shall be modified as set forth in Exhibit "7.10" of the Plan, the European Term Loan Claims shall be deemed transferred to the European Term Loan Acquisition Entity, the European Term Loan Acquisition Entity shall be deemed to have assumed all responsibilities of the Prepetition Term Loan Agent Bank thereunder with respect to the European Term Loan Facility, and the Prepetition Term Loan Agent Bank shall be released from all other responsibilities under the Prepetition Term Loan Agreements with respect to the European Term Facility.

7.11 Management of Reorganized Debtors.

7.11.1 *General.*

In accordance with the Acquisition Agreement, the indirect and direct parents of each of the Reorganized Debtors shall be HoldCo and IntermediateCo. The management, control, and operation of HoldCo and IntermediateCo are the responsibility of their respective boards of directors and officers, subject to, and in accordance with, HoldCo's Certificate of Incorporation and Bylaws. On the Effective Date, the management, control, and operation of each Reorganized Debtor shall be the responsibility of its respective board of directors, officers, and/or managing members, subject to and in accordance with, its respective Amended and Restated Organizational Documents.

7.11.2 *Board of Directors of HoldCo.*

The initial members of the board of directors for HoldCo and their relevant qualifications will be identified in Schedule "7.11.2" to the Plan.

7.11.3 *Officers of HoldCo.*

The current officers of Aleris shall, on the Effective Date, become the officers of HoldCo with comparable titles and responsibilities. Such officers shall serve in accordance with applicable non-bankruptcy law, any employment agreements with HoldCo, IntermediateCo, or the Reorganized Debtors, and any Amended and Restated Organizational Documents.

7.12 Effectuating Documents and Further Transactions.

Each of the officers of the Debtors and the Reorganized Debtors is authorized, in accordance with his or her authority under the resolutions of the Board of Directors, to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including, without limitation, the Exit ABL Facility, the Transaction Agreements, the Rights Offering, any other exhibit or schedule to the Plan, and any notes or securities issued by any of the Reorganized Debtors pursuant to the Plan.

ARTICLE VIII

DISTRIBUTIONS

8.1 Disbursing Agent.

All Distributions under the Plan, including distributions to holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims, shall be made by the Reorganized Debtors as Disbursing Agent or such other entity designated by the Reorganized Debtors as a Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, and, in the event that a Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors.

8.2 Distribution Record Date for Distributions under the Plan.

Except as and to the extent otherwise required by customary procedures of the DTC with respect to Debt Claims, as of the close of business on the Distribution Record Date, the various transfer and claims registers for each of the classes of Claims as maintained by the Debtors, their respective agents, or the Indenture Trustees shall be deemed closed, and there shall be no further changes in the record holders of any of the Claims. The Debtors and the Reorganized Debtors shall have no obligation to recognize any transfer of the Claims occurring after the close of business on the Distribution Record Date. The Debtors, the Reorganized Debtors, the Disbursing Agent, and the Indenture Trustees shall be entitled to recognize and deal hereunder only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable.

8.3 Time of Distributions under the Plan.

Any Distribution to be made by the Debtors or the Reorganized Debtors pursuant to the Plan shall be deemed to have been timely made if made within **ten (10) days** after the time therefor specified in the Plan. Distributions with respect to U.S. Debtors Class 5 (General Unsecured Claims other than Convenience Claims and Insured Claims) shall only be made on a Distribution Date; ***provided***, ***however***, that if a Claim in U.S. Debtors Class 5 becomes Allowed subsequent to the Initial Distribution Date, the Disbursing Agent may, in its sole discretion, make a Distribution with respect to such Claim prior to the Distribution Date. Distributions to a Backstop Party under the Plan with respect to any U.S. Roll-Up Term Loan Claim, European Term Loan Claim, or European Roll-Up Term Loan Claim shall be made on the Effective Date.

8.4 Single Distribution to Each Creditor.

For purposes of treatment and Distribution under the Plan, except as expressly provided herein, all Allowed Claims held by a Creditor within a class shall be aggregated and treated as a single Claim. At the written request of Aleris or the Disbursing Agent, any Creditor holding multiple Claims within a class shall provide to Aleris or the Disbursing Agent, as the case may be, a single address to which any Distributions shall be sent. At the written request of any Creditor holding any such multiple Claims made to the Disbursing Agent within **thirty (30) days** prior to a Distribution Date, such Creditor shall receive an itemized statement of the Allowed Claims for which the Distribution is being made.

8.5 Compliance with Tax Withholding and Reporting Requirements.

In connection with the Plan, the Debtors and the Disbursing Agent will comply with all withholding and reporting requirements imposed by all applicable federal, state, local, and foreign taxing authorities, and all Distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution. Any party issuing any instrument or making any Distribution under the Plan has the right, but not the obligation, to withhold such Distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations. The Disbursing Agent may require, as a condition to receipt of a Distribution, that the holder complete the appropriate Form W-8 or Form W-9, as applicable to each such holder. If the Disbursing Agent makes such a request, and the holder fails to complete and return a Form W-8 or W-9, as applicable, before the **one-hundred eightieth (180th) day** after the Disbursing Agent makes such a request, such Distribution shall be deemed an unclaimed Distribution.

8.6 Distributions Administered by the Indenture Trustees.

8.6.1 *Distributions.*

Distributions to holders of Debt Claims that are governed by an Indenture administered by an Indenture Trustee will be made on each Distribution Date through the facilities of the DTC in accordance with the customary practices of DTC, as and to the extent practicable, at the direction of the Indenture Trustee. On the initial Distribution Date, the distribution will be made by means of book-entry exchange through the facilities of DTC, and each Indenture Trustee will deliver instructions to DTC directing DTC to effect Distributions on a pro rata basis as provided under the Plan with respect to the Debt Claims upon which such Indenture Trustee acts as trustee.

8.6.2 *Expiration of the Retention Period.*

Upon the expiration of the Retention Period, all monies or other property held for distribution by any Indenture Trustee under any indenture governing any of the Unsecured Claims shall be returned to the Reorganized Debtors by such trustee, free and clear of any claim or interest of any nature whatsoever, including, without express or implied limitation, escheat rights of any governmental unit under applicable law.

8.6.3 *Payment of Indenture Trustees' Fees and Expenses.*

The Reorganized Debtors will pay the Indenture Trustees' Fees and Expenses to the extent that an Indenture Trustee makes a written request for Indenture Trustees' Fees and Expenses within **thirty (30) days** after the Effective Date.

The Indenture Trustees do not need to apply to the Bankruptcy Court for approval of the Indenture Trustees' Fees and Expenses. Any dispute between the Reorganized Debtors and an Indenture Trustee regarding the reasonableness of any such fees and expenses shall be resolved by the Bankruptcy Court.

The Reorganized Debtors shall also compensate each Indenture Trustee for services rendered from and after the Effective Date up to an amount equal to ten-thousand dollars ($10,000) for each series of Debt Claims for which it acts as Indenture Trustee ***minus*** any previously reimbursed Indenture Trustees' Fees and Expenses, including, the reasonable compensation, disbursements, and expenses of the agents and legal counsel of such trustee in connection with the performance after the Effective Date of its duties under Section 8.6 hereof, and shall be indemnified by the Reorganized Debtors for any loss, liability, or expense incurred by it in connection with the performance of such duties to the same extent and in the same manner as provided in the related indenture.

8.7 Manner of Payment under the Plan.

Unless the Entity receiving a payment agrees otherwise, any payment in Cash to be made by the Debtors or the Reorganized Debtors shall be made, at the election of the Debtors or the Reorganized Debtors (as the case may be), by check drawn on a domestic bank or by wire transfer from a domestic bank.

8.8 Fractional Shares or Other Distributions.

Notwithstanding anything to the contrary contained herein, no fractional shares of New Common Stock shall be distributed, and no Cash payments shall be distributed in respect thereof. When any Distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of shares of New Common Stock that is not a whole number, the actual distribution of shares of New Common Stock shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereof. The total number of authorized shares of New Common Stock to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding.

8.9 Distribution of Unclaimed Property.

Any Distribution under the Plan that is unclaimed after **one hundred eighty (180) days** following the date such property is distributed (including, without limitation, because the Distribution

made to the last known address is returned as undeliverable or because a check evidencing a Distribution under the Plan is not cashed within such time), or that is not distributed by the Disbursing Agent because of the failure of a holder of an Allowed Claim to comply with certain withholding tax reporting requirements, shall be deemed not to have been made and shall be transferred to the OpCo identified in the Acquisition Agreement, free and clear of any claims or interests of any Entities, including, without express or implied limitation, any claims or interests of any governmental unit under escheat principles. The Debtors shall not be obligated to make any further Distributions on account of the Claim with respect to which such Distribution was made, and such Claim shall be treated as a Disallowed Claim. Nothing contained herein shall affect the discharge of the Claim with respect to which such Distribution was made, and the holder of such Claim shall be forever barred from enforcing such Claim against HoldCo, IntermediateCo, any OpCo, any of the Reorganized Debtors, or their respective assets, estate, properties, or interests in property.

8.10 Interest on Distributions.

8.10.1 ***Allocation of Plan Distributions between Principal and Interest.***

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount of the Claim (as determined for U.S. federal income tax purposes) first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

8.10.2 ***Accrual of Interest.***

No interest shall accrue or be paid with respect to any Distribution as a consequence of such Distribution not having been made on the Effective Date. Whenever any Distribution to be made under this Plan shall be due on a day other than a Business Day, such Distribution shall instead be made, without interest, on the immediately succeeding Business Day, but shall be deemed to have been made on the date due.

ARTICLE IX

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 Assumption of Executory Contracts and Unexpired Leases.

9.1.1 ***Assumption of Contracts and Leases of the U.S. Debtors on Schedule "9.1."***

Any executory contracts or unexpired leases listed on Schedule "9.1" to the Plan shall be deemed to have been assumed by the Debtors as of the Effective Date, and the Plan shall constitute a motion to assume such executory contracts and unexpired leases. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the applicable Debtor and its estate.

9.1.2 ***Cure Amounts.***

With respect to each such executory contract or unexpired lease assumed by the Debtors, unless, prior to the Effective Date (1) the Bankruptcy Court determines otherwise pursuant to a Final Order or (2) the parties to the executory contract or unexpired lease agree otherwise, the dollar amount required to cure any defaults of the Debtors existing as of the Confirmation Date shall be conclusively

presumed to be the amount set forth in Schedule "9.1" to the Plan with respect to such executory contract or unexpired lease unless an objection to the proposed cure amount is filed by the Voting Deadline. Subject to the occurrence of the Effective Date, any such cure amount shall be treated as an Allowed Administrative Expense under the Plan unless an objection is timely filed, and, upon payment of such Allowed Administrative Expense, all defaults of the Debtors existing as of the Confirmation Date with respect to such executory contract or unexpired lease shall be deemed to have been cured.

9.1.3 ***Assignment of Assumed Aleris Contracts and Leases.***

On the Effective Date, in furtherance of the obligations of the Reorganized Debtors under the Transaction Agreements, the executory contracts and unexpired leases set forth on Schedule "9.1" hereto, which either have been assumed during the course of the Chapter 11 Cases or are being assumed pursuant to Section 9.1.1 hereof, shall be assigned to the Entity identified on Schedule "9.1."

9.1.4 ***Assumption of ADH Contracts and Leases.***

Any executory contracts or unexpired leases of ADH (whether or not such executory contracts or unexpired leases are listed on the Schedules of ADH) shall be deemed to have been assumed by ADH as of the Effective Date. The Plan shall constitute a motion to assume such executory contracts and unexpired leases. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of ADH and its estate. The parties to such executory contracts and unexpired leases shall not be required to assert any cure claims in the Chapter 11 Cases, but may instead assert any claims or obligations owed by ADH in the ordinary course in a forum of competent jurisdiction.

9.2 Rejection of Executory Contracts and Unexpired Leases of the U.S. Debtors.

Any executory contracts or unexpired leases of the U.S. Debtors (whether or not such executory contracts or unexpired leases are listed on the Schedules of the U.S. Debtors) that either (a) are set forth on Schedule "9.2" to the Plan *or* (b) (1) are not listed on Schedule "9.2" to the Plan, (2) have not been assumed by the Debtors with the approval of the Bankruptcy Court, *and* (3) are not the subject of pending motions to assume at the Confirmation Date shall be deemed to have been rejected by the Debtors as of the Effective Date.

The Plan shall constitute a motion to reject such executory contracts and unexpired leases, and the Reorganized Debtors shall have no liability thereunder except as is specifically provided in the Plan. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such rejections pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such rejected executory contract or unexpired lease is burdensome and that the rejection thereof is in the best interest of the applicable Debtor and its estate.

9.3 Claims Arising from Rejection, Termination, or Expiration.

Claims created by the rejection of executory contracts or unexpired leases (including, without limitation, the rejection provided in Section 9.2 of the Plan) or the expiration or termination of any executory contract or unexpired lease of any of the U.S. Debtors prior to the Confirmation Date, must be filed with the Bankruptcy Court and served on the Debtors no later than **thirty (30) days** after:

(a) in the case of an executory contract or unexpired lease that was terminated or expired by its terms prior to the Confirmation Date, the Confirmation Date,

(b) in the case of an executory contract or unexpired lease rejected by the Debtors, the entry of the order of the Bankruptcy Court authorizing such rejection, or

(c) in the case of an executory contract or unexpired lease that is deemed rejected pursuant to Section 9.2 of the Plan, the Confirmation Date.

Any Claims for which a rejection claim is not filed and served within the time provided herein will be forever barred from assertion and shall not be enforceable against HoldCo, IntermediateCo, any of the OpCos, the Reorganized Debtors, or any of their respective estates, assets, properties, or interests in property.

Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of Article V of the Plan.

9.4 Previously Scheduled Contracts.

Schedule "9.4" to the Plan sets forth a list of agreements that were listed on the Schedules of the U.S. Debtors as executory contracts, but which the Debtors believe should not be considered executory contracts (either because they were not executory contracts as of the Commencement Date or because they have expired or terminated in accordance with their terms prior to the Effective Date). If any party to an agreement listed on Schedule "9.4" believes that such agreement is an executory contract or unexpired lease that should be assumed or rejected in the Chapter 11 Cases, such party must file an objection to the characterization of its agreement by the Voting Deadline.

If any such agreements are determined to be executory contracts, the Debtors or the Reorganized Debtors, as the case may be, reserve the right to seek the assumption, assumption and assignment, or rejection of any such contract, and the time within which the Debtors or the Reorganized Debtors, as the case may be, may seek to assume, assume and assign, or reject any such agreements shall be tolled until **twenty (20) Business Days** after the date on which an order determining that any such agreement is an executory contract becomes a Final Order.

9.5 Insurance Policies and Agreements.

The Debtors do not believe that the insurance policies issued to, or insurance agreements entered into by, the Debtors prior to the Commencement Date constitute executory contracts. Pursuant to the Transaction Agreements, Aleris is assigning any right, title, and interest it has in any insurance policy or insurance agreement to the OpCo identified in the Acquisition Agreement.

To the extent that such insurance policies or agreements are determined to be executory contracts, then, notwithstanding anything contained in Section 9.1 or 9.2 of the Plan to the contrary, the Plan shall constitute a motion to assume such insurance policies and agreements and, in the case of Aleris, to assign such insurance policies and insurance agreements as set forth in Schedule "2" to the Acquisition Agreement. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtors, their estates, and all parties in interest in these Chapter 11 Cases.

Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults

of the Debtors existing as of the Confirmation Date with respect to each such insurance policy or agreement.

Nothing contained in the Plan, including this Section, shall constitute a waiver of any claim, right, or Cause of Action that the Debtors or the Reorganized Debtors, as the case may be, may hold against the insurer under any policy of insurance or insurance agreement.

9.6 Indemnification and Reimbursement Obligations.

For purposes of the Plan, the obligations of the Debtors to indemnify and reimburse persons who are or were directors, officers, or employees of the Debtors on the Commencement Date or at any time thereafter against and for any obligations pursuant to their respective Organizational Documents, applicable non-bankruptcy law, or specific agreement, or any combination of the foregoing, shall survive confirmation of the Plan, remain unaffected thereby, and not be discharged in accordance with section 1141 of the Bankruptcy Code, irrespective of whether indemnification or reimbursement is owed in connection with an event occurring before, on, or after the Commencement Date.

9.7 Assumption of Employee Compensation and Benefit Programs.

On the Effective Date, the assumption and assumption and assignment of the benefit plans provided pursuant to this Section 9.7 shall be (a) deemed to have occurred as of Effective Date unless specified otherwise herein or in the Transaction Agreements, (b) authorized, (c) deemed approved in all respects, and (d) in effect from and after the Effective Date or such other date in each case without requiring further action under applicable law, regulation, order, or rule, including, without express or implied limitation, any action by any party or Entity, including any administrative committee of any plan or the stockholders or directors of the Debtors or the Reorganized Debtors.

Except with respect to any benefit plans, policies, or programs (x) for which the Debtors have received approval of the Bankruptcy Court to reject or terminate on or before the Effective Date (y) that is rejected or terminated pursuant to the Plan, or (z) that is subject to a pending motion to reject or terminate as of the Confirmation Date, all employment and severance policies, workers' compensation programs, and all compensation and benefit plans, policies and programs of the Debtors applicable to any employee, officer, or director that is in his or her position as of the Confirmation Date, including, without express or implied limitation, all retirement and savings plans; health care plans; disability plans; employee assistance programs; severance benefit plans; incentive plans; life, accidental death, and dismemberment insurance plans; and any other benefit plans, policies, or programs that the Debtors are required to continue pursuant to section 1113 or section 1114 of the Bankruptcy Code, shall be deemed to be, and shall be treated as though they are, executory contracts that are deemed assumed under the Plan, and the Debtors' obligations under such plans, policies, and programs shall be deemed assumed pursuant to section 365(a) of the Bankruptcy Code, survive confirmation of the Plan, remain unaffected thereby, and not be discharged in accordance with section 1141 of the Bankruptcy Code.

Any rights and obligations of Aleris under such plans, policies, and programs shall be assumed and/or assigned in accordance with the Transaction Agreements.

Any defaults existing under any of such plans, policies, and programs shall be cured promptly after they become known by the Reorganized Debtors.

9.8 Management Agreements.

On the Effective Date, all employment contracts between the Debtors and any employee of the Debtors who was employed by the Debtors as of the date immediately preceding the Effective Date (including, without limitation, any offer letters issued to any such employees to the extent such offer letters are not superseded by formal employment contracts) shall be deemed assumed by the Debtors; ***provided***, ***however***, that set forth in Schedule "9.8" to the Plan is a list of employees of the Debtors that will enter into, or have entered into, new employment contracts with HoldCo, the Debtors, or the Reorganized Debtors on or before the Effective Date and the material terms of such contracts, in which case any such new employment contract described on Schedule "9.8" to the Plan will supersede the existing contract with such employee. Any rights and obligations of Aleris under any such employment contracts shall be assigned to, and assumed by, as set forth in Schedule "2" to the Acquisition Agreement.

ARTICLE X

CONFIRMATION OF THE PLAN

10.1 Condition Precedent to Entry of the Confirmation Order.

Entry of the Confirmation Order (and the occurrence of the Confirmation Date) is subject to the termination of the Pension Plans in accordance with 29 U.S.C. § 1341(c) or 1342.

10.2 Conditions Precedent to the Effective Date.

10.2.1 *Occurrence of the Effective Date.*

The "effective date of the plan," as used in section 1129 of the Bankruptcy Code, shall not occur, and the Plan shall be of no force and effect, until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of the following conditions precedent:

(a) The Confirmation Order has been entered and is in full force and effect.

(b) The Confirmation Order has become a Final Order.

(c) All conditions to the obligations of the Backstop Parties in the Equity Commitment Agreement have been satisfied or waived.

(d) The Reorganized Debtors (other than Reorganized Aleris) shall have received a commitment reasonably satisfactory to such Reorganized Debtors and a Majority in Interest for an Exit ABL Facility, and all conditions to closing under the Exit ABL Facility have been satisfied or waived.

(e) The Rights Offering has been completed, including, among other things, the occurrence of the Subscription Expiration Date.

(f) All required regulatory approvals from any government agencies, including, without limitation, the European Commission, shall have been obtained, and any applicable waiting period under the HSR Act shall have expired or been terminated.

(g) Each of the exhibits to the Plan shall be in form and substance reasonably

satisfactory to the Reorganized Debtors and a Majority in Interest.

(h) The U.S. Plan Value is no less than $120 million.

10.2.2 ***Waiver of Conditions Precedent.***

Notwithstanding the foregoing, the Debtors reserve the right to waive the occurrence of any of the foregoing conditions precedent to the Confirmation Date or the Effective Date or to modify any of such conditions precedent with the express consent of a Majority in Interest; ***provided***, ***however***, the Debtors may not waive the condition to the occurrence of the Effective Date set forth in Section 10.2.1(h) of the Plan unless each holder of a U.S. Roll-Up Claim either (a) agrees to receive less value than its Pro Rata Share of the U.S. Roll-Up Minimum Recovery or (b) receives value at least equal to its Pro Rata Share of the U.S. Roll-Up Minimum Recovery. Any such written waiver of a condition precedent set forth in this section may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Except as the Debtors may otherwise specify, any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

10.2.3 ***Effect of Failure of Conditions to the Effective Date.***

If the Debtors decide, in consultation with the Majority in Interest, that one of the foregoing conditions cannot be satisfied, and the Debtors do not waive the occurrence of such condition, then the Debtors, with the consent of a Majority in Interest shall file a notice of the failure of the Effective Date with the Bankruptcy Court, at which time the Plan and the Confirmation Order shall be deemed null and void

10.3 Effects of Confirmation.

10.3.1 ***Vesting of Assets.***

Except as otherwise provided in the Plan, on the Effective Date, title to all assets and properties and interests in property dealt with by the Plan shall vest in the Reorganized Debtors free and clear of all Claims, Equity Interests, Encumbrances, and other interests, and the Confirmation Order shall be a judicial determination of discharge of the liabilities of the Debtors arising prior to the Effective Date, except as may be otherwise provided in the Plan.

10.3.2 ***Binding Effect.***

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted or rejected the Plan.

10.3.3 ***Discharge of Debtors.***

The rights afforded in the Plan and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever, including any interest accrued thereon from and after the Commencement Date, against the Debtors, or their estates, assets, properties, or interests in property;

provided, however, ADH shall not receive a discharge and release of Allowed European Term Loan Claims, and such claims shall survive ADH's chapter 11 case.

Except as otherwise provided herein, on the Effective Date, all Claims against the Debtors and Equity Interests in Aleris and the Dissolving U.S. Subsidiaries shall be satisfied, discharged, and released in full. The Reorganized Debtors shall not be responsible for any obligations of the Debtors except those expressly assumed by the Reorganized Debtors in the Plan. All Entities shall be precluded and forever barred from asserting against the Debtors, the Reorganized Debtors, their successors or assigns, or their assets, properties, or interests in property any other or further Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date.

10.3.4 ***Release of Certain Parties*****.**

On the Effective Date, the Debtors and the Reorganized Debtors shall be deemed to and hereby unconditionally and irrevocably release (i) each person who is or was a director or officer of the Debtors on the Commencement Date or any time thereafter and (ii) the Backstop Parties and their Affiliates and all of their respective directors and officers from any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such entity or person would have been legally entitled to assert (whether individually or collectively) or that any holder of a Claim or Equity Interest or other Entity would have been able to assert on behalf of the Debtors, relating to any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan, except that (a) no such (i) director or officer of the Debtors or (ii) Backstop Party, Affiliate thereof, or director or officer thereof shall be released from any act or omission that constitutes gross negligence, willful misconduct, or fraud as determined by Final Order of a court of competent jurisdiction, and (b) the foregoing release shall not apply to any express contractual or financial obligations owed to the Debtors or the Reorganized Debtors or any right or obligation arising under or that is part of the Plan or an agreement entered into pursuant to, in connection with or contemplated by, the Plan.

10.3.5 ***Exculpation.***

None of the Debtors, the Reorganized Debtors, HoldCo, IntermediateCo, any of the OpCos, any of the Backstop Parties and their Affiliates, any of the members of the Creditors' Committee, or any of their respective officers, directors, employees, attorneys, agents, or advisers shall have or incur any liability to any Entity for any act or omission in connection with or arising out of the Chapter 11 Cases, including, without limitation, the commencement of these Chapter 11 Cases, the DIP Credit Agreement, the negotiation of the Plan, pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under, or in connection with, the Plan.

10.3.6 ***Reservation of Claims Including Avoidance Actions.***

Any rights, claims, or causes of action accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, including, without express or implied limitation, any avoidance or recovery actions under sections 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code and (except as provided herein) any rights to, claims or causes of action for

recovery under any policies of insurance issued to or on behalf of the Debtors shall remain assets of the Debtors' estates and, on the Effective Date, shall be transferred to the Reorganized Debtors. The Reorganized Debtors shall be deemed the appointed representatives to, and may, pursue, litigate, and compromise and settle any such rights, claims, or causes of action, as appropriate, in accordance with what is in the best interests of and for the benefit of the Reorganized Debtors; ***provided***, ***however***, that, upon the occurrence of the Effective Date, the Debtors shall be deemed to have released any right to pursue an avoidance or recovery action under section 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code against any Creditor that continued to supply goods or services to any of the Debtors during the pendency of the Chapter 11 Cases.

10.3.7 ***Term of Injunctions or Stays.***

(a) Injunction Related to Discharged Claims and Cancelled Interests.

Except as otherwise expressly provided herein, and except with respect to enforcement of the Plan, all Entities who have held, hold, or may hold Claims against or Equity Interests in any Debtor are permanently enjoined, from and after the Effective Date, from:

(i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against any Reorganized Debtor;

(ii) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against any Reorganized Debtor with respect to any such Claim or Equity Interest;

(iii) creating, perfecting, or enforcing any encumbrance of any kind against any Reorganized Debtor, or against property of any Reorganized Debtor, as applicable, with respect to any such Claim or Equity Interest; and

(iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor, as applicable, with respect to any such Claim or Equity Interest.

(b) Continuation of Existing Injunctions and Stays.

Unless otherwise ordered by the Bankruptcy Court or by the Plan, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

(c) Injunction Against Worthless Stock Deductions.

Unless otherwise ordered by the Bankruptcy Court, on or after the Confirmation Date, any person or group of persons constituting a "fifty percent shareholder" of Aleris within the meaning of section 382(g)(4)(D) of the Tax Code shall be enjoined from claiming a worthless stock deduction with respect to any Aleris Equity Interests held by such person(s) (or otherwise treating such Equity Interests as worthless for U.S. federal income tax purposes) for any taxable year of such person(s) ending prior to the Effective Date.

ARTICLE XI

RETENTION OF JURISDICTION

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Cases or the Plan, or (c) to perform any of the following actions:

(a) to hear and determine any and all motions or applications pending on the Confirmation Date (or thereafter if a contract listed on Schedule "9.4" of the Plan is thereafter determined to be executory, and the Debtors are required to assume or reject it) for the assumption and/or assignment or rejection of executory contracts or unexpired leases to which a Debtor is a party or with respect to which a Debtor may be liable, and to hear and determine any and all Claims resulting therefrom or from the expiration or termination prior to the Confirmation Date of any executory contract or unexpired lease;

(b) to determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by any of the Reorganized Debtors after the Effective Date, including, without express or implied limitation, any claims to avoid any preferences, fraudulent transfers, or other avoidable transfers, or otherwise to recover assets for the benefit of the Debtors' estates;

(c) to hear and determine any objections to the allowance of Claims arising prior to the Effective Date, whether filed, asserted, or made before or after the Effective Date, including, without express or implied limitation, to hear and determine any objections to the classification of any Claim and to allow or disallow any Disputed Claim in whole or in part;

(d) to issue such orders in aid of execution of the Plan to the extent authorized or contemplated by section 1142 of the Bankruptcy Code;

(e) to consider any modifications of the Plan, remedy any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without express or implied limitation, the Confirmation Order;

(f) to hear and determine all applications for allowances of compensation and reimbursement of expenses of professionals under sections 330 and 331 of the Bankruptcy Code and any other fees and expenses authorized to be paid or reimbursed under the Plan;

(g) to hear and determine all controversies, suits, and disputes that may relate to, affect, or arise in connection with the Plan (and all exhibits to the Plan) or its interpretation, implementation, enforcement, or consummation;

(h) to the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim or Cause of Action by or against the Debtors' estates;

(i) to determine such other matters that may be set forth in the Plan, the

Confirmation Order, or that may arise in connection with the Plan or the Confirmation Order;

(j) to hear and determine matters concerning state, local, and federal taxes, fines, penalties, or additions to taxes for which the Debtors may be liable, directly or indirectly, in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including any request for expedited determination under section 505(b) of the Bankruptcy Code);

(k) to hear and determine matters concerning the exemption to comply with any applicable non-bankruptcy laws and regulations, in accordance with, among other things, section 1123(a)(5) of the Bankruptcy Code, relating to transactions contemplated by the Plan; and

(l) to enter an order or final decree closing these Chapter 11 Cases.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Payment of Statutory Fees.

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the hearing on confirmation of the Plan, shall be paid by the Debtors on or before the Effective Date. Notwithstanding Section 6.4 of the Plan, the Debtors shall pay all of the foregoing fees on a per-Debtor basis.

12.2 Exemption from Securities Law.

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of any Securities pursuant to the Plan (other than Securities distributed pursuant to the Rights Offering or the Equity Commitment Agreement) and any and all settlement agreements incorporated herein shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution or sale of Securities. In addition, except as otherwise provided in the Plan, under section 1145 of the Bankruptcy Code, any Securities contemplated by the Plan and any and all settlement agreements incorporated therein will be freely tradable by the recipients thereof, subject to:

(a) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments;

(b) the restrictions, if any, on the transferability of such Securities and instruments; and

(c) applicable regulatory approval.

Notwithstanding the foregoing, shares of New Common Stock and IntermediateCo Notes issued to the Rights Offering Participants and the Backstop Parties pursuant to the Rights Offering and the Equity

Commitment Agreement, respectively, shall be issued pursuant to the exemption provided under section 4(2) of the Securities Act, Regulation D thereunder, or Regulation S thereunder. The holders of such equity and debt Securities shall receive registration rights with respect to the New Common Stock as set forth in the Registration Rights Agreement.

12.3 Third Party Agreements.

The Distributions to the various classes of Claims hereunder shall not affect the right of any Entity to levy, garnish, attach, or employ any other legal process with respect to such Distributions by reason of any claimed subordination rights or otherwise. All of such rights and any agreements relating thereto shall remain in full force and effect.

12.4 Dissolution of Creditors' Committee.

On the Effective Date, the Creditors' Committee shall thereupon be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with these Chapter 11 Cases. Except for the limited purpose of presenting final applications for fee and expenses, the Creditors' Committee shall be deemed dissolved.

12.5 Notices.

Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually received at the following addresses:

If to the Debtors:

Aleris International, Inc
25825 Science Park Dr., Suite 400
Beachwood, Ohio 44122
Attn: Christopher R. Clegg, Esq.

and

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attn: Stephen Karotkin, Esq.
Debra A. Dandeneau, Esq.

and

Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Attn: Paul N. Heath, Esq.
L. Katherine Good, Esq.
Andrew C. Irgens, Esq.

If to the Creditors' Committee:

Reed Smith LLP
2500 One Liberty Place
1650 Market Street
Philadelphia, Pennsylvania 19103
Attn: Claudia Z. Springer, Esq.
Derek J. Baker, Esq.

Reed Smith LLP
Reed Smith Centre
225 Seventh Avenue
Pittsburgh, Pennsylvania 15222
Attn: Paul M. Singer, Esq.

Reed Smith LLP
1202 N. Market Street, Suite 1500
Wilmington, Delaware 19801
Attn: Kurt F. Gwynne, Esq.
Mark W. Eckard, Esq.

If to the Backstop Parties:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attn: Alan W. Kornberg, Esq.
Kenneth M. Schneider, Esq.

Wachtell, Lipton, Rosen, & Katz
51 West 52nd Street
New York, New York 10019
Attn: Philip Mindlin, Esq.
Andrew J. Nussbaum, Esq.
Gregory E. Pessin, Esq.

12.6 Headings.

The headings used in the Plan are inserted for convenience only and neither constitutes a portion of the Plan nor in any manner affects the construction of the provisions of the Plan.

12.7 Inconsistency.

In the event of any inconsistency among the Plan, the Disclosure Statement, and any exhibit or any schedule to the Disclosure Statement, the Plan governs. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order governs.

12.8 Severability.

At the option of the Debtors, acting with the consent of a Majority in Interest, any provision of the Plan, the Confirmation Order, or any of the exhibits to the Plan that is prohibited, unenforceable, or invalid shall, as to any jurisdiction in which such provision is prohibited, unenforceable,

or invalidated, be ineffective to the extent of such prohibition, unenforceability, or invalidation without invalidating the remaining provisions of the Plan, the Confirmation Order, and the exhibits to the Plan or affecting the validity or enforceability of such provisions in any other jurisdiction.

12.9 Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Delaware, without giving effect to the conflict of laws principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise expressly provided in such agreements, documents, or instruments.

12.10 Tax Related Provisions.

12.10.1 ***Exemption from Transfer Taxes.***

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without express or implied limitation, any liens granted in connection with Exit ABL Facility and the sale, transfer, or other disposition of assets held by OpCo for disposition, as described in Section 7.6 of the Plan shall not be subject to any sales and use, stamp, real estate transfer, mortgage recording, or other similar tax.

12.10.2 ***Expedited Determination of Postpetition Taxes.***

The Debtors and the Reorganized Debtors are authorized (but not required) to request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, the Debtors for all taxable periods (or portions thereof) from the Commencement Date through (and including) the Effective Date.

Dated: Wilmington, Delaware
February 5, 2010.

Respectfully submitted,

Aleris International, Inc.
Alchem Aluminum Shelbyville Inc.
Alchem Aluminum, Inc.
Aleris Aluminum Europe, Inc.
Aleris Aluminum U.S. Sales Inc.
Aleris Blanking and Rim Products, Inc.
Aleris Light Gauge Products, Inc.
Aleris Nevada Management, Inc.
Aleris Ohio Management, Inc.
Aleris, Inc.
Alsco Holdings, Inc.
Alsco Metals Corporation
Alumitech of Cleveland, Inc.
Alumitech of Wabash, Inc.
Alumitech of West Virginia, Inc.

Alumitech, Inc.
AWT Properties, Inc.
CA Lewisport, LLC
CI Holdings, LLC
Commonwealth Aluminum Concast, Inc.
Commonwealth Aluminum Lewisport, LLC
Commonwealth Aluminum Metals, LLC
Commonwealth Aluminum Sales Corporation
Commonwealth Aluminum Tube Enterprises, LLC
Commonwealth Aluminum, LLC
Commonwealth Industries, Inc.
ETS Schaefer Corporation
IMCO Indiana Partnership L.P.
IMCO International, Inc.
IMCO Investment Company
IMCO Management Partnership, L.P.
IMCO Recycling of California, Inc.
IMCO Recycling of Idaho Inc.
IMCO Recycling of Illinois Inc.
IMCO Recycling of Indiana Inc.
IMCO Recycling of Michigan L.L.C.
IMCO Recycling of Ohio Inc.
IMCO Recycling of Utah Inc.
IMCO Recycling Services Company
IMSAMET, Inc.
Rock Creek Aluminum, Inc.
Silver Fox Holding Company
Wabash Alloys, L.L.C.
Aleris Deutschland Holding, GmbH.

By: _____
Name: Sean M. Stack
Title: Executive Vice President
and Chief Financial Officer
of Aleris International, Inc.,

President of the other U.S. Debtors, and

Managing Director of ADH

Exhibits to the Plan

Exhibit No.	Description
1.1.5	Acquisition Agreement
1.1.32	Form of Amended and Restated Organizational Documents of HoldCo, IntermediateCo, and the Reorganized Debtors
1.1.48	Amendment to the Claims Settlement Guidelines
1.1.55	Contribution Agreement
1.1.84	Equity Commitment Agreement
1.1.112	Form of IntermediateCo Note Indenture
1.1.114	Terms of the IntermediateCo Preferred Stock
1.1.151	Form of Registration Rights Agreement
1.1.176	Form of Stockholders Agreement
7.10	Terms of the Amendment to European Term Loan Facility

Exhibit 1.1.5

Acquisition Agreement

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT (this "Agreement"), dated February 5, 2010, by and among ALERIS INTERNATIONAL, INC., a Delaware corporation ("Aleris International"), the Selling Subsidiaries (as defined below), and RLD Acquisition Co, a Delaware corporation ("RLD"), RCY ACQUISITION CO., a Delaware corporation ("RCY"), SPEC A ACQUISITION CO., a Delaware corporation ("Spec A"), SPEC P ACQUISITION CO., a Delaware corporation ("Spec P"), HQ1 ACQUISITION CO., a Delaware corporation ("HQCO"), INTL ACQUISITION CO., a Delaware corporation ("InternationalCo"), UWA ACQUISITION CO., a Delaware corporation ("UWA"), and NAME ACQUISITION CO., a Delaware corporation ("NAMECO," and together with RLD, RCY, Spec A, Spec P, HQCO, InternationalCo and UWA, the "Operating Companies").

W I T N E S S E T H :

WHEREAS, Aleris International and its subsidiaries are engaged in the production and sale of aluminum rolled and extruded products, recycled aluminum, specification alloy production and other specialty products (the "Business"), domestically and internationally; and

WHEREAS, on February 12, 2009, Aleris International and its affiliated U.S. debtors and, on February 5, 2010, Aleris Deutschland Holding GmbH (collectively, the "Debtors") commenced voluntary cases (the "Chapter 11 Cases") under chapter 11 of the Bankruptcy Code in the Bankruptcy Court; and

WHEREAS, concurrent herewith, the Operating Companies, AHC1 Holding Co. ("HoldCo"), a Delaware corporation and the indirect parent of each Operating Company, and AHC Intermediate Co. ("IntermediateCo"), a Delaware corporation and the direct or indirect parent of each Operating Company, have entered into that certain Contribution Agreement (the "Contribution Agreement"), dated as of the date hereof; and

WHEREAS, in connection with the Operating Companies' acquisition of the Business and the Plan (as defined herein), and subject to the terms of the Equity Commitment Agreement (as defined in the Plan), certain affiliated investment funds and accounts managed by Oaktree Capital Management, L.P., have committed to buy (either alone or together with one or more of the other Backstop Parties), and IntermediateCo has committed to issue and sell, for $5 million in cash (the "Cash Proceeds"), 5,000 shares of exchangeable preferred stock of IntermediateCo (the "Preferred Stock"), which have a stated value equal to $5 million and terms substantially as set forth in Annex A; and

WHEREAS, pursuant to the Contribution Agreement, HoldCo and IntermediateCo have agreed to contribute, or cause to be contributed, upon the satisfaction of certain conditions, to each Operating Company its proportional share of (i)

shares of common stock (the "New Common Stock"), par value $0.01 per share, of HoldCo, (ii) subordinated, unsecured exchangeable notes due 2020 issued pursuant to the IntermediateCo Note Indenture between IntermediateCo and an indenture trustee to be named, in an aggregate principal amount equal to $45 million, with terms substantially as set forth in Annex B (the "IntermediateCo Notes") and (iii) the Cash Proceeds; and

WHEREAS, Aleris International wishes to sell, assign and transfer to each of the Operating Companies, and each Operating Company wishes to purchase and acquire from Aleris International, the respective assets (including the assets of the Selling Subsidiaries and stock of subsidiaries of Aleris International) relating to a separate division or certain intangibles of the Business, which, in the aggregate, comprises substantially all of Aleris International's assets, free and clear of all liens, claims, encumbrances and interests other than as expressly permitted hereunder and, in connection therewith, each Operating Company is willing to pay the Purchase Price, including the assumption of the Liabilities, all upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, it is contemplated that the Debtors may, in accordance with the terms of this Agreement, prior to the Closing, engage in one or more related transactions generally designed to simplify and consolidate the organizational structure of the Debtors, consistent with the acquisition of the divisions hereunder, by merging, dissolving or otherwise consolidating one or more of the Debtors;

NOW, THEREFORE, in consideration of the premises and the representations, warranties, agreements and covenants hereinafter set forth, and intending to be legally bound, Aleris International and each Operating Company hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1 (capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan):

"Affiliate" of any particular person means any other person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct the management and policies of a person whether through the ownership of voting securities, contract or otherwise.

"Allocation" has the meaning set forth in Section 5.

"Bankruptcy Code" means title 11 of the United States Code.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware.

"Business" has the meaning set forth in the recitals.

"Cash Proceeds" has the meaning set forth in the recitals.

"Chapter 11 Cases" has the meaning set forth in the recitals.

"Closing" means the closing of the transactions contemplated by this Agreement.

"Closing Date" means the Effective Date.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contribution Agreement" has the meaning set forth in the recitals.

"Debtors" has the meaning set forth in the recitals.

"GAAP" means United States generally accepted accounting principles, consistently applied.

"Governmental Authority" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private), including any taxing authority.

"HoldCo" has the meaning set forth in the recitals.

"IntermediateCo" has the meaning set forth in the recitals.

"IntermediateCo Notes" has the meaning set forth in the recitals.

"Law" means any foreign, federal, state, local law, statute, code, ordinance, rule or regulation.

"Liabilities" has the meaning set forth in Section 3(c).

"New Common Stock" has the meaning set forth in the recitals.

"Plan" means the Joint Plan of Reorganization of the Debtors, dated the date hereof (as may be modified, amended or supplemented).

"Preferred Stock" has the meaning set forth in the recitals.

"Purchased Assets" has the meaning set forth in Section 2.

"Purchase Price" has the meaning set forth in Section 3.

"Seller Tax Return" has the meaning set forth in Section 6(d).

"Selling Subsidiaries" means the direct and indirect U.S. subsidiaries of Aleris International as set forth on Schedule 1, which shall be completed and attached hereto by Aleris International in time to be included in the filing of the Plan Supplement.

"Tax" or "Taxes" means (i) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all income, gross receipts, capital, sales, use, *ad valorem*, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever, (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any Tax authority in connection with any item described in clause (i) and (iii) any liability in respect of any items described in clauses (i) or (ii) payable by reason of contract, assumption, transferee liability, operation of law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law) or otherwise.

"Tax Return" means any return, report, information return or other document (including schedules or any related or supporting information) filed or required to be filed with any governmental entity or other authority in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

"Transfer Taxes" has the meaning set forth in Section 6.

2. Purchase of Purchased Assets.

On the terms and subject to the conditions of this Agreement, on the Closing Date, (a) each Operating Company shall purchase a portion of Aleris International's assets (including the assets of the Selling Subsidiaries) as set forth in Schedule 2, which shall be completed and attached hereto by the Operating Companies and Aleris International in time to be included in the filing of the Plan Supplement, and shall be amended as necessary by any Operating Company with the consent of Aleris International prior to the Closing Date, such that the Operating Companies shall, in the aggregate, purchase all of Aleris International's and the Selling Subsidiaries' right, title and interest in and to all of Aleris International's and the Selling Subsidiaries' assets, properties, business and goodwill of every kind, character and description, whether tangible or intangible, whether real, personal or mixed, and wherever located, and in existence on the Closing Date after taking into account all distributions pursuant to the Plan (such assets being purchased are hereinafter collectively referred to as the "Purchased Assets"), and (b) the Purchase Price shall be paid as set forth in Section 3.

3. Purchase Price.

In accordance with Schedule 2, each Operating Company shall pay its respective portion of the purchase price (in the aggregate, the "Purchase Price") to Aleris International in consideration for the sale, transfer, assignment, conveyance and delivery

by Aleris International to each of the Operating Companies of its respective portion of the Purchased Assets. The Purchase Price shall be the aggregate of the following:

(a) up to approximately 36.5 million shares of the New Common Stock, which shall equal 100% of the outstanding shares of New Common Stock on the Closing Date;

(b) the IntermediateCo Notes; and

(c) the obligations and liabilities that remain outstanding after giving effect to the Plan (including, without limitation, any amounts payable by the Debtors under the Plan with respect to Administrative Claims and Disputed Claims) (the "Liabilities") of Aleris International and the Selling Subsidiaries.

4. Assumption of Liabilities.

NAMECO agrees to assume and to perform and discharge, except as provided for in Section 6(b) and as set forth on Schedule 2, the Liabilities of Aleris International.

5. Purchase Price Allocation.

Each Operating Company's respective portion of the Purchase Price shall be allocated for U.S. federal income tax purposes among the Purchased Assets as of the Closing Date in accordance with Schedule 2 and in a manner consistent with Section 1060 of the Code and the Treasury Regulations, which allocations will be set out in separate schedules to be prepared by each Operating Company as soon as reasonably practicable after the Closing Date (each an "Allocation"). The parties hereto agree that (i) for U.S. federal income tax purposes, the transfer of the Purchased Assets pursuant hereto shall be treated as a taxable transaction, and (ii) for all Tax purposes, the transactions contemplated by this Agreement shall be reported in a manner consistent with the terms of this Agreement, including the Allocation. No party will take any position inconsistent with the preceding sentence in any Tax Return, in any refund claim, in any litigation, or otherwise, except as otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code or analogous provision of state, local or foreign Tax law. The parties also agree to cooperate in preparing IRS Form 8594 (including any subsequent adjustments required thereto). If any such Allocation is disputed by any Governmental Authority, the party receiving notice of such dispute will promptly notify the other parties and the parties will use their reasonable best efforts to sustain the final allocation. The parties will share information and cooperate in good faith to permit the transactions contemplated by this Agreement to be properly, timely and consistently reported.

6. Tax Matters.

(a) Transfer Taxes. (i) NAMECO shall be responsible for (and shall indemnify and hold harmless the other and their respective directors, officers, employees, Affiliates, agents, successors and permitted assigns against) any sales, use, stamp, documentary stamp, filing, recording, transfer or similar fees or taxes or governmental charges (including any interest and penalty thereon) payable in connection with the transactions contemplated by this Agreement ("Transfer Taxes"). Aleris International shall, however, seek to include in the Plan a provision that provides that the transfer of the Purchased Assets shall be free and clear of any Transfer Taxes under Bankruptcy Code Section 1146(a). Aleris International and the Operating Companies shall cooperate and consult with each other prior to filing any Tax Returns in respect of Transfer Taxes; provided, however, Aleris International may initially pay any Transfer Taxes (for which the applicable Operating Company shall promptly reimburse Aleris International) and, thereafter, in reliance on Section 1146(a) of the Bankruptcy Code (if applicable) apply for a refund (which refund shall be remitted to the applicable Operating Company to the extent such Transfer Taxes were previously reimbursed by such Operating Company). Aleris International and the Operating Companies shall cooperate and otherwise take commercially reasonable efforts to obtain any available refunds for Transfer Taxes.

(ii) To the extent that any Transfer Taxes are required to be paid by NAMECO relating to the assets acquired by an Operating Company other than NAMECO, the applicable Operating Company shall promptly reimburse NAMECO for such Transfer Taxes.

(b) Real and Personal Property Taxes. All real and personal property Taxes or similar *ad valorem* obligations levied with respect to the Purchased Assets, whether imposed or assessed before or after the Closing Date, shall be borne by the Operating Companies, but only as to those taxes or obligations that are due and payable after the Closing Date without penalty.

(c) Section 338 Election. The Operating Companies shall be permitted, but are not required, to make an election under Section 338 of the Code (or any comparable state, local, or foreign Law) with respect to the purchase of the equity interests of any subsidiary of Aleris International or any Selling Subsidiary, if applicable, that is treated as a corporation for U.S. federal income tax purposes, and Aleris International shall use its best efforts to timely make, or cause to be timely made, any joint election under such section as requested by the Operating Companies.

(d) Delegation of Authority. As of the Closing Date, HQCO shall hereby be delegated and have full responsibility for all Tax matters with respect to Aleris International and the Selling Subsidiaries for all taxable periods of Aleris International and the Selling Subsidiaries ending on or prior to, or including, the Closing Date. In furtherance thereof, and without limitation, HQCO shall (i) prepare and file (or cause to be prepared and filed) all Federal, state, local and foreign tax returns, reports, certificates, forms or similar statements or documents (collectively, "Seller Tax Returns") that Aleris International or any Selling Subsidiary is required to file or that HQCO otherwise deems

appropriate (including the filing of amended Seller Tax Returns or requests for refunds), and (ii) control any inquiry, contest, audit or administrative or court proceeding relating to any such Tax matters. Neither Aleris International nor any Selling Subsidiary shall file or amend after the Closing Date any Seller Tax Return for any taxable periods (or portions thereof) described in the first sentence of this subsection (d) without HQCO's prior written consent.

7. Instruments of Conveyance; Further Assurances; Power of Attorney.

(a) Attached to this Agreement as Exhibit A is a form of the bill of sale pursuant to which all right, title and interest of Aleris International and the Selling Subsidiaries in and to the Purchased Assets will be hereby transferred, assigned and conveyed on the Closing Date to the Operating Companies, their successors and assigns, forever, in accordance with the Plan. Aleris International, the Selling Subsidiaries and the Operating Companies each agree, from time to time after the Closing Date, upon the request of the other and without further consideration, to do, execute, acknowledge and deliver, or to cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney, consents and assurances as might be required to, or to more effectively, convey, assign, transfer, set over and deliver to, and to vest, perfect and confirm in each Operating Company all of Aleris International's and the Selling Subsidiaries' right, title and interest in and to such Operating Company's respective portion of the Purchased Assets.

(b) Effective as of the Closing Date, Aleris International hereby irrevocably constitutes and appoints each Operating Company, its successors and assigns, its true and lawful attorney, with full power of substitution, in the name, place and stead of Aleris International, to take all action which such Operating Company may deem proper in order to vest, perfect or confirm of record or otherwise in such Operating Company the title of any of the Purchased Assets, or otherwise to carry out the provisions of this Agreement (including, without limitation, the handling of all Tax matters and any governmental filings of Aleris International). Aleris International acknowledges that the foregoing powers are coupled with an interest and are and shall be irrevocable in any manner and for any reason.

(c) Effective as of the Closing Date, each Selling Subsidiary hereby irrevocably constitutes and appoints each Operating Company, its successors and assigns, its true and lawful attorney, with full power of substitution, in the name, place and stead of such Selling Subsidiary, to take all action which such Operating Company may deem proper in order to vest, perfect or confirm of record or otherwise in such Operating Company the title of any of the Purchased Assets, or otherwise to carry out the provisions of this Agreement (including, without limitation, the handling of all Tax matters and any governmental filings of such Selling Subsidiary). Each Selling Subsidiary acknowledges that the foregoing powers are coupled with an interest and are and shall be irrevocable in any manner and for any reason.

8. Covenant and Agreement of Aleris International.

Aleris International covenants and agrees to file the Plan and the related Disclosure Statement of the Debtors with the Bankruptcy Court on behalf of the Debtors, which Plan shall be reasonably acceptable in form and substance to each of the Operating Companies, and will not make any revision, modification, supplement or amendment that would adversely affect the Operating Companies without the consent of the Operating Companies (such consent not to be unreasonably withheld). Aleris International shall use commercial best efforts to obtain confirmation of the Plan.

9. Covenant and Agreement of the Operating Companies.

(a) The Operating Companies covenant and agree to cause IntermediateCo to issue and sell the Preferred Stock to the Backstop Parties pursuant to that certain Equity Commitment Agreement.

(b) The Operating Companies covenant and agree to cause HoldCo to enter into (i) a registration rights agreement with substantially the same terms as set forth in Exhibit F to the Equity Commitment Agreement and (ii) a stockholders' agreement with substantially the same terms as set forth in Exhibit G to the Equity Commitment Agreement.

10. Conditions to Obligations of the Operating Companies.

The respective obligations of the Operating Companies to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions, any one or more of which may be waived (but only in writing) by each Operating Company (provided that no such waiver shall be deemed to have cured any breach of any representation, warranty or covenant made in this Agreement):

(a) Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order in a form reasonably acceptable to the Operating Companies.

(b) Contribution Agreement. The transactions contemplated by the Contribution Agreement shall have been consummated.

(c) Conditions to Confirmation. The conditions to confirmation and the conditions to the Effective Date shall have been satisfied (or waived by the Debtors and a Majority in Interest) in accordance with the Plan.

(d) Purchase of Preferred Stock. The Backstop Parties shall concurrently purchase the Preferred Stock from IntermediateCo.

11. Disclaimer.

Aleris International, the Selling Subsidiaries and the Operating Companies hereby agree that the Purchased Assets are being transferred AS IS and WITHOUT ANY WARRANTY OR REPRESENTATION WHATSOEVER, WHETHER EXPRESS OR

IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, except as may otherwise be provided in any deeds executed by Aleris International and the Selling Subsidiaries for the purpose of effecting the transfer of record ownership of real estate to the Operating Companies.

12. Notices.

Any notices or communications required or permitted hereunder shall be in writing and shall be deemed to have been given or made when personally delivered or when mailed by registered or certified mail, postage prepaid, return receipt requested or sent by telecopy, addressed as follows or to such other address as the party to whom the same is intended shall have specified in conformity with the foregoing:

If to Aleris International or any Selling Subsidiary:

Aleris International, Inc.
25825 Science Park Dr., Suite 400
Beachwood, Ohio 44122
Attention: Christopher R. Clegg, Esq.
Telecopy No.: (216) 910-3654

If to the Operating Companies:

c/o Aleris International, Inc.
25825 Science Park Dr., Suite 400
Beachwood, Ohio 44122
Attention: Christopher R. Clegg, Esq.
Telecopy No.: (216) 910-3654

13. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each Operating Company may, in accordance with the terms of this Agreement, direct the transfer of the Purchased Assets on its behalf by assigning its rights to purchase, accept and acquire the Purchased Assets and its obligations to assume and thereafter pay or perform as and when due, or otherwise discharge, the Liabilities, to any affiliate of any Operating Company.

14. Paragraph Headings.

The paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. Severability.

If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

16. Applicable Law.

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

17. Entire Agreement.

This Agreement represents the entire understanding and agreement among the parties hereto with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision thereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought.

18. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first above written.

ALERIS INTERNATIONAL, INC.

By_____
Sean M. Stack
Exec.VP & CFO

WABASH ALLOYS, L.L.C.

By_____
Sean M. Stack
President

ALERIS ALUMINUM U.S. SALES INC.

By_____
Sean M. Stack
President

RLD ACQUISITION CO.

By_____
Sean M. Stack
President

RCY ACQUISITION CO.

By_____
Sean M. Stack
President

SPEC A ACQUISITION CO.

By_____
Sean M. Stack
President

SPEC P ACQUISITION CO.

By_____
Sean M. Stack
President

HQ1 ACQUISITION CO.

By_____
Sean M. Stack President

INTL ACQUISITION CO.

By_____
Sean M. Stack
President

UWA ACQUISITION CO.

By_____
Sean M. Stack
President

NAME ACQUISITION CO.

By_____
Sean M. Stack
President

Schedule 1

Selling Subsidiaries

1. Wabash Alloys, L.L.C.
2. Aleris Aluminum U.S. Sales Inc.

Schedule 2

Distribution of Purchased Assets

[see attached]

Annex A

Preferred Stock Term Sheet

Liquidation Preference:	$5 million (in the aggregate), plus accrued and unpaid dividends, to be paid upon the liquidation of IntermediateCo prior to any payment on the common stock of IntermediateCo.
Dividends:	Payable at 8% per annum multiplied by the liquidation preference, compounded semiannually on each dividend payment date. IntermediateCo's board of directors may declare and pay dividends; if undeclared, dividends will accumulate to the extent they are not paid on the dividend payment date for the semiannual period to which they relate.
Voting Rights:	Holders of the IntermediateCo Preferred Stock will have the right to elect one director if IntermediateCo fails to pay in full and in Cash six consecutive semiannual dividends or the mandatory redemption payment. At such time, IntermediateCo's board of directors must be comprised of at least five members.
Amendments and Waivers:	The affirmative vote of the holders of 80% of the IntermediateCo Preferred Stock is necessary for amendments of the IntermediateCo Preferred Stock that (i) change the stated redemption date of the IntermediateCo Preferred Stock; (ii) reduce the liquidation preference of, or dividend rate on, the IntermediateCo Preferred Stock; (iii) adversely affect the right to exchange the IntermediateCo Preferred Stock, or (iv) reduce the percentage of outstanding IntermediateCo Preferred Stock necessary to amend the terms thereof or to grant waivers.
Registration Rights:	New Common Stock that may be issued upon exchange of the IntermediateCo Preferred Stock will be offered customary registration rights.
Redemption:	Subject to mandatory redemption on the fifth anniversary of the Effective Date at a redemption price equal to the liquidation preference, plus any accrued and unpaid dividends. There will be no optional redemption rights.
Holder's Option to Exchange:	At the holder's option, at any time prior to redemption but after the third anniversary of the Effective Date, the IntermediateCo Preferred Stock will be exchangeable into New Common Stock on a per share dollar exchange ratio to be determined at the time of issuance based upon 110% of the Plan Value Share Price (as defined in the Plan). Notwithstanding anything to the contrary contained herein, after the first anniversary of the Effective Date, the holder shall have the right to exchange the IntermediateCo Preferred Stock into New Common Stock under the following circumstances: ➢ immediately prior to an IPO ***or*** ➢ upon the occurrence of a Fundamental Change (as defined in the IntermediateCo Note Indenture) of HoldCo.

Anti-Dilution Provisions:	Exchange ratio will be adjusted to provide anti-dilution protection for recapitalizations, below-market issuances, or subdivisions or combinations.
Transfer Restrictions:	Any transfer restrictions will be described in the Plan Supplement.

Annex B

IntermediateCo Exchangeable Notes Term Sheet

Principal Amounts: $45,000,000.

Maturity: Ten years.

Issue Price: 100% of the principal amount on the Effective Date.

Interest: Interest rate will be equal to 6% per annum, at the discretion of IntermediateCo's board of directors, in cash or by accretion to the face value of the IntermediateCo Notes, semiannually in arrears on March 31 and September 30 of each year, beginning on March 31, 2011. Stated interest will be treated as Original Issue Discount for tax purposes due to the ability to defer payment.

Exchange Rights: At the holder's option, after the third anniversary of the Effective Date, exchangeable for New Common Stock on a per share dollar exchange ratio to be determined at the time of issuance based upon 100% of the Plan Value Share Price (as defined in the Plan), subject to adjustment for dilution.

Anti-Dilution Provisions: Exchange ratio will be adjusted to provide anti-dilution protection for recapitalizations, below-market issuances, subdivisions or combinations.

Fundamental Change: Notwithstanding anything to the contrary contained herein, after the date that occurs six (6) months after the Effective Date, the holder shall have the right to exchange the IntermediateCo Notes for New Common Stock immediately prior to an initial public offering (an "***IPO***") of HoldCo at face value plus any accrued but unpaid interest divided by the IPO price or upon the occurrence of a fundamental change (as defined in the IntermediateCo Notes Indenture) of HoldCo.

Optional Redemption: On or after the third anniversary of the Effective Date upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on the date of the anniversary of the issuance of the IntermediateCo Notes of the years indicated below:

Year	**Percentage**
2013.....	102%
2014.....	101%
2015 and thereafter.....	100%

On or after the later of the six month anniversary of the Effective Date and January 1, 2011, and only upon the occurrence of a fundamental change of HoldCo, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on the date of the anniversary of the issuance of the IntermediateCo Notes of the years indicated below:

Year	**Percentage**
2011.....	104%
2012 and thereafter.....	103%

Covenants:	None.
Events of Default:	• Default due to non-payment of the Notes upon maturity • Customary default due to bankruptcy or receivership
Registration Rights:	New Common Stock that may be issued upon exchange of the IntermediateCo Notes will be offered rights, if any, pursuant to the Registration Rights Agreement.
Transfer Restrictions:	As provided for in Section IX to the Disclosure Statement.
Ranking:	IntermediateCo shall have the full and absolute discretion to subordinate the debt represented by the IntermediateCo Notes to any debt or other borrowing of money designated by IntermediateCo to be senior in ranking.
Governing Law:	New York.

Exhibit A

BILL OF SALE[1]

This **BILL OF SALE** (this "**Bill of Sale**") is made and delivered this [___] day of [_____], 2010, by Aleris International, Inc., a Delaware corporation ("**Seller**"), for the benefit of [_____], a Delaware corporation ("**Purchaser**"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement (as hereinafter defined).

WHEREAS, Seller and the Operating Companies have entered into that certain Acquisition Agreement dated as of February 5, 2010 (the "**Agreement**"), the terms of which are incorporated herein by reference, which provides, among other things, for the sale and assignment by Seller to the Operating Companies of the Purchased Assets.

NOW, THEREFORE, in consideration of the mutual promises contained in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Seller, and subject to the terms and conditions of the Agreement:

1. Effective as of [ ], Seller does hereby bargain, sell, grant, assign, transfer, convey and deliver unto Purchaser, and its successors and assigns, forever, all of Seller's right, title and interest in and to the Purchaser's respective Purchased Assets (as set forth under Purchaser's name in Schedule 2 to the Agreement, as amended) **TO HAVE AND TO HOLD** such Purchased Assets with all appurtenances thereto, unto Purchaser, and its successors and assigns, for its use forever.

2. This Bill of Sale shall inure to the benefit of and be binding upon the parties thereto and their respective successors and assigns.

3. Nothing in this Bill of Sale, express or implied, is intended to or shall be construed to modify, expand or limit in any way the terms of the Agreement. To the extent that any provision of this Bill of Sale conflicts or is inconsistent with the terms of the terms of the Agreement, the Agreement shall govern.

4. This Bill of Sale is executed and delivered pursuant to the Agreement.

5. This Bill of Sale shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the conflict of laws principles thereof.

[1] This form should be used for each Operating Company.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Seller has caused this Bill of Sale to be executed and delivered as of the day and year first above written.

ALERIS INTERNATIONAL, INC.

By:_____

Name:_____

Title:_____

Exhibit 1.1.32

Form of Amended and Restated Organizational Documents of HoldCo, IntermediateCo, and the Reorganized Debtors

To Be Filed with the Plan Supplement

Exhibit 1.1.48

Amendment to the Claims Settlement Guidelines

To be Filed with the Plan Supplement

Exhibit 1.1.55

Contribution Agreement

CONTRIBUTION AGREEMENT

CONTRIBUTION AGREEMENT, dated February 5, 2010 (this "Agreement"), by and among AHC1 HOLDING CO., a Delaware corporation ("HoldCo"), AHC INTERMEDIATE CO., a Delaware corporation and a wholly owned subsidiary of HoldCo ("IntermediateCo"), RLD ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of IntermediateCo ("RLD"), RCY ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of IntermediateCo ("RCY"), SPEC A ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of RCY ("Spec A"), SPEC P ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of RCY ("Spec P"), NAME ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of IntermediateCo ("NAMECO"), INTL ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of IntermediateCo ("InternationalCo"), UWA ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of IntermediateCo ("UWA") and HQ1 ACQUISITION CO., a Delaware corporation and a wholly owned subsidiary of IntermediateCo ("HQCO" and collectively, with RLD, RCY, Spec A, Spec P, NAMECO, InternationalCo and UWA, the "Operating Companies"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Acquisition Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, concurrent herewith, the Operating Companies have entered into that certain Acquisition Agreement (the "Acquisition Agreement"), dated as of the date hereof, with Aleris International, Inc., a Delaware corporation ("Aleris International"), and the Selling Subsidiaries (as defined in the Acquisition Agreement), to purchase substantially all of the assets of Aleris International (including the assets of the Selling Subsidiaries); and

WHEREAS, in connection with the Acquisition Agreement, HoldCo has agreed to issue to IntermediateCo as a capital contribution up to approximately 36.5 million shares of common stock, par value $0.01 per share, of HoldCo (the "HoldCo Contributed Assets"), which shall equal 100% of the outstanding shares of common stock issued by HoldCo on the Closing Date (as defined in the Acquisition Agreement), to be transferred (directly or indirectly) by IntermediateCo to the Operating Companies; and

WHEREAS, in connection with the Acquisition Agreement, subject to the terms of the Equity Commitment Agreement (as defined in the Plan), certain affiliated investment funds and accounts managed by Oaktree Capital Management, L.P., have committed to buy (either alone or together with one or more of the other Backstop Parties (as defined in the Plan)), and IntermediateCo has committed to issue and sell, for $5 million in cash (the "Cash Proceeds"), 5,000 shares of exchangeable preferred stock of IntermediateCo (the "Preferred Stock"), which have a stated value equal to $5 million (as described in the Acquisition Agreement) and IntermediateCo has agreed to transfer the Cash Proceeds to the Operating Companies (in proportion to the relative net value of the assets to be acquired by each respective Operating Company) as a contribution to capital; and

WHEREAS, in connection with the Acquisition Agreement, IntermediateCo has agreed to (i) transfer to the Operating Companies (in proportion to the relative net value of the assets to be acquired by each respective Operating Company) as a capital contribution the HoldCo Contributed Assets and (ii) transfer to the Operating Companies (in proportion to the relative net value of the assets to be acquired by each respective Operating Company) as a capital contribution subordinated, unsecured exchangeable notes due 2020 issued pursuant to the IntermediateCo Note Indenture between IntermediateCo and an indenture trustee to be named, in an aggregate principal amount equal to $45 million (as described in the Acquisition Agreement) (the "Exchangeable Notes" and together with the HoldCo Contributed Assets, the "Contributed Assets"), to be transferred by the Operating Companies to Aleris International, pursuant to the Acquisition Agreement; and

WHEREAS, the HoldCo Contributed Assets shall be contributed by HoldCo to IntermediateCo and the Contributed Assets and the right to the Cash Proceeds shall then be contributed by IntermediateCo (directly or indirectly) to each of the Operating Companies immediately prior to the Closing (as defined in the Acquisition Agreement) and that such contribution shall take place prior to the transactions contemplated by the Acquisition Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, HoldCo, IntermediateCo and the Operating Companies hereby agree as follows:

1. Contribution.

(a) Immediately prior to the Closing, HoldCo agrees to assign, transfer, convey, contribute and deliver to IntermediateCo all of HoldCo's right, title and interest in and to the HoldCo Contributed Assets, and IntermediateCo agrees to accept such assignment, transfer, contribution and conveyance, as a contribution to capital.

(b) Immediately after the contribution from HoldCo to IntermediateCo is effected, IntermediateCo agrees to assign, transfer, convey, contribute and deliver to each Operating Company (in proportion to the relative net value of the assets to be acquired by each respective Operating Company as will be agreed to among IntermediateCo and the Operating Companies prior to the Closing and will be set forth in Schedule 1, which shall be completed by the parties and attached hereto prior to the Closing Date) all of IntermediateCo's right, title and interest in and to the Contributed Assets and the Cash Proceeds, and each Operating Company agrees to accept such assignment, transfer, contribution and conveyance, as a contribution to capital.

(c) Immediately after the contribution from IntermediateCo to RCY is effected, RCY agrees to assign, transfer, convey, contribute and deliver to Spec A and Spec P (in proportion to the relative net value of the assets to be acquired by Spec A and Spec P, respectively, as will be agreed to among IntermediateCo, RCY, Spec A and Spec P prior to the Closing and will be set forth in Schedule 1, which shall be completed by the parties and attached hereto prior to the Closing Date) certain of RCY's right, title and interest in and to the Contributed Assets and the Cash Proceeds, and each of Spec A and

Spec P agrees to accept such assignment, transfer, contribution and conveyance, as a contribution to capital.

(d) The transfer of the HoldCo Contributed Assets to IntermediateCo shall be entered into the records of HoldCo and IntermediateCo, and the Contributed Common Stock shall be deemed duly authorized, validly issued, fully paid and nonassessable.

(e) The transfer of the Contributed Assets and Cash Proceeds to the Operating Companies shall be entered into the records of IntermediateCo and each respective Operating Company.

2. IntermediateCo Preferred Stock. As provided for in, and subject to, the Equity Commitment Agreement, IntermediateCo will issue and sell to the Backstop Parties the Preferred Stock for $5 million in cash.

3. Stockholders Agreement and Registration Rights Agreement. In furtherance of the transactions contemplated by the Acquisition Agreement, Holdco agrees to enter into (i) a registration rights agreement with substantially the same terms as set forth in Exhibit F to the Equity Commitment Agreement (as defined in the Plan) and (ii) a stockholders' agreement with substantially the same terms as set forth in Exhibit G to the Equity Commitment Agreement (as defined in the Plan).

4. Miscellaneous.

(a) Notices. Any notices or communications required or permitted hereunder shall be in writing and shall be deemed to have been given or made when personally delivered or when mailed by registered or certified mail, postage prepaid, return receipt requested or sent by telecopy, addressed as follows or to such other address as the party to whom the same is intended shall have specified in conformity with the foregoing:

If to HoldCo, IntermediateCo or any of the Operating Companies:

c/o Aleris International, Inc.
25825 Science Park Dr., Suite 400
Beachwood, Ohio 44122
Attention: Christopher R. Clegg, Esq.
Telecopy No.: (216) 910-3654

(b) Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(c) Applicable Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to the conflict of laws principals thereof.

(d) Paragraph Headings. The paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) Severability. If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

(f) Entire Agreement. This Agreement represents the entire understanding and agreement among the parties hereto with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision thereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought.

(g) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

AHC1 HOLDING CO.

By: _____
Name: Sean M. Stack
Title: President

AHC INTERMEDIATE CO.

By: _____
Name: Sean M. Stack
Title: President

RLD ACQUISITION CO.

By: _____
Name: Sean M. Stack
Title: President

RCY ACQUISITION CO.

By: _____
Name: Sean M. Stack
Title: President

SPEC A ACQUISITION CO.

By: _____
Name: Sean M. Stack
Title: President

SPEC P ACQUISITION CO.

By: _____

Name: Sean M. Stack
Title: President

INTL ACQUISITION CO.

By: _____

Name: Sean M. Stack
Title: President

UWA ACQUISITION CO.

By: _____

Name: Sean M. Stack
Title: President

NAME ACQUISITION CO.

By: _____

Name: Sean M. Stack
Title: President

HQ1 ACQUISITION CO.

By: _____

Name: Sean M. Stack
Title: President

Schedule 1

Distribution of Assets

[see attached]

Exhibit 1.1.84

Equity Commitment Agreement

EXECUTION COPY

EQUITY COMMITMENT AGREEMENT

February 5, 2010

Aleris International, Inc.
25825 Science Park Drive, Suite 400
Beachwood, Ohio 44122
Attention: Steve Demetriou

Ladies and Gentlemen:

We understand that Aleris International, Inc. (the "Company"), together with certain of its Subsidiaries (as defined herein) other than Aleris Deutschland Holding GmbH ("Aleris Deutschland") and its Subsidiaries, and Aleris Deutschland propose to file a joint plan of reorganization with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), in the form attached hereto as Exhibit A (as the same may be amended, supplemented or modified from time to time in accordance with the terms therein and, after the execution thereof, the Plan Support Agreements (as defined herein) the "Plan").

Among other things, the Plan will provide for an offering (the "Rights Offering") to holders of allowed U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims and/or European Term Loan Claims (collectively, the "Eligible Claims") of non-transferable rights ("Rights") to purchase units (each, a "Unit" and collectively, the "Units") consisting of, in the aggregate, (i) shares of common stock, par value $0.01 per share (the "Holdco Common Stock"), of ACH1 Holding Co., a Delaware corporation and the indirect parent company of certain operating entities that will, in the aggregate, hold all of the assets of the Company on the Effective Date pursuant to the Restructuring Transactions ("Holdco"), representing in the aggregate at least 66.5% of the Holdco Common Stock issued as of the Effective Date (subject to dilution and adjustment as set forth herein) and (ii) $45,000,000 of exchangeable unsecured notes (the "IntermediateCo Notes") issued by ACH Intermediate Co., a Delaware corporation and a first-tier Subsidiary of Holdco ("IntermediateCo"). The terms of the IntermediateCo Notes are set forth on Exhibit C hereto.

In order to facilitate the Rights Offering, pursuant to this letter (the "Equity Commitment Agreement") and subject to the terms, conditions and limitations set forth herein, including the conditions set forth in Section 11 hereof and pursuant to Sections 25 and 26 hereof, each respective undersigned investor (acting individually or through one or more of their Affiliates) (together, the "Investors") agrees to purchase on the Closing Date (as defined herein), and the Company agrees to sell, for the Subscription Purchase Price set forth herein, (i) the Units issued upon the exercise of the Rights allocated to each Investor under the Plan in respect of its Eligible Claims (such Investor's "Subscription Units") and (ii) such Investor's Backstop Percentage (as defined herein) of such Units as are offered pursuant to the Rights Offering but not purchased on or before the expiration of the Rights Offering (such unpurchased Units in the aggregate, the "Residual Units").

In consideration of the foregoing, and the representations, warranties and covenants set forth herein, and other good and valuable consideration, the parties hereto agree as follows:

1. Definitions. For purposes of this Equity Commitment Agreement, the following capitalized terms shall have the meanings ascribed to them below. Capitalized terms not defined herein shall have the respective meanings ascribed to such terms in the Plan.

(a) "Affiliate" of any specified Person means (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and (ii) any Client Accounts. For the purposes of this definition, (x) "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise, and (y) "controlling," "controlled by" and "under common control" shall have correlative meanings. Notwithstanding the foregoing, "Affiliate" shall not include any portfolio company of a commingled investment fund or special purpose vehicle thereof.

(b) "Aggregate ABL Exposure" means, on a pro forma basis, the sum of the dollar equivalent of (i) the aggregate principal amount of all loans to be drawn under the Exit ABL Facility as of the Effective Date plus (ii) the aggregate undrawn amount under all letters of credit that will be outstanding under the Exit ABL Facility as of the Effective Date plus (iii) the aggregate amount of all drawings under letters of credit that will be required to be reimbursed under the Exit ABL Facility as of the Effective Date without duplication of clause (ii) hereof.

(c) "Ancillary Agreements" means (i) the Registration Rights Agreement and (ii) the Stockholders Agreement.

(d) "Antitrust Laws" means the HSR Act, the EC Merger Regulation, and any other competition, merger control and antitrust law of any other applicable supranational, national, federal, state, provincial or local law designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolizing or restraining trade or lessening competition of any other country or jurisdiction, to the extent applicable to the transactions contemplated by this Equity Commitment Agreement.

(e) "Apollo" means collectively Apollo Investment Fund VII, L.P., Apollo Overseas Partners (Delaware 892) VII, L.P., Apollo Overseas Partners (Delaware) VII, L.P., Apollo Overseas Partners VII, L.P., and Apollo Investment Fund (PB) VII, L.P.; provided, that, notwithstanding anything to the contrary herein, any commitment made by and any liability of any of the foregoing Persons pursuant to the terms of this Equity Commitment Agreement shall be on a several, and not on a joint, basis in the proportions described on Schedule 1(e) hereto.

(f) "Backstop Percentage" means, with respect to each Investor, the amount set forth opposite such Investor's name on Schedule 1(f) hereto, as such schedule may be amended by the relevant Investors from time to time.

(g) "Chapter 11 Cases" means the voluntary cases (i) commenced by the Company and certain of its Subsidiaries (excluding Aleris Deutschland and its Subsidiaries), and (ii) to be commenced by Aleris Deutschland, in each case by having filed or filing petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 in the Bankruptcy Court.

(h) "Client Account" means any client or client account with respect to which a Person has investment discretion to purchase, dispose of, vote or otherwise control the actions with regard to the investment activities.

(i) "Company Subsidiary" means each direct and indirect Subsidiary of the Company (including Aleris Deutschland and its direct and indirect Subsidiaries) and, following the Effective Date, each direct and indirect Subsidiary of Holdco.

(j) "Disclosure Statement Order" means an order of the Bankruptcy Court approving the Disclosure Statement as complying with section 1125 of the Bankruptcy Code.

(k) "EC Merger Regulation" means Council Regulation No 139/2004 of January 20, 2004, on the control of concentrations between undertakings.

(l) "Equity Commitment Order" means an order of the Bankruptcy Court authorizing this Equity Commitment Agreement (including payment of the expenses and indemnification obligations hereunder) in the form attached as Exhibit E hereto.

(m) "Government Entity" means any U.S., supranational, foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal, arbitral body or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

(n) "HSR Act" means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(o) "IntermediateCo Preferred Stock" means exchangeable preferred stock of IntermediateCo having a fixed liquidation preference of five million dollars ($5,000,000), the terms of which are set forth on Exhibit D hereto.

(p) "Long-Term Equity Incentive Program" means that certain long-term equity incentive program described in the Disclosure Statement.

(q) "Mandatory Antitrust Filings" means all notifications and filings, which the Company and/or the Investors are required to deliver to any Government Entity under the applicable Antitrust Laws of Canada, Mexico, Russia, South Korea and Ukraine, prior to the Closing Date, regarding the transactions contemplated by this Equity Commitment Agreement.

(r) "Material Adverse Effect" means any change, effect, event, occurrence, state of facts or development that, individually or together with any one or more changes, effects,

events, occurrences, state of facts or developments, has had or would reasonably be expected to have a material adverse effect on the business, assets, liabilities, condition (financial or otherwise) or results of operations of the Company and the Company Subsidiaries taken as a whole or on the ability of the Company or a Company Subsidiary, as the case may be, to consummate the transactions contemplated by this Equity Commitment Agreement, the Ancillary Documents, the Plan or any other documents contemplated hereby or thereby, other than an effect (1) that is fully cured before the earlier of the date of any termination of this Equity Commitment Agreement and the Effective Date or (2) resulting from any act or omission of the Debtors taken with the prior written consent of the Requisite Investors.

(s) "Oaktree" means Oaktree Capital Management, L.P., on behalf of the investment funds and accounts it manages set forth on Schedule 1(f) hereto; provided, that, notwithstanding anything to the contrary herein, any commitment made by and any liability of any of the foregoing investment funds and accounts pursuant to the terms of this Equity Commitment Agreement shall be on a several, and not on a joint, basis in the proportions set forth on Schedule 1(f), as may be adjusted from time to time.

(t) "Oaktree Manager" means OCM FIE, L.P., a Delaware limited partnership and an Affiliate of Oaktree Capital Management, L.P.

(u) "Permitted Transferee" means each of (i) Oaktree or any Affiliate thereof, (ii) Apollo or any Affiliate thereof, or (iii) Sankaty or any Affiliate thereof.

(v) "Person" means any individual, corporation, partnership, joint venture, association, limited liability company, trust, unincorporated organization, government or agency or political subdivision thereof or any other entity.

(w) "Plan Support Agreements" means, collectively, the Plan Support Agreements in substantially the forms attached hereto as Exhibit B, to be entered into by the Company and the Backstop Parties following the entry of the Disclosure Statement Order and receipt of the Disclosure Statement (it being understood that prior to the entry of the Plan Support Agreements by the Company and the Backstop Parties, the term "Plan Support Agreements" shall refer to the forms of agreements attached as Exhibit B hereto).

(x) "Pro Forma Exit ABL Availability" means the amount, determined on a pro forma basis as of the Effective Date, equal to the lesser of (a) the excess, if any, of (i) the total borrowing base (as computed under the credit agreement for the ABL Exit Facility and net of any reserves assessed against borrowing availability thereunder) over (ii) the Aggregate ABL Exposure; and (b) the excess, if any, of (i) the dollar equivalent of the aggregate commitments thereunder over (ii) the Aggregate ABL Exposure; as such amount is shown on an officer's certificate of a responsible officer of Aleris received by the Requisite Investors no later than five (5) Business Days prior to the Effective Date.

(y) "Pro Forma Liquidity" means the amount, determined on a pro forma basis as of the Effective Date, equal to (a) Pro Forma Exit ABL Availability plus (b) cash as set forth on the compliance certificate; *i.e.*, "bank cash" minus (c) if borrowings under the DIP Term

Credit Agreement plus accrued but unpaid interest and fees thereon as of the Effective Date exceed $269 million, the excess of the borrowings under the DIP Term Credit Agreement plus accrued but unpaid interest and fees thereon as of the as of the Effective Date over $244 million minus (d) the dollar amount of any accounts payable (as determined in accordance with the definition of "Net Working Capital") of the Company and the Company Subsidiaries to any supplier set forth on Schedule 7(l) if the number of days outstanding under such payable is greater than the payment terms set forth on Schedule 7(l) as of the date hereof. For the avoidance of doubt, "bank cash" in clause (b) above shall include the proceeds the Company receives pursuant to the sale of the IntermediateCo Preferred Stock as set forth in Section 2(e).

(z) "Registration Rights Agreement" means that certain registration rights agreement relating to the Holdco Common Stock, to be entered into on the Closing Date, by and among Holdco and each Investor, having the terms set forth in Exhibit F hereto and otherwise in form and substance reasonably satisfactory to the Company and the Requisite Investors.

(aa) "Requisite Investors" means, as of any particular time, Investors representing in the aggregate 50% or more of the Backstop Percentage at such time.

(bb) "Sankaty" means Sankaty Advisors, LLC, on behalf of the funds and accounts it manages or advises.

(cc) "Specified Securities" means the IntermediateCo Notes, the IntermediateCo Preferred Stock and shares of Holdco Common Stock issuable under the Long-Term Equity Incentive Program.

(dd) "Stockholders Agreement" means that certain stockholders agreement, to be entered into on the Closing Date, by and among Holdco, each Investor and the other stockholders of Holdco (including, for the avoidance of doubt, certain holders of Holdco Common Stock deemed to be parties to the Stockholders Agreement under Section 7.7.2 of the Plan), having the terms set forth in Exhibit G hereto and otherwise in form and substance reasonably satisfactory to the Company and the Requisite Investors.

(ee) A "Subsidiary" of any Person means another Person of which such first Person, (i) owns directly or indirectly an amount of the voting securities, other voting ownership or voting partnership interests sufficient to elect at least a majority of such other Person's board of directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests), (ii) in the case of a partnership, serves as a general partner or (iii) in the case of a limited liability company, serves as a managing member.

(ff) "Termination Date" means (i) June 30, 2010 or (ii) if the Confirmation Order approving the Plan has been entered by June 30, 2010 but has not become a Final Order by such date and all other conditions in Section 11 are satisfied or are capable of being satisfied by June 30, 2010, the earlier of (A) October 31, 2010 and (B) the maturity date (whether the scheduled maturity date or the maturity date pursuant to an acceleration) of any loans under any DIP Credit Agreement, as such date may be extended pursuant to the terms thereof; provided, that, for the avoidance of doubt, notwithstanding the satisfaction of the conditions set forth in

Section 11 hereof by June 30, 2010, the Investors' obligation to consummate the transactions herein shall be subject to the satisfaction or waiver of such conditions as of the Closing Date.

(gg) "Transaction Expenses" means all reasonable out-of-pocket expenses incurred by each Investor or its Affiliates with respect to the transactions contemplated hereby and all Bankruptcy Court and other judicial and regulatory proceedings related to such transactions (including all reasonable fees and expenses of legal, accounting and financial advisors and management consultants engaged by the Investors or their Affiliates as of the date hereof, and the reasonable fees and expenses of any additional advisors or consultants engaged by the Investors or their Affiliates), filing and recording fees, costs and expenses of due diligence, transportation, duplication and messenger expenses.

(hh) "Underlying EBITDA" means, with respect to the Company and its Subsidiaries for any period, the sum of (i) the amount of EBITDA set forth in the DIP Term Credit Agreement, (ii) plus any expenses or charges related to the transactions contemplated in this Equity Commitment Agreement and the Plan, (iii) plus or minus, as applicable, metal lag resulting from gains or losses in inventory value due to changes in aluminum prices for such period, as calculated by the Company consistent with past practices, (iv) plus or minus any net one-time cash gains or losses directly resulting from the termination of transactional (non-aircraft related) metal Hedging Agreements (as defined in the DIP Term Credit Agreement) by a counterparty to the Company upon (or as a result of) the filing of the Chapter 11 Cases.

(ii) Other Defined Terms:

Term	**Section**
Aleris Deutschland	Preamble
Apollo Commitment	26
Bankruptcy Court	Preamble
Claims	13
Closing Date	3(a)
Commitment	3(a)
Company	Preamble
Disclosure Statement	2(a)
Eligible Claims	Recitals
Equity Commitment Agreement	Recitals
Holdco	Recitals
Holdco Common Stock	Recitals
Indemnified Party	12(a)
Indemnifying Party	12(a)
IntermediateCo	Recitals
IntermediateCo Common Stock	7(d)(ii)
IntermediateCo Notes	Recitals
Investors	Preamble
Minimum Backstop Parties	9(c)
Plan	Preamble

Term	Section
Projections	7(h)
Purchase Notice	2(f)
Relevant Claims	8(e)
Required DIP Credit Agreements Paydown	9(i)
Residual Units	Recitals
Rights	Recitals
Rights Offering	Recitals
Rights Offering Reserve Amount	9(i)
Rules	8(c)
Sankaty Residual Units	25
Securities Act	8(c)
Structuring and Arrangement Fee	2(d)
Subscription Units	Recitals
Superior Proposal	19(b)
Termination Fee	2(d)
Unit	Recitals
Units	Recitals

2. The Rights Offering.

(a) The Company shall commence, administer and consummate the Rights Offering in accordance with the Plan and the related disclosure statement, which disclosure statement (as the same may be amended, supplemented or modified from time to time) shall be consistent with the Plan and reasonably acceptable to the Requisite Investors (the "Disclosure Statement"), it being understood that the form of the draft Disclosure Statement dated February 5, 2010, delivered to the Investors is acceptable to them.

(b) As settlement for certain rights described in the Plan, based on their Eligible Claims as of the Effective Date, subject to this Section 2(b), the shares of Holdco Common Stock issued to Oaktree and Apollo or any Affiliates thereof that own Eligible Claims under the Plan shall in the aggregate represent, after giving effect to the Rights Offering but subject to dilution from the Specified Securities, a percentage of the Holdco Common Stock issued under the Plan that is not less than the Minimum Oaktree/Apollo Equity Threshold. If the Minimum Oaktree/Apollo Equity Threshold is not met, the Company shall reduce, in accordance with the Plan, the Units issuable to holders of Eligible Claims (other than the Investors and their Affiliates) that elect to exercise Rights under the Plan in the amount necessary to allow the Minimum Oaktree/Apollo Equity Threshold to be reached, and such Units (allocated as among the Investors as may be determined by Oaktree and Apollo) shall be deemed "Residual Units" hereunder; provided, that, the Company shall not reduce the Units issuable to holders of Eligible Claims (other than the Investors and their Affiliates) that elect to exercise Rights under the Plan by more than 90%.

(c) Notwithstanding anything in the Plan to the contrary, the Company and the Investors agree that the number of shares of Holdco Common Stock and principal amount of

IntermediateCo Notes that the Investors or their Affiliates may elect to receive pursuant to the Rights Offering shall not be subject to the Minimum Ownership Cutback under Section 7 of the Plan.

(d) If the transactions contemplated by this Equity Commitment Agreement are consummated, the Company shall pay to the Oaktree Manager and the Investors set forth on Schedule 2(d) hereto (or such Affiliates or third parties as such Persons may designate) on the Closing Date a fee (the "Structuring and Arrangement Fee") equal to 3.5% of the Maximum Rights Offering Amount. If this Equity Commitment Agreement is terminated pursuant to Section 19(b)(ii), Section 19(b)(iv), Section 19(b)(v), Section 19(b)(vi), Section 19(c)(iii), Section 19(c)(iv), Section 19(c)(v) or Section 19(d) hereof, or if the Plan is not consummated by the Termination Date and on or prior to the Voting Deadline there was made and not withdrawn prior to the Voting Deadline (or there was made prior to the Voting Deadline a public announcement indicating an intention to make) a proposal or offer from (or by, in the case of a public announcement) a third party as to which the Board of Directors of the Company made no determination (by the Voting Deadline) that could reasonably be considered (or could reasonably be expected to lead to) a Superior Proposal, the Company shall pay to the Oaktree Manager and any Investors set forth on Schedule 2(d) hereto (or such Affiliates or third parties as such Persons may designate) concurrently with or promptly after such termination a fee (the "Termination Fee") equal to the Structuring and Arrangement Fee minus $5,000,000. The percentage of the Structuring and Arrangement Fee or Termination Fee allocated to such Persons is set forth on Schedule 2(d) hereto. The Structuring and Arrangement Fee and Termination Fee shall be nonrefundable when paid.

(e) Subject to the consummation of the transactions contemplated by this Equity Commitment Agreement, each Investor (or such other Affiliates or third parties as such Investor may designate) agrees to purchase from IntermediateCo on the Closing Date, at a purchase price equal to $1,000.00 per share, shares of IntermediateCo Preferred Stock calculated by multiplying (i) 5,000, which amount represents the aggregate shares of IntermediateCo Preferred Stock, times (ii) such Investor's percentage set forth on Schedule 1(f) hereto.

(f) Within two (2) Business Days after the completion of the calculations determined in accordance with the procedures set forth in Section 7.1.1 of the Plan, the Company hereby agrees and undertakes to give each Investor by electronic facsimile transmission the certification by an executive officer of the Company of (i) the number of such Investor's Subscription Units as of such Date and the aggregate purchase price therefor, (ii) such Investor's Residual Units as of such date and the aggregate purchase price therefor, and (iii) the percentage of Holdco Common Stock to be issued under the Plan that such Units represent (after giving effect to the Rights Offering and purchases under this Equity Commitment Agreement, but subject to dilution from the Specified Securities) (the "Purchase Notice").

3. The Backstop Commitment.

(a) On the basis of the representations and warranties contained herein, but subject to the conditions set forth in Section 11 hereof and the utilization of the proceeds of the Rights Offering solely as set forth in Section 9(i) hereof, and pursuant to Sections 25 and 26

hereof, each Investor agrees to subscribe for in accordance with the Plan and purchase on the Effective Date (the "Closing Date"), and the Company agrees to sell and issue, at a purchase price per Unit equal to the Subscription Purchase Price, (i) such Investor's Subscription Units and (ii) a number of Residual Units calculated by multiplying (x) such Investor's Backstop Percentage times (y) the aggregate number of Residual Units (collectively, the "Commitment"). Subject to the foregoing, each Investor shall, or shall cause its Affiliates to, elect to receive and exercise all of the Rights offered to such Investor or Affiliate in respect of its Eligible Claims in accordance with the Plan.

(b) The Company shall pay or reimburse each Investor for its Transaction Expenses; provided, that the Company shall not be responsible for any fees and expenses of legal, accounting and financial advisors and management consultants that are engaged by the Investors after the date hereof unless the Company consents to such payment or reimbursement, such consent not to be unreasonably withheld. The Transaction Expenses shall be paid upon the earlier of the Closing Date and termination of this Equity Commitment Agreement in accordance with Section 19 hereof, except for termination resulting from the breach by such Investor of any representation, warranty or covenant set forth herein. The filing fees, if any, required by the HSR Act or other Antitrust Laws shall be paid by the Company when filings under the HSR Act are made. For the avoidance of doubt, this Section 3(b) shall not affect the Company's obligation to pay the fees and expenses of (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP, (ii) Wachtell, Lipton, Rosen & Katz, (iii) Milbank, Tweed, Hadley & McCloy LLP and (iv) The Blackstone Group pursuant to the Bankruptcy Court's order approving debtor-in-possession financing and the DIP Financing Documents (as defined therein).

4. Closing; Company Deliverables.

(a) The documents to be delivered on the Closing Date by or on behalf of the parties hereto and the Subscription Units and Residual Units will be delivered at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153 on the Closing Date.

(b) The Company shall provide the Purchase Notice to each Investor as provided in Section 2(f) hereto; provided, that on the Closing Date each Investor shall purchase, and the Company shall sell, only such number of such Investor's Subscription Units and Residual Units as are listed in the Purchase Notice, without prejudice to the rights of such Investor to seek later an upward or downward adjustment if the number of such Investor's Subscription Units and/or Residual Units set forth in such Purchase Notice is inaccurate.

(c) On the Closing Date, the Company shall (i) deliver to the Investors a certificate signed by an officer of the Company pursuant to which such officer shall certify that all of the conditions set forth in Section 11 hereof have been satisfied (or waived in writing by the Investors), (ii) deliver to each Investor or its Affiliates as designated on Schedule 1(f) hereto the shares of Holdco Common Stock and IntermediateCo Notes representing such Investor's or its Affiliates' Subscribed Units and Residual Units in certificated form, duly registered in the name of such Investor or its Affiliates, (iii) cause to be delivered to each Investor or its Affiliates as designated on Schedule 1(f) hereto the IntermediateCo Preferred Stock in certificated form, duly registered in the name of such Investor or its Affiliates, (iv) cause to be delivered to the

Investors the Ancillary Agreements, duly executed by Holdco, and (v) reimburse or pay each Investor for any Transaction Expenses not paid prior to the Closing Date by wire transfer of immediately available funds to the account specified by such Investor at least 24 hours in advance.

(d) All of the Subscription Units and Residual Units of the Investors or their Affiliates will be delivered with any and all issue, stamp, transfer or similar taxes or duties payable in connection with such delivery duly paid by the Company to the extent required under the Confirmation Order or applicable law.

5. Investor Deliverables. On the Closing Date, each Investor shall (i) deliver (a) to the Company the payment of the aggregate purchase price for such Investor's Subscription Units and Residual Units and (b) to IntermediateCo the payment of the aggregate purchase price for such Investor's shares of IntermediateCo Preferred Stock by wire transfer of immediately available funds to the account specified by the Company to the Investors, and (b) cause to be delivered to Holdco, the Ancillary Agreements, duly executed by such Investor.

6. Arm's-Length Transaction. In connection with all aspects of each transaction contemplated by this Equity Commitment Agreement, the Company acknowledges and agrees that: (i) the Commitment, the Rights Offering and any other transactions described in this Equity Commitment Agreement are an arm's-length commercial transaction between the Company, the Company Subsidiaries and their respective Affiliates, on the one hand, and the Investors, on the other hand, and the Company is capable of evaluating and understanding and does understand and accept the terms, risks and conditions of the transactions contemplated by this Equity Commitment Agreement; (ii) in connection with the process leading to such transaction, the Investors are and have been acting solely as principals and are not the financial advisors or fiduciaries for the Company or any of the Company Subsidiaries or their respective Affiliates, or stockholders, creditors (other than the Investors themselves) or employees or any other party; (iii) the Investors have not assumed nor will they assume an advisory or fiduciary responsibility in the Company's or any Company Subsidiary's or their respective Affiliates' favor with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether the Investors have advised or are currently advising the Company or the Company Subsidiaries or their respective Affiliates on other matters) and the Investors have no obligation to the Company or the Company Subsidiaries or their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth in this Equity Commitment Agreement and the other documents relating to the Rights Offering; (iv) the Investors and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from the Company's and the Company Subsidiaries' and their respective Affiliates' and the Investors have no obligation to disclose any of such interests by virtue of their execution, delivery and performance of this Equity Commitment Agreement or any advisory, agency or fiduciary relationship; and (v) the Investors have not provided any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent the Company has deemed appropriate. The Company, on behalf of itself and the Company Subsidiaries, hereby waives and releases, to the fullest extent permitted by law, any claims that the Company or any Company Subsidiary may have against the Investors with

respect to any breach or alleged breach of fiduciary duty with respect to the transactions contemplated hereby.

7. Representations and Warranties of the Company. The Company hereby represents and warrants to each Investor that:

(a) Organization; Standing and Power. The Company and each Company Subsidiary and, as of the Closing Date, each of Holdco and IntermediateCo (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) subject to the occurrence of the Effective Date, has the full power and authority necessary to own its property and assets and to conduct its business as presently conducted and (iii) subject to the occurrence of the Effective Date, is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualifications except for failures to be so qualified which, either individually or in the aggregate, have not had, or would not reasonably be expected to have, a Material Adverse Effect.

(b) Authority; Execution and Delivery; Enforceability. Subject to the entry by the Bankruptcy Court of the Equity Commitment Order, the Company, each Company Subsidiary, Holdco and IntermediateCo each has the corporate, partnership or limited liability company power and authority, as the case may be, to execute, deliver and perform the terms and provisions of this Equity Commitment Agreement, each Plan Support Agreement (subject to the entry of the Disclosure Statement Order) and the Ancillary Agreements to which it is, or is specified to be, a party and has taken all necessary corporate, partnership or limited liability company action, as the case may be, to authorize the execution, delivery and performance by it of this Equity Commitment Agreement, each Plan Support Agreement (subject to the entry of the Disclosure Statement Order) and the Ancillary Agreements to which it is a party. The Company has duly executed and delivered this Equity Commitment Agreement, following the entry of the Disclosure Statement Order subject to the provisions of Section 9(c) hereof, the Company will have duly executed and delivered each Plan Support Agreement, and as of the Closing Date, each of Holdco and IntermediateCo will have duly executed and delivered each Ancillary Agreement to which it is, or is specified to be, a party, and, assuming the due authorization, execution and delivery by the Investors and subject to the entry by the Bankruptcy Court of the Interim Equity Commitment Order, as of the date hereof, this Equity Commitment Agreement constitutes, as of the date of their execution and delivery by the Company, each Plan Support Agreement will constitute, and, as of the Effective Date, each other Ancillary Agreement to which it is, or is specified to be, a party will constitute, the legal, valid and binding obligation of the Company, Holdco and IntermediateCo enforceable against the Company, Holdco and IntermediateCo in accordance with its terms.

(c) Issuance of Securities. The (i) Rights, (ii) shares of Holdco Common Stock, (iii) IntermediateCo Notes, and (iv) shares of IntermediateCo Preferred Stock, when issued and delivered as provided herein, will each have been duly and validly authorized and, in the case of the Holdco Common Stock and IntermediateCo Preferred Stock, will be duly and validly issued and delivered, fully paid and non-assessable, and, in each case, free and clear of all taxes, liens, pre-emptive rights, rights of first refusal, subscription and similar rights and, in the

case of the IntermediateCo Notes, will be legally binding and enforceable obligations of IntermediateCo.

(d) Capital Structure; Subsidiaries.

(i) As of the Effective Date, the authorized capital stock of Holdco will consist solely of (1) 45,000,000 shares of Holdco Common Stock, of which a number of shares will be issued and outstanding in accordance with the Plan and (2) 1,000,000 shares of preferred stock, of which no shares will be issued and outstanding in accordance with the Plan. As of the Effective Date, Holdco will have reserved (A) a number of shares of Holdco Common Stock for issuance upon the exchange of the IntermediateCo Notes in accordance with the Plan, (B) a number of shares of Holdco Common Stock for issuance upon the exchange or redemption of the IntermediateCo Preferred Stock in accordance with Plan, and (C) a number of shares of Holdco Common Stock for issuance under the Long-Term Equity Incentive Plan as described in the Disclosure Statement.

(ii) As of the Effective Date, the authorized capital stock of IntermediateCo will consist solely of (i) 5,000 shares of common stock, par value $0.01 per share (the "IntermediateCo Common Stock"), of which 100 shares will be issued and outstanding and 100% of which will be owned by Holdco, and (ii) 5,000 shares of preferred stock, all of which will be issued and outstanding.

(iii) Holdco is a Delaware corporation formed in connection with the Plan and since its formation has not engaged, and does not currently engage, in any business or activity other than serving as the direct parent of IntermediateCo. As of the Effective Date, Holdco has no assets other than the IntermediateCo Common Stock and the books and records of Holdco. IntermediateCo is a Delaware corporation newly formed in connection with the Plan and since its formation has not engaged, and does not currently engage in any business or activity other than serving as the direct or indirect parent of the OpCos that, in turn, will hold, in the aggregate, all of the assets of the Company and the Company Subsidiaries as of the Effective Date. IntermediateCo has no assets other than the interests in the OpCos and the books and records of IntermediateCo.

(iv) Except for the Specified Securities and the shares of Holdco Common Stock to be issued under the Plan, as of Closing, there are no outstanding subscription rights, options, warrants, convertible or exchangeable securities or other rights of any character

whatsoever to which the Company, Holdco or IntermediateCo is a party relating to issued or unissued capital stock of the Company, Holdco or IntermediateCo, or any commitments of any character whatsoever relating to issued or unissued capital stock of the Company or Holdco or IntermediateCo or pursuant to which the Company, Holdco or IntermediateCo is or may become bound to issue or grant additional shares of its capital stock or related subscription rights, options, warrants, convertible or exchangeable securities or other rights, or to grant preemptive rights, which, in each instance, will be in effect immediately following the closing of the transactions contemplated hereby.

(v) As of the Effective Date, Holdco will have no Subsidiaries other than those Subsidiaries listed on Schedule 7(d) hereto (which Schedule identifies the direct owners of each such Subsidiary and their percentage ownership therein).

(e) No Conflicts or Defaults. Subject to the entry by the Bankruptcy Court of the Equity Commitment Order, neither the execution, delivery or performance by the Company and the Company Subsidiaries and, as of the Closing Date, Holdco and IntermediateCo of this Equity Commitment Agreement, nor compliance by them with the terms and provisions herein, (i) will contravene any applicable law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality in any material respect, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of the Company or any Company Subsidiary or, as of the Closing Date, Holdco or IntermediateCo pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement (including the debtor-in-possession credit agreements in effect as of the date hereof), or any other material agreement, contract or instrument, in each case to which the Company, Holdco, IntermediateCo or any Company Subsidiary is a party or by which it or any of its property or assets is bound or to which it may be subject, or (iii) will violate any provision of the certificate or articles of incorporation, certificate of formation, limited liability company agreement or by-laws (or equivalent organizational documents), as applicable, of the Company, Holdco, IntermediateCo or any Company Subsidiary, except, in each case, to the extent that any such contravention, conflict or violation has not resulted in, and would not reasonably be expected to result in, a Material Adverse Effect.

(f) Governmental Consents and Filings. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except for those that have otherwise been obtained or made on or prior to the Closing Date and which remain in full force and effect on the Closing Date) or exemption by, any governmental or public body or authority (except as required under the Bankruptcy Code and applicable state and federal bankruptcy rules or as required by applicable Antitrust Laws), or any subdivision thereof, is required to be obtained or made by, or on behalf of, the Company or any Company Subsidiary or, as of the Closing Date, Holdco or IntermediateCo to authorize, or is required to be obtained or made by, or on behalf of, the Company or any Company Subsidiary or, as of the Closing Date, Holdco or

IntermediateCo in connection with, (i) the execution, delivery and performance of this Equity Commitment Agreement or (ii) the legality, validity, binding effect or enforceability of this Equity Commitment Agreement.

(g) Financial Statements. (i) The audited consolidated balance sheets of the Company for its fiscal years ended December 31, 2007 and December 31, 2008 and the related consolidated statements of income and cash flows of the Company for such periods furnished to the Investors prior to the Effective Date, present fairly in all material respects the consolidated financial position of the Company at the date of said financial statements and the consolidated results for the respective periods covered thereby, and (ii) the unaudited consolidated balance sheet of the Company for its fiscal quarter ended September 30, 2009 and the related consolidated statements of income and cash flows of the Company for the nine-month period ended on such date, furnished to the Investors prior to the Effective Date, present fairly in all material respects the consolidated financial position of the Company and the Company Subsidiaries at the date of said financial statements and the results for the period covered thereby, subject to normal year-end adjustments and the absence of footnotes. All such financial statements have been prepared in accordance with GAAP, consistently applied except to the extent provided in the notes to said financial statements and subject, in the case of the unaudited financial statements, to normal year-end audit adjustments (all of which, when taken as a whole, would not reasonably be expected to result in a Material Adverse Effect) and the absence of footnotes.

(h) Projections. All financial information and projections ("Projections") that have been or will be made available to the Investors in writing by the Company or its representatives in connection with the transactions contemplated hereby have been or will be prepared in good faith based upon assumptions believed to be reasonable at the time made (it being understood that such projections are not to be viewed as facts and are subject to significant uncertainties and contingencies, many of which are beyond the Company's control, and that no assurance can be given that any particular projections will be realized and that actual results may differ and such differences may be material).

(i) Litigation. Except for the Chapter 11 Cases and as set forth on Schedule 7(i), as of the date hereof, there are no actions, suits or proceedings pending or, to the knowledge of the Company or any Company Subsidiary, threatened in writing (i) with respect to this Equity Commitment Agreement or (ii) that, if adversely determined, have had, or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(j) No Material Adverse Effect. Since September 30, 2009, except as disclosed on Schedule 7(j), there has been no change in the financial condition, results of operations or business of the Company and the Company Subsidiaries, which individually or in the aggregate has had, or reasonably would be expected to have, a Material Adverse Effect.

(k) Compliance with Laws. The Company and each Company Subsidiary and, as of the Closing Date, each of Holdco and IntermediateCo is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all

governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property, except such noncompliances as, either individually or in the aggregate, have not, and would not reasonably be expected to have, a Material Adverse Effect.

(l) Suppliers. Schedule 7(l) sets forth a true, correct and complete list, for the 12 months ended December 31, 2009, of the 10 largest suppliers of goods and services to the Company and the Company Subsidiaries on a consolidated basis and a summary of terms of payment for such suppliers as of the date hereof.

(m) Other Representations and Warranties. No Default or Event of Default (as defined in the DIP Term Credit Agreement or the DIP ABL Credit Agreement, as applicable) under the DIP Term Credit Agreement or the DIP ABL Credit Agreement has occurred and is continuing, other than with respect to (i) the covenants set forth in Section 8.17 (Financial Covenants) of the DIP Term Credit Agreement and Section 10.07 (Financial Covenants) of the DIP ABL Credit Agreement and (ii) representations and warranties of the Company set forth in the DIP Term Credit Agreement and the DIP ABL Credit Agreement. The representations and warranties of the Company and the Company Subsidiaries set forth in Sections 6.09 (Tax Returns and Payments), 6.10 (Compliance with ERISA), 6.12 (Properties), 6.13(a) (Subsidiaries), 6.15 (Investment Company Act), 6.16 (Environmental Matters), 6.17 (Employment and Labor Relations), 6.18 (Intellectual Property, etc.), 6.19 (Insurance), 6.20 (Indebtedness), 6.21 (Cases), 6.23 (Material Contracts) and 6.24 (German Real Estate Holding Companies) of the DIP Term Credit Agreement are hereby incorporated herein in their entirety and are true and correct as of the date hereof (except to the extent such representations and warranties expressly relate to a specified date, in which case such representations and warranties shall be true and correct on and as of such specified date); provided, that, references to "Aleris" or the "Borrowers" shall be deemed to be references to "Holdco" as of the Closing Date. Notwithstanding the foregoing, for purposes of incorporating such sections into this Equity Commitment Agreement only, the definition of "ERISA Event" set forth in the DIP Term Credit Agreement shall be disregarded and replaced with the definition set forth on Schedule 7(m).

8. Representations and Warranties of the Investors. Each Investor, severally and not jointly, hereby represents and warrants to the Company that:

(a) Organization, Standing and Power. Such Investor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has full power and authority necessary to enable it to conduct its business as presently conducted.

(b) Authority; Execution and Delivery; Enforceability. Such Investor has the corporate, partnership or limited liability company power and authority, as the case may be, to execute, deliver and perform the terms and provisions of this Equity Commitment Agreement and the Ancillary Agreements and has taken all necessary corporate, partnership or limited liability company action, as the case may be, to authorize the execution, delivery and performance by it of this Equity Commitment Agreement, and such Investor has duly executed and delivered this Equity Commitment Agreement and, as of the Closing Date, such Investor will have duly executed and delivered each Ancillary Agreement to which it is, or is specified to be, a party. Assuming the due authorization, execution and delivery by the Company, Holdco and the

other Investors, as applicable, as of the date hereof, this Equity Commitment Agreement constitutes, and, as of the Effective Date, each other Ancillary Agreement to which it is, or is specified to be, a party will constitute, the legal, valid and binding obligation of such Investor enforceable against the such Investor in accordance with its terms.

(c) Investor Status. Such Investor is either (a) a qualified institutional buyer as defined in Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"),(b) an accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act (the "Rules")) or (c) an entity in which all of the equity owners are accredited investors as defined in the Rules. Such Investor acknowledges that (i) any securities purchased or received in connection herewith cannot be resold absent an exemption to the Securities Act or registration of such securities under the Securities Act; (ii) such securities have been acquired for investment and not with a view to distribution or resale; and (iii) the securities being issued to it pursuant hereto are being issued pursuant to an exemption to the Securities Act and will contain legends as set forth in the Disclosure Statement.

(d) Information. Such Investor acknowledges that it has been afforded the opportunity to ask questions and receive answers concerning the Company and the Company Subsidiaries and to obtain additional information that it has requested to verify the accuracy of the information contained herein. Notwithstanding the foregoing, nothing contained herein will operate to modify or limit in any respect the representations and warranties of the Company or to relieve it from any obligations to such Investor for breach thereof or the making of misleading statements or the omission of material facts in connection with the transactions contemplated therein.

(e) Eligible Claims. Such Investor or an Affiliate thereof, as of the date hereof, is the legal owner, beneficial owner and/or the investment advisor or manager for the legal or beneficial owner of such Eligible Claims set forth on such Investor's Schedule 8(e) hereto (collectively, the "Relevant Claims"). There are no Eligible Claims of which such Investor or any of its Affiliates is the legal owner, beneficial owner and/or investment advisor or manager for such legal or beneficial owner that are not part of its Relevant Claims unless such Investor or any of its Affiliates does not possess the full power to vote and dispose of such claims; provided, that the Relevant Claims do not include any interest accrued on, or any repayments of, such Relevant Claims after September 30, 2009. Such Investor or the applicable Affiliate thereof has full power to vote, dispose of and compromise the aggregate principal amount of the Relevant Claims.

9. Additional Covenants of the Company.

(a) Approval of Equity Commitment Agreement. The Company agrees to file a motion seeking Bankruptcy Court approval of the Equity Commitment Order as soon as practicable but in no event more than three (3) Business Days after the date hereof.

(b) Filing of Plan and Disclosure Statement. The Company agrees to file the Plan and the Disclosure Statement with the Bankruptcy Court as soon as practicable but in no event more than two (2) Business Days after the date hereof.

(c) Plan Support Agreements. Promptly, and in no event later than three (3) Business Days following the receipt of Plan Support Agreements signed by Oaktree and Apollo (or the Affiliates thereof that own Eligible Claims) (each, a "Minimum Backstop Party" and together, the "Minimum Backstop Parties") and any other holders of Eligible Claims signatory hereto that are willing to deliver a Plan Support Agreement, the Company agrees to execute and deliver the Plan Support Agreements from all such Minimum Backstop Parties and other holders of Eligible Claims and to notify the Investors of the Company's receipt, execution and delivery thereof. Notwithstanding the foregoing, the Company shall not be required to execute any Plan Support Agreements if the holders of Eligible Claims delivering Plan Support Agreements hold in the aggregate, on a pro forma basis after giving effect to the 9019 Settlement, less than 66.6% (by dollar amount) of the outstanding U.S. Roll-Up Loan Claims, 100% (by dollar amount) of the outstanding European Roll-Up Loan Claims and 48.0% (by dollar amount) of the outstanding German Term Loan Claims as of the date of receipt of such Plan Support Agreements by the Company.

(d) Information Supplements. The Company agrees to supplement, from time to time, the representations and warranties of the Company contained in Section 7(h) hereof so that they will remain complete and correct in all material respects; provided, that no such supplemental information provided after the date hereof pursuant to this Section 9(d) or otherwise shall be deemed to amend or supplement the Schedules to this Equity Commitment Agreement for purposes of determining whether the conditions set forth in Section 11 hereof have been satisfied.

(e) Distressed Termination of Pension Plans. Except as contemplated by the Plan, the Company agrees not to, and to cause the Company Subsidiaries not to, take any action described in Section 4041(c) of ERISA to effectuate a distress termination (as described in such section) of any "Plan" (as defined in the DIP Term Credit Agreement), without Oaktree's prior written consent, which consent shall not be unreasonably withheld. For purposes of clarity, the actions prohibited in the preceding sentence include, without limitation, (i) issuing a notice of intent to terminate to Plan participants or (ii) submitting any notice, request, motion or filing to the Pension Benefit Guarantee Corporation or the Bankruptcy Court (or any other court), which seeks to satisfy the criteria under Section 4041(c).

(f) Cooperation. During the Company's Chapter 11 Cases, the Company and the Company Subsidiaries shall use commercially reasonable efforts to provide to counsel for the Investors draft copies of all motions, proposed orders, applications and other documents, relating to the Plan or this Equity Commitment Agreement, the Company or a Company Subsidiary intends to file with the Bankruptcy Court, if reasonably practicable, at least three (3) Business Days prior to the date when the applicable debtor intends to file any such pleading or other document (and, if not reasonably practicable, as soon as reasonably practicable prior to filing) and shall consult in good faith with such counsel regarding the form and substance thereof prior to filing such pleading with the Bankruptcy Court. Nothing in this Section 9(f) shall restrict, limit, prohibit or preclude any Investor from appearing in the Bankruptcy Court with respect to any motion, application or other document filed by the Company or the Company Subsidiaries and objecting to, or commenting upon, the relief requested therein, to the extent such objection

or comment is not inconsistent with the provisions of this Equity Commitment Agreement or such Investor's Plan Support Agreement, as applicable.

(g) Notification. The Company agrees to notify, or to cause the Company's subscription agent to notify, on each Friday during the exercise period for the Rights Offering and on each Business Day during the five (5) Business Days prior to the expiration thereof (and any extensions thereto), or more frequently if reasonably requested by the Investors, the Investors of the aggregate number of Rights known by the Company or its subscription agent to have been exercised pursuant to the Rights Offering as of the close of business on the preceding day or the most recent practicable time before such request, as the case may be. In addition, the Company agrees to provide written notice to the Investors of the anticipated occurrence of the Effective Date at least fourteen (14) days prior to the occurrence of the Effective Date and to provide as much notice as is practicable of any anticipated delay beyond the projected Effective Date described in the Company's initial notice to the Investors pursuant to this sentence.

(h) Regulatory Approvals. To the extent required under the HSR Act or applicable Antitrust Laws, the Company agrees to use its commercially reasonable efforts to (i) prepare and file as promptly as practicable, and in any event by no later than thirty (30) days from the entry by the Bankruptcy Court of the Equity Commitment Order, an appropriate Notification and Report Form pursuant to the HSR Act; and (ii) prepare and file as promptly as practicable the Mandatory Antitrust Filings (with the exception of the filings required in (i) above) and all other necessary documents, registrations, statements, petitions, filings and applications for other regulatory approvals and any other consent of any other Government Entities either required or that the Company and the Requisite Investors mutually agree are advisable to satisfy the condition set forth in Section 11(k) hereof. The Company shall use commercially reasonable efforts to satisfy the conditions set forth in Sections 11(j) and 11(k) hereof. Notwithstanding the foregoing, none of the Company or the Company Subsidiaries shall have any obligation to divest or dispose of, hold separate or agree to any restrictions on voting, governance or behavioral matters with respect to, any assets or lines of business in connection with obtaining any consents or approvals under this Section 9(h).

(i) Use of Proceeds. The proceeds from the Rights Offering shall be used solely as follows:

1. without utilizing the Rights Offering Reserve Amount, to make the payments set forth in clauses (a) and (b) of the definition of "Rights Offering Value" in full;

2. without utilizing the Rights Offering Reserve Amount, $430,000,000 to make the payments set forth in clause (c) of the definition of "Rights Offering Value" (the "Required DIP Credit Agreements Paydown"); and

3. up to an amount equal to the Maximum Rights Offering Amount minus the amounts set forth in Sections 9(i)(1) and (2) (the "Rights Offering Reserve Amount") to make the following payments:

(i) *first,* the payments set forth in clause (d) of the definition of "Rights Offering Value" in full;

(ii) *second,* if the Rights Offering Reserve Amount is available after giving effect to the payment in clause (i), up to the lesser of (x) $20,000,000 and (y) the unutilized amount of the Rights Offering Reserve Amount, for such purposes as the Company determines; and

(iii) *third,* if the Rights Offering Reserve Amount is available after giving effect to the payments in clauses (i) and (ii), and if the condition set forth in Section 11(g) hereof would be satisfied after giving effect to the Required DIP Credit Agreements Paydown and the utilization of the funds available under clause (ii) above, up to the lesser of (x) $25,000,000 and (y) the unutilized amount of the Rights Offering Reserve Amount, for such purposes as the Company determines.

(j) Conduct of Business of the Company. From the date hereof until the Closing Date, the Company shall, and shall cause each of the Company Subsidiaries to, conduct its business and operations in the ordinary course of business consistent with past practice and use commercially reasonable efforts to (i) preserve intact its present business organization, (ii) keep available the services of its directors, officers and key employees, (iii) maintain good relationships with its customers, suppliers, lenders and others having material business relationships with it and (iv) manage its working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) in the ordinary course of business consistent with past practice.

10. Additional Covenants of Investors.

(a) No Joint Control. The Investors undertake prior to the Closing Date not to enter into any shareholders' agreements or any other binding or non-binding agreements or arrangements (including any agreements to assign the Investors' rights, shares, interests or obligations) as a result of which any Person other than Oaktree would be deemed under the EC Merger Regulation to acquire control over the Company jointly with Oaktree and/or would be required to submit a Mandatory Antitrust Filing jointly with Oaktree. The Company will waive this Section 10(a) upon the request of Oaktree if in the Company's reasonable opinion the submission of a joint filing by Oaktree and any other Person would not prevent or materially delay the satisfaction of the condition set forth in Section 11(k) hereof. For the avoidance of doubt, if, in the reasonable judgment of the Company, the European Commission would have declared the transactions contemplated by this Equity Commitment Agreement, in the absence of a submission of a joint filing, to be compatible with the common market pursuant to Article 6(1)(b) of the EC Merger Regulation, but the submission of a joint filing would result in the European Commission failing to declare the transactions contemplated by this Equity Commitment Agreement compatible with the common market pursuant to Article 6(1)(b) of the

EC Merger Regulation, then the submission of a joint filing shall be deemed to cause a material delay in the satisfaction of the condition set forth in Section 11(k) hereof.

(b) Regulatory Approvals. To the extent required under the HSR Act or the EC Merger regulation, each Investor agrees to use its reasonable commercial efforts to (i) prepare and file as promptly as practicable, and in any event by no later than thirty (30) days from the entry by the Bankruptcy Court of the Equity Commitment Order, (x) an appropriate Notification and Report Form pursuant to the HSR Act and (y) a notification on Form CO pursuant to the EC Merger Regulation; and, further, (ii) prepare and file as promptly as practicable the Mandatory Antitrust Filings (with the exception of the filings required in (i) above) and all other necessary documents, registrations, statements, petitions, filings and applications for other regulatory approvals and any other consent of any other Government Entities either required or that the Company and the Requisite Investors hereto mutually agree are advisable to satisfy the condition set forth in Section 11(k) hereof. The Investors shall use commercially reasonable efforts to satisfy the conditions set forth in Sections 11(j) and 11(k) hereof. Notwithstanding the foregoing, none of the Investors or their respective Affiliates shall have any obligation to divest or dispose of, hold separate or agree to any restrictions on voting, governance or behavioral matters with respect to, any assets or lines of business in connection with obtaining any consents or approvals under this Section 10(b).

11. Conditions Precedent. The Commitment and the obligation of the Investors to consummate the transactions herein is subject to the satisfaction (or, subject to the terms of Section 20(b), waiver by the Requisite Investors) on or prior to the Closing Date of the following conditions:

(a) the representations and warranties of the Company set forth in Section 7 hereof shall be true and correct (without giving effect to any limitations as to materiality or Material Adverse Effect set forth therein) in each case as of the date hereof and the Closing Date, as if such representations and warranties were made as of the Closing Date (except to the extent such representations and warranties expressly relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date), except to the extent that any failure of such representations and warranties, individually or in the aggregate, to be so true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect, and the Company shall have complied in all material respects with all covenants and agreements in this Equity Commitment Agreement and, following the execution thereof, Sections 2 (Effectuating the Restructuring) and 4 (Company Responsibilities) of the Plan Support Agreements. The Company shall have delivered to the Investors a certificate, dated the date of the Closing Date and signed by an executive officer of the Company, to the foregoing effect;

(b) Holdco shall have executed and delivered the Ancillary Agreements on the terms and conditions consistent in all material respects with this Equity Commitment Agreement;

(c) the Plan Support Agreements, if entered into by the Minimum Backstop Parties, shall not have been terminated pursuant to Section 9 (Termination) thereof;

(d) the Restructuring Transactions and the Plan shall be consummated substantially simultaneously with the transactions contemplated herein on the terms and conditions set forth herein and in each Plan Support Agreement;

(e) the U.S. Plan Value is no less than $120,000,000;

(f) the Company shall have obtained the Exit ABL Facility on terms reasonably acceptable to Oaktree with a commitment in an amount not less than $500,000,000, it being understood that the terms set forth in the draft term sheet for the Exit ABL Facility, dated November 7, 2009, are acceptable to Oaktree;

(g) the Pro Forma Liquidity shall be no less than $233,000,000;

(h) the roll-up rights of Oaktree and Apollo and their Affiliates under the DIP Term Credit Agreement shall have not been rescinded or modified in any way without the consent of Oaktree and Apollo;

(i) Holdco shall have entered into employment arrangements with senior executives as described and on terms and conditions as set forth in Section VI.A.3 of the Disclosure Statement;

(j) all governmental approvals and consents required by the Plan, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the Plan shall have been obtained and be in full force and effect; and all applicable mandatory waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions;

(k) to the extent that regulatory filings are required under Section 10(b) hereof as to one or more Investors, then as to such individual Investor:

(x) the applicable waiting period under the HSR Act (including any extension thereof by reason of a request for additional information) shall have expired or been terminated;

(y) the European Commission shall have (i) declared the transactions contemplated by this Equity Commitment Agreement to be compatible with the common market pursuant to Article 6(1)(b), 8(1), or 8(2) of the EC Merger Regulation either unconditionally or conditionally in terms reasonably satisfactory to the parties hereto; or (ii) failed to issue a decision under Article 6(1) of the EC Merger Regulation within the required deadlines with the consequence that the transactions contemplated by this Equity Commitment Agreement are deemed compatible with the common market pursuant to Article 10(6) of the EC Merger Regulation; and

(z) any competent authority (as to those Mandatory Antitrust Filings in the jurisdictions set forth on Schedule 11(k) with respect to which clearance or approval of the transactions contemplated by this Equity Commitment Agreement is required prior to closing or which impose a mandatory waiting period which must be observed prior to closing) shall (i) have declined jurisdiction over the transactions contemplated by this Equity Commitment Agreement; (ii) have granted clearance explicitly either unconditionally or in terms reasonably satisfactory to the parties; or (iii) through the expiration of time periods available for their investigation, be deemed to have granted clearance;

(l) since the date hereof, a Material Adverse Effect shall not have occurred;

(m) for any period of three consecutive calendar months (x) commencing with the three-month period ending March 31, 2010 and (y) ending with the three-month period ending on the last day of the calendar month immediately preceding the Closing Date (or, if the Closing Date is less than ten (10) Business Days after such month, the immediately preceding month), the Underlying EBITDA for the Company and its Subsidiaries shall not be less than the amount for such period set forth on Schedule 11(m); and

(n) The Company shall have delivered to the Investors a certificate signed by an executive officer of the Company certifying as to the Company's compliance with its obligations under Section 9(j)(iv) hereof.

12. Indemnification and Exculpation.

(a) The Company (in such capacity, the "Indemnifying Party") agrees to indemnify and hold harmless the Investors, and each of their Affiliates and each of the Investors' and their Affiliates' respective officers, directors, partners, shareholders, members, trustees, controlling persons, employees, agents, advisors, attorneys and representatives (each, an "Indemnified Party") from and against any and all losses, claims, damages, liabilities, and costs and expenses (including, without limitation, reasonable and documented fees and disbursements of outside counsel), to which any Indemnified Party may become subject arising out of or in connection with or relating to this Equity Commitment Agreement or the transaction documents and the transactions contemplated hereby, or any breach by the Company of this Equity Commitment Agreement or any Plan Support Agreement, or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Party is a party thereto, and the Company shall reimburse each Indemnified Party upon demand for all reasonable and documented out-of-pocket legal and other expenses incurred by it in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including, without limitation, in connection with the enforcement of the indemnification obligations set forth herein), irrespective of whether the transactions contemplated hereby are consummated, except to the extent such cost or expense is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted

from an Indemnified Party's bad faith, gross negligence or willful misconduct or from such Indemnified Party's breach of the relevant Plan Support Agreement, as applicable, or this Equity Commitment Agreement; provided, that the Indemnifying Party shall not have to reimburse the legal fees and expenses of more than one outside counsel (and any local counsel) for all Indemnified Persons with respect to any specific matter for which indemnification is sought unless, as reasonably determined by any such Indemnified Person or its counsel, representation of all such Indemnified Persons would be inappropriate or impracticable or create an actual or potential conflict of interest.

(b) The Company agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Company or any Company Subsidiary for or in connection with the transactions contemplated hereby, except to the extent such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's bad faith, gross negligence or willful misconduct or from such Indemnified Party's breach of the relevant Plan Support Agreement, as applicable, or this Equity Commitment Agreement. In no event, however, shall any Indemnified Party be liable on any theory of liability for any special, indirect, consequential or punitive damages.

(c) The Company further agrees that, without the prior written consent of the Requisite Investors, neither the Company nor any Company Subsidiary will enter into any settlement of any lawsuit, claim or other proceeding arising out or relating to of this Equity Commitment Agreement or the transactions contemplated hereby unless such settlement (i) includes an explicit and unconditional release from the party bringing such lawsuit, claim or other proceeding of all Indemnified Parties and (ii) does not include a statement as to or an admission of fault, culpability, or a failure to act by or on behalf of any Indemnified Party.

13. Governing Law, etc. THIS EQUITY COMMITMENT AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CHOICE OF LAWS PRINCIPLES THEREOF. By its execution and delivery of this Equity Commitment Agreement, each of the parties hereto hereby irrevocably and unconditionally agrees for itself that, so long as the Chapter 11 Cases are pending, the Bankruptcy Court shall have exclusive jurisdiction of any legal action, suit or proceeding with respect to any matter under or arising out of or in connection with this Equity Commitment Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding (collectively, "Claims"). To the extent that any Claims arise after the termination of the Chapter 11 Cases, such Claims shall be brought exclusively in either a state or federal court of competent jurisdiction in the State of New York and County of New York. By execution and delivery of this Equity Commitment Agreement, each of the parties hereto hereby irrevocably accepts and submits itself to the exclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding.

14. Notices. All notices and other communications in connection with this Equity Commitment Agreement will be in writing and will be deemed given (and will be deemed to have been duly given upon receipt) if delivered personally, sent via electronic facsimile (with

confirmation), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the parties at the following addresses (or at such other address for a party as will be specified by like notice):

If to Oaktree, to:

Oaktree Capital Management, L.P.
333 South Grand Avenue, 28th Floor
Los Angeles, California 90071
Facsimile No.: (213) 830-8810
(213) 830-6499
Attention: Scott L. Graves
Brian Laibow

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Facsimile No.: (212) 373-7757
Attention: Alan W. Kornberg
Kenneth M. Schneider

If to Apollo, to:

Apollo Management VII, L.P.
c/o Apollo Management
9 West 57th Street
New York, New York 10019
Facsimile No.: (212) 515-3263
Attention: Eric L. Press
Matthew R. Michelini

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Facsimile No.: (212) 403-2000
Attention: Philip Mindlin
Andrew J. Nussbaum

If to the Company, to:

Aleris International, Inc.
25825 Science Park Drive, Suite 400
Beachwood, Ohio 44122
Facsimile No.: (216) 910-3654
Attention: Christopher R. Clegg

with a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Facsimile No.: (212) 310-8007
Attention: Stephen Karotkin
Debra A. Dandeneau

If to Sankaty, to:

Sankaty Advisors LLC
111 Huntington Ave
Boston, Massachusetts 02199
Facsimile No.: (617) 516-2710
Attention: Jeff Robinson

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005
Facsimile No.: (212) 822-5410
Attention: Michael Bellucci

15. Assignments; Third Party Beneficiaries. This Equity Commitment Agreement is not assignable by any party without the prior written consent of the other parties; provided, however, that the Investors may transfer or distribute any or all shares of Holdco Common Stock or Specified Securities the Investors receive under the Plan to their Affiliates; provided, further, that the Investors may assign their rights, interests or obligations (including all or a portion of their Backstop Percentages) hereunder to one or more Permitted Transferees without the Company's prior written consent, or to any other Person with the Company's prior written consent, such consent not to be unreasonably withheld; provided, further, all such assignments are subject to the covenant set forth in Section 10(a) hereof and that no such assignment shall relieve the Investors of their obligations hereunder and, upon the satisfaction of the conditions set forth in Section 11 hereof (except the condition set forth in Section 11(k) hereof, which shall be satisfied solely with respect to Oaktree), Oaktree shall be required to

consummate the transactions contemplated herein; and provided, further, the Company may assign its post-Closing Date obligations hereunder to Name Acquisition Co. pursuant to the Acquisition Agreement. This Equity Commitment Agreement is intended to be solely for the benefit of the parties hereto, the Indemnified Parties, and their respective successors and assigns. Nothing herein, express or implied, is intended to or shall confer upon any other third party any legal or equitable right, benefit, standing or remedy of any nature whatsoever under or by reason of this Equity Commitment Agreement.

16. Waiver of Jury Trial. Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Equity Commitment Agreement or the transactions contemplated hereby or the actions of the Investors or any of their Affiliates in the negotiation, performance, or enforcement of this Equity Commitment Agreement.

17. Further Assurances; No Agreement to Support of the Plan.

(a) The parties hereto agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate, from time to time, to effectuate the agreements and understandings of the parties hereto, whether the same occurs before or after the date of this Equity Commitment Agreement.

(b) For the avoidance of doubt, this Equity Commitment Agreement shall not bind the Investors to vote in favor of the Plan. The Investors shall only be bound to vote in favor of the Plan upon execution and delivery of, and under the terms of, the Plan Support Agreements. Nothing herein shall be deemed to limit the rights of the Investors to vote in favor of, or against, the Plan.

18. Survival of Representations and Warranties. All representations and warranties made in this Equity Commitment Agreement will survive the execution and delivery of this Equity Commitment Agreement but will terminate and be of no further force or effect after the Closing Date.

19. Termination.

(a) Notwithstanding anything to the contrary herein, this Equity Commitment Agreement may be terminated by any party or as otherwise provided below at any time prior to the Closing Date upon the earliest of the following events: (i) the termination of this Equity Commitment Agreement by mutual consent of the Requisite Investors and the Company, (ii) by the Company or any Minimum Backstop Party who signed its Plan Support Agreement if the Plan Support Agreements shall not have been entered into by the Company and the Minimum Backstop Parties within four (4) Business Days after the date of the Disclosure Statement Order; provided that the right to terminate pursuant to this clause (ii) shall be waived if it is not exercised within six (6) Business Days after the date of the Disclosure Statement Order, (iii) the Bankruptcy Court shall not have entered the Equity Commitment Order by April 1, 2010, (iv) the Equity Commitment Order shall not have become a Final Order by April 15, 2010, (v) the

Bankruptcy Court shall have stated in writing that it will not approve the Company entering into this Equity Commitment Agreement or will not approve any provision hereof (including the Structuring and Arrangement Fee, the Termination Fee, the Transaction Expenses and the Company's indemnification obligations hereunder) and (vi) the Termination Date.

(b) This Equity Commitment Agreement may be terminated by the Requisite Investors if (i) any Plan Support Agreement is terminated or, prior to the execution and delivery of the Plan Support Agreements, any event occurs that would have constituted a Termination Event under Section 9(a) of the Plan Support Agreements if they were in effect, (ii) the Company fails to perform its obligations under this Equity Commitment Agreement or any Plan Support Agreement in any material respect or is in material breach of any of its representations and warranties contained herein or therein, (iii) any of the conditions set forth in Section 11 hereof shall have become incapable of being satisfied and shall not have been waived by the Requisite Investors, (iv) the Company files, supports or endorses a plan or reorganization other than the Plan, (v) the Company withdraws the Plan or publicly announces its intention not to support the Plan, or (vi) the Board of Directors of the Company has determined that continued pursuit of the Plan is inconsistent with its fiduciary duties because, and the Board of Directors of the Company determines in good faith that, a proposal or offer from a third party is reasonably likely to be more favorable to the Company than is proposed under the Plan, taking into account, among other factors, the identity of the third party, the likelihood that any such proposal or offer will be negotiated to finality within a reasonable time, the potential loss to the Company if the proposal or offer were not accepted and consummated, and the likelihood that any such proposal will be consummated within a reasonable time (such proposal as determined by the Board of Directors of the Company in good faith, a "Superior Proposal").

(c) This Equity Commitment Agreement may be terminated by the Company if (i) any of the Plan Support Agreements are terminated, (ii) the Investors fail to perform their obligations under this Equity Commitment Agreement or the Plan Support Agreements, if applicable, in any material respect or are in material breach of any of their representations and warranties contained herein or therein, (iii) the Company files, supports or endorses a plan or reorganization other than the Plan, (iv) the Company withdraws the Plan or publicly announces its intention not to support the Plan, or (v) if the Board of Directors of the Company has determined that continued pursuit of the Plan is inconsistent with its fiduciary duties because of a Superior Proposal; provided that, the Company shall pay the Termination Fee pursuant to Section 2(e) hereof prior to termination pursuant to clauses (iii), (iv) or (v) of this Section 19(c) and such payment shall be a condition to termination.

(d) The Company must pay the Termination Fee pursuant to Section 2(d) hereof upon termination by a Minimum Backstop Party pursuant to Section 19(a)(ii) hereof if (i) the Disclosure Statement Order shall have been entered prior to such date and (ii) the Minimum Backstop Parties shall have executed and delivered, or were prepared to execute and deliver, the Plan Support Agreements prior to or on such termination date.

(e) Upon any such expiration or termination of this Equity Commitment Agreement, this Equity Commitment Agreement shall become void and there shall be no liability under this Equity Commitment Agreement on the part of the Investors or the Company;

provided, however, that the provisions of this Equity Commitment Agreement set forth in Sections 2(d) (The Rights Offering), 3(b) (The Backstop Commitment), 12 (Indemnification and Exculpation), 13 (Governing Law, etc.), and 16 (Waiver of Jury Trial) shall remain in full force and effect; provided, further, that, to the extent that such termination results from the breach by a party of any representation, warranty or covenant set forth in this Equity Commitment Agreement, such party shall not be relieved of liability from such breach, but such party shall not be liable on any theory of liability for any special, indirect, consequential or punitive damages.

20. Amendments and Waivers.

(a) This Equity Commitment Agreement may not be amended except by an instrument in writing signed on behalf of Oaktree and the Company. By an instrument in writing, the Requisite Investors, on the one hand, or the Company, on the other hand, may waive compliance by the Company or the Investors, respectively, with any term or provision of this Equity Commitment Agreement that such other party was or is obligated to comply with or perform.

(b) Notwithstanding the foregoing, if the applicable Investor has executed and delivered a Plan Support Agreement and such Plan Support Agreement has not been terminated, (i) any amendment, modification or waiver to Section 25 or any other provision in this Equity Commitment Agreement that would materially adversely affect Sankaty in a disproportionate manner relative to Oaktree and Apollo shall require Sankaty's consent (such consent not to be unreasonably withheld) and (ii) Section 26 may not be amended, modified or waived without Apollo's consent; provided, that, after the Voting Deadline, no Plan Modification (as defined in the Plan Support Agreement) that would constitute a Subject Change (as defined in the Plan Support Agreement) may be made without Apollo's consent (to be given or withheld in its sole discretion).

21. Binding Obligation. Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code and the entry of the Equity Commitment Order by the Bankruptcy Court, this Equity Commitment Agreement is a legally valid and binding obligation of the parties hereto, enforceable in accordance with its terms, and shall inure to the benefit of the parties hereto and their representatives. Nothing in this Equity Commitment Agreement, express or implied, shall give to any entity, other than the parties hereto and their respective members, officers, directors, agents, financial advisors, attorneys, employees, partners, Affiliates, successors, assigns, heirs, executors, administrators and representatives, any benefit or any legal or equitable right, remedy or claim under this Equity Commitment Agreement.

22. Headings. The headings of all sections of this Equity Commitment Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

23. Other Agreements, Complete Agreement, Interpretation.

(a) The Company and each Investor agree that, based on the amount of Relevant Claims set forth on such Investor's Schedule 8(e) hereto, the amount of Relevant Claims such Investor or its Affiliates, as applicable, would own pro forma after giving effect to the 9019 Settlement is set forth on Schedule 23(a).

(b) This Equity Commitment Agreement and the other agreements, exhibits and other documents referenced herein constitute the complete agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements, oral or written, between or among the parties hereto with respect thereto (including, as among Oaktree, Apollo and the Company, that certain non-binding proposal letter, dated December 1, 2009, and all exhibits attached thereto). This Equity Commitment Agreement is the product of negotiation by and among the parties hereto. Any party enforcing or interpreting this Equity Commitment Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Equity Commitment Agreement for or against any party by reason of that party having drafted this Equity Commitment Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.

24. Settlement Discussions. This Equity Commitment Agreement and the transactions contemplated herein are part of a proposed settlement of a dispute between the parties hereto. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Equity Commitment Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding, except to the extent filed with, or disclosed to, the Bankruptcy Court in connection with the Chapter 11 Cases, other than a proceeding to enforce the terms of this Equity Commitment Agreement.

25. Sankaty Participation. If (i) the Effective Date occurs and (ii) the conditions set forth in Sections 11(j) and 11(k) hereof are satisfied with respect to Sankaty, Sankaty hereby agrees to receive and exercise all of the Subscription Rights offered to Sankaty or its Affiliates and to purchase the Sankaty Residual Units (as defined herein). The Company and the Investors agree that Sankaty's Subscription Units shall not be subject to the Minimum Ownership Cutback under Section 7 of the Plan. In addition, after Oaktree and Apollo reach the Minimum Oaktree/Apollo Equity Threshold, any additional Residual Units shall be allocated to Sankaty *pro rata* based on the pre-rights offering equity value into which Eligible Claims owned by Oaktree and Apollo in the aggregate may be converted, on the one hand, and Sankaty, on the other hand (the "Sankaty Residual Units"). Sankaty shall receive a percentage of the Structuring and Arrangement Fee and shall purchase a percentage of the IntermediateCo Preferred Stock, in each case equal to the fraction, expressed as a percentage, (i) the numerator of which is the aggregate number of Units purchased by Sankaty or its Affiliates and (ii) the denominator of which is the aggregate number of Units purchased by Apollo, Oaktree and Sankaty or their respective Affiliates. Sankaty would receive a percentage of the Termination Fee (if any) equal to the fraction, expressed as a percentage, (i) the numerator of which is the aggregate number of Units that would be purchased by Sankaty or its Affiliates and (ii) the denominator of which is the aggregate number of Units that would be purchased by Apollo, Oaktree and Sankaty or their respective Affiliates, in each case in proportion to their respective ownership of Eligible Claims (pro forma after giving effect to the 9019 Settlement) as of the date the Equity Commitment

Agreement is terminated, and after giving effect to the Minimum Oaktree/Apollo Equity Threshold and assuming that all Eligible Holders elect to receive their respective Subscription Rights under the Plan. Notwithstanding anything in this Equity Commitment Agreement to the contrary, any modifications to the terms set forth in Exhibit F or Exhibit G hereto shall not require Sankaty's consent unless such modification materially adversely affects Sankaty in a disproportionate manner relative to Oaktree and Apollo, in which case Sankaty's consent shall be required (such consent not to be unreasonably withheld). This Section 25 and the rights and obligations hereunder may not be assigned or delegated by Sankaty without the prior written consent of the Company and the Requisite Investors. Notwithstanding the foregoing, without affecting the rights and obligations of the other parties hereunder, (i) Sankaty, if Sankaty has executed and delivered a Plan Support Agreement and such Plan Support Agreement has terminated in accordance with Section 9 thereof, or (ii) Oaktree, if Sankaty's Plan Support Agreement is terminated pursuant to Section 9(b)(iii) of the Plan Support Agreement or the Termination Event set forth in Section 9(a)(x) has occurred due to a breach of the Plan Support Agreement by Sankaty (regardless of whether the Plan Support Agreement is terminated), may terminate Sankaty's rights and obligations under this Equity Commitment Agreement, in which case (i) Sankaty shall not be required to purchase the Sankaty Residual Units, (ii) Sankaty shall no longer be entitled to a portion of the Structuring and Arrangement Fee or the Termination Fee, (iii) Sankaty shall no longer be a Backstop Party for purposes of this Equity Commitment Agreement and the Plan, and (iv) Sankaty's Subscription Units shall be subject to the Minimum Ownership Cutback under Section 7 of the Plan; provided that Sankaty's rights and obligations under the provisions of this Equity Commitment Agreement set forth in Sections 12, 13 and 16 shall remain in full force and effect.

26. Apollo Participation.

(a) If (i) the Effective Date occurs and (ii) the conditions set forth in Sections 11(j) and 11(k) hereof, if applicable to Apollo, are satisfied with respect to Apollo, then Apollo hereby agrees to receive and exercise all of the Subscription Rights offered to Apollo or its Affiliates and to purchase a number of Residual Units as may be agreed by Apollo and Oaktree (collectively, the "Apollo Commitment"); provided, that, without limiting and subject to Apollo's obligations in the Plan Support Agreement if signed by Apollo or any of its Affiliates that hold Eligible Claims, Apollo may, at its option, elect to withdraw all or a portion of the Apollo Commitment and/or withdraw its election on any Ballot of Apollo or any of its Affiliates to receive ADH Term Loan Stock, ADH Roll-Up Stock or U.S. Roll-Up Stock, as applicable, and Subscription Rights in respect of its European Term Loan Claims, European Roll-Up Term Loan Claims and/or US Roll-Up Term Loan Claims, respectively and elect cash in lieu thereof, in each case by written notice to the Company and Oaktree no later than the date that is ten (10) days prior to the Effective Date; provided, further, that upon the satisfaction of the conditions set forth in Section 11 hereof (other than Sections 11(j) and (k)), if (X) the conditions set forth in Sections 11(j) and (k) are satisfied with respect to Oaktree but not Apollo, (Y) to the extent that regulatory filings are required under Section 9(h) hereof as to the Company, then the Company shall have made such filings with respect to Apollo, and (Z) the conditions set forth in Section 11(j) and (k) are not satisfied as to Apollo on or prior to the 70th day following (i) the Company's initial filing under the HSR Act with respect to Apollo, if such filing is required or (ii) if no such filing is required, the date of this Agreement, then Apollo shall be deemed to

immediately withdraw the Apollo Commitment. Upon withdrawal of the Apollo Commitment, Oaktree shall be deemed to assume the Apollo Commitment in its entirety, and Apollo shall be released of the Apollo Commitment. The Company agrees that Apollo's Subscription Units shall not be subject to the Minimum Ownership Cutback under Section 7 of the Plan. Apollo Management VII, L.P., on behalf of its affiliated investment funds or for its own account, as may be designated by Apollo Management VII, L.P. shall receive a portion of the Structuring and Arrangement Fee and shall purchase a portion of the IntermediateCo Preferred Stock, in each case equal to the fraction, expressed as a percentage, (i) the numerator of which is the aggregate number of Units purchased by Apollo or its Affiliates and (ii) the denominator of which is the aggregate number of Units purchased by Apollo, Oaktree and Sankaty or their respective Affiliates. So long as Apollo has not withdrawn the Apollo Commitment, Apollo would receive a percentage of the Termination Fee (if any) equal to the fraction, expressed as a percentage, (i) the numerator of which is the aggregate number of Units that would be purchased by Apollo or its Affiliates and (ii) the denominator of which is the aggregate number of Units that would be purchased by Apollo, Oaktree and Sankaty or their respective Affiliates, in each case in proportion to their respective ownership of Eligible Claims (pro forma after giving effect to the 9019 Settlement) as of the date the Equity Commitment Agreement is terminated, and after giving effect to the Minimum Oaktree/Apollo Equity Threshold and assuming that all Eligible Holders elect to receive their respective Subscription Rights under the Plan.

(b) Each of the Company and Oaktree agree to continue to consult with Apollo during and to keep Apollo informed of developments in respect the negotiation, drafting, confirmation, and consummation of the Plan.

[Remainder of page intentionally left blank; signature page follows.]

Very truly yours,

OCM Opportunities ALS Holdings, L.P.

By: Oaktree Fund GP, LLC,
its General Partner

By: Oaktree Fund GP I, L.P.,
its Managing Member

By: _____
Name: Scott Graves
Title: Authorized Signatory

By: _____
Name: **Emily Alexander**
Title: Authorized Signatory

OCM High Yield Plus ALS Holdings, L.P.

By: Oaktree Fund GP IIA, LLC,
its General Partner

By: Oaktree Fund GP II, L.P.,
its Managing Member

By: _____
Name: Scott Graves
Title: Authorized Signatory

By: _____
Name: Emily Alexander
Title: Authorized Signatory

Oaktree European Credit Opportunities Holdings, Ltd.

By: Oaktree Europe GP, Limited,
its Director

By: Oaktree Capital Management, L.P.,
its Director

By: _____
Name: John B. Frank
Title: Managing Principal

By: _____
Name: Brian D. Beck
Title: Managing Director

APOLLO INVESTMENT FUND VII, L.P.

By: Apollo Advisors VII, L.P.,
its general partner

By: Apollo Capital Management VII, LLC
its general partner

By: _____
Name:
Title: LAURIE MEDLEY
VICE PRESIDENT

APOLLO OVERSEAS PARTNERS (DELAWARE 892) VII, L.P.

By: Apollo Advisors VII, L.P.,
its general partner

By: Apollo Capital Management VII, LLC
its general partner

By: _____
Name: LAURIE MEDLEY
Title: VICE PRESIDENT

APOLLO OVERSEAS PARTNERS (DELAWARE) VII, L.P.

By: Apollo Advisors VII, L.P.,
its general partner

By: Apollo Capital Management VII, LLC
its general partner

By: _____
Name: LAURIE MEDLEY
Title: VICE PRESIDENT

APOLLO OVERSEAS PARTNERS VII, L.P.

By: Apollo Advisors VII, L.P.,
its general partner

By: Apollo Capital Management VII, LLC
its general partner

By: _____
Name:
Title:

APOLLO INVESTMENT FUND (PB) VII, L.P.

By: Apollo Advisors VII, L.P.,
its general partner

By: Apollo Capital Management VII, LLC
its general partner

By: _____
Name:
Title:

Acknowledged and Agreed, solely for purposes of Section 2(d) hereof:

OCM FIE, L.P.

By: Oaktree Fund GP, LLC
its General Partner

By: Oaktree Fund GP I, L.P.
its Managing Member

By: _____
Name: Todd Molz
Title: Authorized Signatory

By: _____
Name: Emily Alexander
Title: Authorized Signatory

Acknowledged and Agreed, solely for purposes of Section 25 hereof:

SANKATY ADVISORS, LLC,
on behalf of certain Funds and Accounts it manages or advises

By: _____
Name: Ranesh Ramanathan
Title: Authorized Signatory

Accepted and agreed to this 5th day of February, 2010:

Aleris International, Inc.

By: _____
Name: SEAN M. STACK
Title: EXEC. VICE PRES. + CFO

Schedule 1(e)

Apollo

[Redacted]

Schedule 1(f)

Investors

Investor	**Backstop Percentage**	**Percentage of IntermediateCo Preferred Stock**
Oaktree Investment Funds and Accounts[1]	100%	100%
Apollo	Percentage to be determined pursuant to Section 26.	Percentage to be determined pursuant to Section 26.
Sankaty	Percentage to be determined pursuant to Section 25.	Percentage to be determined pursuant to Section 25.
Total	100%	100%

[1] Fund specific information is redacted.

Schedule 2(d)

Structuring and Arrangement Fee

Entity	**Structuring and Arrangement Fee Percentage**
OCM FIE, L.P.	100%
Sankaty Advisors, LLC	Percentage to be determined pursuant to Section 25.
Apollo Management VII, L.P., on behalf of its affiliated investment funds or for its own account, as may be designated by Apollo Management VII, L.P.	Percentage to be determined pursuant to Section 26.
Total	100%

Schedule 7(d)

Subsidiaries

Subsidiary of AHC1 Holding Co.

- AHC Intermediate Co. (100% owned by parent)

Subsidiaries of AHC Intermediate Co.

- RLD Acquisition Co. (100% owned by parent)
- RCY Acquisition Co. (100% owned by parent)
- Name Acquisition Co. (100% owned by parent)
- Intl Acquisition Co. (100% owned by parent)
- UWA Acquisition Co. (100% owned by parent)
- HQ1 Acquisition Co. (100% owned by parent)

Subsidiaries of RCY Acquisition Co.

- SPEC A Acquisition Co. (100% owned by parent)
- SPEC P Acquisition Co. (100% owned by parent)

Schedule 7(i)

Litigation

None.

Schedule 7(j)

Material Adverse Effect

None.

Schedule 7(*l*)

Suppliers

[Redacted]

Schedule 7(m)

DIP Term Credit Agreement Representations and Warranties – ERISA Event

For purposes of incorporating the sections of the DIP Term Credit Agreement into this Equity Commitment Agreement only, the definition of "ERISA Event" set forth in the DIP Term Credit Agreement shall be disregarded and replaced with the following definition:

(a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived);

(b) the failure to meet the minimum funding standard of Sections 412 and 430 of the Code with respect to any Plan, whether or not waived;

(c) the filing pursuant to Section 412(c) of the Code or Section 303(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan;

(d) the incurrence by Aleris or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan;

(e) the receipt by Aleris or any ERISA Affiliate from the PBGC or a plan administrator of any notice of an intent to terminate any Plan or Plans or to appoint a trustee to administer any Plan;

(f) any Plan is or becomes subject to the limitations of Section 436 of the Code;

(g) the incurrence of any obligation, liability, or expense (other than those reflected on the most recent financial statements of Aleris or its Subsidiaries) which arises under or relates to any "employee benefit plan" (within the meaning of Section 3(3) of ERISA) that is subject to Title IV of ERISA, Section 302 of ERISA, Section 412 or 430 of the Code, the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA"), the Coal Industry Retiree Health Benefit Act of 1992, as amended, or any other statute or regulation, other than such obligation, liability or expense that occurs in the normal course of business and consistent with past practice and is not the result of a breach of obligations required by law, that imposes liability on a so-called "controlled group" basis with or without reference to any provision of Section 414 of the Code or Section 4001 of ERISA, including by reason of any of Aleris or its Subsidiaries' affiliation with any ERISA Affiliate;

(h) receipt from the Internal Revenue Service of notice of the failure of any Plan or any employee benefit plan intended to be qualified under Section 401(a) of the Code to qualify under Section 401(a) of the Code or the failure of any trust forming part of any Plan or employee benefit plan to qualify for exemption from taxation under Section 501(a) of the Code;

(i) the incurrence by Aleris or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan;

(j) the receipt by Aleris or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Aleris or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is insolvent or in reorganization, within the meaning of Title IV of ERISA or is in endangered or critical status within the meaning of ERISA Section 305; or

(k) the incurrence by Aleris or its Subsidiaries of projected liabilities in respect of post-employment health, medical or life insurance benefits for any current or former employees of Aleris or its Subsidiaries (except as may be required under COBRA and at the expense of the employee or former employee) other than 110% of those reflected on the financial statements of Aleris or its Subsidiaries for fiscal year ending December 31, 2008, which Aleris represents have been made available to Oaktree.

Schedule 8(e)

Relevant Claims

[Redacted]

Schedule 11(k)

Required Jurisdictions for Mandatory Antitrust Filings

[Redacted]

Schedule 11(m)

Projected Underlying EBITDA

Three-Month Period Ending	**70% Projected Underlying EBITDA Covenant ($ in millions)**
March 31, 2010	22.8
April 30, 2010	25.7
May 31, 2010	28.7
June 30, 2010	31.7
July 31, 2010	30.3
August 31, 2010	29.2
September 30, 2010	28.0

Schedule 23(a)

Relevant Claims (Post-9019 Settlement)

[Redacted]

EXHIBIT A

JOINT PLAN OF REORGANIZATION

(Attached without Exhibits)

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT B

FORMS OF PLAN SUPPORT AGREEMENT

(Attached without Exhibits)

Form of Oaktree Plan Support Agreement

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (this "Agreement") is made and entered into as of [__], 2010 by and between the following parties:

(a) [the undersigned Holder] (the "Undersigned Holder"); and

(b) Aleris International, Inc., a Delaware corporation ("Aleris"), and each of its direct and indirect subsidiaries identified on the signature pages attached hereto (collectively, the "Company" and the Undersigned Holder and the Company, each, a "Party", and collectively, the "Parties").

RECITALS

WHEREAS, on February 12, 2009, Aleris and certain of its subsidiaries (excluding Aleris Deutschland Holding GmbH ("Aleris Deutschland") and its subsidiaries) commenced voluntary cases (the "Existing Chapter 11 Cases") by filing petitions under chapter 11 of title 11 of the United States Code 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court");

WHEREAS, on [ ] Aleris Deutschland commenced a voluntary case (the "Aleris Deutschland Case" and, together with the Existing Chapter 11 Cases, the "Chapter 11 Cases") by filing a petition under chapter 11 of title 11 of the Bankruptcy Code in the Bankruptcy Court;

WHEREAS, on [ ] the Company filed the Plan (as defined herein) with the Bankruptcy Court (the date of that event being the "Trigger Date");

WHEREAS, on [ ] the Bankruptcy Court entered an order approving the disclosure statement for the Plan attached hereto as Exhibit 2 (such disclosure statement, as the same may be amended, supplemented or modified from time to time, in a manner consistent with the Plan (as defined below) and reasonably acceptable to the Undersigned Holder, the "Disclosure Statement");

WHEREAS, other holders of certain U.S. Roll-Up Term Loan claims under 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 (each, a "Consenting U.S. Roll-up Loan Holder"), by and among Aleris, Aleris Aluminum Duffel BVBA, Aleris Deutschland, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent (as may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "DIP Credit Agreement"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, other holders of certain European Roll-up Term Loan claims under the DIP Credit Agreement (each, a "Consenting European Roll-up Loan Holder"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, other holders of certain German Term Loan claims under that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2006 and amended and restated as of December 19, 2006, as further amended on March 16, 2007 and February 10, 2009 (each, a "Consenting German Term Loan Holder" and together with the Undersigned Holder, the Consenting U.S. Roll-up Loan Holders and the Consenting European Roll-up Loan Holders, the "Consenting Holders"), by and among Aleris, Aleris Deutschland, the lenders party thereto, Deutsche Bank AG New York Branch, as administrative agent, Goldman Sachs Credit Partners L.P., as syndication agent, and PNC Bank, National Association, National City Business Credit, Inc. and Key Bank National Association, as co-documentation agents, and Goldman Sachs Credit Partners L.P. and Deutsche Bank Securities Inc., as joint lead arrangers and joint book running managers (as may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "Prepetition Credit Agreement" and together with the DIP Credit Agreement, the "Credit Agreements"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, each Consenting Holder is the holder of a claim, as defined in the Bankruptcy Code arising out of, or related to the DIP Credit Agreement (each, a "U.S. Roll-up Loan Claim" or a "European Roll-up Loan Claim", as applicable) and/or the Prepetition Credit Agreement (each, a "German Term Loan Claim" and together with the U.S. Roll-up Loan Claims and the European Roll-up Loan Claims, the "Aleris Claims");

WHEREAS, the Parties now desire to implement a financial restructuring (the "Restructuring") of the Company on the terms and conditions set forth in the form of joint plan of reorganization attached hereto as Exhibit 1 (such joint plan, in such form (the "Base Plan"), with such amendments, modifications, waivers, exhibits, supplements (including any Plan Supplement filed in connection therewith), schedules and related or ancillary agreements and instruments (and only such amendments, modifications, waivers, exhibits, supplements, schedules and related or ancillary agreements and instruments) to which the Undersigned Holder has consented (such consent to be given or withheld in the Undersigned Holder's sole discretion), being hereinafter referred to as the "Plan");[1]

WHEREAS, Aleris and certain affiliates of the Undersigned Holder and certain other parties are parties to that certain Equity Commitment Agreement, dated February 5, 2010 (such agreement, in the form attached hereto as Exhibit 3, as the same may be amended, supplemented or modified in accordance with the terms therein, being hereinafter referred to as the "Equity Commitment Agreement");

WHEREAS, the Parties have engaged in good faith negotiations with the objective of reaching an agreement with regard to restructuring the outstanding claims of, and interests in, the Company in accordance with the terms set forth in this Agreement and the Plan;

WHEREAS, each Party has reviewed, or has had the opportunity to review, this Agreement and the Plan with the assistance of professional legal advisors of its own choosing;

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[1] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

WHEREAS, the Company desires to obtain the commitment of the Undersigned Holder to support and vote to accept the Plan, subject to the terms and conditions set forth herein to which the Undersigned Holder is party; and

WHEREAS, subject to the execution of definitive documentation and appropriate approvals by the Bankruptcy Court of the Plan, the following sets forth the agreement between the Parties concerning their respective obligations.

AGREEMENT

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. [Intentionally Omitted].

2. Effectuating the Restructuring.

To implement the Plan, the Parties have agreed, on the terms and conditions set forth herein, that the Company shall use its commercially reasonable efforts to:

(a) solicit the requisite acceptances of the Plan in accordance with section 1125 of the Bankruptcy Code;

(b) seek confirmation of the Plan as expeditiously as practicable under the Bankruptcy Code, including under section 1129(b) thereof, the Federal Rules of Bankruptcy Procedure and the Bankruptcy Court's local rules; and

(c) consummate the Plan.

3. Commitments of the Undersigned Holder Under this Agreement.

(a) Voting by Undersigned Holder.

As long as a Termination Event (as defined herein) has not occurred, or has occurred but has been duly waived (or, in the case of a breach under Section 9(a)(x) or (xii), cured) in accordance with the terms hereof, the Undersigned Holder agrees for itself that, so long as it is the legal owner, beneficial owner and/or the investment advisor or manager of or with power and/or authority to bind any Aleris Claims, to vote on a plan of reorganization which comports with the definition of the Plan in this Agreement, it shall be bound to, and will, timely vote its Aleris Claims (and not revoke or withdraw its vote) to accept the Plan.

(b) Support of Plan.

As long as a Termination Event has not occurred, or has occurred but has been duly waived (or, in the case of a breach under Section 9(a)(x) or (xii), cured) in accordance with the terms hereof, the Undersigned Holder, agrees for itself that, so long as it remains the legal

owner, beneficial owner and/or the investment advisor or manager of or with power and/or authority to bind any Aleris Claims it will:

i. from and after the date hereof, not directly or indirectly seek, solicit, support or vote in favor of any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Company that could reasonably be expected to prevent, delay or impede the Restructuring of the Company in accordance with the Plan;

ii. agree to permit disclosure of the contents of this Agreement; *provided* that the amount of the Aleris Claims held by the Undersigned Holder shall be disclosed only to the Company and shall not be disclosed by the Company to any other person or entity except as required by law or in connection with the enforcement of this Agreement;

iii. not object to or otherwise commence any proceeding opposing any of the terms of this Agreement, the Disclosure Statement, the Plan or the Equity Commitment Agreement;

iv. not object to a motion by the Company to extend the exclusive period for the Company to propose a plan of reorganization; provided that such period does not extend beyond the Termination Date as defined in the Equity Commitment Agreement as in effect on the date hereof; and

v. not take any action that is inconsistent with, or that is intended to delay, confirmation of the Plan.

(c) Transfer (as defined below) of Claims, Interests and Securities.

The Undersigned Holder hereby agrees, until this Agreement shall have terminated, not to sell, assign, transfer or otherwise dispose of, directly or indirectly (each such disposition, for the avoidance of doubt not including a pledge or collateral assignment or other grant of a security interest until the occurrence of a transfer pursuant to enforcement thereof, a "Transfer"), all or any of its Aleris Claims (including any voting rights associated with such Aleris Claims), *unless* the transferee thereof (a) agrees in an enforceable writing to assume and be bound by this Agreement, and to assume the rights and obligations of the Undersigned Holder under this Agreement and (b) promptly delivers such writing to the Company (each such transferee becoming, upon the Transfer, an Undersigned Holder hereunder). The Company shall promptly acknowledge any such Transfer in writing and provide a copy of that acknowledgement to the transferor. By its acknowledgement of the relevant Transfer, the Company shall be deemed to have acknowledged that its obligations to the Undersigned Holder hereunder shall be deemed to constitute obligations in favor of the relevant transferee as an Undersigned Holder hereunder. Any Transfer of any Relevant Claim (as defined below) that

does not comply with the procedure set forth in the first sentence of this Subsection 3(c) shall be deemed void *ab initio*.

(d) Further Acquisition of Aleris Claims.

This Agreement shall in no way be construed to preclude the Undersigned Holder or any of its respective subsidiaries from acquiring additional Aleris Claims; *provided* that any such additional Aleris Claims acquired by the Undersigned Holder or any subsidiary thereof shall automatically be deemed to be subject to the terms of this Agreement. Upon the request of the Company, the Undersigned Holder shall, in writing and within five (5) business days, provide an accurate and current list of all Aleris Claims that it and any subsidiary holds at that time, subject to any applicable confidentiality restrictions and applicable law.

(e) Representation of the Undersigned Holder's holdings.

The Undersigned Holder represents that, as of the date hereof:

i. it is the legal owner, beneficial owner and/or the investment advisor or manager for the legal or beneficial owner of such Aleris Claims set forth on its respective signature page (collectively, the "Relevant Claims");

ii. there are no Aleris Claims of which it is the legal owner, beneficial owner and/or investment advisor or manager for such legal or beneficial owner that are not part of its Relevant Claims unless the Undersigned Holder does not possess the full power to vote and dispose of such claims; and

iii. it has full power to vote, dispose of and compromise the aggregate principal amount of the Relevant Claims.

4. The Company's Responsibilities.

(a) Other Support Agreements.

The Company represents and warrants that, if it has entered into (or concurrently herewith is entering into) restructuring agreements, plan support or lock-up agreements (collectively, the "Other Support Agreements") with other Consenting Holders (each, an "Other Support Agreement Party," and collectively, the "Other Support Agreement Parties"), the Other Support Agreements are substantially similar to this Agreement, including without limitation, substantially similar provisions to those set forth in Section 3(a), (b), (c), (d) and (e) above and Section 9 below.

(b) Implementation of the Plan.

The Company shall use its commercially reasonable efforts to:

i. effectuate and consummate the Restructuring on the terms described in the Plan and the Equity Commitment Agreement;

ii. obtain from the Bankruptcy Court an order confirming the Plan, which order shall be in form and substance consistent with the Plan and reasonably acceptable to the Undersigned Holder (the "Confirmation Order"), which Confirmation Order shall be entered by the Bankruptcy Court no later than on or before the one hundred and twentieth (120th) day following the Trigger Date;

iii. cause the Effective Date of the Plan to occur no later than on or before the one hundred and fiftieth (150th) day following the Trigger Date; and

iv. take no actions inconsistent with this Agreement, the Plan or the Equity Commitment Agreement or the expeditious confirmation and consummation of the Plan.

5. Mutual Representations and Warranties

Each Party, severally and not jointly, makes the following representations and warranties (as to itself only) to the other Party, each of which is a continuing representation and warranty:

(a) Enforceability.

Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legal, valid and binding obligation of the Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(b) No Consent or Approval.

Except as expressly provided in this Agreement, no consent or approval is required by any other entity in order for it to carry out the provisions of this Agreement.

(c) Power and Authority.

It has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement and the Plan.

(d) Authorization.

The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part.

(e) No Conflicts.

The execution, delivery and performance of this Agreement does not: (a) violate any provision of law, rule or regulations applicable to it or any of its subsidiaries; (b) violate its certificate of incorporation, bylaws or other organizational documents or those of any of its subsidiaries; or (c) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

6. [Reserved]

7. No Waiver of Participation and Preservation of Rights.

If the transactions contemplated by this Agreement or otherwise set forth in the Plan are not consummated as provided herein, if a Termination Event occurs, or if this Agreement is otherwise terminated for any reason, the Parties each fully reserve any and all of their respective rights, remedies, claims and interests.

8. Acknowledgement.

This Agreement and the Plan and the transactions contemplated herein and therein are the product of negotiations between the Parties and their respective representatives. This Agreement is not and shall not be deemed to be a solicitation of votes for the acceptance of a plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. The Company will not solicit acceptances of the Plan from the Undersigned Holder in any manner inconsistent with the Bankruptcy Code or applicable nonbankruptcy law.

9. Termination.

(a) Termination Events.

The term "Termination Event," wherever used in this Agreement, means any of the following events (whatever the reason for such Termination Event and whether it is voluntary or involuntary):

i. (a) the commitments set forth in the Equity Commitment Agreement expire or terminate pursuant to Section 19 of the Equity Commitment Agreement or (b) the Company declares that the Equity Commitment Agreement has terminated or is invalid or of no force or effect;

ii. the Company's board of directors, based on the advice of its outside counsel, determines that continued pursuit of the Plan is inconsistent with its fiduciary duties because, and the board of directors determines in good faith that, (A) a proposal or offer from a third party is reasonably likely to be more favorable to the Company than is proposed under the Plan, taking into account, among other factors, the identity of the third party, the likelihood that any such proposal or offer will be negotiated to finality within a reasonable time, the potential loss to the Company if the proposal

or offer were not accepted and consummated, and the likelihood that any such proposal will be consummated within a reasonable time, or (B) the Plan is no longer confirmable or feasible;

iii. the Company files, supports or endorses a plan of reorganization other than the Plan;

iv. a Confirmation Order reasonably acceptable to the Company and the Undersigned Holder is not entered by the Bankruptcy Court on or before the one hundred and twentieth (120th) day following the Trigger Date;

v. the Effective Date shall not have occurred on or before the Termination Date (as defined in the Equity Commitment Agreement in effect as of the date hereof);

vi. any of the Chapter 11 Cases is converted to cases under chapter 7 of the Bankruptcy Code;

vii. the Bankruptcy Court shall enter an order in any of the Chapter 11 Cases appointing (i) a trustee under chapter 7 or chapter 11 of the Bankruptcy Code, (ii) a responsible officer, or (iii) an examiner, in each case with enlarged powers relating to the operation of the business (powers beyond those set forth in subclauses (3) and (4) of section 1106(a)) under section 1106(b) of the Bankruptcy Code;

viii. any of the Chapter 11 Cases of (a) Aleris or Aleris Deutschland or (b) any other Debtor is dismissed or suspended pursuant to section 305 of the Bankruptcy Code;

ix. the Confirmation Order (a) is reversed on appeal or vacated or (b) shall not have become a Final Order on or before the Termination Date (as defined in the Equity Commitment Agreement in effect as of the date hereof);

x. any Party has breached any material provision of this Agreement or the Company has breached any material provision of the Equity Commitment Agreement, and any such breach has not been duly waived or cured in accordance with the terms hereof or of the Equity Commitment Agreement, as applicable, after a period of five (5) days;

xi. the Company shall (a) withdraw the Plan or (b) publicly announce its intention not to support the Plan;

xii. (a) any Other Support Agreement has terminated or (b) the Company has breached any material provision of any Other Support Agreement and any such breach under clause (b) has not

been duly waived or cured in accordance with the terms of such Other Support Agreement after a period of five (5) days;

xiii. the Release, dated as of February 5, 2010, by and among Aleris, certain of the other Debtors and the other parties thereto, shall cease to be in full force and effect;

xiv. the Effective Date shall have occurred; or

xv. any change to the Base Plan shall have been made or any exhibit, supplement, schedule or related or ancillary agreement or instrument or any amendment, modification, consent or waiver to any of the foregoing shall have been agreed to, entered into, executed and delivered, filed with the Bankruptcy Court or otherwise given effect without the consent of the Undersigned Holder, unless otherwise approved in a manner in accordance with the Plan.

The foregoing Termination Events are intended solely for the benefit of the Company and the Undersigned Holder; ***provided*** that no Party may seek to terminate this Agreement based upon a material breach or a failure of a condition (if any) in this Agreement arising out of its own actions or omissions that were in violation of this Agreement; ***provided, further,*** that the Termination Events contemplated by clauses (i)(b), (ii), (viii)(b), (xi)(b) and (xii)(b) of this Section 9(a) and the deadlines contemplated by clauses (iv) and (v) of this Section 9(a) may be waived or extended, respectively, by Consenting Holders holding at least a majority in aggregate principal amount of the Aleris Claims held by the Consenting Holders (the "Requisite Holders") within 5 Business Days following the occurrence thereof unless such waiver or extension materially adversely affects the Undersigned Holder in a disproportionate manner relative to the other Consenting Holders, in which case the Undersigned Holder's consent to such waiver or extension shall be required, such consent not to be unreasonably withheld; ***provided, further,*** that in the cases of clauses (i)(b), (ii), (xi)(b), and (xii)(b), if the applicable Termination Event has been waived by the Requisite Holders but has not been cured and/or is continuing for more than 15 calendar days following the occurrence of such Termination Event, the Undersigned Holder's consent to such waiver or extension shall be required, such consent not to be unreasonably withheld.

(b) Termination Event Procedures.

i. Upon the occurrence of a Termination Event contemplated by clause (i)(a), (ii) or (ix)(b) of Section 9(a) hereof or clause (x) of Section 9(a) hereof due to a material breach of this Agreement by the Undersigned Holder, in each case subject to the last sentence of Section 9(a) hereof, the Company shall have the right to terminate this Agreement by giving written notice thereof to the Undersigned Holder.

ii. Upon the occurrence of a Termination Event contemplated by clause (vi), (ix)(a) or (xiii) of Section 9(a) hereof, in each case subject to the last sentence of Section 9(a) hereof, this Agreement shall automatically terminate without further action.

iii. Except as set forth in Section 9(b)(ii) hereof, upon the occurrence of a Termination Event (including, for the avoidance of doubt, a Termination Event contemplated by clause (i) or (ii) of Section 9(a) hereof), subject to the last sentence of Section 9(a) hereof, the Undersigned Holder shall have the right to terminate this Agreement by giving written notice to the Company. The Parties hereby waive any requirement under section 362 of the Bankruptcy Code to lift the automatic stay thereunder in connection with giving any such notice (and agree not to object to any non-breaching Party seeking to lift the Automatic Stay in connection with giving any such notice, if necessary).

iv. Any such termination (or partial termination) of the Agreement shall not restrict the Parties' rights and remedies for any breach of the Agreement by any Party, including, but not limited to, pursuant to the reservation of rights set forth in Section 7 hereof.

10. <u>Miscellaneous Terms.</u>

(a) Binding Obligation; Assignment.

Binding Obligation. Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legally valid and binding obligation of the Parties, enforceable in accordance with its terms, and shall inure to the benefit of the Parties and their representatives. Nothing in this Agreement, express or implied, shall give to any entity, other than the Parties and their respective successors or permitted assigns, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Assignment. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other entity except as provided in Section 3(c) hereof, and any purported assignment or transfer in violation of Section 3(c) shall be null and void ab initio.

(b) Further Assurances.

The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, from time to time, to effectuate the agreements of the Parties expressed herein.

(c) Headings.

The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

(d) Governing Law.

THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CHOICE OF LAWS PRINCIPLES THEREOF. By its execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought exclusively in either a state or federal court of competent jurisdiction in the State of New York and County of New York. By execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably accepts and submits itself to the exclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction in either a state or federal court of competent jurisdiction in the State of New York and County of New York, each of the Parties hereto hereby agrees that, so long as any of the Chapter 11 Cases are pending, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

(e) Waiver of Jury Trial

Each Party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of the Undersigned Holder or any of its affiliates in the negotiation, performance or enforcement of this Agreement.

(f) Specific Performance

The Parties hereby acknowledge that the rights of the Parties under this Agreement are unique and that remedies at law for breach or threatened breach of any provision of this Agreement would be inadequate and, in recognition of this fact, agree that, in the event of a breach or threatened breach of the provisions of this Agreement, in addition to any remedies at law, the Parties shall, without posting any bond, be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available and the Parties hereby waive any objection to the imposition of such relief.

(g) Complete Agreement, Interpretation and Modification.

i. **Complete Agreement.** This Agreement, the Plan and the other agreements, exhibits and other documents referenced herein and therein constitute the complete agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements, oral or written, between or among the Parties with respect thereto.

ii. **Interpretation.** This Agreement is the product of negotiation by and among the Parties. Any Party enforcing or interpreting this

Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Agreement for or against any Party by reason of that Party having drafted this Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.

iii. **Modification of this Agreement.** This Agreement may only be modified, altered, amended or supplemented by an agreement in writing signed by the Company and the Undersigned Holder.

(h) Execution of this Agreement.

This Agreement may be executed and delivered (by facsimile or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

(i) Settlement Discussions.

This Agreement and the Restructuring are part of a proposed settlement of a dispute between the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement. Notwithstanding the foregoing, this Agreement may be filed with the Bankruptcy Court in connection with the Chapter 11 Cases.

(j) Consideration.

The Company and the Undersigned Holder hereby acknowledge that no consideration, other than that specifically described herein and in the Plan, shall be due or paid to the Undersigned Holder for its agreement to vote to accept the Plan in accordance with the terms and conditions of this Agreement, other than the Company's representations, warranties and agreement to use its commercially reasonable best efforts to seek to confirm and consummate the Plan.

(k) Notices.

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

i. If to the Company, to:

Aleris International, Inc.
25825 Science Park Drive, Suite 400

Beachwood, Ohio 44122
Facsimile No.: (216) 910-3654
Attention: Christopher R. Clegg

with copies (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Facsimile No.: (212) 310-8007
Attention: Stephen Karotkin
Debra A. Dandeneau;

ii. If to the Undersigned Holder or a transferee thereof, to the addresses or facsimile numbers set forth below following the Undersigned Holder's signature (or as directed by any transferee thereof), as the case may be, with copies (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Facsimile No.: (212) 757-3990
Attention: Alan W. Kornberg
Kenneth M. Schneider

iii. Any notice given by delivery, mail or courier shall be effective when received. Any notice given by facsimile shall be effective upon oral or machine confirmation of transmission.

(l) Time of the Essence.

The Parties agree that time is of the essence with respect to Sections 4(b)(ii), 4(b)(iii) and the events that give rise to the occurrence of a Termination Event under Section 9 of this Agreement.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the Parties have entered into this Agreement on the day and year first above written.

Aleris International, Inc.

By: _____

Title: _____

[INSERT ENTITY NAME HERE]

By: _____
Name:
Title:

U.S. Roll-Up Claims: _____

European Roll-Up Claims: _____

German Term Loan Claims: _____

EXHIBIT 1

PLAN

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT 2

DISCLOSURE STATEMENT

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT 3

EQUITY COMMITMENT AGREEMENT

Document Not Included Pursuant to Section 1.3 of the Plan

Form of Apollo Plan Support Agreement

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (this "Agreement") is made and entered into as of [__], 2010 by and between the following parties:

(a) [the undersigned Holder] (the "Undersigned Holder"); and

(b) Aleris International, Inc., a Delaware corporation ("Aleris"), and each of its direct and indirect subsidiaries identified on the signature pages attached hereto (collectively, the "Company" and the Undersigned Holder and the Company, each, a "Party", and collectively, the "Parties").

RECITALS

WHEREAS, on February 12, 2009, Aleris and certain of its subsidiaries (excluding Aleris Deutschland Holding GmbH ("Aleris Deutschland") and its subsidiaries) commenced voluntary cases (the "Existing Chapter 11 Cases") by filing petitions under chapter 11 of title 11 of the United States Code 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court");

WHEREAS, on [ ] Aleris Deutschland commenced a voluntary case (the "Aleris Deutschland Case" and, together with the Existing Chapter 11 Cases, the "Chapter 11 Cases") by filing a petition under chapter 11 of title 11 of the Bankruptcy Code in the Bankruptcy Court;

WHEREAS, on [ ] the Company filed the Plan (as defined herein) with the Bankruptcy Court (the date of that event being the "Trigger Date");

WHEREAS, on [ ] the Bankruptcy Court entered an order approving the disclosure statement for the Plan attached hereto as Exhibit 2 (such disclosure statement, as the same may be amended, supplemented or modified from time to time, unless such amendment, supplement or modification is a Subject Change to which the Undersigned Holder has not consented (such consent to be given or withheld in the Undersigned Holder's sole discretion) the "Disclosure Statement");

WHEREAS, other holders of certain U.S. Roll-Up Term Loan claims under 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 (each, a "Consenting U.S. Roll-up Loan Holder"), by and among Aleris, Aleris Aluminum Duffel BVBA, Aleris Deutschland, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent (as may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "DIP Credit Agreement"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, other holders of certain European Roll-up Term Loan claims under the DIP Credit Agreement (each, a "Consenting European Roll-up Loan Holder"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, other holders of certain German Term Loan claims under that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2006 and amended and restated as of December 19, 2006, as further amended on March 16, 2007 and February 10, 2009 (each, a "Consenting German Term Loan Holder" and together with the Undersigned Holder, the Consenting U.S. Roll-up Loan Holders and the Consenting European Roll-up Loan Holders, the "Consenting Holders"), by and among Aleris, Aleris Deutschland, the lenders party thereto, Deutsche Bank AG New York Branch, as administrative agent, Goldman Sachs Credit Partners L.P., as syndication agent, and PNC Bank, National Association, National City Business Credit, Inc. and Key Bank National Association, as co-documentation agents, and Goldman Sachs Credit Partners L.P. and Deutsche Bank Securities Inc., as joint lead arrangers and joint book running managers (as may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "Prepetition Credit Agreement" and together with the DIP Credit Agreement, the "Credit Agreements"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, each Consenting Holder is the holder of a claim, as defined in the Bankruptcy Code arising out of, or related to the DIP Credit Agreement (each, a "U.S. Roll-up Loan Claim" or a "European Roll-up Loan Claim", as applicable) and/or the Prepetition Credit Agreement (each, a "German Term Loan Claim" and together with the U.S. Roll-up Loan Claims and the European Roll-up Loan Claims, the "Aleris Claims");

WHEREAS, the Parties now desire to implement a financial restructuring (the "Restructuring") of the Company on the terms and conditions set forth in the form of joint plan of reorganization attached hereto as Exhibit 1 (such joint plan, in such form (the "Base Plan"), with such amendments, modifications, waivers, exhibits, supplements (including any Plan Supplement filed in connection therewith), schedules and related or ancillary agreements and instruments (and only such amendments, modifications, waivers, exhibits, supplements, schedules and related or ancillary agreements and instruments) that either (i) do not constitute a Subject Change or (ii) constitute a Subject Change to which the Undersigned Holder has consented (such consent to be given or withheld in the Undersigned Holder's sole discretion), being hereinafter referred to as the "Plan");[1]

WHEREAS, Aleris and certain affiliates of the Undersigned Holder and certain other parties are parties to that certain Equity Commitment Agreement, dated February 5, 2010 (such agreement, in the form attached hereto as Exhibit 3, as the same may be amended, supplemented or modified in accordance with the terms therein, unless such amendment, supplement or modification is a Subject Change to which the Undersigned Holder has not consented (such consent to be given or withheld in the Undersigned Holder's sole discretion), being hereinafter referred to as the "Equity Commitment Agreement");

WHEREAS, the Parties have engaged in good faith negotiations with the objective of reaching an agreement with regard to restructuring the outstanding claims of, and interests in, the Company in accordance with the terms set forth in this Agreement and the Plan;

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[1] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

WHEREAS, each Party has reviewed, or has had the opportunity to review, this Agreement and the Plan with the assistance of professional legal advisors of its own choosing;

WHEREAS, the Company desires to obtain the commitment of the Undersigned Holder to support and vote to accept the Plan, subject to the terms and conditions set forth herein to which the Undersigned Holders is party; and

WHEREAS, subject to the execution of definitive documentation and appropriate approvals by the Bankruptcy Court of the Plan, the following sets forth the agreement between the Parties concerning their respective obligations.

AGREEMENT

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **[Intentionally Omitted].**

2. **Effectuating the Restructuring.**

To implement the Plan, the Parties have agreed, on the terms and conditions set forth herein, that the Company shall use its commercially reasonable efforts to:

(a) solicit the requisite acceptances of the Plan in accordance with section 1125 of the Bankruptcy Code;

(b) seek confirmation of the Plan as expeditiously as practicable under the Bankruptcy Code, including under section 1129(b) thereof, the Federal Rules of Bankruptcy Procedure and the Bankruptcy Court's local rules; and

(c) consummate the Plan.

3. **Commitments of the Undersigned Holder Under this Agreement.**

(a) Voting by Undersigned Holder.

As long as a Termination Event (as defined herein) has not occurred, or has occurred but has been duly waived (or, in the case of a breach under Section 9(a)(x) or (xii), cured) in accordance with the terms hereof, the Undersigned Holder agrees for itself that, so long as it is the legal owner, beneficial owner and/or the investment advisor or manager of or with power and/or authority to bind any Aleris Claims, to vote on a plan of reorganization which comports with the definition of the Plan in this Agreement, it shall be bound to, and will, timely vote its Aleris Claims (and not revoke or withdraw its vote) to accept the Plan.

(b) Support of Plan.

As long as a Termination Event has not occurred, or has occurred but has been duly waived (or, in the case of a breach under Section 9(a)(x) or (xii), cured) in accordance with the terms hereof, the Undersigned Holder, agrees for itself that, so long as it remains the legal owner, beneficial owner and/or the investment advisor or manager of or with power and/or authority to bind any Aleris Claims it will:

i. from and after the date hereof, not directly or indirectly seek, solicit, support or vote in favor of any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Company that could reasonably be expected to prevent, delay or impede the Restructuring of the Company in accordance with the Plan;

ii. agree to permit disclosure of the contents of this Agreement; *provided* that the amount of the Aleris Claims held by the Undersigned Holder shall be disclosed only to the Company and shall not be disclosed by the Company to any other person or entity except as required by law or in connection with the enforcement of this Agreement;

iii. not object to or otherwise commence any proceeding opposing any of the terms of this Agreement, the Disclosure Statement, the Plan or the Equity Commitment Agreement;

iv. not object to a motion by the Company to extend the exclusive period for the Company to propose a plan of reorganization; provided that such period does not extend beyond the Termination Date as defined in the Equity Commitment Agreement as in effect on the date hereof;

v. consent to any amendments, waivers or modifications to the Plan consented to by Oaktree other than any amendments, waivers or modifications that constitute a Subject Change (in which case, such consent shall be given or withheld in the Undersigned Holder's sole discretion); and

vi. not take any action that is inconsistent with, or that is intended to delay, confirmation of the Plan.

(c) Transfer (as defined below) of Claims, Interests and Securities.

The Undersigned Holder hereby agrees, until this Agreement shall have terminated, not to sell, assign, transfer or otherwise dispose of, directly or indirectly (each such disposition, for the avoidance of doubt not including a pledge or collateral assignment or other grant of a security interest until the occurrence of a transfer pursuant to enforcement thereof, a "Transfer"), all or any of its Aleris Claims (including any voting rights associated with such Aleris Claims), *unless* the transferee thereof (a) agrees in an enforceable writing to assume and

be bound by this Agreement, and to assume the rights and obligations of the Undersigned Holder under this Agreement and (b) promptly delivers such writing to the Company (each such transferee becoming, upon the Transfer, an Undersigned Holder hereunder). The Company shall promptly acknowledge any such Transfer in writing and provide a copy of that acknowledgement to the transferor. By its acknowledgement of the relevant Transfer, the Company shall be deemed to have acknowledged that its obligations to the Undersigned Holder hereunder shall be deemed to constitute obligations in favor of the relevant transferee as an Undersigned Holder hereunder. Any Transfer of any Relevant Claim (as defined below) that does not comply with the procedure set forth in the first sentence of this Subsection 3(c) shall be deemed void *ab initio*.

(d) Further Acquisition of Aleris Claims.

This Agreement shall in no way be construed to preclude the Undersigned Holder or any of its respective subsidiaries from acquiring additional Aleris Claims; *provided* that any such additional Aleris Claims acquired by the Undersigned Holder or any subsidiary thereof shall automatically be deemed to be subject to the terms of this Agreement. Upon the request of the Company, the Undersigned Holder shall, in writing and within **five (5) business days**, provide an accurate and current list of all Aleris Claims that it and any subsidiary holds at that time, subject to any applicable confidentiality restrictions and applicable law.

(e) Representation of the Undersigned Holder's holdings.

The Undersigned Holder represents that, as of the date hereof:

i. it is the legal owner, beneficial owner and/or the investment advisor or manager for the legal or beneficial owner of such Aleris Claims set forth on its respective signature page (collectively, the "Relevant Claims");

ii. there are no Aleris Claims of which it is the legal owner, beneficial owner and/or investment advisor or manager for such legal or beneficial owner that are not part of its Relevant Claims unless the Undersigned Holder does not possess the full power to vote and dispose of such claims; and

iii. it has full power to vote, dispose of and compromise the aggregate principal amount of the Relevant Claims.

4. The Company's Responsibilities.

(f) Other Support Agreements.

The Company represents and warrants that, if it has entered into (or concurrently herewith is entering into) restructuring agreements, plan support or lock-up agreements (collectively, the "Other Support Agreements") with other Consenting Holders (each, an "Other Support Agreement Party," and collectively, the "Other Support Agreement Parties"), the Other

Support Agreements are substantially similar to this Agreement, including without limitation, substantially similar provisions to those set forth in Section 3(a), (b), (c), (d) and (e) above and Section 9 below.

(g) Implementation of the Plan.

The Company shall use its commercially reasonable efforts to:

i. effectuate and consummate the Restructuring on the terms described in the Plan and the Equity Commitment Agreement;

ii. obtain from the Bankruptcy Court an order confirming the Plan, which order shall be in form and substance consistent with the Plan and reasonably acceptable to the Undersigned Holder (the "Confirmation Order"), which Confirmation Order shall be entered by the Bankruptcy Court no later than on or before the one hundred and twentieth (120th) day following the Trigger Date;

iii. cause the Effective Date of the Plan to occur no later than on or before the one hundred and fiftieth (150th) day following the Trigger Date; and

iv. take no actions inconsistent with this Agreement, the Plan or the Equity Commitment Agreement or the expeditious confirmation and consummation of the Plan.

5. Mutual Representations and Warranties

Each Party, severally and not jointly, makes the following representations and warranties (as to itself only) to the other Party, each of which is a continuing representation and warranty:

(h) Enforceability.

Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legal, valid and binding obligation of the Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(i) No Consent or Approval.

Except as expressly provided in this Agreement, no consent or approval is required by any other entity in order for it to carry out the provisions of this Agreement.

(j) Power and Authority.

It has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement and the Plan.

(k) Authorization.

The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part.

(l) No Conflicts.

The execution, delivery and performance of this Agreement does not: (a) violate any provision of law, rule or regulations applicable to it or any of its subsidiaries; (b) violate its certificate of incorporation, bylaws or other organizational documents or those of any of its subsidiaries; or (c) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

6. [Reserved]

7. No Waiver of Participation and Preservation of Rights.

If the transactions contemplated by this Agreement or otherwise set forth in the Plan are not consummated as provided herein, if a Termination Event occurs, or if this Agreement is otherwise terminated for any reason, the Parties each fully reserve any and all of their respective rights, remedies, claims and interests.

8. Acknowledgement.

This Agreement and the Plan and the transactions contemplated herein and therein are the product of negotiations between the Parties and their respective representatives. This Agreement is not and shall not be deemed to be a solicitation of votes for the acceptance of a plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. The Company will not solicit acceptances of the Plan from the Undersigned Holder in any manner inconsistent with the Bankruptcy Code or applicable nonbankruptcy law.

9. Termination.

(a) Termination Events.

The term "Termination Event," wherever used in this Agreement, means any of the following events (whatever the reason for such Termination Event and whether it is voluntary or involuntary):

i. (a) the commitments set forth in the Equity Commitment Agreement expire or terminate pursuant to Section 19 of the Equity Commitment Agreement or (b) the Company declares that the Equity Commitment Agreement has terminated or is invalid or of no force or effect;

ii. the Company's board of directors, based on the advice of its outside counsel, determines that continued pursuit of the Plan is

inconsistent with its fiduciary duties because, and the board of directors determines in good faith that, (A) a proposal or offer from a third party is reasonably likely to be more favorable to the Company than is proposed under the Plan, taking into account, among other factors, the identity of the third party, the likelihood that any such proposal or offer will be negotiated to finality within a reasonable time, the potential loss to the Company if the proposal or offer were not accepted and consummated, and the likelihood that any such proposal will be consummated within a reasonable time, or (B) the Plan is no longer confirmable or feasible;

iii. the Company files, supports or endorses a plan of reorganization other than the Plan;

iv. a Confirmation Order reasonably acceptable to the Company and the Undersigned Holder is not entered by the Bankruptcy Court on or before the one hundred and twentieth (120th) day following the Trigger Date;

v. the Effective Date shall not have occurred on or before the Termination Date (as defined in the Equity Commitment Agreement in effect as of the date hereof);

vi. any of the Chapter 11 Cases is converted to cases under chapter 7 of the Bankruptcy Code;

vii. the Bankruptcy Court shall enter an order in any of the Chapter 11 Cases appointing (i) a trustee under chapter 7 or chapter 11 of the Bankruptcy Code, (ii) a responsible officer, or (iii) an examiner, in each case with enlarged powers relating to the operation of the business (powers beyond those set forth in subclauses (3) and (4) of section 1106(a)) under section 1106(b) of the Bankruptcy Code;

viii. any of the Chapter 11 Cases of (a) Aleris or Aleris Deutschland or (b) any other Debtor is dismissed or suspended pursuant to section 305 of the Bankruptcy Code;

ix. the Confirmation Order (a) is reversed on appeal or vacated or (b) shall not have become a Final Order on or before the Termination Date (as defined in the Equity Commitment Agreement in effect as of the date hereof);

x. any Party has breached any material provision of this Agreement or the Company has breached any material provision of the Equity Commitment Agreement, the waiver of which breach of the Equity Commitment Agreement would be a Subject Change, and any such breach has not been duly waived or cured in accordance with the

terms hereof or of the Equity Commitment Agreement, as applicable, after a period of five (5) days;

xi. the Company shall (a) withdraw the Plan or (b) publicly announce its intention not to support the Plan;

xii. (a) the Other Support Agreement to which Oaktree is a party has terminated or (b) the Company has breached any material provision of such Other Support Agreement and any such breach under clause (b) has not been duly waived or cured in accordance with the terms of such Other Support Agreement after a period of five (5) days;

xiii. the Release (as defined below) shall cease to be in full force and effect;

xiv. the Effective Date shall have occurred; or

xv. any change to the Base Plan shall have been made or any exhibit, supplement, schedule or related or ancillary agreement or instrument or any amendment, modification, consent or waiver to any of the foregoing (any of the foregoing, a "Plan Modification") shall have been agreed to, entered into, executed and delivered, filed with the Bankruptcy Court or otherwise given effect without the consent of the Undersigned Holder (to be given or withheld in its sole discretion), which Plan Modification: (a) affects in a manner that is adverse to Apollo the economic terms of the Plan and the documents and transactions related thereto, including the amount and timing of distributions to creditors of the Debtors, the Oaktree/Apollo Minimum Equity Threshold, and the rights of Apollo as a creditor of the Debtors and their affiliates (including in connection with the "snapback" provisions in the Release, dated as of February 5, 2010 (the "Release"), by and between Aleris, certain of the other Debtors and the other parties thereto), but excluding waivers of or amendments to the definition of or conditions, representations or other provisions related to the occurrence of a "material adverse effect" or any term of similar import, breaches of or changes to representations of the Debtors relating to their financial statements or projections, and the liquidity and permitted amount of debt of the Debtors when they emerge from bankruptcy, (b) affects in a manner that is adverse to Apollo Apollo's rights as a post-Effective Date shareholder in the Debtors (including, without limitation, any rights (i) to receive information relating to the Debtors, (ii) to registration of stock held by Apollo, or (iii) relating to governance of the Debtors if such Plan Modification relating to the governance of the Debtors does not provide Apollo with proportionate governance rights to persons

owning a comparable number of shares in the Debtors), (c) affects Apollo in a disproportionate manner relative to other similarly situated creditors or the other Consenting Holders, (d) directly relates to Apollo or any of its affiliates (and not to similarly situated persons) or (e) (i) extends to a date later than October 31, 2010 (the "Subject Change Outside Date") the date by which the Effective Date of the Plan must occur or (ii) an effect of which is to make the occurrence of the Effective Date by the Subject Change Outside Date substantially unlikely (any such Plan Modification described in clauses (a) through (d) hereof, a "Subject Change").

The foregoing Termination Events are intended solely for the benefit of the Company and the Undersigned Holder; *provided* that no Party may seek to terminate this Agreement based upon a material breach or a failure of a condition (if any) in this Agreement arising out of its own actions or omissions that were in violation of this Agreement; *provided, further*, that the Termination Events contemplated by clauses (i)(b), (ii), (viii)(b), (xi)(b) and (xii)(b) of this Section 9(a) and the deadlines contemplated by clauses (iv) and (v) of this Section 9(a) may be waived or extended, respectively, by Consenting Holders holding at least a majority in aggregate principal amount of the Aleris Claims held by the Consenting Holders (the "Requisite Holders") within 5 Business Days following the occurrence thereof if such waiver or extension is not a Subject Change; *provided, further*, that in the cases of clauses (i)(b), (ii), (xi)(b), and (xii)(b), if the applicable Termination Event has been waived by the Requisite Holders but has not been cured and/or is continuing for more than 15 calendar days following the occurrence of such Termination Event, the Undersigned Holder's consent to such waiver or extension shall be required, such consent not to be unreasonably withheld.

(b) Termination Event Procedures.

i. Upon the occurrence of a Termination Event contemplated by clause (i)(a), (ii) or (ix)(b) of Section 9(a) hereof or clause (x) of Section 9(a) hereof due to a material breach of this Agreement by the Undersigned Holder, in each case subject to the last sentence of Section 9(a) hereof, the Company shall have the right to terminate this Agreement by giving written notice thereof to the Undersigned Holder.

ii. Upon the occurrence of a Termination Event contemplated by clause (vi), (ix)(a) or (xiii) of Section 9(a) hereof, in each case subject to the last sentence of Section 9(a) hereof, this Agreement and, except for termination pursuant to clause (xiv), the Apollo Commitment (as defined in the Equity Commitment Agreement) shall automatically terminate without further action.

iii. Except as set forth in Section 9(b)(ii) hereof, upon the occurrence of a Termination Event (including, for the avoidance of doubt, a Termination Event contemplated by clause (i) or (ii) of Section

9(a) hereof), subject to the last sentence of Section 9(a) hereof, the Undersigned Holder shall have the right to terminate this Agreement and the Apollo Commitment by giving written notice to the Company. The Parties hereby waive any requirement under section 362 of the Bankruptcy Code to lift the automatic stay thereunder in connection with giving any such notice (and agree not to object to any non-breaching Party seeking to lift the Automatic Stay in connection with giving any such notice, if necessary).

iv. Any such termination (or partial termination) of the Agreement shall not restrict the Parties' rights and remedies for any breach of the Agreement by any Party, including, but not limited to, pursuant to the reservation of rights set forth in Section 7 hereof.

10. Miscellaneous Terms.

(a) Binding Obligation; Assignment.

Binding Obligation. Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legally valid and binding obligation of the Parties, enforceable in accordance with its terms, and shall inure to the benefit of the Parties and their representatives. Nothing in this Agreement, express or implied, shall give to any entity, other than the Parties and their respective successors or permitted assigns, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Assignment. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other entity except as provided in Section 3(c) hereof, and any purported assignment or transfer in violation of Section 3(c) shall be null and void ab initio.

(b) Further Assurances.

The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, from time to time, to effectuate the agreements of the Parties expressed herein.

(c) Headings.

The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

(d) Governing Law.

THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CHOICE OF LAWS PRINCIPLES THEREOF. By its execution and

delivery of this Agreement, each of the Parties hereto hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought exclusively in either a state or federal court of competent jurisdiction in the State of New York and County of New York. By execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably accepts and submits itself to the exclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction in either a state or federal court of competent jurisdiction in the State of New York and County of New York, each of the Parties hereto hereby agrees that, so long as any of the Chapter 11 Cases are pending, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

(e) Waiver of Jury Trial

Each Party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of the Undersigned Holder or any of its affiliates in the negotiation, performance or enforcement of this Agreement.

(f) Specific Performance

The Parties hereby acknowledge that the rights of the Parties under this Agreement are unique and that remedies at law for breach or threatened breach of any provision of this Agreement would be inadequate and, in recognition of this fact, agree that, in the event of a breach or threatened breach of the provisions of this Agreement, in addition to any remedies at law, the Parties shall, without posting any bond, be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available and the Parties hereby waive any objection to the imposition of such relief.

(g) Complete Agreement, Interpretation and Modification.

i. **Complete Agreement.** This Agreement, the Plan and the other agreements, exhibits and other documents referenced herein and therein constitute the complete agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements, oral or written, between or among the Parties with respect thereto.

ii. **Interpretation.** This Agreement is the product of negotiation by and among the Parties. Any Party enforcing or interpreting this Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Agreement for or against any Party by reason of that Party having drafted this Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.

iii. **Modification of this Agreement.** This Agreement may only be modified, altered, amended or supplemented by an agreement in writing signed by the Company and the Undersigned Holder.

(h) Execution of this Agreement.

This Agreement may be executed and delivered (by facsimile or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

(i) Settlement Discussions.

This Agreement and the Restructuring are part of a proposed settlement of a dispute between the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement. Notwithstanding the foregoing, this Agreement may be filed with the Bankruptcy Court in connection with the Chapter 11 Cases.

(j) Consideration.

The Company and the Undersigned Holder hereby acknowledge that no consideration, other than that specifically described herein and in the Plan, shall be due or paid to the Undersigned Holder for its agreement to vote to accept the Plan in accordance with the terms and conditions of this Agreement, other than the Company's representations, warranties and agreement to use its commercially reasonable best efforts to seek to confirm and consummate the Plan.

(k) Notices.

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

i. If to the Company, to:

Aleris International, Inc.
25825 Science Park Drive, Suite 400
Beachwood, Ohio 44122
Facsimile No.: (216) 910-3654
Attention: Christopher R. Clegg

with copies (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Facsimile No.: (212) 310-8007
Attention: Stephen Karotkin
Debra A. Dandeneau;

ii. If to the Undersigned Holder or a transferee thereof, to the addresses or facsimile numbers set forth below following the Undersigned Holder's signature (or as directed by any transferee thereof), as the case may be, with copies (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Facsimile No.: (212) 403-1000
Attention: Philip Mindlin
Andrew Nussbaum

iii. Any notice given by delivery, mail or courier shall be effective when received. Any notice given by facsimile shall be effective upon oral or machine confirmation of transmission.

(l) Time of the Essence.

The Parties agree that time is of the essence with respect to Sections 4(b)(ii), 4(b)(iii) and the events that give rise to the occurrence of a Termination Event under Section 9 of this Agreement.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the Parties have entered into this Agreement on the day and year first above written.

Aleris International, Inc.

By: _____

Title: _____

[INSERT ENTITY NAME HERE]

By: _____
Name:
Title:

U.S. Roll-Up Claims: _____

European Roll-Up Claims: _____

German Term Loan Claims: _____

EXHIBIT 1

PLAN

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT 2

DISCLOSURE STATEMENT

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT 3

EQUITY COMMITMENT AGREEMENT

Document Not Included Pursuant to Section 1.3 of the Plan

Form of Sankaty Plan Support Agreement

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (this "Agreement") is made and entered into as of [__], 2010 by and between the following parties:

(a) [the undersigned Holder] (the "Undersigned Holder"); and

(b) Aleris International, Inc., a Delaware corporation ("Aleris"), and each of its direct and indirect subsidiaries identified on the signature pages attached hereto (collectively, the "Company" and the Undersigned Holder and the Company, each, a "Party", and collectively, the "Parties").

RECITALS

WHEREAS, on February 12, 2009, Aleris and certain of its subsidiaries (excluding Aleris Deutschland Holding GmbH ("Aleris Deutschland") and its subsidiaries) commenced voluntary cases (the "Existing Chapter 11 Cases") by filing petitions under chapter 11 of title 11 of the United States Code 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court");

WHEREAS, on [ ] Aleris Deutschland commenced a voluntary case (the "Aleris Deutschland Case" and, together with the Existing Chapter 11 Cases, the "Chapter 11 Cases") by filing a petition under chapter 11 of title 11 of the Bankruptcy Code in the Bankruptcy Court;

WHEREAS, on [ ] the Company filed the Plan (as defined herein) with the Bankruptcy Court (the date of that event being the "Trigger Date");

WHEREAS, on [ ] the Bankruptcy Court entered an order approving the disclosure statement for the Plan attached hereto as Exhibit 2 (such disclosure statement, as the same may be amended, supplemented or modified from time to time, the "Disclosure Statement");

WHEREAS, other holders of certain U.S. Roll-Up Term Loan claims under 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 (each, a "Consenting U.S. Roll-up Loan Holder"), by and among Aleris, Aleris Aluminum Duffel BVBA, Aleris Deutschland, the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent (as may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "DIP Credit Agreement"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, other holders of certain European Roll-up Term Loan claims under the DIP Credit Agreement (each, a "Consenting European Roll-up Loan Holder"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, other holders of certain German Term Loan claims under that certain Amended and Restated Term Loan Agreement, dated as of August 1, 2006 and amended

and restated as of December 19, 2006, as further amended on March 16, 2007 and February 10, 2009 (each, a "Consenting German Term Loan Holder" and together with the Undersigned Holder, the Consenting U.S. Roll-up Loan Holders and the Consenting European Roll-up Loan Holders, the "Consenting Holders"), by and among Aleris, Aleris Deutschland, the lenders party thereto, Deutsche Bank AG New York Branch, as administrative agent, Goldman Sachs Credit Partners L.P., as syndication agent, and PNC Bank, National Association, National City Business Credit, Inc. and Key Bank National Association, as co-documentation agents, and Goldman Sachs Credit Partners L.P. and Deutsche Bank Securities Inc., as joint lead arrangers and joint book running managers (as may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "Prepetition Credit Agreement" and together with the DIP Credit Agreement, the "Credit Agreements"), each of whom are unaffiliated parties, are party to similar plan support agreements with the Company;

WHEREAS, each Consenting Holder is the holder of a claim, as defined in the Bankruptcy Code arising out of, or related to the DIP Credit Agreement (each, a "U.S. Roll-up Loan Claim" or a "European Roll-up Loan Claim", as applicable) and/or the Prepetition Credit Agreement (each, a "German Term Loan Claim" and together with the U.S. Roll-up Loan Claims and the European Roll-up Loan Claims, the "Aleris Claims");

WHEREAS, the Parties now desire to implement a financial restructuring (the "Restructuring") of the Company on the terms and conditions set forth in the form of joint plan of reorganization attached hereto as Exhibit 1 (such joint plan, in such form (the "Base Plan"), with such amendments, modifications, waivers, exhibits, supplements (including any Plan Supplement filed in connection therewith), schedules and related or ancillary agreements and instruments (and only such amendments, modifications, waivers, exhibits, supplements, schedules and related or ancillary agreements and instruments) to which the Requisite Holders (as defined below) have consented unless such amendments, modifications, waivers, exhibits, supplements, schedules or related or ancillary agreements or instruments materially adversely affect the Undersigned Holder in a disproportionate manner relative to Oaktree or Apollo, if such party has executed and delivered an Other Support Agreement (as defined below) and such Other Support Agreement has not terminated pursuant to the terms thereof (such parties, the "Consenting Backstop Parties"), in which case the Undersigned Holder's consent shall be required (such consent not to be unreasonably withheld), being hereinafter referred to as the "Plan");[1]

WHEREAS, Aleris and certain affiliates of the Undersigned Holder and certain other parties are parties to that certain Equity Commitment Agreement, dated February 5, 2010 (such agreement, in the form attached hereto as Exhibit 3, as the same may be amended, supplemented or modified in accordance with the terms therein, being hereinafter referred to as the "Equity Commitment Agreement");

WHEREAS, the Parties have engaged in good faith negotiations with the objective of reaching an agreement with regard to restructuring the outstanding claims of, and interests in, the Company in accordance with the terms set forth in this Agreement and the Plan;

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[1] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

WHEREAS, each Party has reviewed, or has had the opportunity to review, this Agreement and the Plan with the assistance of professional legal advisors of its own choosing;

WHEREAS, the Company desires to obtain the commitment of the Undersigned Holder to support and vote to accept the Plan, subject to the terms and conditions set forth herein to which the Undersigned Holder is party; and

WHEREAS, subject to the execution of definitive documentation and appropriate approvals by the Bankruptcy Court of the Plan, the following sets forth the agreement between the Parties concerning their respective obligations.

AGREEMENT

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. [Intentionally Omitted].

2. Effectuating the Restructuring.

To implement the Plan, the Parties have agreed, on the terms and conditions set forth herein, that the Company shall use its commercially reasonable efforts to:

(a) solicit the requisite acceptances of the Plan in accordance with section 1125 of the Bankruptcy Code;

(b) seek confirmation of the Plan as expeditiously as practicable under the Bankruptcy Code, including under section 1129(b) thereof, the Federal Rules of Bankruptcy Procedure and the Bankruptcy Court's local rules; and

(c) consummate the Plan.

3. Commitments of the Undersigned Holder Under this Agreement.

(a) Voting by Undersigned Holder.

As long as a Termination Event (as defined herein) has not occurred, or has occurred but has been duly waived (or, in the case of a breach under Section 9(a)(x) or (xii), cured) in accordance with the terms hereof, the Undersigned Holder agrees for itself that, so long as it is the legal owner, beneficial owner and/or the investment advisor or manager of or with power and/or authority to bind any Aleris Claims, to vote on a plan of reorganization which comports with the definition of the Plan in this Agreement, it shall be bound to, and will, timely vote its Aleris Claims (and not revoke or withdraw its vote) to accept the Plan.

(b) Support of Plan.

As long as a Termination Event has not occurred, or has occurred but has been duly waived (or, in the case of a breach under Section 9(a)(x) or (xii), cured) in accordance with the terms hereof, the Undersigned Holder, agrees for itself that, so long as it remains the legal owner, beneficial owner and/or the investment advisor or manager of or with power and/or authority to bind any Aleris Claims it will:

i. from and after the date hereof, not directly or indirectly seek, solicit, support or vote in favor of any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Company that could reasonably be expected to prevent, delay or impede the Restructuring of the Company in accordance with the Plan;

ii. agree to permit disclosure of the contents of this Agreement; *provided* that the amount of the Aleris Claims held by the Undersigned Holder shall be disclosed only to the Company and shall not be disclosed by the Company to any other person or entity except as required by law or in connection with the enforcement of this Agreement;

iii. not object to or otherwise commence any proceeding opposing any of the terms of this Agreement, the Disclosure Statement, the Plan or the Equity Commitment Agreement;

iv. not object to a motion by the Company to extend the exclusive period for the Company to propose a plan of reorganization; provided that such period does not extend beyond the Termination Date as defined in the Equity Commitment Agreement as in effect on the date hereof;

v. consent to any amendments, waivers or modifications to the Plan consented to by Oaktree, unless such amendments, waivers or modifications materially adversely affect the Undersigned Holder in a disproportionate manner relative to the Consenting Backstop Parties, in which case the Undersigned Holder's consent shall be required but shall not be unreasonably withheld; and

vi. not take any action that is inconsistent with, or that is intended to delay, confirmation of the Plan.

(c) Transfer (as defined below) of Claims, Interests and Securities.

The Undersigned Holder hereby agrees, until this Agreement shall have terminated, not to sell, assign, transfer or otherwise dispose of, directly or indirectly (each such disposition, for the avoidance of doubt not including a pledge or collateral assignment or other grant of a security interest until the occurrence of a transfer pursuant to enforcement thereof, a "Transfer"), all or any of its Aleris Claims (including any voting rights associated with such Aleris Claims), *unless* the transferee thereof (a) agrees in an enforceable writing to assume and

be bound by this Agreement, and to assume the rights and obligations of the Undersigned Holder under this Agreement and (b) promptly delivers such writing to the Company (each such transferee becoming, upon the Transfer, an Undersigned Holder hereunder). The Company shall promptly acknowledge any such Transfer in writing and provide a copy of that acknowledgement to the transferor. By its acknowledgement of the relevant Transfer, the Company shall be deemed to have acknowledged that its obligations to the Undersigned Holder hereunder shall be deemed to constitute obligations in favor of the relevant transferee as an Undersigned Holder hereunder. Any Transfer of any Relevant Claim (as defined below) that does not comply with the procedure set forth in the first sentence of this Subsection 3(c) shall be deemed void *ab initio*.

(d) Further Acquisition of Aleris Claims.

This Agreement shall in no way be construed to preclude the Undersigned Holder or any of its respective subsidiaries from acquiring additional Aleris Claims; *provided* that any such additional Aleris Claims acquired by the Undersigned Holder or any subsidiary thereof shall automatically be deemed to be subject to the terms of this Agreement. Upon the request of the Company, the Undersigned Holder shall, in writing and within **five (5) business days**, provide an accurate and current list of all Aleris Claims that it and any subsidiary holds at that time, subject to any applicable confidentiality restrictions and applicable law.

(e) Representation of the Undersigned Holder's holdings.

The Undersigned Holder represents that, as of the date hereof:

i. it is the legal owner, beneficial owner and/or the investment advisor or manager for the legal or beneficial owner of such Aleris Claims set forth on its respective signature page (collectively, the "Relevant Claims");

ii. there are no Aleris Claims of which it is the legal owner, beneficial owner and/or investment advisor or manager for such legal or beneficial owner that are not part of its Relevant Claims unless the Undersigned Holder does not possess the full power to vote and dispose of such claims; and

iii. it has full power to vote, dispose of and compromise the aggregate principal amount of the Relevant Claims.

4. The Company's Responsibilities.

(a) Other Support Agreements.

The Company represents and warrants that, if it has entered into (or concurrently herewith is entering into) restructuring agreements, plan support or lock-up agreements (collectively, the "Other Support Agreements") with other Consenting Holders (each, an "Other Support Agreement Party," and collectively, the "Other Support Agreement Parties"), the Other

Support Agreements are substantially similar to this Agreement, including without limitation, substantially similar provisions to those set forth in Section 3(a), (b), (c), (d) and (e) above and Section 9 below.

(b) Implementation of the Plan.

The Company shall use its commercially reasonable efforts to:

i. effectuate and consummate the Restructuring on the terms described in the Plan and the Equity Commitment Agreement;

ii. obtain from the Bankruptcy Court an order confirming the Plan, which order shall be in form and substance consistent with the Plan and reasonably acceptable to the Undersigned Holder (the "Confirmation Order"), which Confirmation Order shall be entered by the Bankruptcy Court no later than on or before the one hundred and twentieth (120th) day following the Trigger Date;

iii. cause the Effective Date of the Plan to occur no later than on or before the one hundred and fiftieth (150th) day following the Trigger Date; and

iv. take no actions inconsistent with this Agreement, the Plan or the Equity Commitment Agreement or the expeditious confirmation and consummation of the Plan.

5. Mutual Representations and Warranties

Each Party, severally and not jointly, makes the following representations and warranties (as to itself only) to the other Party, each of which is a continuing representation and warranty:

(a) Enforceability.

Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legal, valid and binding obligation of the Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(b) No Consent or Approval.

Except as expressly provided in this Agreement, no consent or approval is required by any other entity in order for it to carry out the provisions of this Agreement.

(c) Power and Authority.

It has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement and the Plan.

(d) Authorization.

The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part.

(e) No Conflicts.

The execution, delivery and performance of this Agreement does not: (a) violate any provision of law, rule or regulations applicable to it or any of its subsidiaries; (b) violate its certificate of incorporation, bylaws or other organizational documents or those of any of its subsidiaries; or (c) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

6. [Reserved]

7. No Waiver of Participation and Preservation of Rights.

If the transactions contemplated by this Agreement or otherwise set forth in the Plan are not consummated as provided herein, if a Termination Event occurs, or if this Agreement is otherwise terminated for any reason, the Parties each fully reserve any and all of their respective rights, remedies, claims and interests.

8. Acknowledgement.

This Agreement and the Plan and the transactions contemplated herein and therein are the product of negotiations between the Parties and their respective representatives. This Agreement is not and shall not be deemed to be a solicitation of votes for the acceptance of a plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. The Company will not solicit acceptances of the Plan from the Undersigned Holder in any manner inconsistent with the Bankruptcy Code or applicable nonbankruptcy law.

9. Termination.

(a) Termination Events.

The term "Termination Event," wherever used in this Agreement, means any of the following events (whatever the reason for such Termination Event and whether it is voluntary or involuntary):

i. (a) Sankaty's commitments set forth in the Equity Commitment Agreement expire or terminate in accordance with Section 19 or the last sentence set forth in Section 25 of the Equity Commitment Agreement or (b) the Company declares that the Equity Commitment Agreement has terminated or is invalid or of no force or effect;

ii. the Company's board of directors, based on the advice of its outside counsel, determines that continued pursuit of the Plan is inconsistent with its fiduciary duties because, and the board of directors determines in good faith that, (A) a proposal or offer from a third party is reasonably likely to be more favorable to the Company than is proposed under the Plan, taking into account, among other factors, the identity of the third party, the likelihood that any such proposal or offer will be negotiated to finality within a reasonable time, the potential loss to the Company if the proposal or offer were not accepted and consummated, and the likelihood that any such proposal will be consummated within a reasonable time, or (B) the Plan is no longer confirmable or feasible;

iii. the Company files, supports or endorses a plan of reorganization other than the Plan;

iv. a Confirmation Order reasonably acceptable to the Company and the Undersigned Holder is not entered by the Bankruptcy Court on or before the one hundred and twentieth (120th) day following the Trigger Date;

v. the Effective Date shall not have occurred on or before the Termination Date (as defined in the Equity Commitment Agreement in effect as of the date hereof);

vi. any of the Chapter 11 Cases is converted to cases under chapter 7 of the Bankruptcy Code;

vii. the Bankruptcy Court shall enter an order in any of the Chapter 11 Cases appointing (i) a trustee under chapter 7 or chapter 11 of the Bankruptcy Code, (ii) a responsible officer, or (iii) an examiner, in each case with enlarged powers relating to the operation of the business (powers beyond those set forth in subclauses (3) and (4) of section 1106(a)) under section 1106(b) of the Bankruptcy Code;

viii. any of the Chapter 11 Cases of (a) Aleris or Aleris Deutschland or (b) any other Debtor is dismissed or suspended pursuant to section 305 of the Bankruptcy Code;

ix. the Confirmation Order (a) is reversed on appeal or vacated or (b) shall not have become a Final Order on or before the Termination Date (as defined in the Equity Commitment Agreement in effect as of the date hereof);

x. any Party has breached any material provision of this Agreement, and any such breach has not been duly waived or cured in accordance with the terms hereof after a period of five (5) days;

xi. the Company shall (a) withdraw the Plan or (b) publicly announce its intention not to support the Plan;

xii. (a) the Other Support Agreement to which Oaktree is a party has terminated or (b) the Company has breached any material provision of such Other Support Agreement and any such breach under clause (b) has not been duly waived or cured in accordance with the terms of such Other Support Agreement after a period of **five (5) days**;

xiii. the Release, dated as of February 5, 2010, by and among Aleris, certain of the other Debtors and the other parties thereto, shall cease to be in full force and effect;

xiv. the Effective Date shall have occurred; or

xv. any change to the Base Plan shall have been made or any exhibit, supplement, schedule or related or ancillary agreement or instrument or any amendment, modification, consent or waiver to any of the foregoing shall have been agreed to, entered into, executed and delivered, filed with the Bankruptcy Court or otherwise given effect that materially adversely affects the Undersigned Holder in a disproportionate manner relative to Consenting Backstop Parties without the consent of the Undersigned Holder (such consent not to be unreasonably withheld).

The foregoing Termination Events are intended solely for the benefit of the Company and the Undersigned Holder; *provided* that no Party may seek to terminate this Agreement based upon a material breach or a failure of a condition (if any) in this Agreement arising out of its own actions or omissions that were in violation of this Agreement; *provided, further*, that, except for the Termination Event contemplated in clause (xv) of this Section 9(a), any Termination Event or deadline contemplated therein may be waived or extended, respectively, by Consenting Holders holding at least a majority in aggregate principal amount of the Aleris Claims held by the Consenting Holders (the "Requisite Holders") within 5 Business Days following the occurrence thereof unless such waiver or extension materially adversely affects the Undersigned Holder in a disproportionate manner relative to the Consenting Backstop Parties, in which case the Undersigned Holder's consent to such waiver or extension shall be required, such consent not to be unreasonably withheld.

(b) Termination Event Procedures.

i. Upon the occurrence of a Termination Event contemplated by clause (i)(a), (ii) or (ix)(b) of Section 9(a) hereof or clause (x) of Section 9(a) hereof due to a material breach of this Agreement by the Undersigned Holder, in each case subject to the last sentence of Section 9(a) hereof, the Company shall have the right to terminate

this Agreement by giving written notice thereof to the Undersigned Holder.

ii. Upon the occurrence of a Termination Event contemplated by clause (vi), (ix)(a) or (xiii) of Section 9(a) hereof, in each case subject to the last sentence of Section 9(a) hereof, this Agreement shall automatically terminate without further action.

iii. Except as set forth in Section 9(b)(ii) hereof, upon the occurrence of a Termination Event (including, for the avoidance of doubt, a Termination Event contemplated by clause (i) or (ii) of Section 9(a) hereof), subject to the last sentence of Section 9(a) hereof, the Undersigned Holder shall have the right to terminate this Agreement by giving written notice to the Company. The Parties hereby waive any requirement under section 362 of the Bankruptcy Code to lift the automatic stay thereunder in connection with giving any such notice (and agree not to object to any non-breaching Party seeking to lift the Automatic Stay in connection with giving any such notice, if necessary).

iv. Any such termination (or partial termination) of the Agreement shall not restrict the Parties' rights and remedies for any breach of the Agreement by any Party, including, but not limited to, pursuant to the reservation of rights set forth in Section 7 hereof.

10. Miscellaneous Terms.

(a) Binding Obligation; Assignment.

Binding Obligation. Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legally valid and binding obligation of the Parties, enforceable in accordance with its terms, and shall inure to the benefit of the Parties and their representatives. Nothing in this Agreement, express or implied, shall give to any entity, other than the Parties and their respective successors or permitted assigns, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Assignment. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other entity except as provided in Section 3(c) hereof, and any purported assignment or transfer in violation of Section 3(c) shall be null and void ab initio.

(b) Further Assurances.

The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, from time to time, to effectuate the agreements of the Parties expressed herein.

(c) Headings.

The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

(d) Governing Law.

THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CHOICE OF LAWS PRINCIPLES THEREOF. By its execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought exclusively in either a state or federal court of competent jurisdiction in the State of New York and County of New York. By execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably accepts and submits itself to the exclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction in either a state or federal court of competent jurisdiction in the State of New York and County of New York, each of the Parties hereto hereby agrees that, so long as any of the Chapter 11 Cases are pending, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

(e) Waiver of Jury Trial

Each Party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of the Undersigned Holder or any of its affiliates in the negotiation, performance or enforcement of this Agreement.

(f) Specific Performance

The Parties hereby acknowledge that the rights of the Parties under this Agreement are unique and that remedies at law for breach or threatened breach of any provision of this Agreement would be inadequate and, in recognition of this fact, agree that, in the event of a breach or threatened breach of the provisions of this Agreement, in addition to any remedies at law, the Parties shall, without posting any bond, be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available and the Parties hereby waive any objection to the imposition of such relief.

(g) Complete Agreement, Interpretation and Modification.

i. **Complete Agreement.** This Agreement, the Plan and the other agreements, exhibits and other documents referenced herein and therein constitute the complete agreement between the Parties with respect to the subject matter hereof and supersede all prior

agreements, oral or written, between or among the Parties with respect thereto.

ii. **Interpretation.** This Agreement is the product of negotiation by and among the Parties. Any Party enforcing or interpreting this Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Agreement for or against any Party by reason of that Party having drafted this Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.

iii. **Modification of this Agreement.** This Agreement may only be modified, altered, amended or supplemented by an agreement in writing signed by the Company and the Undersigned Holder.

(h) Execution of this Agreement.

This Agreement may be executed and delivered (by facsimile or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

(i) Settlement Discussions.

This Agreement and the Restructuring are part of a proposed settlement of a dispute between the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement. Notwithstanding the foregoing, this Agreement may be filed with the Bankruptcy Court in connection with the Chapter 11 Cases.

(j) Consideration.

The Company and the Undersigned Holder hereby acknowledge that no consideration, other than that specifically described herein and in the Plan, shall be due or paid to the Undersigned Holder for its agreement to vote to accept the Plan in accordance with the terms and conditions of this Agreement, other than the Company's representations, warranties and agreement to use its commercially reasonable best efforts to seek to confirm and consummate the Plan.

(k) Notices.

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

i. If to the Company, to:

Aleris International, Inc.
25825 Science Park Drive, Suite 400
Beachwood, Ohio 44122
Facsimile No.: (216) 910-3654
Attention: Christopher R. Clegg

with copies (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Facsimile No.: (212) 310-8007
Attention: Stephen Karotkin
Debra A. Dandeneau;

ii. If to the Undersigned Holder or a transferee thereof, to the addresses or facsimile numbers set forth below following the Undersigned Holder's signature (or as directed by any transferee thereof), as the case may be, with copies (which shall not constitute notice) to:

[_____]

iii. Any notice given by delivery, mail or courier shall be effective when received. Any notice given by facsimile shall be effective upon oral or machine confirmation of transmission.

(l) Time of the Essence.

The Parties agree that time is of the essence with respect to Sections 4(b)(ii), 4(b)(iii) and the events that give rise to the occurrence of a Termination Event under Section 9 of this Agreement.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the Parties have entered into this Agreement on the day and year first above written.

Aleris International, Inc.

By: _____

Title: _____

[INSERT ENTITY NAME HERE]

By: _____
Name:
Title:

U.S. Roll-Up Claims: _____

European Roll-Up Claims: _____

German Term Loan Claims: _____

EXHIBIT 1

PLAN

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT 2

DISCLOSURE STATEMENT

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT 3

EQUITY COMMITMENT AGREEMENT

Document Not Included Pursuant to Section 1.3 of the Plan

EXHIBIT C

TERMS OF INTERMEDIATECO NOTES

(Attached)

Terms of IntermediateCo Notes

Set forth below is a term sheet summarizing certain terms of the IntermediateCo Notes.

Principal Amounts:	$45,000,000.
Maturity:	Ten years.
Issue Price:	100% of the principal amount on the Effective Date.
Interest:	Interest rate will be equal to 6% per annum, at the discretion of IntermediateCo's board of directors, in cash or by accretion to the face value of the IntermediateCo Notes, semiannually in arrears on March 31 and September 30 of each year, beginning on March 31, 2011. Stated interest will be treated as Original Issue Discount for tax purposes due to the ability to defer payment.
Exchange Rights:	At the holder's option, after the third anniversary of the Effective Date, exchangeable for New Common Stock on a per share dollar exchange ratio to be determined at the time of issuance based upon 100% of the Plan Value Share Price (as defined in the Plan), subject to adjustment for dilution.
Anti-Dilution Provisions:	Exchange ratio will be adjusted to provide anti-dilution protection for recapitalizations, below-market issuances, subdivisions or combinations.
Fundamental Change:	Notwithstanding anything to the contrary contained herein, after the date that occurs six (6) months after the Effective Date, the holder shall have the right to exchange the IntermediateCo Notes for New Common Stock immediately prior to an initial public offering (an "***IPO***") of HoldCo at face value plus any accrued but unpaid interest divided by the IPO price or upon the occurrence of a fundamental change (as defined in the indenture for the IntermediateCo Notes) of HoldCo.

Optional Redemption:

On or after the third anniversary of the Effective Date upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on the date of the anniversary of the issuance of the IntermediateCo Notes of the years indicated below:

Year	**Percentage**
2013.....	102%
2014.....	101%
2015 and thereafter.....	100%

On or after the later of the six month anniversary of the Effective Date and January 1, 2011, and only upon the occurrence of a fundamental change of HoldCo, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on the date of the anniversary of the issuance of the IntermediateCo Notes of the years indicated below:

Year	**Percentage**
2011.....	104%
2012 and thereafter.....	103%

Covenants: None.

Events of Default:

- Default due to non-payment of the Notes upon maturity
- Customary default due to bankruptcy or receivership

Registration Rights: New Common Stock that may be issued upon exchange of the IntermediateCo Notes will be offered rights, if any, pursuant to the Registration Rights Agreement.

Transfer Restrictions: As provided for in Section IX to the Disclosure Statement.

Ranking: IntermediateCo shall have the full and absolute discretion to subordinate the debt represented by the IntermediateCo Notes to any debt or other borrowing of money designated by IntermediateCo to be senior in ranking.

Governing Law: New York.

EXHIBIT D

TERMS OF INTERMEDIATECO PREFERRED STOCK

(Attached)

Terms of IntermediateCo Preferred Stock

Set forth below is a term sheet summarizing certain terms of the IntermediateCo Preferred Stock.

Liquidation Preference:	$5 million (in the aggregate), plus accrued and unpaid dividends, to be paid upon the liquidation of IntermediateCo prior to any payment on the common stock of IntermediateCo.
Dividends:	Payable at 8% per annum multiplied by the liquidation preference, compounded semiannually on each dividend payment date. IntermediateCo's board of directors may declare and pay dividends; if undeclared, dividends will accumulate to the extent they are not paid on the dividend payment date for the semiannual period to which they relate.
Voting Rights:	Holders of the IntermediateCo Preferred Stock will have the right to elect one director if IntermediateCo fails to pay in full and in Cash six consecutive semiannual dividends or the mandatory redemption payment. At such time, IntermediateCo's board of directors must be comprised of at least five members.
Amendments and Waivers:	The affirmative vote of the holders of 80% of the IntermediateCo Preferred Stock is necessary for amendments of the IntermediateCo Preferred Stock that (i) change the stated redemption date of the IntermediateCo Preferred Stock; (ii) reduce the liquidation preference of, or dividend rate on, the IntermediateCo Preferred Stock; (iii) adversely affect the right to exchange the IntermediateCo Preferred Stock, or (iv) reduce the percentage of outstanding IntermediateCo Preferred Stock necessary to amend the terms thereof or to grant waivers.
Registration Rights:	New Common Stock that may be issued upon exchange of the IntermediateCo Preferred Stock will be offered customary registration rights.
Redemption:	Subject to mandatory redemption on the fifth anniversary of the Effective Date at a redemption price equal to the liquidation preference, plus any accrued and unpaid dividends. There will be no optional redemption rights.
Holder's Option to Exchange:	At the holder's option, at any time prior to redemption but after the third anniversary of the Effective Date, the IntermediateCo Preferred Stock will be exchangeable into New Common Stock on a per share dollar exchange ratio to be determined at the time of issuance based upon 110% of the Plan Value Share Price (as defined in the Plan). Notwithstanding anything to the contrary contained herein, after the first anniversary of the Effective Date, the holder shall have the right to exchange the IntermediateCo Preferred Stock into New Common Stock

under the following circumstances:

- immediately prior to an IPO ***or***
- upon the occurrence of a Fundamental Change (as defined in the IntermediateCo Note Indenture) of HoldCo.

Anti-Dilution Provisions:	Exchange ratio will be adjusted to provide anti-dilution protection for recapitalizations, below-market issuances, or subdivisions or combinations.
Transfer Restrictions:	Any transfer restrictions will be described in the Plan Supplement.

EXHIBIT E

EQUITY COMMITMENT ORDER

(Attached)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
ALERIS INTERNATIONAL, INC., *et al.*,	:	Case No. 09-10478 (BLS)
	:	(Jointly Administered)
Debtors.	:	

ORDER AUTHORIZING THE DEBTORS TO ENTER INTO EQUITY COMMITMENT AGREEMENT IN CONNECTION WITH RIGHTS OFFERING UNDER PLAN OF REORGANIZATION AND TO PAY FEES AND EXPENSES IN CONNECTION THEREWITH

Upon the motion, dated February 5, 2010 (the "***Motion***"),[1] of Aleris International, Inc. ("***Aleris***") and certain of its direct and indirect domestic subsidiaries, as debtors and debtors in possession (collectively, the "***U.S. Debtors***"),[2] together with

[1] Capitalized terms used, but not defined, in this Order have the respective meanings ascribed to such terms in the Motion.

[2] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are Aleris International, Inc. (8280), Alchem Aluminum Shelbyville Inc. (8122), Alchem Aluminum, Inc. (5207), Aleris Aluminum Europe, Inc. (0921), Aleris Aluminum U.S. Sales Inc. (9536), Aleris Blanking and Rim Products, Inc. (7340), Aleris Light Gauge Products, Inc. (7311), Aleris Nevada Management, Inc. (2935), Aleris Ohio Management, Inc. (0637), Aleris, Inc. (6630), Alsco Holdings, Inc. (5535), Alsco Metals Corporation (7792), Alumitech of Cleveland, Inc. (1568), Alumitech of Wabash, Inc. (4425), Alumitech of West Virginia, Inc. (3237), Alumitech, Inc. (9351), AWT Properties, Inc. (5332), CA Lewisport, LLC (6561), CI Holdings, LLC (9484), Commonwealth Aluminum Concast, Inc. (7844), Commonwealth Aluminum Lewisport, LLC (7736), Commonwealth Aluminum Metals, LLC (8491), Commonwealth Aluminum Sales Corporation (8512), Commonwealth Aluminum Tube Enterprises, LLC (7895), Commonwealth Aluminum, LLC (5039), Commonwealth Industries, Inc. (5741), ETS Schaefer Corporation (9350), IMCO Indiana Partnership L.P. (3840), IMCO International, Inc. (8362), IMCO Investment Company (5738), IMCO Management Partnership, L.P. (2738), IMCO Recycling of California, Inc. (0255), IMCO Recycling of Idaho Inc. (8990), IMCO Recycling of Illinois Inc. (7227), IMCO Recycling of Indiana Inc. (4357), IMCO Recycling of Michigan L.L.C. (5772), IMCO Recycling of Ohio Inc. (1405), IMCO Recycling of Utah Inc. (2330), IMCO Recycling Services Company (0589), IMSAMET, Inc. (7929), Rock

Aleris' indirect subsidiary, Aleris Deutschland Holding GmbH, a limited liability company organized under the laws of Germany, as debtor and debtor in possession ("***ADH***" and together with the U.S. Debtors, the "***Debtors***") in the above referenced chapter 11 cases, for entry of an order pursuant to sections 105(a), 363(b), and 503(b) of title 11 of the United States Code (the "***Bankruptcy Code***"), authorizing the Debtors to (i) enter into the Equity Commitment Agreement and (ii) effectuate the transactions contemplated thereunder including, but not limited to, the payment by the Debtors of the Structuring and Arrangement Fee, the Transaction Expenses, and the Termination Fee, on the terms and conditions set forth in the Equity Commitment Agreement; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors and their respective estates; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

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Creek Aluminum, Inc. (3607), Silver Fox Holding Company (1188), and Wabash Alloys, L.L.C. (0708). Aleris is the direct or indirect parent of each of its affiliated Debtors as well as various non-debtor international affiliates located in Canada, South America, Europe, and Asia. Aleris Deutschland Holding GmbH (3721), an affiliate of the above debtors with a case under chapter 11 of the Bankruptcy Code which the Debtors are seeking to have jointly administered with their cases, also joined in the Motion.

ORDERED that, the Equity Commitment Agreement is hereby approved; and it is further

ORDERED that, the Debtors be, and they hereby are, authorized to enter into the Equity Commitment Agreement and to perform all of their obligations thereunder, including, without limitation, paying all fees and expenses required to be paid thereunder, including the Structuring and Arrangement Fee, the Transaction Expenses, the Termination Fee, and any amounts required to be paid pursuant to the indemnification agreement contained in the Equity Commitment Agreement, in each case in accordance with the terms and conditions of the Equity Commitment Agreement; and it is further

ORDERED that the fees and expenses required to be paid under the Equity Commitment Agreement, including the Structuring and Arrangement Fee, the Transaction Expenses, the Termination Fee, and any fees required to be paid pursuant to the indemnification agreement contained in the Equity Commitment Agreement, shall constitute allowed administrative expenses of the Debtors' estates pursuant to section 503(b)(1)(A) of the Bankruptcy Code; and it is further

ORDERED that the Court shall retain jurisdiction to interpret this Order and the Equity Commitment Agreement.

Dated: _____, 2010
Wilmington, Delaware

_____
BRENDAN L. SHANNON
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT F

TERMS OF REGISTRATION RIGHTS AGREEMENT

(Attached)

Terms of Registration Rights Agreement

Set forth below is a term sheet summarizing the material terms of the Registration Rights Agreement relating to ACH1 Holding Co. ("Holdco"). Capitalized terms not defined herein shall have the respective meanings ascribed to such terms in the Equity Commitment Agreement to which this term sheet is attached.

Parties:	Holdco, Oaktree, and other holders of at least 10% of the outstanding shares of Holdco Common Stock (the "Other Investors" and, together with Oaktree, the "Investors").
Demand Registrations:	Oaktree has the right to request Holdco to effect three demand registrations. At any time following an initial public offering of Holdco (an "IPO"), Apollo has the right to request Holdco to effect two demand registrations and Sankaty has the right to request Holdco to effect one demand registration. Each Other Investor has the right to request Holdco to effect one demand registration at any time following the one-year anniversary of an IPO.
Piggyback Registrations:	Subject to customary exceptions, whenever Holdco proposes to register any of its common stock ("Common Stock") other than on a Form S-8 or Form S-4, Holdco will provide notice to each Investor and any holder of registrable securities of Holdco will be granted piggyback registration rights. In the event of any underwritten offering, the underwriter may exclude shares from registration and the underwriting, and the shares will be given priority as follows: (i) to Holdco for securities it proposes to register, (ii) to each holder requesting piggyback registration on a *pari passu* basis with each other and (iii) to any other securities to be registered on behalf of any other holder.
Form S-3 Registration:	After Holdco is eligible to register any securities on Form S-3, each Investor and any Person to whom any Investor transfers shares of Common Stock (together with the Investors so long as they hold registrable securities of Holdco, a "Holder"), so long as such Holder holds at least 10% of the outstanding shares of Holdco Common Stock, will have the right to demand Holdco to effect any number of registrations on Form S-3 and such registrations will not be counted as a demand registration.
Underwriting Cutbacks:	The Holder requesting a demand registration or registration on Form S-3 may choose to distribute its securities in an underwritten offering by notifying Holdco of such intent as a part of its request. The underwriter may limit the size of the offering and exclude shares from the registration and underwriting, and the shares that will be included will be given priority as follows: (i) to the Holders requesting inclusion of their securities on a *pari passu* basis with each other and (ii) to other holders of securities of Holdco.
Holdback Agreement:	Subject to customary exceptions, in the case of an underwritten offering, if so requested by the managing underwriter, each Holder will not for a period of

up to 180 days from the effectiveness of the registration statement effect any public sale of its Common Stock or any other registrable securities, except for those securities included in such registration.

Indemnification: Holdco and each Holder will provide customary indemnification.

EXHIBIT G

TERMS OF STOCKHOLDERS' AGREEMENT

(Attached)

Terms of Stockholders' Agreement

Set forth below is a term sheet summarizing the material terms of the Stockholders' Agreement relating to ACH1 Holding Co. ("Holdco"). Capitalized terms not defined herein shall have the respective meanings ascribed to such terms in the Equity Commitment Agreement to which this term sheet is attached.

Board of Directors:	At the Closing Date, the Board of Directors of Holdco (the "Board") will consist of a five (5) members, of which one member will be the Chief Executive Officer of Holdco and the remaining members will be appointed by Oaktree to be named in the Plan Supplement (as defined in the Plan).
Drag-Along Transactions:	Holders of a majority of the outstanding shares of Holdco Common Stock will have the right to effect a merger or other business combination of Holdco or a sale, lease, transfer or other disposition of all of the Holdco Common Stock or all or substantially all of the assets of Holdco, in each case to an unaffiliated third party, without the approval of other holders of Holdco Common Stock.
Tag Along Rights:	Holders of Holdco Common Stock will have the right to participate in sales of Holdco Common Stock by Oaktree on a proportionate basis other than sales to Apollo.
Preemptive Rights:	If Holdco proposes to issue any additional equity securities and Oaktree is participating in such equity offering, then all other shareholders will have a preemptive right to proportionately participate in such equity offering on the same terms as the proposed issuance to Oaktree.
Transfer Restrictions:	Prior to an initial public offering of Holdco, holders of Holdco Common Stock may not transfer their shares of Holdco Common Stock if, at any time, the combined number of stockholders of Holdco Common Stock of record equals or exceeds 450, unless such transfer is being made (i) to an existing stockholder of Holdco, (ii) with the prior written consent of Holdco, or (iii) to a single transferee of record and 100% of their shares of Holdco Common Stock are being transferred.

Exhibit 1.1.112

Form of IntermediateCo Note Indenture

To Be Filed with the Plan Supplement

Exhibit 1.1.114

Terms of IntermediateCo Preferred Stock

Terms of IntermediateCo Preferred Stock

Set forth below is a term sheet summarizing certain terms of the IntermediateCo Preferred Stock.

Liquidation Preference:	$5 million (in the aggregate), plus accrued and unpaid dividends, to be paid upon the liquidation of IntermediateCo prior to any payment on the common stock of IntermediateCo.
Dividends:	Payable at 8% per annum multiplied by the liquidation preference, compounded semiannually on each dividend payment date. IntermediateCo's board of directors may declare and pay dividends; if undeclared, dividends will accumulate to the extent they are not paid on the dividend payment date for the semiannual period to which they relate.
Voting Rights:	Holders of the IntermediateCo Preferred Stock will have the right to elect one director if IntermediateCo fails to pay in full and in Cash six consecutive semiannual dividends or the mandatory redemption payment. At such time, IntermediateCo's board of directors must be comprised of at least five members.
Amendments and Waivers:	The affirmative vote of the holders of 80% of the IntermediateCo Preferred Stock is necessary for amendments of the IntermediateCo Preferred Stock that (i) change the stated redemption date of the IntermediateCo Preferred Stock; (ii) reduce the liquidation preference of, or dividend rate on, the IntermediateCo Preferred Stock; (iii) adversely affect the right to exchange the IntermediateCo Preferred Stock, or (iv) reduce the percentage of outstanding IntermediateCo Preferred Stock necessary to amend the terms thereof or to grant waivers.
Registration Rights:	New Common Stock that may be issued upon exchange of the IntermediateCo Preferred Stock will be offered customary registration rights.
Redemption:	Subject to mandatory redemption on the fifth anniversary of the Effective Date at a redemption price equal to the liquidation preference, plus any accrued and unpaid dividends. There will be no optional redemption rights.
Holder's Option to Exchange:	At the holder's option, at any time prior to redemption but after the third anniversary of the Effective Date, the IntermediateCo Preferred Stock will be exchangeable into New Common Stock on a per share dollar exchange ratio to be determined at the time of issuance based upon 110% of the Plan Value Share Price (as defined in the Plan). Notwithstanding anything to the contrary contained herein, after the first anniversary of the Effective Date, the holder shall have the right to exchange the IntermediateCo Preferred Stock into New Common Stock

under the following circumstances:

- immediately prior to an IPO ***or***
- upon the occurrence of a Fundamental Change (as defined in the IntermediateCo Note Indenture) of HoldCo.

Anti-Dilution Provisions:	Exchange ratio will be adjusted to provide anti-dilution protection for recapitalizations, below-market issuances, or subdivisions or combinations.
Transfer Restrictions:	Any transfer restrictions will be described in the Plan Supplement.

Exhibit 1.1.151

Form of Registration Rights Agreement

To Be Filed with the Plan Supplement

Exhibit 1.1.176

Form of Stockholders Agreement

To Be Filed with the Plan Supplement

Exhibit 7.10

Terms of the Amendment to the European Term Loan Facility

To Be Filed with the Plan Supplement

Schedules to the Plan

Schedule No.	Description
1.1.11	ADH Liquidity Adjustment
1.1.12(j)	ADH Plan Deductions
1.1.108	Insured Claims
1.1.187	U.S. Liquidity Adjustment
1.1.188(o)	U.S. Plan Deductions
7.6.1	Transactions under Section 7.6.1 of the Plan (Merger/Dissolution/Consolidation)
7.6.3	Assets to Be Disposed under Section 7.6.3 (Disposition of Certain Assets)
7.11.2	Members of HoldCo Board of Directors
9.1	Executory Contracts and Leases to Be Assumed
9.2	Executory Contracts and Leases to Be Rejected
9.4	Previously Scheduled Contracts
9.8	Management Agreements

Schedule 1.1.11

ADH Liquidity Adjustment
($ in millions)

	MARCH	APRIL	MAY	JUNE
ADH Liquidity Adjustment a)	$24.7	$24.7	$29.7	$19.7

Schedule 1.1.12 (j)

ADH Plan Deduction (j)
($ in millions)

	MARCH	APRIL	MAY	JUNE
Outstanding under the Belgium and German sub facilities and European ABL Term Credit Agreements				
- Belgium	$30.8	$30.8	$30.8	$30.8
- German	45.3	45.3	45.3	45.3
- European ABL	135.4	135.4	130.4	140.4
	$211.5	$211.5	$206.5	$216.5

Schedule 1.1.108

Schedule of Insured Claims

Proof of Claim Number	Claimant	Debtor
2755	Lewis Hindman	IMCO Recycling of Ohio, Inc.
3480	Michael Mills	Aleris International, Inc.

Schedule 1.1.187

U.S. Liquidity Adjustment
($ in millions)

	MARCH	APRIL	MAY	JUNE
U.S. Liquidity Adjustment a)	$21.2	$21.3	$8.8	$10.3

Schedule 1.1.188 (o)

U.S. Plan Deductions (o)
($ in millions)

	MARCH	APRIL	MAY	JUNE
Outstanding borrowings by Non-European entities under the DIP Credit Agreements				
- DIP Term	$171.3	$171.3	$171.3	$171.3
- ABL	202.6	202.5	215.0	213.5
	$373.9	$373.8	$386.3	$384.8

Schedule 7.6.1

Transactions under Section 7.6.1 of the Plan
(Merger/Dissolution/Consolidation)

To Be Filed with the Plan Supplement

Schedule 7.6.3

Assets to Be Disposed under Section 7.6.3
(Disposition of Certain Assets)

To Be Filed with the Plan Supplement

Schedule 9.1

Executory Contracts and Leases to Be Assumed

To Be Filed with the Plan Supplement

Schedule 9.2

Executory Contracts and Leases to Be Rejected

To Be Filed with the Plan Supplement

Schedule 9.4

Previously Scheduled Contracts

To Be Filed with the Plan Supplement

Schedule 9.8

Management Agreements

To Be Filed with the Plan Supplement

Exhibit "B"

Order Approving the Disclosure Statement

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
ALERIS INTERNATIONAL, INC., *et al.*,	:	Case No. 09-10478 (BLS)
	:	(Jointly Administered)
Debtors.	:	
	:	**Re: Docket No. __**

ORDER (I) APPROVING THE DISCLOSURE STATEMENT AND (II) ESTABLISHING NOTICE AND OBJECTION PROCEDURES FOR CONFIRMATION OF THE PLAN

Upon consideration of the proposed disclosure statement filed in these cases on February 5, 2010 (the "***Proposed Disclosure Statement***" and as the same has been amended upon the filing of written modifications with the United States Bankruptcy Court for the District of Delaware (the "***Court***") or as announced at the hearing conducted by the Court on March 12, 2010 (the "***Hearing***"), the "***Disclosure Statement***") of Aleris International, Inc. ("***Aleris***"), and certain of its direct and indirect subsidiaries, as debtors and debtors in possession, each of which commenced a case under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") on February 12, 2009 (collectively, the "***U.S. Debtors***"),[1] together with their affiliate

[1] The U.S. Debtors, along with the last four digits of each U.S. Debtor's federal tax identification number, are Aleris International, Inc. (8280), Alchem Aluminum Shelbyville Inc. (8122), Alchem Aluminum, Inc. (5207), Aleris Aluminum Europe, Inc. (0921), Aleris Aluminum U.S. Sales Inc. (9536), Aleris Blanking and Rim Products, Inc. (7340), Aleris Deutschland Holding GmbH (3721), Aleris Light Gauge Products, Inc. (7311), Aleris Nevada Management, Inc. (2935), Aleris Ohio Management, Inc. (0637), Aleris, Inc. (6630), Alsco Holdings, Inc. (5535), Alsco Metals Corporation (7792), Alumitech of Cleveland, Inc. (1568), Alumitech of Wabash, Inc. (4425), Alumitech of West Virginia, Inc. (3237), Alumitech, Inc. (9351), AWT Properties, Inc. (5332), CA Lewisport, LLC (6561), CI Holdings, LLC (9484), Commonwealth Aluminum Concast, Inc. (7844), Commonwealth Aluminum Lewisport, LLC (7736), Commonwealth Aluminum Metals, LLC (8491), Commonwealth Aluminum Sales Corporation (8512), Commonwealth Aluminum Tube Enterprises, LLC (7895), Commonwealth Aluminum, LLC (5039), Commonwealth Industries, Inc. (5741), ETS Schaefer Corporation (9350), IMCO Indiana Partnership

Aleris Deutschland Holding GmbH, a limited liability company organized under the laws of Germany, as debtor and debtor in possession ("***ADH***"[2] and together with the U.S. Debtors, the "***Debtors***"), with respect to the Debtors' Joint Plan of Reorganization, dated February 5, 2010 (as the same has been or may be amended, modified, or supplemented, the "***Plan***"); and upon the record of the Hearing and all of the proceedings had before the Court; and any objections to the Disclosure Statement having been withdrawn, overruled by the Court, or rendered moot by reason of modifications made to the Disclosure Statement and/or the Plan; and it appearing that the Court has jurisdiction over this matter; and due and sufficient notice of the filing of the Disclosure Statement, the Hearing, and this order as proposed having been provided, and it appearing that no other or further notice need be provided; and just cause existing for the relief granted herein;

THE COURT HEREBY FINDS AS FOLLOWS:

A. The Disclosure Statement contains "adequate information" within the meaning of section 1125 of title 11 of the Bankruptcy Code.

B. Actual notice of the Hearing was provided to (i) the Office of the United States Trustee for the District of Delaware (the "***U.S. Trustee***"), (ii) counsel to the Creditors' Committee,[3] (iii) counsel to Deutsche Bank AG New York Branch, as administrative agent under

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L.P. (3840), IMCO International, Inc. (8362), IMCO Investment Company (5738), IMCO Management Partnership, L.P. (2738), IMCO Recycling of California, Inc. (0255), IMCO Recycling of Idaho Inc. (8990), IMCO Recycling of Illinois Inc. (7227), IMCO Recycling of Indiana Inc. (4357), IMCO Recycling of Michigan L.L.C. (5772), IMCO Recycling of Ohio Inc. (1405), IMCO Recycling of Utah Inc. (2330), IMCO Recycling Services Company (0589), IMSAMET, Inc. (7929), Rock Creek Aluminum, Inc. (3607), Silver Fox Holding Company (1188), and Wabash Alloys, L.L.C. (0708).

[2] The last four (4) digits of ADH's federal tax identification number are 3721.

[3] Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Disclosure Statement.

the ABL Agreements, the Term Loan Agreements, and the Debtors' postpetition revolving and term credit facilities, (iv) counsel to Wilmington Trust Corporation, as trustee under the senior indenture dated December 19, 2006 and the new senior indenture dated September 11, 2007, (v) Law Debenture Trust Company of New York, as trustee under the senior subordinated indenture dated December 19, 2006, (vi) the Securities and Exchange Commission, (vii) the Internal Revenue Service, (viii) all creditors who timely filed a proof of claim at the address for notices set forth in such proof of claim, (ix) to the extent not covered by subsection (viii) hereof, each creditor listed in the Schedules as having a noncontingent, liquidated, and undisputed claim, and (x) all parties who have requested notice pursuant to Bankruptcy Rule 2002, and such notice constitutes sufficient notice to all interested parties.

C. Copies of the Proposed Disclosure Statement were provided to: (i) the U.S. Trustee, (ii) the Creditors' Committee and its counsel, (iii) Oaktree Capital Management, L.P., and its legal and financial advisors, (iv) Apollo Management VII, L.P., and its legal and financial advisors, and (v) Sankaty Advisors, LLC, and its legal and financial advisors.

D. Notice of the Hearing was published once in the weekday edition of the national edition of *The Wall Street Journal* at least one month prior to such Hearing, and the form and manner of such notice by publication constituted sufficient notice to all unknown creditors and parties in interest consistent with principles of due process.

E. The form and manner of notice of the time set for filing objections to, and the time, date, and place of the Hearing to consider the approval of the Disclosure Statement were adequate, comport with due process, and comply with Bankruptcy Rules 2002 and 3017 and Rules 2002-1 and 3017-1 of the Local Rules of the Bankruptcy Court for the District of Delaware (the "***Local Rules***").

F. The procedures set forth below regarding notice and the form of notice to be included in the solicitation packages annexed hereto as Exhibit "A" (the "***Confirmation Hearing Notice***") to all creditors of the time, date, and place of the hearing to consider confirmation of the Plan (as such hearing may be continued from time to time in accordance with this order, the "***Confirmation Hearing***") are adequate, comply with Bankruptcy Rules 2002 and 3017 and Local Rules 2002-1 and 3017-1, and constitute sufficient notice to all interested parties.

G. The period during which the Debtors may solicit votes on the Plan is a reasonable time for creditors to make an informed decision to accept or reject the Plan. The Debtors are not soliciting votes from any equity security holders on the Plan.

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. In accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017(b), the Disclosure Statement is APPROVED in all respects.

2. The Confirmation Hearing will commence at **[____] _.m.** Wilmington, Delaware time on **[_____, 2010]**, at the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, Wilmington, Delaware, Courtroom 1 or as soon thereafter as counsel may be heard; *provided, however*, that the Confirmation Hearing may be continued from time to time by the Court or the Debtors without further notice to any party in interest except an announcement made at the Confirmation Hearing.

3. Objections, if any, to confirmation of the Plan or proposed modifications to the Plan must (i) be in writing, (ii) state the name and address of the objecting party and the nature of the claim or interest of such party, (iii) state with particularity the basis and nature of each objection to confirmation of the Plan or proposed modification to the Plan, and (iv) be filed with the Court and served so that they are ***actually received*** no later than 4:00 p.m. Wilmington,

Delaware time on **[_____, 2010]** by the Clerk of the Court and each of the following parties: (i) the U.S. Trustee, 844 King Street, Room 2207 Wilmington, DE 19899-0035 (Attn: Richard L. Schepacarter, Esq.), (ii) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Stephen Karotkin, Esq. and Debra A. Dandeneau, Esq.) and Richards, Layton & Finger, P.A., One Rodney Square, P.O. Box 551, Wilmington, Delaware 19899 (Attn: Paul N. Heath, Esq.), (iii) counsel to the Creditors' Committee, Reed Smith LLP, 2500 One Liberty Place, 1650 Market Street, Philadelphia, PA 19103 (Attn: Claudia Z. Springer, Esq. and Derek J. Baker, Esq.), (iv) counsel to Deutsche Bank AG New York Branch, as administrative agent under the Debtors' prepetition and postpetition revolving and term credit facilities, White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036 (Attn: Evan Hollander, Esq.), (v) counsel to Wilmington Trust Corporation, as trustee under the senior indenture dated December 19, 2006 and the new senior indenture dated September 11, 2007, Foley & Lardner, 321 North Clark Street, Suite 2800, Chicago, IL 60654 (Attn: Mark F. Hebeln, Esq. and Harold L. Kaplan, Esq.), (vi) Law Debenture Trust Company of New York, as trustee under the senior subordinated indenture dated December 19, 2006, 400 Madison Avenue, 4th Floor, New York, NY (Attn: Anthony A. Bocchino, Jr.), (vii) counsel to Apollo Management VII, L.P., Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, NY 10019 (Attn: Philip Mindlin, Esq. and Andrew J. Nussbaum, Esq.), (viii) counsel to Oaktree Capital Management, L.P., Paul, Weiss, Rifkind, Wharton & Garrison LLP 1285 Avenue of the Americas New York, NY 10019 (Attn: Alan W. Kornberg, Esq. and Kenneth M. Schneider, Esq.), and (ix) all parties who have requested notice pursuant to Bankruptcy Rule 2002 (collectively, the "***Notice Parties***").

4. Objections to confirmation of the Plan not timely filed and served in the manner set forth above shall not be considered and shall be overruled; and it is further

5. Replies, if any, to any objections to confirmation or proposed modifications to the Plan must be filed and served so that such replies are actually received by no later than 4:00 p.m., Wilmington, Delaware time on **[_____, 2010]** by the Court, the objecting party, and each of the Notice Parties.

6. The Voting Deadline, as such term is defined in the Plan and used in the **Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Joint Plan of Reorganization; (II) Approving Forms of Ballots; (III) Establishing a Record Date for Voting Purposes Only; and (IV) Approving Subscription Forms and Procedures Associated with the Rights Offering entered by** approved by the Court dated **[_____, 2010]** (the "***Voting Procedures***"), will be 5:00 p.m., prevailing Pacific Time on **[_____, 2010]**; and it is further

7. The Debtors are hereby authorized and directed to mail or cause to be mailed by first-class mail by no later than five business days from the entry of this Order (the "***Solicitation Date***") a Solicitation Package to all entities as provided in the Voting Procedures.

8. The Debtors shall file with the Court no later than the Solicitation Date a list of the addresses from which notices of the Hearing were returned to the Debtors or their agents as undeliverable, together with the names of the entities to which such notices were addressed (collectively, the "***Undeliverable Entities***").

9. The Debtors are excused from mailing Solicitation Packages to the Undeliverable Entities unless the Debtors are provided with accurate addresses for such entities prior to **[_____, 2010]**, the Undeliverable Entities shall be deemed unknown creditors for notice

purposes, and failure to mail Solicitation Packages to the Undeliverable Entities will not constitute inadequate notice of the Confirmation Hearing and the Voting Deadline.

10. The provision of notice in accordance with the procedures set forth in this order and the Voting Procedures shall be deemed good and sufficient notice of the Confirmation Hearing, the time fixed for filing objections to confirmation, or proposing modifications to, the Plan, the Voting Deadline; and the Subscription Expiration Date, as such term is defined in the Voting Procedures.

11. The Debtors are authorized to make nonsubstantive changes to the Disclosure Statement, the Plan, and related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Plan, and any other related materials prior to their mailing to parties in interest.

12. The Debtors are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this order without seeking further order of the Court.

13. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: March ____, 2010
Wilmington, Delaware

THE HONORABLE BRENDAN L. SHANNON
UNITED STATES BANKRUPTCY JUDGE

Exhibit "C"

Financial Appendix

Projections
(Unaudited)
(All $ in Millions Unless Otherwise Noted)

The financial projections ("Projections") contained herein reflect numerous assumptions, including the confirmation and consummation of the Plan, as filed with the Bankruptcy Court. The Projections should be viewed in conjunction with a review of these assumptions including the qualifications and footnotes as set forth herein. The Debtors' management has prepared a stand-alone business plan for the Debtors or the Reorganized Debtors and their direct and indirect subsidiaries (the "Company"). The stand-alone Company business plan was prepared by the Debtors' management in good faith based upon assumptions believed to be reasonable at the time of preparation.

While presented with numerical specificity, the Projections are based upon a variety of estimates and assumptions subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of Management. Actual results may vary materially from those presented. The Projections have not been prepared to comply with the guidelines established with respect to Projections by the Securities and Exchange Commission ("SEC") or the American Institute of Certified Public Accountants ("AICPA"), have not been audited, and are not presented in accordance with Generally Accepted Accounting Principles ("GAAP"). The Projections are based on the assumption that the Debtors will emerge from chapter 11 on June 1, 2010.

The Debtors will be required to estimate the Debtors' reorganization value, the fair value of their assets, and their actual liabilities as of the Effective Date. Such determination will be based upon the fair values as of that date, which could be materially greater or less than the value assumed in the Projections. Any fresh-start reporting adjustments that may be required in accordance with Accounting Standards Codification ("ASC") 852, including any allocation of the Debtors' reorganization value to the Debtors' assets in accordance with the procedures specified in ASC 805 will be made when the Debtors emerge from bankruptcy.

The Projections include (a) the Pre-Reorganization Balance Sheet of the Company as projected by the Debtors at September 30, 2009, (Exhibit E.1.); (b) adjustments to the Pre-Reorganization Balance Sheet to reflect projected payments and borrowings made as a result of consummation of the Plan, (Exhibit E.1.); (c) the opening balance sheets for the Company, (Exhibit E.1.); and (e) post-Effective Date balance sheets, income statements and statements of cash flows for the Company (Exhibits E.2.).

The Projections are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to, the Company's ability to operate the Debtors' business consistent with the Projections, comply with the covenants of their financing agreements, restore trade credit terms to historical levels, successfully implement operational improvements, and acquire aluminum at prices consistent with assumptions

included in the financial projections. *See also* Section VIII, entitled "RISK FACTORS," of the Disclosure Statement.

WHILE ALERIS BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE PROJECTED FINANCIAL INFORMATION, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONNABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT ANY PROJECTIONS WILL BE REALIZED.

GENERAL ASSUMPTIONS

The Projections cover a period from 2010 to 2014, and are provided for Rolled Products North America, Recycling and Specification Alloy America, Rolled and Extruded Products (Europe), Recycling (Europe), as well as for the consolidated Company,.

The Projections were created on a basis of combined business unit operations using segment data for the business reporting entities, which includes international affiliates of Aleris which are not in chapter 11.

The Projections assume certain specific economic and business conditions, based upon future macroeconomic indicators, historic growth and estimated directions of specific industries thereafter which were available in 2009. The Projections assume an economic recovery, beginning in 2010, with a mid-cycle recovery in 2012 and robust demand by 2014. Key segments, including U.S. residential construction and automotive are not projected to attain demand levels reached historically.

Aleris believes there is a high degree of volatility inherent in the Projections, the duration and extent of which are uncertain, including, but not limited to, the length of the economic downturn and lower consumer and business confidence in key markets. Economic contingencies in the Plan are addressed through the Company's flexible capital structure and liquidity position.

Aleris assumed a flat aluminum LME price of approximately $1,850/ton for the Projection period, and a USD/Euro exchange rate of $1.40 / €.

BUSINESS UNITS ASSUMPTIONS

AMERICAS

Aleris's Americas Projections include the results of the Company's rolled products, recycling and specification alloy businesses in the U.S., Mexico, Canada and Brazil. Growth in these businesses is expected to be heavily influenced by growth in gross domestic product ("GDP") and overall U.S. industrial production. The Projections assume a compound annual growth rate ("CAGR") of 2% in U.S. GDP and 2.8% in U.S. industrial production between 2009 and 2014

Rolled Products North America ("RPNA")

Financial Summary

($ in millions, unless noted)	Projected Fiscal Year End, 12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Net Revenues	$927 1	$1,022 2	$1,161 2	$1,259 1	$1,326 3
Material Expenses	(613.2)	(672.9)	(768.4)	(837.9)	(884.8)
Contribution Margin	**$313.9**	**$349.3**	**$392.7**	**$421.2**	**$441.6**
Conversion Expense	(219.9)	(233.0)	(252.5)	(267.0)	(275.2)
Gross Profit	**$94.0**	**$116.3**	**$140.2**	**$154.2**	**$166.4**
Selling, General & Administrative Expenses	(16.0)	(16.4)	(16 8)	(17 2)	(17 7)
Other Operating Income / (Expense)	(0 4)	0 2	(0 2)	(0 2)	(0 0)
Add Back: Depreciation within Conversion Expense	24.9	24.5	25.4	26.6	25.6
Adjusted EBITDA	**$102.5**	**$124.6**	**$148.6**	**$163.4**	**$174.2**
Depreciation	(24 9)	(24 5)	(25 4)	(26 6)	(25 6)
Amortization	(17.6)	(17.6)	(11.7)	0.0	0.0
Adjusted EBIT	**$60.0**	**$82.5**	**$111.5**	**$136.8**	**$148.6**
Other Cash Flow Items					
Change in Working Capital	11 9	1 9	(12 3)	(8 1)	(3 7)
Capital Expenditures	(23.3)	(23.0)	(23.0)	(25.0)	(26.5)

The Company's RPNA segment produces rolled products for a wide variety of applications, including building and construction, distribution, transportation, and other uses in the consumer durables and general industrial segments. Except for depot sales, which are for standard size and alloy products, substantially all of the rolled aluminum products in the U.S. are manufactured to specific customer requirements, using direct-chill and continuous ingot cast technologies that allow the Company to use and offer a variety of alloys and products for a number of end uses. Specifically, those products are integrated into, among other things, building panels, truck trailers, gutters, appliances, and recreational vehicles. The Company's products are manufactured using the direct-chill rolling ingot casting process at a multipurpose mill in Lewisport, Kentucky, and by the continuous casting process at a facility in Uhrichsville, Ohio.

Growth

Building and construction demand in this segment is largely driven by the U.S. housing market which is expected to have a slow recovery from 2009 to 2014. Housing starts are estimated to grow from 546,000 in 2009 to 1,200,000 in 2014. Aleris estimated volume in this sector to grow at an 8.4% CAGR from 2009 to 2014.

Distribution volume is expected to grow at an 8.4% CAGR from 2009 to 2014, driven by return in demand.

Transportation demand is driven by light vehicle and trailer manufacturing in the U.S. Light vehicle builds are expected to grow from 7.9 million units in 2009 to 15.0 million units in 2014. This growth profile assumes that manufacturers will run through their current inventory through sales initiatives, such as "Cash for Clunkers," in the near future. Trailer builds are expected to increase from 70,000 in 2009 to 235,000 in 2014, supported by an annual replacement rate of 140,000 to be fully reflected in 2011, but mitigated by the use of composite as a substitute for aluminum. Growth in transportation is projected to be at a 10.3% CAGR from 2009 to 2014.

Contribution Margin

Profitability is primarily determined by the volume of pounds shipped as well as the difference between the per pound selling price and per pound metal cost, including any coating ("material margin"). Included in the material margin is the impact of differences between changes in the prices of primary and scrap aluminum. Products are priced using the prevailing price of primary aluminum, but the Company purchases large amounts of scrap aluminum to produce those products. The difference between the price of primary aluminum and scrap prices is referred to as the "scrap spread" and is impacted by the effectiveness of the Company's scrap purchasing activities, furnace recovery of aluminum from scrap and the supply of scrap available. Spreads are projected to grow at a 10.2% CAGR for 2009 – 2014 while overall Molten Metal Margins, the difference between the P1020 price and the cost of molten metal, are expected to grow at a 5% CAGR.

The capital intensive nature of the Company's operations as well as the significant amount of energy (primarily natural gas) required to re-heat and roll aluminum slabs into rolled sheet results in a significant amount of fixed and variable overhead costs. The Company measures the effectiveness of its rolling operations by determining the per pound cash conversion costs.

Cash Conversion Costs

Cash conversion costs consist of fixed and variable overhead costs per pound of finished product produced and include costs related to labor, utilities, fuels, repair and maintenance, supplies, flux, and by-products. Cash conversion cost for RPNA is projected to decrease from by a 2.3% CAGR from 2009 to 2014, driven by lower labor

costs due to a rationalization of headcount during 2009 and continued focus on Lean Sigma measures across other cost components.

Selling, general and administrative costs ("SG&A") are expected to remain relatively flat as a percentage of revenues. Increases are primarily due to inflation, assumed to be 3%.

Recycling and Specification Alloy America ("RSAA")

Financial Summary

	Projected Fiscal Year End,				
($ in millions, unless noted)	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Net Revenues	$578 1	$708 6	$785 7	$836.6	$860 5
Material Expense	(365.3)	(453.5)	(510.7)	(535.7)	(543.3)
Contribution Margin	**$212.8**	**$255.0**	**$275.0**	**$300.9**	**$317.2**
Conversion Expense	(177.2)	(211.7)	(231.1)	(248.9)	(260.9)
Gross Profit	**$35 5**	**$43 4**	**$44.0**	**$52.1**	**$56.4**
Selling, General & Administrative Expenses	(14 2)	(13 5)	(13 9)	(14 3)	(14 6)
Other Operating Income / (Expense)	(0 0)	(0 0)	(0 2)	(0 2)	(0 1)
Add Back: Depreciation within Conversion Expense	16.8	16.0	15.3	15.1	15.6
Adjusted EBITDA	**$38.1**	**$45.8**	**$45.2**	**$52.7**	**$57.3**
Depreciation	(16.8)	(16.0)	(15 3)	(15 1)	(15 6)
Amortization	(1.6)	(1.6)	(1.0)	0.0	0.0
Adjusted EBIT	**$19.7**	**$28.2**	**$28.9**	**$37.6**	**$41.7**
Other Cash Flow Items					
Change in Working Capital	(14 8)	(3 0)	(11 1)	(7 3)	0 8
Capital Expenditures	(16.0)	(13.5)	(15.0)	(16.0)	(19.5)

The Company's RSAA segment includes aluminum melting, processing and recycling activities, as well as its specification alloys manufacturing business. The segment's recycling operations convert scrap and dross (a byproduct of melting aluminum) and combine these materials with other alloy agents as needed to produce recycled metal generally for participants in the metal industry serving end-uses related to consumer packaging, transportation and construction. Historically, a significant percentage of these products are sold through "tolling" arrangements, in which the Company converts customer-owned scrap and dross and returns the recycled metal in ingot or molten form to its customers for a fee. The Company operates 25 recycling facilities in the Americas, including two in Brazil and one in Mexico. The Company's facilities in Pindamonhangaba, Brazil supply Brazil's only can sheet rolling mill and recycle used beverage cans and production scrap for a facility owned by Brazil's largest manufacturer of aluminum cans. The facility in Monclova, Mexico recycles aluminum dross and scrap for several large diecasters.

The segment's specification alloy operations combine various aluminum scrap types with hardeners and other additives to produce alloys and chemical compositions with specific properties (including increased strength, formability and wear resistance) as specified by customers for their particular applications. The specification alloy operations typically deliver their recycled and specification alloy products to customers in molten or ingot form. The specification alloy operations principally serve the U.S. automotive industry.

Aleris expanded its specification alloys business as a result of the Wabash Alloys Acquisition in 2007. The Company consolidated the Wabash Alloys facilities located in Guelph, Ontario and Dickson, Tennessee into its existing facilities and also consolidated its Monterrey, Mexico facility into Wabash Alloys' Monclova, Mexico facility.

Growth

Demand in the Recycling segment is driven by end uses in the packaging, transportation, construction and steel sectors. The packaging sector demand is estimated to be relatively flat from current levels over the projection period. The construction sector is forecasted to grow at an 8.5% CAGR from 2009 to 2014, and the steel sector at a 12.3% CAGR for the same period.

Demand in the Specification Alloy segment is primarily driven by the U.S. automotive industry. Growth in the auto industry is projected to be at a 10.3% CAGR from 2009 to 2014, as explained above.

The Company also intends to capture growth opportunities in Brazil, which will drive volumes from 182 million pounds in 2009 to 237 million pounds in 2014.

Contribution Margin

Profitability is largely dependent on the level of demand for recycling services and the volume of material processed. Increased production results in lower per unit costs and increased profitability. Energy costs are a significant expenditure and have a significant impact on this segment's profitability. The contribution margin is projected to be flat over the projection period.

Cash Conversion Costs

Cash conversion costs refer to fixed and variable overhead costs per pound of finished product produced, and include costs related to labor, utilities, fuels, repair and maintenance, supplies, flux, and by-products. Cash conversion costs in RSAA are projected to increase by a 3.3% CAGR from 2009 to 2014, due to increasing fuel and labor costs, mitigated by Lean Sigma implementation across cost components.

SG&A is expected to remain relatively flat as a percentage of revenues. Increases are primarily due to inflation, assumed to be 3%.

EUROPE

The Company's Europe Projections include the results of the Company's rolled products, extruded products and recycling businesses in Europe and China. Growth in these businesses will be heavily influenced by growth in GDP and overall industrial production in Western Europe. The Projections assume a CAGR of 1.4% in Western Europe GDP and 2.3% in industrial production between 2009 and 2014.

Rolled and Extruded Products - Europe

Financial Summary

($ in millions, unless noted)	Projected Fiscal Year End, 12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Net Revenues	$1,326 7	$1,442 2	$1,586 2	$1,729 1	$1,815 2
Material Expense	(789.3)	(856.8)	(957.8)	(1,042.1)	(1,089.2)
Contribution Margin	**$537.5**	**$585.4**	**$628.4**	**$687.0**	**$726.0**
Conversion Expense	(469.5)	(496.6)	(522.9)	(553.7)	(579.9)
Gross Profit	**$67.9**	**$88.9**	**$105.5**	**$133.4**	**$146.1**
Selling, General & Administrative Expenses	(69 2)	(71 9)	(72 4)	(73 7)	(75 1)
Other Operating Income / (Expense)	(6 6)	(7 4)	(8 0)	(5 9)	(3 1)
Add Back: Depreciation within Conversion Expense	91.5	93.0	92.2	89.7	92.5
Adjusted EBITDA	**$83.5**	**$102.6**	**$117.2**	**$143.5**	**$160.3**
Depreciation	(91 5)	(93 0)	(92 2)	(89 7)	(92 5)
Amortization	(8 2)	(8 2)	(5 5)	0 0	0 0
Other Restructuring Costs	(22.1)	0.0	0.0	0.0	0.0
Adjusted EBIT	**($38.2)**	**$1.3**	**$19.5**	**$53.8**	**$67.9**
Other Cash Flow Items					
Change in Working Capital	(4 4)	(15 2)	(16 0)	(16 4)	(13 9)
Capital Expenditures	(40.4)	(40.0)	(42.6)	(45.9)	(53.9)

The Europe Rolled Products segment produces products for a wide variety of technically sophisticated applications, including aerospace plate and sheet, brazing sheet, automotive sheet, and other uses in the engineering, construction, transportation, and packaging industry segments. Substantially all of the Company's rolled aluminum products in Europe are manufactured to specific costumer requirements, using direct-chill ingot cast technologies that allow the Company to use and offer a variety of alloys and products for a number of technically demanding end uses. These operations include rolling mill operations in Germany and Belgium. The rolling mill in Koblenz, Germany is one of the largest specialized rolling mills in Europe concentrated on aircraft plate, commercial plate and heat exchanger sheet. Additionally, the mill in Duffel, Belgium is the third largest coil and sheet mill in Europe and a top European supplier of automotive body sheet.

The Europe Extrusions segment produces extruded aluminum products targeted towards the transportation (automotive, rail, and shipbuilding), electrical, mechanical engineering, and building and construction sectors. The Company further serves its customers by performing value-added fabrication on most of its extruded products. The Company's extruded products are used for, among other things, urban transport systems, automotive parts, aircraft, windowsills, roofing, window systems and balconies. The extruded products business includes five extrusion facilities located in Germany, Belgium and China. Industrial extrusions are made in all locations, and the production of extrusion systems, including building systems, is concentrated in Vogt, Germany. Large extrusions and the project business are concentrated in Bonn, Germany and Tianjin, China, with rods and hard alloys produced in Duffel, Belgium. The extrusion plant in Bonn operates one of the largest extrusion presses in the world, which is mainly used to produce high-

end, value-added and large-profile extruded products for long and wide sections for railway, shipbuilding and other applications.

Growth

The Company is projected to realign the mix of products to higher added value products, especially plate and automotive sheet. The Company also plans to re-focus research and development to design customer specific solutions.

Demand in this segment is primarily driven by European auto builds and aircraft production. Demand for airplanes is expected to grow moderately by 1.4% CAGR from 2009 to 2013. Automotive growth for light vehicles in Europe is projected to grow at a 5.0% CAGR from 2009 to 2014.

Contribution Margin

Profitability is primarily determined by the volume of pounds shipped as well as the difference between the per pound selling price and per pound metal cost, including any coating ('material margin'). Included in the material margin is the impact of differences between changes in the prices of primary and scrap aluminum. Products are priced using the prevailing price of primary aluminum, but for some products the Company purchases scrap aluminum to produce those products. The difference between the price of primary aluminum and scrap prices is referred to as the "scrap spread" and is impacted by the effectiveness of the Company's scrap purchasing activities, furnace recovery of aluminum from scrap and the supply of scrap available. Margins are projected to compress due to increased competition and variations in supply and demand.

The capital intensive nature of the Company's operations as well as the significant amount of energy (primarily natural gas) required to re-heat and roll aluminum slabs into rolled sheet results in a significant amount of fixed and variable overhead costs. The Company measures the effectiveness of its operations by determining the per pound cash conversion costs.

Cash Conversion Costs

Cash conversion costs refer to fixed and variable overhead costs per pound of finished product produced, and include costs related to labor, utilities, fuels, repair and maintenance, supplies, flux, and by-products.. Cash conversion costs in this segment are projected to decrease by a 5.0% CAGR from 2009 to 2014 due to restructuring initiatives at Duffel and productivity improvements delivered through Lean Sigma initiatives.

SG&A is expected to remain relatively flat as a percentage of revenues. Increases are primarily due to inflation, assumed to be 3%.

Recycling - Europe

Financial Summary

($ in millions, unless noted)	Projected Fiscal Year End, 12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Net Revenues	$380.3	$399.7	$401.7	$405.3	$405.3
Material Expense	(260.9)	(271.5)	(269.1)	(270.1)	(267.0)
Contribution Margin	**$119.4**	**$128.2**	**$132.6**	**$135.2**	**$138.3**
Conversion Expense	(115.5)	(119.7)	(118.1)	(118.2)	(118.4)
Gross Profit	**$3.9**	**$8.5**	**$14.5**	**$16.9**	**$19.9**
Selling, General & Administrative Expenses	(7.5)	(7.5)	(7.3)	(7.3)	(7.3)
Other Operating Income / (Expense)	0.0	0.0	0.1	0.0	0.2
Add Back: Depreciation within Conversion Expense	10.8	9.6	9.7	9.0	8.8
Adjusted EBITDA	**$7.2**	**$10.7**	**$17.0**	**$18.6**	**$21.5**
Depreciation	(10.8)	(9.6)	(9.7)	(9.0)	(8.8)
Amortization	(0.3)	(0.3)	(0.2)	0.0	0.0
Adjusted EBIT	**($3.9)**	**$0.7**	**$7.1**	**$9.6**	**$12.8**
Other Cash Flow Items					
Change in Working Capital	2.1	2.8	5.0	0.8	1.1
Capital Expenditures	(5.5)	(6.9)	(6.7)	(5.3)	(7.0)

The Europe Recycling segment includes certain aluminum melting, processing and recycling activities. These recycling operations convert scrap and dross (a byproduct of melting aluminum) and combine these materials with other alloy agents as needed to produce recycled metal and specification alloys. The Company also recycles magnesium scrap and delivers to several large automotive companies. Historically, a significant percentage of these products are sold through "tolling" arrangements, in which the Company converts customer-owned scrap and dross and returns the recycled metal to its customers for a fee. The Company has two facilities located in Norway that recycle dross and scrap to recover aluminum and processes salt slag to recover aluminum and aluminum oxide. The Company also operates facilities in Germany and the U.K.

Growth

The Company projects to sustain growth in this segment by diversifying its customer base and supplying more to its other divisions. The Company intends to enter into strategic partnerships with automobile manufacturers and with major packaging companies, and intends to be its own in-house supplier of recycled aluminum and supply some of its competitors. The Company projects volume to increase in this segment by a 3.9% CAGR from 2009 to 2014.

Contribution Margin

Profitability is largely dependent on the level of demand for recycling services and the volume of material processed. Increased production results in lower per unit costs and increased profitability. Energy costs are a significant expenditure and have a significant impact on this segment's profitability.

Cash Conversion Costs

Cash conversion costs refer to fixed and variable overhead costs per pound of finished product produced, and include costs related to labor, utilities, fuels, repair and maintenance, supplies, flux, and by-products. Cash conversion costs in Recycling are projected to decrease by a 1.3% CAGR from 2009 to 2014 due to productivity improvements delivered through Lean Sigma initiatives.

SG&A is expected to remain relatively flat as a percentage of revenues. Increases are primarily due to inflation, assumed to be 3%.

OTHER SIGNIFICANT ASSUMPTIONS

Cash

The Company assumed to have a consolidated minimum cash balance of $55.1 million comprised of $20.0 million in the Americas and $35.1 million in Europe. Any available cash flow will be used to reduce the DIP ABL facility.

Accounts Receivable

Consolidated accounts receivable are projected to improve on a days sales outstanding basis by approximately one day from 2010 to 2011 due to expected improvements in collections and terms as the Company's businesses recover. Days sales outstanding are expected to remain flat thereafter.

Inventory

Days of inventory outstanding are expected to improve from 2010 to 2012 as the Company continues to focus on Lean Sigma initiatives. Beyond 2012, the Company does not forecast any improvements in days of inventory outstanding.

Accounts Payable

Consolidated days payables outstanding are projected to increase slightly from 2010 to 2014 as the Company expects its payment terms with suppliers to gradually return to pre-bankruptcy levels.

Debt and Preferred Stock

Liabilities subject to compromise will be discharged at the Effective Date.

The Company will have in place a $500 million DIP Exit ABL Facility and will also issue $45 million of convertible senior notes and $5 million of convertible preferred stock at the IntermediateCo.

Capital Expenditures

Ongoing maintenance and environmental compliance capital expenditures are projected to be approximately $62 million in 2010 and approximately $50 million per year thereafter for the consolidated Company. This is lower than historical levels due to the recent large reductions in plant locations and headcount. In addition, the Company expects to spend [$15 million] per year for productivity and costs savings projects. Additional capital expenditures above this level are related to growth projects.

Asset Sales

The Company is in the process of divesting certain assets which are de minimis in size. The sale process is expected to be concluded in 2010.

Tax Depreciation

The projections included in this appendix lays out book depreciation unadjusted for fresh start accounting. Under the contemplated transaction structure, the Company is expected to emerge from chapter 11 with a lower tax basis in the Americas which will result in lower tax depreciation.

The tax basis in Europe is expected to remain unchanged.

Cash Taxes

The Company will lose its existing U.S. and German net operating loses ("NOLs") on emergence as a result of the bankruptcy filing. However, about €150 million of NOLs at Duffel (Belgium) will carry over under Belgium law. In addition, the Company is projected to build an additional $113 million of NOLs at Duffel during the projection period and $59 million of NOLs in Europe's recycling business, which will impact the amount of cash taxes paid by these segments. The Company does not project to have NOLs post-emergence in the Americas.

Exhibit E.1. Aleris International Inc. and Subsidiaries

Pro Forma Consolidated Balance Sheet at September 30, 2009 ($ in Millions – Unaudited

	Pre-Reorganization Balance Sheet (9/30/2009)	Emergence Adjustments	Reorganized Opening Balance Sheet (9/30/2009)
Assets			
Cash	$88 3		$88 3
Net Accounts Receivable	390 2		390 2
Net Inventory	429 7	34 0	463 7
Prepaid Expenses	19 5		19 5
Other Current Assets	38.6		38.6
Current Assets	$966.4	$34.0	$1,000.4
Net PP&E	1,196 4	(613 7)	582 7
Goodwill & Org Costs	79 3	(79 3)	0 0
Other Intangibles	84 7	(84 7)	0 0
Hedges	27 2		27 2
Deferred Tax Assets	57 3		57 3
Other Long Term Assets	13 2		13 2
Cash Posting Collateral / Restricted Cash	2.3		2.3
Total Assets	$2,426.8	($743.7)	$1,683.1
Liabilities and Equity			
Accounts Payable	229 0		229 0
Accrued Liabilities	161 9		161 9
Toll Liability	22.0		22.0
Total Current Liabilities	$412.9	$0.0	$412.9
Deferred Tax Liability	100 9		100 9
Minority Interest	(1 5)		(1 5)
Hedges	0 3		0 3
Debt	1,390 1	(1,331 2)	58 9
Accrued Pension	144 0	43 9	187 9
Accrued Post Retirement	0 1	47 0	47 1
Other Long Term Liabilities	97 3		97 3
Liabilities Subject to Compromise	1,707 9	(1,704 3)	3 6
Environmental Liabilities	3.7		3.7
Total Liabilities	$3,855.7	($2,944.6)	$911.1
Preferred Stock	0 0		0 0
Stockholders' Equity	(1,428.9)	2,200.9	772.0
Total Liabilities & Equity	$2,426.8	($743.7)	$1,683.1

Exhibit E.2. Aleris International Inc. and Subsidiaries

Projected Consolidated Income Statement ($ in Millions – Unaudited)

	Projected Fiscal Year End,				
	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Net Revenues	$3,212.3	$3,572.7	$3,934.7	$4,230.1	$4,407.3
Material Expense	(2,028.7)	(2,254.7)	(2,506.0)	(2,685.8)	(2,784.3)
Contribution Margin	**$1,183.5**	**$1,318.0**	**$1,428.7**	**$1,544.3**	**$1,623.0**
Conversion Expense	(982.2)	(1,060.9)	(1,124.6)	(1,187.7)	(1,234.3)
Gross Profit	**$201.3**	**$257.1**	**$304.1**	**$356.6**	**$388.7**
Selling, General & Administrative Expenses	(200.1)	(202.5)	(204.8)	(208.2)	(211.6)
Other Operating Income / (Expense)	(7.1)	(7.3)	(8.2)	(6.3)	(3.0)
Add Back: Depreciation within Conversion Expense	143.9	143.2	142.6	140.4	142.4
Adjusted EBITDA	**$138.0**	**$190.4**	**$233.7**	**$282.5**	**$316.6**
Depreciation	(143.9)	(143.2)	(142.6)	(140.4)	(142.4)
Amortization	(27.7)	(27.7)	(18.5)	0.0	0.0
Adjusted EBIT	**($33.6)**	**$19.6**	**$72.6**	**$142.2**	**$174.1**
Bankruptcy Fees[1]	(28.3)	0.0	0.0	0.0	0.0
Interest Expense	(51.2)	(9.2)	(4.0)	(1.9)	0.5
Income Before Provision for Income Taxes	**($113.0)**	**$10.4**	**$68.6**	**$140.3**	**$174.6**
Income (Taxes) / Benefit	35.9	(9.8)	(30.3)	(55.2)	(67.2)
Net (Loss) Income	**($77.1)**	**$0.6**	**$38.3**	**$85.0**	**$107.4**

[1] Due to timing of exit from bankruptcy, certain expenses related to bankruptcy will occur during FY 2010

Projected Consolidated Statement of Cash Flows ($ in Millions – Unaudited)

	Projected Fiscal Year End,				
	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Operating Activities					
Net Income	(77 1)	0 6	38 3	85 0	107 4
Depreciation	143 9	143 2	142.6	140 4	142 4
Amortization	27 7	27 7	18 5	0 0	0 0
Change in Working Capital	(19 3)	(11 8)	(33.4)	(30 2)	(15 4)
Non-Cash Interest[1]	17 6	0 0	0 0	0 0	0 0
Accrued Interest	10 0	0 0	0 0	0 0	0 0
Deferred Income Taxes	(48 8)	(2 6)	(2 3)	5 3	6 4
Other	(3 7)	(6.3)	(2 7)	(3 1)	(0 4)
Changes in Accrued Pension	(9 7)	(5 2)	(8 7)	(7 6)	(7 3)
Changes in Post Retirement	(2 0)	(2 0)	(2 0)	(2 0)	(2 0)
Changes in Other Liabilities[1]	(0.5)	0.0	0.0	0.0	0.0
Cash Provided by (Used in) Operating Activities	**$38.0**	**$143.6**	**$150.4**	**$187.7**	**$231.1**
Investing Activities					
Capital Expenditures	(85 1)	(88 2)	(95 1)	(105 0)	(119 7)
Asset Sales	3.2	0.0	0.0	0.0	0.0
Cash Provided Post Investing Activities	**($43.9)**	**$55.3**	**$55.2**	**$82.7**	**$111.4**
Financing Activities					
ABL Facility Draws / (Repayments)	88 9	10 3	(10.2)	(12 9)	0 0
European Term Loan Repayments	(1 1)	0 0	0 0	0 0	0 0
FX Adjustment	(0.5)	0.0	0.0	0.0	0.0
Cash Provided Post Financing Activities	**$43.4**	**$65.6**	**$45.1**	**$69.8**	**$111.4**
Net Change in Cash	**$43.4**	**$65.6**	**$45.1**	**$69.8**	**$111.4**

[1] Due to timing of exit from bankruptcy, certain expenses related to bankruptcy will occur during FY 2010

Projected Consolidated Balance Sheet ($ in Millions – Unaudited)

	Projected Fiscal Year End,				
	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Assets					
Cash	$99 1	$164 7	$209 7	$279 5	$391 0
Net Accounts Receivable	320 2	344 7	378 9	406.7	423 6
Net Inventory	375 5	381 1	406.8	437 0	458 8
Prepaid Expenses	17 9	21 3	22 7	23 7	24 4
Other Current Assets	48.7	54.4	59.7	63.3	65.5
Current Assets	**$861.4**	**$966.2**	**$1,077.8**	**$1,210.3**	**$1,363.2**
Net PP&E	1,104 5	1,049 6	1,002 1	966.8	944 0
Goodwill & Org Costs	79 6	79 6	79 6	79 6	79 6
Other Intangibles	47 7	20 0	1 5	1 5	1 5
Hedges	30 1	30 1	30 1	30 1	30 1
Deferred Tax Assets	99 3	109 2	116.7	120.2	121 8
Long Term Restricted Cash	2 3	2 3	2 3	2.3	2 3
Other Long Term Assets	13 2	13 2	13.2	13 2	13 2
Cash Posting Collateral	30.0	30.0	30.0	30.0	30.0
Total Assets	**$2,268.1**	**$2,300.2**	**$2,353.3**	**$2,454.1**	**$2,585.8**
Liabilities and Equity					
Accounts Payable	215 9	234 9	260 8	288 3	311 6
Accrued Liabilities	125 1	133 5	140.7	145 7	148 4
Toll Liability	25.0	25.0	25.0	25.0	25.0
Total Current Liabilities	**$366.0**	**$393.4**	**$426.6**	**$459.0**	**$485.0**
Deferred Tax Liability	67 8	75 2	80 4	89 2	97 2
Minority Interest	(1 5)	(1 5)	(1 5)	(1 5)	(1 5)
Hedges	1 9	1 9	1 9	1 9	1 9
ABL - Americas	0 0	0 0	0 0	0 0	0 0
ABL - Europe	12 8	23 0	12 9	0 0	0 0
IntermediateCo Notes	45 0	45 0	45 0	45 0	45 0
Accrued Pension	165 2	160 0	151 3	143.7	136 4
Accrued Post Retirement	40 4	38 4	36.4	34 4	32 4
Other Liabilities	44 8	44 8	44 8	44 8	44 8
Environmental Liabilities	34.7	28.4	25.7	22.6	22.2
Total Liabilities	**$776.9**	**$808.5**	**$823.3**	**$839.0**	**$863.3**
Preferred Stock	5 0	5 0	5 0	5 0	5 0
Shareholders' Equity	1,486.2	1,486.8	1,525.0	1,610.1	1,717.5
Total Liabilities & Equity	**$2,268.1**	**$2,300.2**	**$2,353.3**	**$2,454.1**	**$2,585.8**

CONSOLIDATED FINANCIAL STATEMENTS

Aleris International, Inc.

As of and for the year ended December 31, 2008

With Management's Report on Internal Control Over Financial Reporting as of December 31, 2008 and Reports of Independent Registered Public Accounting Firm

ALERIS INTERNATIONAL, INC.

Index to Consolidated Financial Statements

Management's Report on Internal Control Over Financial Reporting

The Board of Directors and Stockholder of
Aleris International, Inc.

The management of Aleris is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Aleris's internal control system was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness as to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an assessment of the Company's internal control over financial reporting as of December 31, 2008, using the framework specified in *Internal Control—Integrated Framework,* published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2008.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include an assessment of certain elements of the internal control over financial reporting of AE, Inc. and H.T. Aluminum Specialty, Inc. which are included in the 2008 consolidated financial statements of the Company. We did not assess the effectiveness of internal control over financial reporting at AE, Inc. and H.T. Aluminum Specialty, Inc. because we did not believe we had adequate time to conduct an assessment of the internal control over financial reporting in the period between the consummation date of the acquisition and the date of management's assessment. AE, Inc. and H.T. Aluminum Specialty, Inc., in the aggregate, constituted $12.8 million of total assets as of December 31, 2008 and approximately $29.9 million and $2.6 million of revenues and net loss, respectively, for the year ended December 31, 2008.

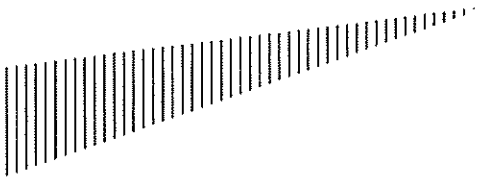
In "Management's Report on Internal Control over Financial Reporting" included in Item 9A of the company's Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the Securities and Exchange Commission (the "Management's Report"), management reported that a material weakness existed in the Company's internal controls over financial reporting as of December 31, 2007.

As disclosed in Item 4 of the company's Form 10-Q for the quarter ended September 30, 2008, in fiscal 2008 the following control improvements were implemented in an effort to remediate the control deficiencies that contributed to the material weakness related to the financial statement close process:

- Management established an oversight group led by the Chairman and Chief Executive Officer and Chief Financial Officer to monitor progress of the remediation efforts related to the material weakness, optimizing global finance processes and enhancing the skill sets of the finance organizational personnel;
- During the third quarter of 2008, we adopted a newly revised and comprehensive set of accounting policies and procedures and held training sessions on these policies;
- Management expanded the capabilities and added new resources to the global finance organization to provide more oversight, proactive preventive controls and allow more timely review of complex accounting areas.

As a result of these control improvements and other measures the company has taken during 2008, management believes the control deficiencies that, when aggregated, constituted a material weakness in internal control over the financial statement close process as of December 31, 2007 have been remediated.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2008 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is presented herein.



Ernst & Young LLP
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder of
Aleris International, Inc.

We have audited Aleris International's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Aleris International's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

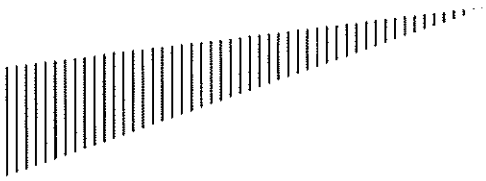
As indicated in the accompanying Management's Report over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of AE, Inc. and H.T. Aluminum Specialty, Inc., which are included in the 2008 consolidated financial statements of Aleris International, Inc. and constituted $12.8 million of total assets, as of December 31, 2008 and $29.9 million and $2.6 million of revenues and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Aleris International, Inc. also did not include an evaluation of the internal control over financial reporting of AE, Inc. and H.T. Aluminum Specialty, Inc.

In our opinion, Aleris International, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2008 consolidated financial statements of Aleris International, Inc. and our report dated March 30, 2009 expressed an unqualified opinion thereon that included an explanatory paragraph regarding Aleris International, Inc.'s ability to continue as a going concern.

Ernst & Young LLP

March 30, 2009



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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder of
Aleris International, Inc.

We have audited the accompanying consolidated balance sheets of Aleris International, Inc. as of December 31, 2008 and 2007 (Successor Company), and the related consolidated statements of operations, stockholder's (deficit) equity, and cash flows for the years ended December 31, 2008 and 2007 (Successor Company), the period from December 20, 2006 through December 31, 2006 (Successor Company), and the period from January 1, 2006 through December 19, 2006 (Predecessor Company). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, the consolidated financial position of Aleris International, Inc. at December 31, 2008 and 2007 (Successor Company), and the consolidated results of their operations and their cash flows for the years ended December 31, 2008 and 2007 (Successor Company), the period from December 20, 2006 through December 31, 2006 (Successor Company), and the period from January 1, 2006 through December 19, 2006 (Predecessor Company), in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that Aleris International, Inc. will continue as a going concern. As more fully described in Notes 2 and 3 to the financial statements, on February 12, 2009, Aleris International, Inc. and its wholly-owned U.S. subsidiaries (collectively the "Debtors") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code"). Its continuation as a going concern is contingent upon, among other things, the Debtors' ability (i) to comply with the terms and conditions of the debtors-in-possession financing agreement; (ii) to obtain confirmation of a plan of reorganization under the Bankruptcy Code; (iii) to reduce unsustainable debt through the bankruptcy process; (iv) to return to profitability; (v) to generate sufficient cash flow from operations to fund working capital and debt service requirements and; (vi) to obtain financing sources to meet the Company's future obligations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters also are described in Note 3. The 2008 financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

As discussed in Notes 4 and 16 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pensions and Other Postretirement Plans* effective December 31, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Aleris International, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 30, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

March 30, 2009

ALERIS INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEET
(in millions, except share and per share data)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 48.5	$ 109.9
Accounts receivable (net of allowances of $25.2 and $17.4 at December 31, 2008 and 2007)	441.3	668.0
Inventories	583.7	839.7
Deferred income taxes	28.2	41.6
Derivative financial instruments	2.7	30.6
Prepaid expenses and other current assets	40.8	40.6
Assets of discontinued operations—current	-	254.1
Total Current Assets	1,145.2	1,984.5
Property, plant and equipment, net	1,275.1	1,423.5
Goodwill	79.8	1,219.1
Intangible assets, net	115.8	329.9
Derivative financial instruments	-	56.4
Deferred income taxes	14.3	10.8
Other assets	45.8	49.1
Total Assets	$ 2,676.0	$ 5,073.3
LIABILITIES AND STOCKHOLDER'S (DEFICIT) EQUITY		
Current Liabilities		
Accounts payable	$ 401.4	$ 687.4
Accrued liabilities	206.9	192.9
Derivative financial instruments	20.2	33.1
Deferred income taxes	28.5	25.2
Current portion of long-term debt	6.6	20.6
Debt in default	2,589.7	-
Liabilities of discontinued operations—current	-	67.5
Total Current Liabilities	3,253.3	1,026.7
Long-term debt	4.0	2,696.5
Deferred income taxes	81.5	177.3
Accrued pension benefits	211.1	155.8
Accrued postretirement benefits	47.7	52.5
Other long-term liabilities	98.1	113.8
Stockholder's (Deficit) Equity		
Preferred stock; par value $.01; 100 shares authorized; none issued	-	-
Common stock; par value $.01; 900 shares authorized and issued	-	-
Additional paid-in capital	855.8	852.6
Retained (deficit) earnings	(1,876.0)	(129.0)
Accumulated other comprehensive income	0.5	127.1
Total Stockholder's (Deficit) Equity	(1,019.7)	850.7
Total Liabilities and Stockholder's (Deficit) Equity	$ 2,676.0	$ 5,073.3

See Notes to Consolidated Financial Statements.

ALERIS INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions)

	(Successor)			(Predecessor)
	For the years ended December 31,		For the period from December 20, 2006 to December 31,	For the period from January 1, 2006 to December 19,
	2008	2007	2006	2006
Revenues	$ 5,905 7	$ 5,989 9	$ 94 1	$ 4,101 5
Cost of sales	5,692.7	5,667.9	91.2	3,754.5
Gross profit	213 0	322 0	2 9	347 0
Selling, general and administrative expenses	336 1	300 2	6 0	160 3
Restructuring and other charges	102 2	32 8	5 5	36 4
Impairment of goodwill and other intangible assets	1,311 8	-	-	-
Losses (gains) on derivative financial instruments	124.3	(37.8)	(11.1)	(19.7)
Operating (loss) income	(1,661 4)	26 8	2 5	170 0
Interest expense	229 1	207 0	6 9	78 0
Interest income	(3 1)	(3 0)	-	(5 0)
Loss on early extinguishment of debt	1 5	-	-	54 4
Other (income) expense, net	(10.1)	4.0	(0.4)	(16.4)
(Loss) income from continuing operations before provision for income taxes and minority interests	(1,878 8)	(181 2)	(4 0)	59 0
(Benefit from) provision for income taxes	(134.1)	(88.4)	(0.7)	23.4
(Loss) income from continuing operations before minority interests	(1,744 7)	(92 8)	(3 3)	35 6
Minority interests, net of provision for income taxes	0.5	0.1	-	0.1
(Loss) income from continuing operations	(1,745 2)	(92 9)	(3 3)	35 5
Income (loss) from discontinued operations, net of tax	0.8	(32.7)	(0.1)	38.2
Net (loss) income	$ (1,744.4)	$ (125.6)	$ (3.4)	$ 73.7

See Notes to Consolidated Financial Statements.

ALERIS INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	For the years ended December 31,		For the period from December 20, 2006 to December 31,	For the period from January 1, 2006 to December 19,
	2008	2007	2006	2006
Operating activities				
Net (loss) income	$ (1,744 4)	$ (125 6)	$ (3 4)	$ 73 7
Less: Income (loss) from discontinued operations	0.8	(32.7)	(0.1)	38.2
(Loss) income from continuing operations	(1,745 2)	(92 9)	(3 3)	35 5
Depreciation and amortization	225 1	203 9	5 3	101 5
(Benefit from) provision for deferred income taxes	(151 8)	(99 7)	8 2	3 3
Excess income tax benefits from exercise of stock options	-	-	-	(3 6)
Restructuring, inventory impairment and other charges				
Charges	115 6	32 8	5 5	36 4
Payments	(31 6)	(15 8)	(23 1)	(6 9)
Impairment of goodwill and other intangibles	1,311 8	-	-	-
Adjustment to reflect inventories at lower of cost or market	55 6	-	-	-
Non-cash loss on early extinguishment of debt	2 7	-	-	16 4
Stock-based compensation expense	2 5	3 9	-	10 2
Proceeds from settlement of currency derivative financial instruments	-	-	-	(9 8)
Unrealized losses (gains) on derivative financial instruments	119 2	(7 0)	(11 1)	(17 2)
Charges related to fair value of inventory in purchase accounting	0 3	47 3	-	5 4
(Gain) loss on sale of property, plant and equipment	-	(0 6)	-	(14 7)
Provision for allowance for doubtful accounts	16 6	1 8	-	0 6
Amortization of debt issuance costs	14 0	10 4	-	5 5
Other non-cash charges	0 6	-	-	-
Change in operating assets and liabilities	4.5	223.8	(128.6)	194.5
Net cash (used) provided by operating activities of continuing operations	(60 1)	307 9	(147 1)	357 1
Investing activities				
Acquisition of Aleris International, Inc	-	(11 5)	(1,725 4)	-
Sale of Zinc business	287 2	-	-	-
Purchase of businesses, net of cash acquired	(19 9)	(307 8)	-	(828 6)
Payments for property, plant and equipment	(138 1)	(191 8)	(10 7)	(108 7)
Proceeds from sale of property, plant and equipment	2 4	0 8	-	30 6
Proceeds from the settlement of currency derivative financial instruments	-	-	-	9 8
Other	0.9	(0.3)	-	(1.2)
Net cash provided (used) by investing activities of continuing operations	132 5	(510 6)	(1,736 1)	(898 1)
Financing activities				
Cash equity contribution	-	-	844 9	-
Net (payments on) proceeds from long-term revolving credit facilities	(81 7)	29 5	63 6	(97 2)
Proceeds from issuance of long-term debt	-	100 0	1,567 8	1,151 0
Payments on long-term debt	(18 3)	(12 4)	(510 5)	(328 8)
Debt issuance costs	(5 8)	(6 7)	(85 3)	(29 8)
Proceeds from exercise of stock options	-	-	-	1 4
Excess income tax benefits from exercise of stock options	-	-	-	3 6
Other	(2.5)	(1.0)	-	0.1
Net cash (used) provided by financing activities of continuing operations	(108 3)	109 4	1,880 5	700 3
Effect of exchange rate differences on cash and cash equivalents	(0.1)	(1.8)	-	(13.4)
Cash flows (used) provided from continuing operations	(36 0)	(95 1)	(2 7)	145 9
Cash flows of discontinued operations:				
Operating cash flows	(25 4)	90 5	-	(19 1)
Investing cash flows	-	(11 6)	-	(4 4)
Financing cash flows	-	-	-	(0 4)
Cash and cash equivalents at beginning of period	109.9	126.1	128.8	6.8
Cash and cash equivalents at end of period	$ 48.5	$ 109.9	$ 126.1	$ 128.8

See Notes to Consolidated Financial Statements.

ALERIS INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S (DEFICIT) EQUITY
(in millions)

	Common stock	Additional paid-in-capital	Deferred compensation	Retained (deficit) earnings	Accumulated other comprehensive income	Treasury stock	Total stockholder's (deficit) equity
Balance at January 1, 2006	$ 3 1	$ 295 7	$ (5 9)	$ 95 9	$ 5 3	$ (0 3)	$ 393 8
Comprehensive income:							
Net income	-	-	-	73 7	-	-	73 7
Other comprehensive income (loss):							
Deferred hedging loss, net of tax of $10 0	-	-	-	-	(16 5)	-	(16 5)
Currency translation adjustments	-	-	-	-	17 2	-	17.2
Comprehensive income	-						74 4
Impact of adoption of SFAS No 123(R)	-	(5 9)	5 9	-	-	-	-
Issuance of common stock for services	-	0 6	-	-	-	-	0 6
Exercise of stock options, including tax benefits of $3 6	-	4 6	-	-	-	0 4	5 0
Stock-based compensation expense	-	21 5	-	-	-	-	21 5
Purchase of common stock for treasury	-	-	-	-	-	(2 7)	(2 7)
Other	-	-	-	-	-	(0.5)	(0.5)
Balance at December 19, 2006	$ 3.1	$ 316.5	$ -	$ 169.6	$ 6.0	$ (3.1)	$ 492.1
Successor							
Equity contribution from Holdings	$ -	$ 848 8	$ -	$ -	$ -	$ -	$ 848 8
Net loss	-	-	-	(3.4)	-	-	(3.4)
Balance at December 31, 2006	$ -	$ 848.8	$ -	$ (3.4)	$ -	$ -	$ 845.4
Comprehensive loss:							
Net loss	-	-	-	(125 6)	-	-	(125 6)
Other comprehensive income (loss):							
Deferred hedging loss, net of tax of $5 0	-	-	-	-	(8 2)	-	(8 2)
Currency translation adjustments	-	-	-	-	109 9	-	109 9
Pension and other post retirement liability adjustment, net of tax of $10 5	-	-	-	-	25 4	-	25.4
Comprehensive income	-						1 5
Stock-based compensation expense	-	3 9	-	-	-	-	3 9
Other	-	(0.1)	-	-	-	-	(0.1)
Balance at December 31, 2007	$ -	$ 852.6	$ -	$ (129.0)	$ 127.1	$ -	$ 850.7
Comprehensive loss:							
Net loss	-	-	-	(1,744 4)	-	-	(1,744 4)
Other comprehensive income (loss):							
Deferred hedge gain, net of tax benefit of $5 0	-	-	-	-	8 2	-	8 2
Currency translation adjustments	-	-	-	-	(75 1)	-	(75 1)
Pension and other post retirement liability adjustment, net of tax benefit of $4 1	-	-	-	-	(59 7)	-	(59.7)
Comprehensive loss							(1,871 0)
Dividend to Holdings	-	-	-	(2 1)	-	-	(2 1)
Stock-based compensation expense	-	2 5	-	-	-	-	2 5
Other	-	0.7	-	(0.5)	-	-	0.2
Balance at December 31, 2008	$ -	$ 855.8	$ -	$ (1,876.0)	$ 0.5	$ -	$ (1,019.7)

See Notes to Consolidated Financial Statements.

1. BASIS OF PRESENTATION

Basis of Presentation

On July 14, 2006, Texas Pacific Group ("TPG") formed Aurora Acquisition Holdings, Inc. ("Holdings") and Aurora Acquisition Merger Sub, Inc. ("Merger Sub"), for purposes of acquiring Aleris International, Inc. ("we," "our" or the "Company"). On August 7, 2006, we entered into an Agreement and Plan of Merger with Holdings, pursuant to which each share of our common stock (other than shares held in treasury or owned by Holdings) would be converted into the right to receive $52.50 in cash, subject to stockholder approval. The acquisition of the Company (the "TPG Acquisition") was completed on December 19, 2006 at which time TPG and certain members of our management made a cash contribution of $844.9 and a non-cash contribution of $3.9 to Holdings in exchange for 8,520,000 shares of Holdings stock. The non-cash contribution consisted of shares of common stock held by management. Holdings contributed this amount to Merger Sub in exchange for Merger Sub issuing 900 shares of its common stock to Holdings. The cash contribution, along with the additional indebtedness jointly entered into by us and Merger Sub, was used to acquire and retire all of our then outstanding common stock, redeem all stock options and non-vested stock, refinance substantially all of our indebtedness and to pay fees and expenses associated with the TPG Acquisition. The TPG Acquisition is more fully described in Note 5 "Acquisition of the Company" while the refinancing is more fully described in Note 15 "Long-Term Debt." Immediately upon consummation of the TPG Acquisition, Merger Sub was merged with and into the Company. As the surviving corporation in the merger, we assumed, by operation of law, all of the rights and obligations of Merger Sub.

The TPG Acquisition was recorded as of December 19, 2006. The accompanying consolidated financial statements for the years ended December 31, 2008 and 2007 and the period from December 20, 2006 to December 31, 2006 (the "Successor period") include the application of purchase accounting and the establishment of a new basis of accounting necessitated by the TPG Acquisition. Certain of the notes to the consolidated financial statements also present information for the year ended December 31, 2006 on a combined basis as the separate disclosure of the Successor period is not material and would not be meaningful. On November 19, 2007, the Company entered into a stock purchase agreement to sell all the outstanding shares of capital stock of each of U.S. Zinc Corporation, Interamerican Zinc, Inc., and Aleris Asia Pacific Zinc (Barbados) Ltd. together with their wholly-owned subsidiaries (the "Zinc segment"). As a result, the Zinc segment has been reported as a discontinued operation. This is more fully described in Note 8 "Discontinued Operations." Unless otherwise indicated, amounts in the notes to the consolidated financial statements refer to continuing operations.

Nature of Operations

The principal business of the Company involves the production of rolled and extruded aluminum products as well as the recycling of aluminum and production of specification alloys. Our aluminum sheet products are sold to customers and distributors serving the transportation, aerospace, construction, and consumer durables end-use industry segments. Our aluminum recycling operations consist primarily of purchasing scrap metal on the open market, recycling the metal and selling it in molten or ingot form. In addition, these operations recycle customer-owned aluminum scrap for a fee (tolling). Our recycling customers are some of the world's largest aluminum, steel and automotive companies.

2. CHAPTER 11 REORGANIZATION PROCEEDINGS

On February 12, 2009, the Company and most of its wholly-owned U.S. subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 (collectively, the "Chapter 11 Petitions") of the United States Bankruptcy Code ("Bankruptcy Code") in the United States Bankruptcy Court, District of Delaware ("Court"). The Debtors' cases (the "Bankruptcy Cases") are being jointly administered under Aleris International, Inc., Case No. 09-10478 (BLS). The Debtors are operating as debtors-in-possession ("DIP") pursuant to the Bankruptcy Code. Certain of our U.S. subsidiaries and all of our foreign operations are not part of the Chapter 11 filing, and will continue to operate outside of the Chapter 11 process.

Due to the sharp deterioration in demand for our products in the automotive, housing, and general industrial products sectors, and the unprecedented decline in aluminum prices which limited our borrowing and liquidity capacity, we decided to seek Chapter 11 bankruptcy protection to restructure our operations and financial position.

The objective of the bankruptcy filing is to provide relief from our burdensome pre-petition debt service obligations, which will allow us time to restructure our operations to the current low demand environment and reposition our business to create a more competitive foundation for the long term.

Although there can be no assurance that we will be successful, our intent in filing for Chapter 11 protection is to use the powers afforded us under the Bankruptcy Code to effect a financial restructuring that results in a significant reduction in our total indebtedness on a basis that is fair and equitable to all of our creditors and stockholder. See Note 26 "Subsequent Events" for additional information.

To fund our global operations during the restructuring, we have secured $1,075 of DIP financing. The DIP credit facilities include a new $500 equivalent term loan ($448.3 plus €40.4) and a new $575 asset-backed revolving credit facility that replaces our previous Revolving Credit Facility. These will be used to fund our normal operating and working capital requirements, including employee wages and benefits, supplier payments, and other operating expenses during the reorganization process. We believe that the DIP credit facilities provide sufficient funds for the reorganization effort under Chapter 11. See Note 15 "Long-Term Debt" and Note 26 "Subsequent Events" for additional information.

The provisions in the American Institute of Certified Public Accountants ("AICPA") Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" will apply to the Debtors' financial statements for periods subsequent to the filing of the Chapter 11 Petitions, and distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business.

3. GOING CONCERN

As discussed in Note 2 "Chapter 11 Reorganization Proceedings," the Debtors are operating under Chapter 11 of the Bankruptcy Code and continuation of the Company as a going concern is contingent upon, among other things, the Debtors' ability (i) to comply with the terms and conditions of the DIP credit facilities described in Note 26 "Subsequent Events"; (ii) to obtain confirmation of a plan of reorganization under the Bankruptcy Code; (iii) to reduce unsustainable debt through the bankruptcy process; (iv) to return to profitability; (v) to generate sufficient cash flow from operations to fund working capital and debt service requirements; and (vi) to obtain financing sources to meet the Company's future obligations. These matters create substantial doubt relating to the Company's ability to continue as a going concern.

As a result of the Chapter 11 Petitions, substantially all of our long-term debt as of December 31, 2008 has been classified as a current liability. In addition, a plan of reorganization could materially change amounts reported in our consolidated financial statements, which do not give effect to any adjustments of the carrying value of assets and liabilities that are necessary as a consequence of reorganization under Chapter 11.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Accounting Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our most significant estimates relate to the valuation of derivatives, property, plant and equipment, intangible assets and goodwill, the assumptions used to compute pension and postretirement benefit obligations, workers' compensation, medical and environmental liabilities, deferred tax valuation allowances, and allowances for uncollectible accounts receivable.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Aleris and our majority owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation. Investments in affiliated companies, owned 50% or less, are accounted for using the equity method.

Reclassifications

Certain reclassifications have been made to prior years' amounts to conform to the current year's presentation.

(in millions, except share data)

Business Combinations

All business combinations are accounted for using the purchase method as prescribed by Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations." The purchase price paid is allocated to the assets acquired and liabilities assumed based on their estimated fair market values. Any excess purchase price over the fair value of the net assets acquired is recorded as goodwill while any deficiency of the purchase price, or negative goodwill, is first applied to reduce the fair values of acquired long-lived tangible and intangible assets and then as a credit in the Consolidated Statement of Operations.

Revenue Recognition and Shipping and Handling Costs

Revenues are recognized when title transfers and risk of loss passes to the customer in accordance with the provisions of the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition." In the case of rolled aluminum product, title and risk of loss do not pass until the product reaches the customer. For material that is tolled, revenue is recognized upon the performance of the tolling services for customers. Shipping and handling costs are included within "Cost of sales" in the Consolidated Statement of Operations.

Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. The carrying amount of cash equivalents approximates fair value because of the short maturity of those instruments.

Accounts Receivable Allowances and Credit Risk

We extend credit to our customers based on an evaluation of their financial condition; generally, collateral is not required. Substantially all of the accounts receivable associated with our European operations are insured against loss by third party credit insurers. We maintain an allowance against our accounts receivable for the estimated probable losses on uncollectible accounts and sales returns and allowances. The valuation reserve is based upon our historical loss experience, current economic conditions within the industries we serve as well as our determination of the specific risk related to certain customers. Accounts receivable are charged off against the reserve when, in management's estimation, further collection efforts would not result in a reasonable likelihood of receipt. The movement of the accounts receivable allowances is as follows (there was no movement during the period of December 20, 2006 to December 31, 2006):

	(Successor)		(Predecessor)
	For the years ended December 31,		For the period from January 1, 2006 to December 19, 2006
	2008	2007	
Balance at beginning of the period	$ 17.4	$ 16.2	$ 5.7
Expenses for uncollectible accounts, sales returns, and allowances, net of recoveries	45.4	27.3	5.7
Receivables written off against the valuation reserve	(37.6)	(28.0)	(7.8)
Acquisitions	-	1.9	12.6
Balance at end of period	$ 25.2	$ 17.4	$ 16.2

(in millions, except share data)

Concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers in various industry segments comprising our customer base. No single customer accounted for more than 10% of consolidated revenues in 2008, 2007 or 2006. However, our Rolled Products North America and Recycling and Specification Alloys Americas segments supply the U.S. automotive manufacturers and their suppliers. The continued weakening of the U.S. automotive manufacturers financial and market position has increased our exposure to future risk of loss. While our allowances for doubtful accounts for these customers are not material as of December 31, 2008, as we anticipate amounts outstanding as of that date to be substantially collected, we may experience material losses in the future if these conditions do not improve. At December 31, 2008, we estimate that our consolidated accounts receivable included $35.0 owed from U.S. automotive manufacturers or their suppliers.

Inventories

Our inventories are stated at the lower of cost or net realizable value. Cost is determined primarily on the average cost or specific identification method and includes material, labor and overhead related to the manufacturing process. During the year ended December 31, 2008, lower of cost or market charges totaling $55.6 were recorded. These charges were primarily driven by the rapid decline in aluminum prices during the fourth quarter of 2008. The cost of inventories acquired in business combinations are recorded at fair value in accordance with SFAS No. 141.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of asset impairments. The cost of property, plant and equipment acquired in material business combinations is determined by third party valuations and represents the fair value of the acquired assets at the time of acquisition. As a result of the TPG Acquisition, all of our property, plant and equipment were adjusted to fair value in 2007.

The fair value of asset retirement obligations is capitalized to the related long-lived asset at the time the obligation is incurred and is depreciated over the remaining useful life of the related asset. Major renewals and improvements that extend an asset's useful life are capitalized to property, plant and equipment. Major repair and maintenance projects, including the relining of our furnaces and reconditioning of our rolling mills, are expensed over periods not exceeding 36 months while normal maintenance and repairs are expensed as incurred. Depreciation is primarily computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Buildings and improvements	5-39 years
Production equipment and machinery	2-20 years
Office furniture, equipment and other	3-10 years

The construction costs of landfills used to store by-products of the recycling process are depreciated as space in the landfills is used based on the unit of production method. Additionally, used space in the landfill is determined periodically either by aerial photography or engineering estimates.

Interest is capitalized in connection with major construction projects. Capitalized interest costs are as follows:

	(Successor)		(Predecessor)
	For the years ended		
	December 31, 2008	December 31, 2007	For the period from January 1, 2006 to December 19, 2006
Capitalized Interest	$ 3.4	$ 5.9	$ 2.5

Intangible Assets

Intangible assets are primarily related to trade names, customer relationships, developed technology and supply contracts associated with our acquired businesses. Acquired intangible assets are recorded at their estimated fair value in the allocation of the purchase price paid. Intangibles with indefinite useful lives are not amortized and intangibles with finite useful lives are amortized over their estimated useful lives, ranging from 3 to 11 years. See Note 12, "Goodwill and Other Intangible Assets," for additional information.

Impairment of Property, Plant, Equipment and Finite Lived Intangible Assets

We review our finite lived long-lived assets, including amortizable intangible assets, for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss may be recognized when the carrying amount of the assets exceeds the future undiscounted cash flows expected from the asset. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset and are included in "Restructuring and other charges" or "Impairment of goodwill and other intangibles," as applicable, in the Consolidated Statement of Operations. In the fourth quarter of 2008, we recorded impairment charges totaling $146.9 related to finite lived intangible assets. Fair value estimates of closed facilities and intangible assets are based on third party valuation assessments or quoted market prices while fair value estimates of operating facilities are based on the expected discounted cash flows associated with the impacted assets. See Note 7 "Restructuring and Other Charges" and Note 12 "Goodwill and Other Intangible Assets" for additional information.

Goodwill and Indefinite Lived Intangible Assets

Goodwill and indefinite lived intangible assets are tested for impairment as of October 1 of each year and may be tested more frequently if changes in circumstances or the occurrence of events indicates that a potential impairment exists. We evaluate goodwill based upon our reporting units. Reporting units are defined as operating segments or, in certain situations, one level below the operating segment. The goodwill impairment test is a two-step process. The first step consists of estimating the fair value of each reporting unit based on a discounted cash flow model or a market comparable approach and comparing those estimated fair values with the carrying values, which includes allocated goodwill. If the determined fair value is less than the carrying value, a second step is performed to compute the amount of the impairment by determining an "implied fair value" of goodwill, which requires us to allocate the estimated fair value of the reporting unit to the assets and liabilities of the reporting unit. Any unallocated fair value represents the "implied fair value" of goodwill, which is compared to the corresponding carrying value. If the carrying value of goodwill exceeds its implied fair value, an impairment loss is recognized.

The fair values of our reporting units are estimated based upon a present value technique using discounted future cash flows, forecasted over a five-year period with residual growth rates thereafter (forecasted at 3% to 4% for the current year impairment calculation), and a market comparable approach. We use management business plans and projections as the basis for expected future cash flows. In evaluating such business plans for reasonableness in the context of their use for predicting discounted cash flows in its valuation model, we evaluate whether there is a reasonable basis for the differences between actual results of the preceding years and projected results in future years. This methodology can potentially yield significant changes in growth rates in the first few years of forecasted data due to a multitude of factors, including anticipated near term changes in market and economic conditions as well as efficiencies expected to be realized due to prior restructuring initiatives. Assumptions in estimating future cash flows are subject to a high degree of judgment. We make every effort to forecast our future cash flows as accurately as possible at the time the forecast is developed. However, changes in assumptions and estimates may affect the fair value of our reporting units and could result in additional impairment charges in future periods. Factors that have the potential to create variances between forecasted cash flows and actual results include, but are not limited to: changes in aluminum prices and market conditions, including the capital, credit, commodities, automobile and housing markets, all of which impact demand for our products, as well as the overall global economy.

Discount rates utilized in the goodwill valuation analysis are based on an independent third-party's assessment of the cost of capital for comparable companies adjusted for risks unique to the reporting units. The rates utilized at October 1, 2008 ranged from 11.0% to 14.5%.

Under SFAS No. 142, intangible assets determined to have indefinite lives are not amortized, but are tested for impairment at least annually. As part of the annual impairment test, the non-amortized intangible assets are reviewed to determine if the indefinite status remains appropriate.

In the fourth quarter of 2008, based on the estimated fair values of assets and liabilities as of October 1, 2008, we recorded impairment charges totaling $1,102.0 related to goodwill and $19.7 related to other indefinite lived intangible assets. As a result of the rapid decline of the global economy, as well as our own operating results, we conducted a second goodwill and indefinite lived intangible asset impairment test as of December 31, 2008. This second test resulted in additional impairments of goodwill and indefinite lived intangible assets totaling $34.0 and $9.2, respectively. See Note 12 "Goodwill and Other Intangible Assets" for additional information.

Deferred Financing Costs

The costs related to the issuance of debt are capitalized and amortized over the lives of the related debt as interest expense using the effective interest method.

Research and Development

Research and development expenses primarily relate to expenses incurred under the terms of a five-year research and development agreement with Corus Group plc ("Corus") pursuant to which Corus assists us in research and development projects on a fee-for-service basis. Research and development expenses were $21.8 and $20.0 for the years ended December 31, 2008 and December 31, 2007, respectively, and $8.7 for the period from January 1, 2006 to December 19, 2006.

Stock-Based Compensation

We recognize compensation expense for stock options under the provisions of SFAS No. 123(R) "Share Based Payments" ("SFAS No. 123(R)") using the non-substantive vesting period approach, in which the expense (net of estimated forfeitures) is recognized ratably over the requisite service period based on the grant date fair value. The fair value of each new stock option is estimated on the date of grant using a Monte Carlo Simulation model. Determining the fair value of stock options at the grant date requires judgment, including estimates for the average risk-free interest rate, dividend yield, volatility, annual forfeiture rate, and exercise behavior. If any of these assumptions differ significantly from actual, stock-based compensation expense could be impacted.

Pursuant to the TPG Acquisition, substantially all stock-based compensation awards were redeemed on December 19, 2006. Certain awards remained outstanding as of December 31, 2006, and the related compensation expense was fully accrued. These awards were paid in 2007.

Total stock-based compensation expense for the years ended December 31, 2008 and December 31, 2007 was $2.5 and $3.9, respectively. Total stock-based compensation expense for the period from January 1, 2006 to December 19, 2006, including amounts included within "Restructuring and other charges" in the Consolidated Statement of Operations, was $21.3.

Derivatives and Hedging

We are engaged in activities that expose us to various market risks, including changes in the prices of primary aluminum, aluminum alloys, scrap aluminum, and natural gas, as well as changes in currency and interest rates. These financial exposures are managed as an integral part of our risk management program. We do not hold or issue derivative financial instruments for trading purposes. We maintain a natural gas pricing strategy to minimize significant fluctuations in earnings caused by the volatility of gas prices. We also maintain a metal pricing strategy to minimize significant, unanticipated fluctuations in earnings caused by the volatility of aluminum prices and a currency hedging strategy to reduce the impact of fluctuations in currency rates related to purchases and sales of aluminum to be made in currencies other than our functional currencies. From time to time we will enter into interest rate swaps or similar agreements to manage exposure to fluctuations in interest rates on our long-term debt. As a result of the Chapter 11 Petitions, we are prohibited from entering into any new derivative agreements, without approval from the DIP lenders.

The fair values of our derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Fair values are determined based on the differences between contractual and forward rates as of the balance sheet date. Beginning in 2008, and in accordance with the requirements of SFAS No. 157, we have included an estimate of the risk associated with non-performance by either ourselves or our counterparties in developing these fair values. See Note 23 "Derivative and Other Financial Instruments" for additional information.

For those derivative financial instruments that are accounted for as hedges, we measure the effectiveness of the hedging relationship by formally assessing, at least quarterly, the historical and probable future high correlation of changes in the expected cash flows of the hedges and the hedged items. The effective portions of the changes in the fair value of derivative instruments accounted for as cash flow hedges are recorded on the Consolidated Balance Sheet in "Accumulated other comprehensive income" and are reclassified to the Consolidated Statement of Operations at the time the underlying transaction impacts income while the ineffective portions of the changes in fair value are recorded in the Consolidated Statement of Operations within "Losses (gains) on derivative financial instruments." The changes in fair value of derivative financial instruments accounted for as fair value hedges are recorded in "Losses (gains) on derivative financial instruments" in the Consolidated Statement of Operations along with the changes in the effective portions of underlying hedged item.

The changes in fair value of derivative financial instruments that are not accounted for as hedges and the associated gains and losses realized upon settlement are recorded in "Losses (gains) on derivative financial instruments" in the Consolidated Statement of Operations. All realized gains and losses are included within "Cash flows (used in) provided by operating activities" in the Consolidated Statement of Cash Flows.

We are exposed to losses in the event of non-performance by counterparties to derivative contracts, however, as of the date of the Chapter 11 Petitions, substantially all of the net fair values of the derivative contracts with each of our counterparties were in a liability position. As a result of the Chapter 11 Petitions, we are prohibited from paying counterparties the uncollateralized net amounts owed on our derivative contracts.

Counterparties are evaluated for creditworthiness and a risk assessment is completed prior to our initiating contract activities. The counterparties' creditworthiness is then monitored on an ongoing basis, and credit levels are reviewed to ensure there is not an inappropriate concentration of credit outstanding to any particular counterparty.

Currency Translation

The majority of our international subsidiaries use the local currency as their functional currency. We translate the amounts included in our Consolidated Statements of Operations from our foreign subsidiaries into U.S. dollars at average monthly exchange rates, which we believe are representative of the actual exchange rates on the dates of the transactions. Adjustments resulting from the translation of the assets and liabilities of our international operations into U.S. dollars at the balance sheet date exchange rates are reflected as a separate component of stockholder's (deficit) equity, except for current intercompany accounts and transactional gains and (losses) associated with receivables and payables denominated in currencies other than the functional currency, which are included within "Other income, net" in the Consolidated Statement of Operations. Currency translation adjustments accumulate in consolidated equity until the disposition or liquidation of the international entities. The translation of accounts receivables and payables denominated in currencies other than the functional currencies resulted in transactional gains and (losses) of $4.4, ($4.5), and $0.6, for the years ended December 31, 2008, 2007, and 2006, respectively.

Self Insurance

We are substantially self-insured for losses related to workers' compensation and health care claims. Provisions for losses are determined using estimates of the aggregate liability for claims incurred based on our loss experience and actuarial assumptions.

Income Taxes

We account for income taxes using the liability method, whereby deferred income taxes reflect the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In valuing deferred tax assets, we use judgment in determining if it is more likely than not that some portion or all of a deferred tax asset will not be realized and the amount of the required valuation allowance.

Environmental and Asset Retirement Obligations

Environmental obligations that are not legal or contractual asset retirement obligations and that relate to existing conditions caused by past operations with no benefit to future operations are expensed while expenditures that extend the life, increase the capacity or improve the safety of an asset or that mitigate or prevent future environmental contamination are capitalized in property, plant and equipment. Obligations are recorded when their incurrence is probable and the associated costs can be reasonably estimated in accordance with the AICPA Statement of Position 96-1, "Environmental Remediation Liabilities." While our accruals are based on management's current best estimate of the future costs of remedial action, these liabilities can change substantially due to factors such as the nature and extent of contamination, changes in the required remedial actions and technological advancements. Our existing environmental liabilities are not discounted to their present values as the amount and timing of the expenditures are not fixed or reliably determinable.

In contrast to environmental remediation liabilities, which result from the improper operation of a long-lived asset (for example, ground water contamination or pollution arising from a past act), asset retirement obligations represent legal obligations associated with the retirement of tangible long-lived assets. Our asset retirement obligations relate primarily to the requirement to cap our three landfills, as well as costs related to the future removal of asbestos and costs to remove underground storage tanks. The costs associated with such legal obligations are accounted for under the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is

incurred and capitalized as part of the carrying amount of the long-lived asset. These fair values are based upon the present value of the future cash flows expected to be incurred to satisfy the obligation. Determining the fair value of asset retirement obligations requires judgment, including estimates of the average risk-free interest rate and estimates of future cash flows. Estimates of future cash flows are obtained primarily from independent engineering consulting firms. The present value of the obligations is accreted over time while the capitalized cost is depreciated over the useful life of the related asset.

Retirement, Early Retirement and Postemployment Benefits

Our defined benefit pension and other post-retirement benefit plans are accounted for in accordance with SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)."

Pension and post-retirement benefit obligations are actuarially calculated using management's best estimates of assumptions which include the expected return on plan assets, the rate at which plan liabilities may be effectively settled (discount rate), health care cost trend rates and rates of compensation increases.

Benefits provided to certain of our European employees under early retirement plans are accounted for under Emerging Issues Task Force (EITF) No. 05-5, "Accounting for Early Retirement or Postemployment Programs with Specific Features (Such As Terms Specified in Altersteilzeit Early Retirement Arrangements)." Under EITF No. 05-5, liabilities to be paid after retirement are recorded over the remaining active service period upon enrollment in the plan.

Benefits provided to employees after employment but prior to retirement are accounted for under SFAS No. 112, "Employers' Accounting for Postemployment Benefits." Such postemployment benefits include severance and medical continuation benefits that are offered pursuant to an ongoing benefit arrangement and do not represent a one-time benefit termination arrangement. Under SFAS No. 112, liabilities for postemployment benefits are recorded at the time the obligations are probable of being incurred and can be reasonably estimated. This is typically at the time a triggering event occurs, such as the decision by management to close a facility. Benefits related to the relocation of employees and certain other termination benefits are accounted for under SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," and are expensed over the required service period.

General Guarantees and Indemnifications

It is common in long-term processing agreements for us to agree to indemnify customers for tort liabilities that arise out of, or relate to, the processing of their material. Additionally, we typically indemnify such parties for certain environmental liabilities that arise out of or relate to the processing of their material.

In our equipment financing agreements, we typically indemnify the financing parties, trustees acting on their behalf and other related parties against liabilities that arise from the manufacture, design, ownership, financing, use, operation and maintenance of the equipment and for tort liability, whether or not these liabilities arise out of or relate to the negligence of these indemnified parties, except for their gross negligence or willful misconduct.

We expect that we would be covered by insurance (subject to deductibles) for most tort liabilities and related indemnities described above with respect to equipment we lease and material we process.

In financing transactions that include loans from banks in which the interest rate is based on LIBOR, we typically agree to reimburse the lenders for certain increased costs that they incur in carrying these loans as a result of any change in law and for any reduced returns with respect to these loans due to any change in capital requirements.

Although we cannot estimate the potential amount of future payments under the foregoing indemnities and agreements, we are not aware of any events or actions that will require payment.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 establishes a common definition for fair value, and a framework for measuring fair value, and expands disclosure about such fair value measurements. SFAS No. 157 was effective for financial assets and financial liabilities for fiscal years beginning after November 15, 2007. Issued in February 2008, FASB Staff Position ("FSP") 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" removed leasing transactions accounted for under SFAS No. 13 and related guidance from the scope of SFAS No. 157. FSP 157-2,

"Partial Deferral of the Effective Date of Statement 157," deferred the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. FSP 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active," clarifies the determination of fair value in a market that is not active and provides an example that illustrates key considerations when applying the principles in SFAS No. 157 to financial assets when the market for those assets is not active.

The implementation of SFAS No. 157 for financial assets and financial liabilities, effective January 1, 2008, did not have a material impact on our consolidated financial position and results of operations. However, its ongoing requirements have resulted in significant changes in the valuation of our derivative financial instruments, as discussed below. We are currently assessing the impact of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities on our consolidated financial position and results of operations in 2009. See Note 23 "Derivative and Other Financial Instruments" for additional information.

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). SFAS No. 157 classifies the inputs used to measure fair value into the following hierarchy:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair market measurement.

SFAS No. 157 also nullifies the guidance in EITF 02-3 "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities," which required the deferral of profit at inception of a transaction involving derivative financial instruments in the absence of observable data supporting the valuation technique and requires consideration of credit-worthiness when valuing liabilities.

During 2008, Aleris adopted FSP No. FIN 39-1, "Amendment of FASB Interpretation No. 39." FIN No. 39-1 amends FIN No. 39, "Offsetting of Amounts Related to Certain Contracts," by permitting entities that enter into master netting arrangements as part of their derivative transactions to offset in their financial statements net derivative positions against the fair value of amounts (or amounts that approximate fair value) recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements. As a result, management elected to net cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty when a master netting arrangement exists. The provisions of FIN No. 39-1 were applied retroactively for all financial statement periods presented. As of December 31, 2008, the right to receive cash collateral in the amount of $71.6 was netted against the fair value of derivative contracts included in "Derivative financial instruments" on the accompanying Consolidated Balance Sheet.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities —including an amendment of FASB Statement No. 115." SFAS No. 159 permits, but does not require, entities to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses on these instruments in earnings. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. we did not adopt the optional provisions of this statement.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." This statement provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, requires certain restructuring and all acquisition related costs to be expensed as incurred, and requires the acquirer to disclose the nature and financial effect of the business combination. SFAS No. 141(R) is effective for

(in millions, except share data)

financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of the statement will not have an impact on previously completed acquisitions.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements." This statement amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We have not yet determined the impact of adoption on our results of operations or financial position.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133. SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activities, including (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related interpretations and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. As SFAS No. 161 only requires enhanced disclosures, this statement will have no impact on our results of operations or financial position.

5. ACQUISITION OF THE COMPANY

As discussed in Note 1 "Basis of Presentation," on December 19, 2006, Holdings acquired all of our outstanding common stock, non-vested shares and stock options for a cash purchase price of approximately $1,736.9, including acquisition related expenses of $26.6. In addition, 185,017 share units outstanding as of the TPG Acquisition date were paid in 2007 at a per share price of $52.50.

The purchase price paid, including acquisition related expenses, was funded through the $842.0 cash equity contribution made by TPG as well as the proceeds from the refinancing of substantially all of our outstanding indebtedness. See Note 15 "Long-Term Debt" for additional information.

The purchase price was allocated based on the estimated fair values of the assets acquired and liabilities assumed. The pro forma effects of the TPG Acquisition are included in the pro forma financial information presented in Note 6 "Acquisitions".

The following presents the final allocation of the TPG Acquisition purchase price which includes the Zinc segment, which was subsequently reclassified as a discontinued operation (see Note 8 "Discontinued Operations" for additional information):

Net current assets	$	877.5
Property, plant and equipment		1,230.1
Goodwill		1,230.7
Other assets		432.3
Long-term debt		(1,466.0)
Accrued pension and post-retirement benefits		(236.7)
Other long-term liabilities		(331.0)
Cash paid	$	1,736.9

(in millions, except share data)

6. ACQUISITIONS

2008 Acquisitions

We completed the acquisitions of certain assets of A.E., Inc ("A.E.") and H.T. Aluminum Specialties, Inc. ("H.T.") in the first quarter of 2008 for an aggregate cash purchase price of $19.9, including acquisition related expenses. The purchase price allocations associated with these acquisitions are final. The results of operations of the acquired businesses are included in the results of operations of the Rolled Products North America and Recycling and Specification Alloys Americas segments, respectively, since the dates of acquisition. Pro forma information has not been presented for these acquisitions as the impact to the consolidated financial statements is not material.

2007 Acquisitions

In September 2007, we acquired Wabash Alloys ("Wabash") for a cash purchase price of $164.3, including acquisition related expenses of $4.4. Wabash produces aluminum casting alloys and molten metal at its facilities in the United States, Canada and Mexico. The purchase price paid was funded through additional indebtedness as discussed in Note 15 "Long-Term Debt." The acquisition of Wabash, which is included within our Recycling and Specification Alloys Americas segment, has broadened our customer base and optimized processing capabilities within our specification alloy operations.

The consolidated financial statements include the results of Wabash from the date of acquisition. As a part of the integration of the Wabash facilities, we consolidated the operations of our Monterrey, Mexico, Dickson and Shelbyville, Tennessee, and Guelph, Ontario facilities. The purchase price paid has been allocated based on the estimated fair values of the assets acquired and liabilities assumed. The purchase price allocation is final. The resulting goodwill is deductible for U.S. federal income tax purposes.

The following table presents the final allocation of the purchase price related to the Wabash acquisition:

Current assets	$ 140.8
Property, plant and equipment	84.1
Goodwill	46.3
Intangible assets	18.1
Current liabilities	(103.4)
Long-term liabilities	(21.6)
Cash paid	164.3
Less: cash acquired	(5.6)
Cash paid, net of cash acquired	$ 158.7

We also completed the acquisitions of EKCO Products and Alumox Holding AS in 2007 for an aggregate cash purchase price of $50.8, including acquisition related expenses. The purchase price allocation associated with the EKCO Products and Alumox Holding AS acquisitions are final. The results of operations of the acquired businesses are included in the results of operations of the Rolled Products North America and Europe segments, respectively, since the dates of acquisition.

2006 Acquisition

On August 1, 2006, we acquired Corus's downstream aluminum business ("Corus Aluminum") for a cash purchase price of €695.5 (approximately $885.7), subject to adjustment based on the finalization of working capital delivered and net debt assumed. During the year ended December 31, 2007, we paid Corus Group plc a purchase price adjustment of €72.0 (approximately $97.5). We also paid acquisition related costs of $19.1.

The acquisition included Corus's aluminum rolling and extrusions business but did not include Corus's primary aluminum smelters. The acquisition of Corus Aluminum, which is included within our Rolled Products North America and Europe segments, significantly expanded our operational and geographic scale and scope, diversified our customer mix and product breadth and provided us with industry-leading and proprietary manufacturing capabilities.

The consolidated financial statements include the results of Corus Aluminum from the date of acquisition.

(in millions, except share data)

Unaudited Pro Forma Information

The following unaudited pro forma financial information for the year ended December 31, 2007 presents our combined results of operations as if the acquisitions of Wabash, EKCO and Alumox had occurred on January 1, 2007. The unaudited pro forma information is not necessarily indicative of the consolidated results of operations that would have occurred had the acquisitions been made at the beginning of the period presented or the future results of combined operations.

	For the year ended December 31, 2007
Revenues	$ 6,584.9
Gross profit	343.1
Loss from continuing operations	(96.9)

7. RESTRUCTURING AND OTHER CHARGES

2008 Restructuring Activities and Other Charges

During the year ended December 31, 2008, we recorded $51.2 of cash and $51.0 of non-cash restructuring and other charges. The charges, totaling $102.2, primarily resulted from the following activities:

On July 12, 2008, we announced that the permanent closure of the Rolled Products North America segment's Cap de la Madeleine, Quebec aluminum rolling mill facility would occur following an orderly shut down of all remaining activities at the facility because of the permanent and irreparable damage suffered by the operations as a result of labor issues. We had been engaged in negotiations and discussions regarding a new collective bargaining agreement for many months with representatives of the union representing production and maintenance workers at the facility. The union failed to ratify a new agreement during these negotiations and ultimately rejected our final proposal for a new collective bargaining agreement twice in July 2008. Substantially all production at this facility ceased in September 2008.

We recorded charges of $55.5 related to the closure within "Restructuring and other charges" as well as $13.4 within "Cost of sales" in the Consolidated Statement of Operations in 2008. These charges consisted of the following:

- Asset impairment charges of $29.1 relating to property, plant and equipment. We based the determination of the impairments of these assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value, as determined by an independent third party appraisal;
- Employee severance, health care continuation, and outplacement costs of $4.5 associated with approximately 90 hourly and salaried employees. Substantially, all affected employees have left their positions as of December 31, 2008;
- Curtailment charges relating to defined benefit pension and other postemployment benefit plans of $12.7 covering the affected employees.
- Other closure related charges of $9.2 related primarily to derivative and other contract terminations and costs associated with environmental remediation efforts required as a result of the closure; and
- Inventory impairment charges and excess production costs attributable to the closure of $13.4 which have been included within "Cost of sales" in the Consolidated Statement of Operations.

In addition to the charges described above, we will continue to incur severance, security, utility and other costs related to the closure. These costs, estimated at $1.5, will be recognized as incurred. Total costs expected to be incurred as a result of the closure are estimated to be $70.4.

In the first quarter of 2008, we temporarily idled the majority of production at our Richmond, Virginia rolling mill and closed our ALSCO divisional headquarters in Raleigh, North Carolina. We recorded cash restructuring charges totaling $2.2 primarily related to costs to move assets to other facilities, severance costs and contract cancellation costs.

(in millions, except share data)

We also recorded $3.1 of cash restructuring charges and $10.7 of non-cash asset impairment charges during 2008 primarily related to the shutdown of our operations in Shelbyville and Rockwood, Tennessee, as well as Bedford and Tipton, Indiana, all of which were recycling operations within our Recycling and Specification Alloys Americas segment. Production at these facilities has been transferred to other facilities and all of the affected employees have left their positions as of December 31, 2008. We based the determination of the impairments of the assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value. Cash restructuring costs included the costs to move assets to other facilities, severance costs and contract cancellation costs. In addition to the $6.5 of charges incurred in connection with the Shelbyville shutdown, we expect to incur $1.0 of additional utility and other costs related to the closure. Future expenditures related to the closure of the other facilities mentioned are not expected to be material.

We recorded non-cash asset impairment charges of $7.6 within our Europe segment during 2008 primarily related to our aluminum recycling facility in Norway. We based the determination of the impairment of these assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value, as determined by an independent third party appraisal.

In December 2008, we announced plans to restructure our European operations by adjusting our work force in response to declining demands. As of December 31, 2008, we had identified approximately 100 non-production employees to be severed and recorded $12.1 of severance costs in the fourth quarter. Affected employees are expected to leave their positions by December 2009. Additional employee terminations are anticipated as additional elements of the plans are finalized. These severance amounts were accounted for in accordance with SFAS No. 112 and were recorded pursuant to an ongoing benefit arrangement.

The following table presents the activity and reserve balances for the 2008 restructuring programs for the year ended December 31, 2008:

	Employee severance and benefit costs	Asset Impairments	Exit Costs	Total
Initial Provision	$ 33.1	$ 47.7	$ 13.5	$ 94.3
Amounts recorded in purchase accounting	(0.7)	-	-	(0.7)
Cash payments	(6.6)	-	(7.1)	(13.7)
Non-cash charges	-	(47.7)	-	(47.7)
Translation and other charges	0.1	-	0.3	0.4
Balance at December 31, 2008	$ 25.9	$ -	$ 6.7	$ 32.6

2007 Restructuring Activities and Other Charges

We incurred total restructuring and other charges of $32.8 in 2007. We incurred $10.7 primarily related to potential acquisitions that were not consummated, start up costs associated with our European headquarters, and investment advisor and other costs associated with the TPG Acquisition which are included in "Other" below.

In connection with the acquisition of Wabash, we initiated a restructuring plan that consolidated the operations of certain existing and acquired facilities resulting in the closure of our Monterrey, Mexico, Dickson, Tennessee and Guelph, Ontario facilities within the Recycling and Specification Alloys Americas segment. We recorded charges of $2.5 and $10.1 during fiscal 2008 and 2007, respectively, related to the consolidation of these facilities consisting of $2.5 and $7.7 during fiscal 2008 and 2007, respectively, for impairments of machinery and equipment and $2.4 in 2007 for exit and other costs related primarily to severance and other exit costs. We also recorded adjustments to the Wabash purchase price allocation of $10.6 in 2007 related to the consolidation of the Wabash facilities located in Dickson, Tennessee and Guelph, Ontario consisting of $4.8 for employee severance and $5.8 for other exit costs related primarily to the cost incurred to close the facilities and environmental remediation. All employees had left their positions as of December 31, 2007. We based the determination of the impairment of machinery and equipment on the discounted cash flows or other fair value estimates expected to be realized from the assets to be scrapped. No impairment charge was recorded for assets that were moved to other Aleris facilities as the expected undiscounted cash flows of those assets are sufficient to recover their carrying value.

(in millions, except share data)

We also recorded exit costs of $1.3 in 2007 related to the consolidation of our European magnesium recycling facilities in our Europe segment.

During the fourth quarter of 2007, we recorded asset impairment and other charges of $5.5 associated with certain assets within our Rolled Products North America segment related to the announced closure of our Toronto, Ontario and Bedford, Ohio paint facilities. We recorded $4.6 of additional cash restructuring charges and $0.8 of non-cash asset impairment charges during 2008 related to the shutdown of these facilities. Cash restructuring charges relate primarily to employee severance and other closure related costs. Production at these facilities has been transferred to other facilities and all of the affected employees have left their positions as of December 31, 2008. We based the determination of the impairment on the undiscounted cash flows or other fair value estimates expected to be realized from the affected assets. We also recorded charges of $4.5 associated with severance and benefit costs associated with the separation of certain of the Company's executive officers.

We recorded purchase accounting adjustments of approximately $9.7 in 2007 for employee severance and benefits associated with the TPG Acquisition related to restructuring initiatives in our Rolled Products North America, Recycling and Specification Alloys Americas and Europe segments.

The following table presents the activity and reserve balances for the 2007 restructuring programs for the years ended December 31, 2008 and 2007:

	Employee severance and benefit costs	Asset Impairments	Exit Costs	Other	Total
Initial Provision	$ 4.8	$ 13.3	$ 3.4	$ 11.3	$ 32.8
Amounts recorded in purchase accounting	14.5	-	5.8	-	20.3
Cash payments	(2.6)	-	(6.2)	(11.3)	(20.1)
Non-cash charges	-	(13.3)	-	-	(13.3)
Balance at December 31, 2007	$ 16.7	$ -	$ 3.0	$ -	$ 19.7
Charges included in the Consolidated Statement of Operations	3.6	3.2	1.1	-	7.9
Amounts recorded in purchase accounting	(1.5)	-	0.6	-	(0.9)
Cash payments	(14.2)	-	(3.7)	-	(17.9)
Non-cash charges	-	(3.2)	-	-	(3.2)
Balance at December 31, 2008	$ 4.6	$ -	$ 1.0	$ -	$ 5.6

2006 Restructuring Activities and Other Charges

In December 2006, we modified the vesting provisions of certain share units in connection with the TPG Acquisition and recorded $0.5 of additional compensation expense associated with the modifications within "Restructuring and other charges." In addition, as the outstanding stock options and non-vested shares were, by the terms of those agreements, immediately vested upon the change in control, we accelerated the expensing of these awards as well as the original fair value of the share units. The accelerated vesting resulted in $10.3 of compensation expense being recorded within "Restructuring and other charges." In addition to these charges, we incurred $20.5 of expenses associated with the proxy solicitation to our former stockholders and $5.5 of bridge loan commitment fees associated with the refinancing which have been included within "Restructuring and other charges." The bridge loan commitment fees were expensed and paid during the Successor period.

During the fourth quarter of 2006, we recorded asset impairment charges of $5.0 associated with certain assets within our Recycling and Specification Alloys Americas segment. We based the determination of the impairment of the machinery and equipment on the discounted cash flows expected to be realized from the affected assets. In addition, we recorded $0.8 of employee severance and benefit costs associated primarily with the realignment of our operating segments as a result of our acquisition of Corus Aluminum. All affected employees had left their positions as of December 31, 2006.

(in millions, except share data)

The following table presents the activity and reserve balances for the 2006 restructuring programs for the years ended December 31, 2007 and 2006:

	Employee Severance and Benefit Costs	Asset Impairments	Fees and expenses associated with the Acquisition	Modification and acceleration of stock-based compensation expense	Total
Initial Provision	$ 0 8	$ 5 0	$ 26 0	$ 10 8	$ 42 6
Cash payments	-	-	(24 0)	-	(24 0)
Non-cash charges	-	(5.0)	-	(10.8)	(15.8)
Balance at December 31, 2006	0 8	-	2 0	-	2 8
Cash payments	(0.8)	-	(2.0)	-	(2.8)
Balance at December 31, 2007	$ -	$ -	$ -	$ -	$ -

8. DISCONTINUED OPERATIONS

On November 19, 2007, the Company entered into a definitive stock purchase agreement to sell all of the issued and outstanding shares of capital stock of each of U.S. Zinc Corporation, Interamerican Zinc, Inc., and Aleris Asia Pacific Zinc (Barbados) Ltd. together with wholly-owned subsidiaries. On January 11, 2008, we sold our Zinc segment for total cash consideration of $287.2. We provided information technology, accounting and treasury services for a transitional period of approximately nine months, but we have had no other continuing involvement in the operations of the Zinc segment subsequent to the closing of the sale. In addition, we have not realized any continuing cash flows from the Zinc segment subsequent to the closing of the sale.

In accordance with SFAS No. 144, the sale of the Zinc segment qualifies as a discontinued operation. Accordingly, the results of operations of the Zinc segment have been reclassified and included in "Discontinued operations, net of tax," within the Consolidated Statement of Operations for the years ended December 31, 2008 and 2007, and the periods from December 20, 2006 to December 31, 2006 and January 1, 2006 to December 19, 2006. The assets and liabilities of the Zinc segment have also been reclassified and included within the Consolidated Balance Sheets as of December 31, 2008 and 2007. The following table reflects the results of the Zinc segment reported as discontinued operations for all periods presented. The applicable interest expense for the years ended December 31, 2008, 2007 and 2006 has been allocated based on the ratio of net assets for the Zinc segment compared to total net assets of the U.S. entities as the debt held outside the U.S. is not directly attributable to the Zinc segment.

	(Successor)			(Predecessor)
	For the years ended December 31,		For the period from December 20, 2006 to December, 31	For the period from January 1, 2006 to December, 19
	2008	2007	2006	2006
Revenues	$ 16 1	$538.6	$17 7	$535.5
Interest expense	0 4	18.7	-	5.7
Net income (loss) from discontinued operations (net of tax of $0 1, ($2 5), $—, and $20 9 for the years ended December 31, 2008 and 2007, and for the periods from December 20, 2006 to December 31, 2006 and January 1, 2006 to December 19, 2006)	0 8	(32.7)	(0 1)	38 2

In addition to the results of operations for the eleven days ended January 11, 2008, the results of discontinued operations for the year ended December 31, 2008 include a credit of $2.0 related to the revision of the purchase price adjustment associated with the working capital delivered as well as adjustments to the estimated income tax expense associated with the sale.

(in millions, except share data)

The net loss of $32.7 recorded in discontinued operations in 2007 also reflected a $26.3 after-tax asset impairment charge to reduce the Zinc segment to its estimated fair value. The Company performed the impairment test on the Zinc segment in connection with its classification as held for sale and estimated fair value based on expected proceeds from the sale, less transaction costs. The tax on the sale of the Zinc segment is calculated based on the tax basis of the assets, which is significantly lower than the book basis due to non-deductible goodwill

9. SPONSOR MANAGEMENT FEE

In connection with the TPG Acquisition, we entered into a management services agreement with affiliates of TPG pursuant to which we paid TPG $22.6 in cash in connection with the refinancing, which has been capitalized as deferred financing costs, and $22.6 associated with the TPG Acquisition, which has been included within the direct costs of the TPG Acquisition. In addition, pursuant to the agreement, and in exchange for consulting and management advisory services that will be provided to us by TPG and its affiliates, affiliates of TPG will receive an aggregate management fee equal to $9.0 per annum; provided that in the event TPG or any of its affiliates increases its equity contribution to Aleris, the management fee will be increased proportionately to reflect such increased equity commitment. The management services agreement also provides that affiliates of TPG will receive a success fee equal to up to four times the management fee in effect at such time in connection with certain sales or an initial public offering as well as fees in connection with certain financing, acquisition or disposition transactions. An affiliate of TPG will advise us in connection with financing, acquisition, disposition and change of control transactions involving us or any of our direct or indirect subsidiaries, and we will pay to the affiliate of TPG an aggregate fee in connection with any such transaction equal to customary fees charged by internationally-recognized investment banks for serving as a financial advisor in similar transactions, such fee to be due and payable for the foregoing services at the closing of any such transaction. Affiliates of TPG will also receive reimbursement for out-of-pocket expenses incurred by them or their affiliates in connection with providing services pursuant to the management services agreement. At December 31, 2008, the amount due to TPG was $2.3.

10. INVENTORIES

The components of our consolidated Inventories are:

December 31,	2008	2007
Finished goods	$ 203.1	$ 269.5
Raw materials	168.9	296.2
Work in process	173.8	232.9
Supplies	37.9	41.1
	$ 583.7	$ 839.7

During the year ended December 31, 2008 we recorded $55.6 of lower of cost or market charges.

11. PROPERTY, PLANT AND EQUIPMENT

The components of our consolidated Property, plant and equipment are:

December 31,	2008	2007
Land	$ 158.5	$ 157.1
Buildings and improvements	285.6	286.0
Production equipment and machinery	1,054.2	1,026.5
Office furniture, equipment and other	130.3	126.3
	1,628.6	1,595.9
Accumulated depreciation	(353.5)	(172.4)
	$ 1,275.1	$ 1,423.5

(in millions, except share data)

Our depreciation, including amortization of capital leases, and repair and maintenance expense was as follows:

	(Successor)			(Predecessor)
	For the years ended December 31,		For the period from December 20, 2006 to December 31,	For the period from January 1, 2006 to December 19,
	2008	2007	2006	2006
Depreciation expense	$ 189.7	$ 163.7	$ 4.8	$ 95.5
Repair and maintenance expense	132.0	129.8	3.2	84.2

12. GOODWILL AND OTHER INTANGIBLE ASSETS

In 2008, we recorded impairment charges totaling $1,136.0 related to goodwill and $28.9 related to other indefinite lived intangible assets. These impairments, which have been included within the operating results of the Corporate segment, consisted of goodwill impairments totaling $539.0, $186.8 and $410.2 related to the Rolled Products North America, Recycling and Specification Alloys Americas and Europe operating segments, respectively, and trade name impairments totaling $15.9 and $13.0 related to the Rolled Products North America and Recycling and Specification Alloys Americas operating segments, respectively. We also recorded impairment charges associated with certain customer relationship and technology intangible assets totaling $146.9 in 2008. The impairments consisted of $87.6, $27.6 and $31.7 associated with our Rolled Products North America, Recycling and Specification Alloys Americas and Europe segments, respectively. The impairments were primarily a result of the continued adverse climate for our business, including the erosion of the capital, credit, commodities, automobile and housing markets as well as the global economy. The fair values utilized to determine the extent of the impairments were calculated using the income and market comparable approaches.

The following table details the changes in the carrying amount of goodwill for the years ended December 31, 2008 and 2007. We completed the allocation of goodwill that resulted from the TPG acquisition to our reporting units during 2007.

	Rolled Products North America	Recycling and Specification Alloys Americas	Europe	Unallocated goodwill	Total
Balance at January 1, 2007	$ -	$ -	$ -	$ 1,249.7	$ 1,249.7
Purchase price allocation adjustments	570.3	178.1	369.6	(1,249.7)	(131.7)
Translation and other adjustments	-	-	43.9	-	43.9
Acquisitions	3.8	46.9	6.5	-	57.2
Balance at December 31, 2007	574.1	225.0	420.0	-	1,219.1
Impairment charges	(539.0)	(186.8)	(410.2)	-	(1,136.0)
Acquisitions	3.6	4.5	-	-	8.1
Translation and other adjustments	(0.9)	(0.7)	(9.8)	-	(11.4)
Balance at December 31, 2008	$ 37.8	$ 42.0	$ -	$ -	$ 79.8

(in millions, except share data)

The intangible assets included within our Consolidated Balance Sheet as of December 31, 2008 reflect the intangible assets acquired through the acquisition of Wabash and the intangible assets resulting from the TPG Acquisition, adjusted for the impairments discussed above The following table details our intangible assets as of December 31, 2008 and 2007:

December 31,	2008				2007		
	Gross carrying amount	Accumulated amortization	Net amount	Average life	Gross carrying amount	Accumulated amortization	Net amount
Trade names	$ 65.6	$ -	$ 65 6	Indefinite	$ 94 5	$ -	$ 94 5
Technology	25 7	(6 4)	19 3	11 years	32 0	(3 0)	29 0
Customer contracts	47 7	(17 6)	30 1	5 years	52 0	(9 0)	43 0
Customer relationships	-	-	-		182 0	(25 0)	157 0
Supply contracts	6.9	(6.1)	0.8	3 years	9.6	(3.2)	6.4
	$ 145.9	$ (30.1)	$ 115.8		$ 370.1	$ (40.2)	$ 329.9

The following table presents amortization expense, which has been classified within "Selling, general and administrative expense" in the Consolidated Statement of Operations:

	(Successor)			(Predecessor)
	For the years ended December 31,		For the period from December 20, 2006 to December 31,	For the period from January 1, 2006 to December 19,
	2008	2007	2006	2006
Amortization expense	$35 4	$40 2	$0 5	$6 0

The following table presents estimated amortization expense for the next five years:

2009	$ 13.5
2010	12.3
2011	12.3
2012	3.0
2013	2.6
Total	$ 43.7

(in millions, except share data)

13. ACCRUED LIABILITIES

Accrued liabilities at December 31, 2008 and 2007 consisted of the following:

December 31,	2008	2007
Employee related costs	$ 64.9	$ 81.6
Current portion of accrued pension benefits	6.0	5.7
Current portion of accrued post-retirement benefits	4.8	5.1
Accrued taxes	25.6	20.2
Accrued interest	7.2	9.3
Environmental liabilities and asset retirement obligations	9.8	5.8
Other liabilities	88.6	65.2
	$ 206.9	$ 192.9

14. ASSET RETIREMENT OBLIGATIONS

Our asset retirement obligations consist of legal obligations associated with the closure of our active landfills as well as costs to remove asbestos and underground storage tanks and other legal or contractual obligations associated with the ultimate closure of our manufacturing facilities. During 2008 and 2007, we revised the estimated costs to close our landfills and increased the liability for these obligations by $0.4 and $0.6, respectively. In 2007, we recorded a liability of $1.8 for asset retirement obligations related to businesses acquired.

The changes in the carrying amount of asset retirement obligations for the years ended December 31, 2008, 2007 and 2006 are as follows:

	(Successor)		(Combined)
For the years ended December 31,	2008	2007	2006
Balance at beginning of year	$ 16.7	$ 12.0	$ 12.8
Revisions and liabilities incurred	0.7	3.1	(2.2)
Accretion expense	0.7	0.5	0.9
Payments	(0.5)	(0.7)	(1.2)
Asset retirement obligations of acquired business	-	1.8	1.7
Balance at end of year	$ 17.6	$ 16.7	$ 12.0

15. LONG-TERM DEBT

Our long-term debt as of December 31, 2008 (prior to the Chapter 11 Petitions) and 2007 is summarized as follows:

December 31,	2008	2007
Revolving Credit Facility	$ 287.3	$ 375.8
Term Loan Facility, net of discount of $19.5 and $23.4 at December 31, 2008 and 2007, respectively	1,203.8	1,231.2
9% Senior Notes, due December 15, 2014, net of discount of $8.9 and $10.4 at December 31, 2008 and 2007, respectively	589.1	589.6
9% New Senior Notes, due December 15, 2014, net of discount of $6.8 and $8.1 at December 31, 2008 and 2007, respectively	98.6	97.4
10% Senior Subordinated Notes, due December 15, 2016, net of discount of $9.3 and $10.5 at December 31, 2008 and 2007, respectively	389.7	389.5
Other	31.8	33.6
Total long-term debt	2,600.3	2,717.1
Less: Amount reclassified to current liabilities for debt in default	2,589.7	-
Less current maturities	6.6	20.6
Long-term debt	$ 4.0	$ 2,696.5

Debt Reclassification

The filing of the Chapter 11 Petitions constituted an event of default under our debt obligations, including under the Revolving Credit Facility and Term Loan Facility (collectively, the "Credit Facilities") and the Senior Notes, Senior Subordinated Notes and the 9% New Senior Notes (collectively, the "Notes"), which became automatically and immediately due and payable, although any actions to enforce such payment obligations are stayed as a result of the Chapter 11 Petitions. As a result, all of the amounts outstanding under the Credit Facilities, the Notes and certain other debt instruments for which the Chapter 11 Petitions triggered an event of default have been classified as current liabilities in the Consolidated Balance Sheet as of December 31, 2008.

Other than as described above in Note 26 "Subsequent Events", the ability of creditors to seek remedies to enforce their rights under the Credit Facilities, the Notes and certain other instruments, as applicable, is stayed as a result of the Chapter 11 Petitions, and such creditors' rights of enforcement are subject to the applicable provisions of the Bankruptcy Code.

Certain of our U.S. subsidiaries and all or our foreign subsidiaries are not included in the Chapter 11 Petitions. Therefore, the debt of these subsidiaries is not subject to compromise in the bankruptcy proceedings.

Revolving Credit Facility

In connection with the Chapter 11 Petitions, we entered into a third amendment to the Revolving Credit Facility on February 10, 2009. On March 20, 2009, we amended and restated the Revolving Credit Facility in the form of the DIP ABL Facility, which replaced the Revolving Credit Facility and all outstanding borrowings thereunder. See Note 26 "Subsequent Events" for a description of the Chapter 11 Petitions, the third amendment and the DIP ABL Facility.

On August 1, 2006, we entered into a $750.0 Revolving Credit Facility, which we amended and restated on December 19, 2006 in conjunction with the TPG Acquisition. We and certain of our U.S. and international subsidiaries are borrowers under this Revolving Credit Facility. On August 23, 2007, we entered into an incremental commitment agreement, thereby amending our Revolving Credit Facility. This agreement increased the size of this facility by $100.0, up to $850.0, subject to applicable borrowing bases. On September 10, 2008, we amended our Revolving Credit Facility to, in part, increase the maximum borrowings by $244.0 and increase the maximum amount provided for the issuance of letters of credit by $25.0. After the amendment, our Revolving Credit Facility, as amended, provided senior secured financing of up to $1,094.0 and the issuance of $75.0 of letters of credit, subject to applicable borrowing basis. We incurred $5.7 of fees and expenses associated with the September 10, 2008 amendment. On December 26, 2008, we notified the administrative agent that, effective December 31, 2008, we would voluntarily reduce (without premium or penalty) the size of the Revolving Credit Facility by $250.0, thereby decreasing the size of the Revolving Credit Facility from up to $1,094.0 to up to $844.0, subject to applicable borrowing bases. We wrote off $2.7 of previously capitalized debt issuance costs as a result of the December 31, 2008 voluntary reduction.

As of December 31, 2008, we had borrowed the full amount available under the Revolving Credit Facility.

Interest on borrowings under the Revolving Credit Facility was calculated at a rate equal to, at our option:

- in the case of borrowings in U.S. dollars, either (a) a base rate determined by reference to the higher of (1) Deutsche Bank's prime lending rate and (2) the overnight federal funds rate plus 0.5%, plus an applicable margin or (b) a Eurodollar rate (adjusted for maximum reserves) determined by Deutsche Bank, plus an applicable margin;
- in the case of borrowings in euros, a euro LIBOR rate determined by Deutsche Bank, plus an applicable margin;
- in the case of borrowings in Canadian dollars, a Canadian prime rate, plus an applicable margin; or
- in the case of borrowings in other available currencies, a EURIBOR rate, plus an applicable margin.

The weighted average interest rate under the Revolving Credit Facility was 4.4% and 6.5% as of December 31, 2008 and 2007.

In addition to paying interest on outstanding principal under the Revolving Credit Facility, we were required to pay a commitment fee in respect of unutilized commitments of 0.25%, if the average utilization is 50% or more for any applicable period, or 0.375%, if the average utilization is less than 50% for the applicable period. We were also required to pay customary letter of credit fees and agency fees.

The Revolving Credit Facility was secured, subject to certain exceptions, by (i) a first-priority security interest in substantially all of our current assets and related intangible assets located in the U.S. and Canada as well as the assets of Aleris Switzerland GmbH (other than its inventory and equipment), (ii) a second-priority security interest in substantially all our fixed assets located in the U.S. and substantially all of the fixed assets of substantially all of our wholly-owned domestic subsidiaries located in the U.S., and (iii) the equity interests of certain of our foreign and domestic direct and indirect subsidiaries.

The Revolving Credit Facility contained customary, non-financial covenants and requires that if the amount available under the Revolving Credit Facility was less than the greater of (x) $65.0 and (y) 10% of the total commitments under the Revolving Credit Facility at any time, a minimum fixed charge coverage ratio (as defined in the credit agreement) of at least 1.0 to 1.0 would apply. The credit agreement also contained certain customary affirmative covenants and events of default.

Term Loan Facility

In connection with the Chapter 11 Petitions, we entered into a second amendment to the Term Loan Facility on February 10, 2009. In addition, we entered into the DIP Term Facility on March 19, 2009. The Term Loan Facility, as amended by the second amendment, remains in place and borrowings thereunder remain outstanding. See Note 26 "Subsequent Events" for a description of the Chapter 11 Petitions, the second amendment and the DIP Term Facility.

On August 1, 2006, we entered into our Term Loan Facility which provided for borrowings of $399.0 and €195.6, which we amended and restated on December 19, 2006 in conjunction with the TPG Acquisition to increase the maximum borrowings to $825.0 and €303.0 and which we further amended on March 16, 2007 to change certain pricing terms.

Interest on borrowings under the Term Loan Facility is calculated at a rate equal to, at our option:

- in the case of borrowing in U.S. dollars, either (a) a base rate plus an applicable margin or (b) a Eurodollar rate (adjusted for maximum reserves) determined by Deutsche Bank, plus an applicable margin; or
- in the case of borrowings in euros, a euro LIBOR rate determined by Deutsche Bank, plus an applicable margin.

At December 31, 2008, the applicable margin for borrowings by us in U.S. dollars was 1.00% with respect to base rate borrowings and 2.00% with respect to Eurodollar borrowings. The applicable margin for loans made to Aleris Deutschland Holding GmbH in euros was 2.13%. At December 31, 2008 and 2007, the weighted average interest rate for borrowings under the Term Loan Facility was 3.4% and 6.9%, respectively.

The Term Loan Facility amortizes in equal quarterly installments in an aggregate annual amount equal to 1.0% of the original principal amount during the first 6 3/4 years thereof, with the balance originally payable on December 19, 2013. As a result of the Chapter 11 Petitions, payments on the borrowings in the U.S. have been stayed.

The Term Loan Facility is secured, subject to certain exceptions, by (i) a first-priority security interest in substantially all our fixed assets located in the U.S., substantially all of the fixed assets of substantially all of our wholly-owned domestic subsidiaries located in the U.S. and substantially all of the assets of Aleris Deutschland Holding GmbH and certain of its subsidiaries, (ii) a second priority security interest in all collateral pledged by us and substantially all of our wholly-owned domestic subsidiaries on a first-priority basis to lenders under the Revolving Credit Facility located in the U.S. and (iii) the equity interests of certain of our foreign and domestic direct and indirect subsidiaries. The borrowers' obligations under the Term Loan Facility are guaranteed by certain of our existing indirect subsidiaries. In addition, we guarantee the obligations of Aleris Deutschland Holding GmbH under the Term Loan Facility.

The credit agreement governing the Term Loan Facility contains a number of negative covenants that are substantially similar to those governing the Senior Notes and certain other customary covenants and events of default. However, we are not required to comply with any financial ratio covenants, including the minimum fixed charge coverage ratio applicable to our Revolving Credit Facility.

Senior Notes

On December 19, 2006, Merger Sub, Inc. issued $600.0 aggregate original principal amount of 9.0% / 9.75% Senior Notes under a senior indenture (the "Senior Indenture") with LaSalle Bank National Association, as trustee. As the surviving corporation in the TPG Acquisition, we assumed all the obligations of Merger Sub under the Senior Indenture. The Senior Notes were originally set to mature on December 15, 2014. In the first quarter of 2008, we retired $2.0 of our Senior Notes for $1.6, resulting in a gain on retirement of $0.4, net of debt issuance costs written off, which is included in "Loss on early extinguishment of debt" in the Consolidated Statement of Operations for the year ended December 31, 2008.

Prior to the Chapter 11 Petitions, we could, at our option, elect to pay interest on the Senior Notes entirely in cash ("Cash Interest"), entirely by increasing the principal amount of the outstanding Senior Notes or by issuing additional Senior Notes ("PIK Interest") or by paying 50% of the interest on the Senior Notes in Cash Interest and the remaining portion of such interest in PIK Interest. Cash Interest on the Senior Notes accrued at the rate of 9% per annum. PIK Interest on the Senior Notes accrued at the rate of 9.75% per annum. Interest on the Senior Notes was payable semi-annually in arrears on each June 15 and December, 15

The Senior Notes were fully and unconditionally guaranteed on a joint and several unsecured, senior basis, by each of our restricted subsidiaries that are domestic subsidiaries and that guarantee our obligations under the Revolving Credit Facility and Term Loan. The Senior Notes rank (i) equal in the right of payment with all of our existing senior indebtedness and other obligations; and (ii) senior in right of payment to all of our existing indebtedness, including the Senior Subordinated Notes. The Senior Notes also were effectively junior in priority to our obligations under all secured indebtedness.

We are not required to make any mandatory redemption or sinking fund payments with respect to the Senior Notes other than as set forth in the Senior Indenture relating to certain tax matters.

The Senior Indenture contains covenants and also provides for events of default, which, would permit or require the principal, premium, if any, interest and any other monetary obligations on all outstanding Senior Notes to be due and payable immediately.

Senior Subordinated Notes

On December 19, 2006, Merger Sub issued $400.0 aggregate original principal amount of 10.0% Senior Subordinated Notes under a senior subordinated indenture (the "Senior Subordinated Indenture") with LaSalle Bank National Association, as trustee. As the surviving corporation in the TPG Acquisition, we assumed all the obligations of Merger Sub under the Senior Subordinated Indenture. The Senior Subordinated Notes were originally scheduled to mature on December 15, 2016. In the first quarter of 2008, we retired $1.0 of our Senior Subordinated Notes for $0.7 resulting in a gain from retirement of $0.3, net of debt issuance costs written off, which is included in "Loss on early extinguishment of debt" in the Consolidated Statement of Operations for the year ended December 31, 2008.

The Senior Subordinated Notes are fully and unconditionally guaranteed, on a joint and several unsecured, senior subordinated basis, by each of our restricted subsidiaries that are domestic subsidiaries and that guarantee our obligations under the 2006 Credit Facilities. The Senior Subordinated Notes and the guarantees thereof are our and the guarantors' unsecured, senior subordinated obligations and rank (i) junior to all of our and the guarantors' existing and future senior indebtedness, including the Senior Notes and any borrowings under our 2006 Credit Facilities, and the guarantees thereof; (ii) equally with any of our and the guarantors' future senior subordinated indebtedness; and (iii) senior to any of our and the guarantors' future subordinated indebtedness. In addition, the Senior Subordinated Notes are structurally subordinated to all existing and future liabilities, including trade payables, of our subsidiaries that are not providing guarantees.

We are not required to make any mandatory redemption or sinking fund payments with respect to the Senior Subordinated Notes, but, under certain circumstances, we may be required to offer to purchase Senior Subordinated Notes as described below.

The Senior Subordinated Indenture contained covenants and default provisions substantially similar to those applicable to our Senior Notes.

(in millions, except share data)

9% New Senior Notes

On September 11, 2007, we issued $105.4 aggregate principal amount of 9% New Senior Notes, under a senior indenture dated September 11, 2007 (the "New Senior Indenture") with LaSalle Bank National Association, as trustee.

The 9% New Senior Notes are our unsecured senior obligations and are fully and unconditionally guaranteed on a joint and several unsecured, senior basis, by each of our restricted subsidiaries that are domestic subsidiaries and that guarantee our obligations under our 2006 Credit Facilities. The New Senior Indenture governing the 9% New Senior Notes is substantially similar to the Senior Indenture described above and includes substantially the same covenants, events of default and redemption provisions as contained in the Senior Indenture, except that the interest payable on the 9% New Senior Notes is only payable in cash, unlike the Senior Notes as described above.

Maturities of Long-Term Debt

Scheduled maturities of our long-term debt subsequent to December 31, 2008 (the payment of substantially all maturities in 2009 has been stayed by the Court) are as follows:

2009	$ 2,596.3
2010	2.1
2011	0.7
2012	1.1
2013	0.1
After 2013	-
Total	$ 2,600.3

DIP Financing

In connection with the Chapter 11 Petitions, the Company secured DIP financing in the form of the DIP Term Facility and the DIP ABL Facility, each of which are defined and described in Note 26 "Subsequent Events."

16. EMPLOYEE BENEFIT PLANS

Defined Contribution Pension Plans

During the fourth quarter of 2006 and as part of our efforts to consolidate and standardize our benefit plan offerings to those employees not covered under collective bargaining agreements, the Compensation Committee of the Board of Directors approved a new defined contribution plan that covers substantially all U.S. employees not covered under such agreements. The new plan became effective on January 1, 2007 with the majority of the previous defined contribution plans for non-bargained employee merging into this new plan. The new plan provides both profit sharing and employee matching contributions as well as an age and salary based contribution which totaled $2.2 in 2008 and $2.6 in 2007, respectively. In conjunction with the introduction of this plan, we curtailed the Commonwealth Industries, Inc. ("Commonwealth") Cash Balance Plan, a defined benefit pension plan which provided benefits to certain non-bargained employees of Commonwealth hired prior to our acquisition of Commonwealth. Benefits will no longer accumulate under the Cash Balance Plan as a result of the curtailment. A gain totaling $1.6 was recorded in the period from January 1, 2006 to December 19, 2006 as a result of the curtailment of this plan. We do not expect these changes in employee benefit plan offerings will materially change our total expense or cash payments as compared to historical levels.

Previously, we sponsored a profit-sharing retirement plan covering most of our employees in the Recycling and Specification Alloys Americas segment as well as certain corporate employees who met defined service requirements. Contributions were determined annually by the Board of Directors. Our profit sharing contributions totaled $1.5 for the period from January 1, 2006 to December 19, 2006.

(in millions, except share data)

Subject to certain dollar limits, our employees were permitted to contribute a percentage of their salaries to these plans, and we would match a portion of the employees' contributions. In addition, as part of the acquisitions of Commonwealth, ALSCO and Alumitech, we sponsored defined contribution plans covering certain employees of the Rolled Products North America and Recycling and Specification Alloys Americas segments as well as certain corporate employees. Our match of employees' contributions under our defined contribution plans for the years ended December 31, 2008, and 2007, and for the period from January 1, 2006 to December 19, 2006 was as follows:

	(Successor)		(Predecessor)
	For the years ended December, 31		For the period from January 1, 2006 to December 19,
	2008	2007	2006
Company match of employee contributions	$ 4.2	$ 4.5	$ 1.2

Defined Benefit Pension Plans

Our U.S. and Canadian non-contributory defined benefit pension plans cover certain salaried and non-salaried employees at our corporate headquarters and Rolled Products North America segment. The plan benefits are based on age, years of service and employees' eligible compensation during employment for all employees not covered under a collective bargaining agreement and on stated amounts based on job grade and years of service prior to retirement for non-salaried employees covered under a collective bargaining agreement. During the third quarter of 2008, as a result of the permanent closure of our Cap de la Madeleine, Quebec aluminum rolling mill facility, three of our Canadian non-contributory defined benefit pension plans were curtailed and a charge totaling $13.7 was recorded for the affected employees. In addition, as discussed above, one of our U.S. plans was curtailed during 2006 and effectively replaced by an enhanced defined contribution plan.

Our German subsidiaries sponsor various defined benefit pension plans for their employees. These plans are based on final pay and service, but some senior officers are entitled to receive enhanced pension benefits. Benefit payments are financed, in part, by contributions to a relief fund which establishes a life insurance contract to secure future pension payments; however, the plans are substantially unfunded plans under German law. The unfunded accrued pension costs are covered under a pension insurance association under German law if we are unable to fulfill our obligations.

As a result of the TPG Acquisition, all of our obligations under defined benefit pension plans were revalued to fair value as of December 19, 2006 in accordance with SFAS No. 141 and the unrecognized actuarial gains and losses previously included within "Accumulated other comprehensive income" in the Consolidated Balance Sheet were eliminated. The requirement to value all of our obligations under defined benefit plans at fair value also resulted in the adoption of SFAS No. 158 having no effect on our obligations as of December 31, 2006

(in millions, except share data)

The components of the net periodic benefit expense for the years ended December 31, 2008, December 31, 2007, and for the period from January 1, 2006 to December 19, 2006 were as follows:

	U.S. pension benefits			European and Canadian pension benefits		
	(Successor)		(Predecessor)	(Successor)		(Predecessor)
	For the years ended December 31,		For the period from January 1, 2006 to December 19, 2006	For the years ended December 31,		For the period from January 1, 2006 to December 19, 2006
	2008	2007		2008	2007	
Service cost	$ 1.9	$ 2.6	$ 3.4	$ 4.5	$ 5.8	$ 2.4
Interest cost	7.7	7.3	7.1	13.9	12.8	5.7
Amortization of net (gain) loss	-	-	-	(0.6)	-	0.4
Amortization of prior service cost	-	-	-	0.2	-	-
Expected return on plan assets	(9.4)	(8.8)	(7.8)	(8.0)	(7.9)	(2.7)
Curtailment (gain) loss recognized	-	(0.1)	(1.6)	13.7	(0.1)	-
Net periodic benefit cost	$ 0.2	$ 1.0	$ 1.1	$ 23.7	$ 10.6	$ 5.8

The changes in projected benefit obligations and plan assets during the years ended December 31, 2008 and 2007, using a year end measurement date, are as follows:

	U.S. pension benefits		European and Canadian pension benefits	
December 31,	2008	2007	2008	2007
Change in projected benefit obligations				
Projected benefit obligations at beginning of year	$ 126.7	$ 132.1	$ 272.3	$ 260.1
Plan curtailments	-	(0.1)	15.6	(0.1)
Service cost	1.9	2.6	4.5	5.8
Interest cost	7.7	7.3	13.9	12.8
Actuarial loss (gain)	0.4	(7.6)	(3.8)	(30.8)
Plan amendments	1.5	-	-	2.6
Expenses paid	(0.6)	(0.5)	-	-
Benefits paid	(7.8)	(7.1)	(15.1)	(13.4)
Employee contributions	-	-	0.9	0.9
Translation and other	-	-	(32.3)	34.4
Projected benefit obligations at end of year	$ 129.8	$ 126.7	$ 256.0	$ 272.3
Change in plan assets				
Fair value of plan assets at beginning of year	$ 115.7	$ 104.3	$ 123.5	$ 103.6
Employer contributions	6.0	11.0	15.1	12.4
Actual return on plan assets	(29.9)	8.0	(19.1)	1.9
Employee contributions	-	-	0.9	0.9
Expenses paid	(0.6)	(0.5)	-	-
Benefits paid	(7.8)	(7.1)	(15.1)	(13.4)
Translation and other	-	-	(20.0)	18.1
Fair value of plan assets at end of year	$ 83.4	$ 115.7	$ 85.3	$ 123.5
Funded status				
Fair value of plan assets less than projected benefit obligations	$ (46.4)	$ (11.0)	$ (170.7)	$ (148.6)
Net amount recognized	$ (46.4)	$ (11.0)	$ (170.7)	$ (148.6)

(in millions, except share data)

The following table provides the amounts recognized in the Consolidated Balance Sheet as of December 31, 2008 and 2007 after the adoption of the recognition provisions of SFAS No. 158:

	U.S. pension benefits		European and Canadian pension benefits	
December 31,	2008	2007	2008	2007
Non-current assets	$ -	$ -	$ -	$ 1 9
Current liabilities	-	-	(6 0)	(5 7)
Non-current liabilities	(46.4)	(11.0)	(164.7)	(144.8)
Net amount recognized	$ (46.4)	$ (11.0)	$ (170.7)	$ (148.6)

	U.S. pension benefits		European and Canadian pension benefits	
December 31,	2008	2007	2008	2007
Amounts recognized in other comprehensive income (before tax) consist of:				
Net actuarial loss (gain)	$ 32 8	$ (6 8)	$ (2 5)	$ (26 5)
Net prior service cost	1.5	-	2.4	2.7
	$ 34.3	$ (6.8)	$ (0.1)	$ (23.8)
Amortization expected to be recognized during next fiscal year (before tax)				
Amortization of net (loss) gain	$ (1 9)	$ -	$ 0 1	$ (0 6)
Amortization of prior service cost	(0.1)	-	(0.2)	0.2
	$ (2.0)	$ -	$ (0.1)	$ (0.4)
Additional Information				
Accumulated benefit obligation for all defined benefit pension plans	$ 129 8	$ 126 7	$ 250 7	$ 258 9
For defined benefit pension plans with projected benefit obligations in excess of plan assets:				
Aggregate projected benefit obligation	129 8	126 7	256 0	223 9
Aggregate fair value of plan assets	83 4	115 7	85 3	73 3
For defined benefit pension plans with accumulated benefit obligations in excess of plan assets:				
Aggregate accumulated benefit obligation	129 8	126 7	250 7	198 7
Aggregate fair value of plan assets	83 4	115 7	85 3	56 7

Plan Assumptions. We are required to make assumptions regarding such variables as the expected long-term rate of return on plan assets and the discount rate applied to determine service cost and interest cost. Our objective in selecting a discount rate is to select the best estimate of the rate at which the benefit obligations could be effectively settled. In making this estimate, we use one of two methods depending on the size of the plan and the bond market in the resident country. For larger plans in countries with well-developed bond markets, including the U.S., projected cash flows are developed. These cash flows are matched with a yield curve based on an appropriate universe of high-quality corporate bonds. For other plans, discount rates are selected based on AA-rated bonds. Benchmark rates are adjusted based on the underlying duration of the plan's liabilities and the resulting yields serve as the basis for determining our best estimate of the effective settlement rate. For our three Canadian non-contributory defined benefit plans, the discount rate is based on the required wind-up basis under Quebec legislation.

(in millions, except share data)

Assumptions for long-term rates of return on plan assets are based upon historical returns, future expectations for returns for each asset class and the effect of periodic target asset allocation rebalancing. The results are adjusted for the payment of reasonable expenses of the plan from plan assets. The historical long-term return on the plans' assets exceeded the selected rates and we believe these assumptions are appropriate based upon the mix of the investments and the long-term nature of the plans' investments.

The weighted average assumptions used to determine benefit obligations are as follows:

	U.S. pension benefits		European and Canadian pension benefits	
December 31,	2008	2007	2008	2007
Discount rate	6.25 %	6.25 %	4.94 %	5.62 %
Rate of compensation increase, if applicable	N/A	4.00	3.01	3.14

The weighted average assumptions used to determine the net periodic benefit cost for the years ended December 31, 2008 and 2007, and for the period from January 1, 2006 to December 19, 2006 are as follows:

	U.S. pension benefits			European and Canadian pension benefits		
	For the years ended December 31,		For the period from January 1, 2006 to December 19, 2006	For the years ended December 31,		For the period from January 1, 2006 to December 19, 2006
	2008	2007		2008	2007	
Discount rate	6.25 %	5.75 %	5.50 %	5.62 %	4.73 %	4.75 %
Expected return on plan assets	8.23	8.23	8.23	6.97	6.96	6.48
Rate of compensation increase	N/A	4.49	3.77	3.14	3.14	3.00

Plan Assets. The U.S. and Canadian pension plans' assets consist primarily of equity securities, guaranteed investment contracts and fixed income pooled accounts. The weighted average plan asset allocations at December 31, 2008 and 2007 and the target allocations are as follows:

	Percentage of plan assets		
	2008	2007	Target Allocation
Asset Category:			
Equity securities	51 %	60 %	55 %
Debt securities	34	32	29
Real Estate	7	6	6
Other	8	2	10
Total	100 %	100 %	100 %

Plan Contributions. Prior to the Chapter 11 Petitions, our funding policy for funded pensions was to make annual contributions based on advice from our actuaries and the evaluation of our cash position, but not less than minimum statutory requirements. Contributions for unfunded plans were equal to benefit payments. As a result of the Chapter 11 Petitions, contributions to our U.S. pension plans have been suspended.

(in millions, except share data)

Expected Future Benefit Payments. The following benefit payments for our pension plans, which reflect expected future service, as appropriate, are expected to be paid for the periods indicated (without consideration of our Chapter 11 Petitions):

2009	$ 22.1
2010	21.1
2011	21.7
2012	21.6
2013	22.2
2014-2018	113.1

Other Postretirement Benefit Plans

We maintain health care and life insurance benefit plans covering certain corporate and Rolled Products North America segment employees hired prior to the acquisition of Commonwealth as well as certain employees of our Canadian operations. We accrue the cost of postretirement benefits within the covered employees' active service periods. As with the defined benefit pension plans and as a result of the TPG Acquisition, all of our obligations under other postretirement benefit plans were revalued to fair value in accordance with SFAS No. 141 and the unrecognized actuarial gains and losses previously included within "Accumulated other comprehensive income" in the Consolidated Balance Sheet were eliminated. During the third quarter of 2008, three of our Canadian health care plans were curtailed and a gain totaling $1.0 was recorded.

The financial status of the plans at December 31, 2008 and 2007, using a year end measurement date, is as follows:

December 31,	2008	2007
Change in benefit obligations		
Benefit obligations at beginning of year	$ 57.6	$ 61.5
Service cost	0.5	0.6
Interest cost	3.3	3.4
Benefits paid	(5.5)	(4.4)
Employee contributions	0.3	0.3
Plan amendments	-	(3.9)
Plan curtailments	(1.0)	-
Medicare subsidies received	-	0.2
Actuarial gain	(1.5)	(1.3)
Translation and other	(1.2)	1.2
Benefit obligations at end of year	$ 52.5	$ 57.6
Change in plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contributions	5.2	3.9
Employee contributions	0.3	0.3
Medicare subsidies	-	0.2
Benefits paid	(5.5)	(4.4)
Fair value of plan assets, end of year	$ -	$ -
Funded status	$ (52.5)	$ (57.6)
Unrecognized net actuarial loss	-	-
Net amount recognized	$ (52.5)	$ (57.6)

(in millions, except share data)

The following table provides the amounts recognized in the Consolidated Balance Sheet as of December 31, 2008 and 2007:

December 31,	2008	2007
Current liabilities	$ (4.8)	$ (5.1)
Non-current liabilities	(47.7)	(52.5)
Net amount recognized	$ (52.5)	$ (57.6)

	U.S. other post retirement benefit plans		European and Canadian other post retirement benefit plans	
	2008	2007	2008	2007
Amounts recognized in other comprehensive income (before tax) consist of:				
Net actuarial gain	$ (1.4)	$ (0.7)	$ (1.4)	$ (0.7)
Net prior service credit	(3.5)	(3.9)	-	-
	$ (4.9)	$ (4.6)	$ (1.4)	$ (0.7)
Amortization expected to be recognized during next fiscal year (before tax)				
Amortization of net loss	$ -	$ (0.1)	$ -	$ -
Amortization of prior service credit	0.2	0.5	-	-
	$ 0.2	$ 0.4	$ -	$ -
Additional Information				
For plans with benefit obligations in excess of plan assets:				
Aggregate benefit obligation	$ 47.8	$ 49.9	$ 4.7	$ 7.7
Aggregate fair value of plan assets	-	-	-	-

The components of net postretirement benefit expense for the years ended December 31, 2008 and 2007, and for the period from January 1, 2006 to December 19, 2006 are as follows:

	(Successor) For the years ended December 31,		(Predecessor) For the period from January 1, 2006 to December 19, 2006
	2008	2007	
Service cost	$ 0.5	$ 0.6	$ 0.8
Interest Cost	3.3	3.4	3.1
Amortization of prior service credit	(0.2)	-	-
Curtailment gain recognized	(1.0)	-	-
Net postretirement benefit expense	$ 2.6	$ 4.0	$ 3.9

Plan Assumptions. We are required to make an assumption regarding the discount rate applied to determine service cost and interest cost. Our objective in selecting a discount rate is to select the best estimate of the rate at which the benefit obligations could be effectively settled. In making this estimate, we use one of two methods depending on the size of the plan and the bond market in the resident country. For larger plans in countries with well-developed bond markets, including the U.S., projected cash flows are developed. These cash flows are matched with a yield curve based on an appropriate universe of high-quality corporate bonds. For other plans, discount rates are selected based on AA-rated bonds. Benchmark rates are adjusted based on the underlying duration of the plan's liabilities and the resulting yields serve as the basis for determining our best estimate of the effective settlement rate.

(in millions, except share data)

The weighted average assumptions used to determine net postretirement benefit expense and benefit obligations are as follows:

	2008	2007	2006
Discount rate used to determine expense	6.18%	5.66%	5.50%
Discount rate used to determine December 31 benefit obligations	6.32	6.18	5.66
Health care cost trend rate assumed for next year:			
Retirees under age 65	9.60-10.00%	9.60-10.20%	9.00-10.20%
Retirees 65 and older	8.50-10.00%	9.60-10.40%	9.00-10.40%
Ultimate trend rate	5.63	5.62	5.57
Year rate reaches ultimate trend rate:			
Retirees under age 65	2015-2016	2014-2016	2011-2016
Retirees 65 and older	2014-2016	2013-2015	2011-2015

For measurement purposes, there is an employer cap on the amount paid for retiree medical benefits for our U.S. plans. At December 31, 2008, the employer cap had not yet been reached for salary employees but had been reached for hourly employees.

Assumed health care cost trend rates have an effect on the amounts reported for postretirement benefit plans. A one-percentage change in assumed health care cost trend rates would have the following effects:

	1% increase	1% decrease
Effect on total service and interest components	$ 0.1	$ (0.1)
Effect on postretirement benefit obligations	1.4	(1.2)

Plan Contributions. Our policy for the plan is to make contributions equal to the benefits paid during the year. Expected contributions for the succeeding twelve months have been included in other current liabilities in the Consolidated Balance Sheet. As a result of the Chapter 11 Petitions, contributions to our other postretirement benefit plans have been suspended.

Expected Future Benefit Payments. The following benefit payments are expected to be paid for the periods indicated without consideration of our Chapter 11 Petitions:

	Gross benefit payment	Net of Medicare part D subsidy
2009	$ 5.0	$ 4.8
2010	5.1	4.9
2011	5.3	5.1
2012	5.5	5.2
2013	5.4	5.1
2014-2018	25.3	23.9

Early Retirement Plans

Our Belgian and German subsidiaries sponsor various unfunded early retirement benefit plans. The obligations under these plans at December 31, 2008 and 2007 total $17.5 and $20.3 of which $5.2, the estimated payments under these plans for the year ending December 31, 2009, has been classified as a current liability.

(in millions, except share data)

17. STOCKHOLDER'S (DEFICIT) EQUITY

Successor

In connection with the TPG Acquisition, all of our previously outstanding common stock was purchased by Merger Sub and retired. Immediately upon consummation of the TPG Acquisition and our merger with Merger Sub, we amended and restated our Articles of Incorporation to authorize the issuance of 900 shares of common stock and 100 shares of preferred stock. The Board of Directors will approve the voting rights, dividend rates and other pertinent rights of the preferred stock upon the issuance, if any, of those shares.

Predecessor

The following table shows changes in the number of outstanding shares and treasury shares prior to the TPG Acquisition:

	Common stock share activity	
	Outstanding Shares	Treasury Shares
Balance at January 1, 2006	31,237,685	(13,007)
Exercise of stock options	139,336	8,884
Issuance of common stock for services	1,740	652
Issuance of non-vested stock	34,039	-
Purchase of common stock for treasury	-	(72,073)
Other	(719)	-
Balance at December 19, 2006	31,412,081	(75,544)

18. STOCK-BASED COMPENSATION

Stock-Based Compensation Plan

In February 2007 the Board of Directors of Holdings approved the Aurora Acquisition Holdings, Inc. Amended and Restated Management Equity Incentive Plan ("2007 Plan"). Under the 2007 Plan, Holdings may grant up to 840,870 stock options. The options have a ten year life with 60% of the options vesting ratably over five years and 40% vesting upon the occurrence of a "liquidity event," as defined under the terms of the 2007 Plan agreement, and the achievement of certain returns on TPG's investment. A portion of the time-based options will be paid out upon a liquidity event should the event occur prior to full vesting of these awards. While the time based portion of the options will be expensed over the requisite service period, the event-based awards will not be expensed until the occurrence of the liquidity event.

During the year ended December 31, 2008 and 2007, we recorded $2.5 and $3.9 of compensation expense associated with these options. The weighted-average fair value of the time and event-based options outstanding at December 31, 2008 was approximately $46.45 and $33.48 per option, respectively. At December 31, 2008, there was $13.7 of compensation expense that will be recognized over the next five years and $9.2 of compensation expense that will be recognized upon the occurrence of the liquidity event.

The Company used the Monte Carlo Simulation method to estimate the fair value of all stock options granted. Under this method, the estimate of fair value is affected by the assumptions included in the following table, certain of which are highly complex and subjective. Expected equity volatility was determined based upon historical stock prices of our peer companies. The expected term of the event-based options granted was determined based upon a range of estimates regarding the timing of a liquidity event.

(in millions, except share data)

A summary of stock option activity for service-based options during the period from January 1, 2008 to December 31, 2008 is as follows:

Service based options	Shares	Weighted average exercise price per share	Weighted average remaining contractual term (in years)	Weighted average fair value
Outstanding January 1, 2008	369,787	$ 101.66	9.2	$ 51.63
Granted	140,520	$ 100.00		$ 35.62
Exercised	-			
Canceled	(68,958)	$ 103.27		$ 52.18
Outstanding at December 31, 2008	441,349	$ 100.88	8.5	$ 46.45
Options vested and expected to vest at December 31, 2008	434,488	$ 100.85	8.5	$ 46.40
Options exercisable at December 31, 2008	105,965	$ 100.73	8.1	$ 51.29

The assumptions used in estimating the weighted average grant date fair values of stock options are as follows:

	2008	2007
Expected timing of liquidity event in years	1-7	2-7
Weighted average expected option life in years	3.8	4.6
Risk-free interest rate	2.5%	4.8%
Equity volatility factor	34.8%	65.5%
Dividend yield	0%	0%

Predecessor Stock-Based Compensation Plans

In December 2004, our stockholders approved the 2004 Equity Incentive Plan, as amended ("2004 Plan"). The 2004 Plan provided for the grant of stock options, non-vested shares and share units as well as other stock awards to eligible employees, officers, consultants and non-employee directors. These awards were to vest upon the attainment of stated service periods or performance targets established by the Compensation Committee of the Board of Directors. On May 18, 2006, our stockholders approved an amendment to the 2004 Plan that increased the number of shares of common stock reserved for issuance from 1,100,000 to 2,200,000. All options granted under this plan, once vested, were exercisable for a period of up to 10 years from the date of grant, although options may have expired earlier because of termination of employee service. The 2004 Plan was terminated as of the TPG Acquisition date and all stock options and non-vested shares issued under the 2004 Plan and all predecessor plans were redeemed on December 19, 2006. Certain share unit awards were modified to provide for vesting upon the consummation of the TPG Acquisition while other share unit awards were not modified and remained not vested as of December 19 and December 31, 2006. All awards which vested upon the Acquisition were redeemed for cash of $52.50 per share in 2007. During the year ended December 31, 2007, the Company paid $11.5 to holders of these share units. The payments have been classified as "Investing activities" in the Consolidated Statement of Cash Flows.

The Company modified 107,092 of the non-vested share units for performance-based awards prior to the TPG Acquisition to allow for the vesting of these share units upon the TPG Acquisition. Holders of these share units received $52.50 per share unit in January 2007. The remaining share units were fully expensed in 2006 as all performance targets were attained. Vesting of these share units was subject to approval of the Compensation Committee which approved the vesting of the share units in March 2007. Holders of these share units received $52.50 per share unit in April 2007.

The weighted-average grant date fair value per share of all non-vested shares and share unit awards granted during the period January 1, 2006 to December 19, 2006, was $43.54.

(in millions, except share data)

19. INCOME TAXES

The (loss) income from continuing operations before income taxes and minority interests was as follows:

	(Successor)			(Predecessor)
	For the year ended December, 31		For the period from December 20, 2006 to December 31, 2006	For the period from January 1, 2006 to December 19, 2006
	2008	2007		
U S	$ (1,136 9)	$ (106 9)	$ (7 1)	$ 37 7
International	(741.9)	(74.3)	3.1	21.3
Total	$ (1,878.8)	$ (181.2)	$ (4.0)	$ 59.0

The (benefit from) provision for income taxes, including income taxes on minority interests, was as follows:

	(Successor)			(Predecessor)
	For the year ended December 31,		For the period from December 20, 2006 to December 31, 2006	For the period from January 1, 2006 to December 19, 2006
	2008	2007		
Current:				
Federal	$ 0 9	$ 4 0	$ (8 8)	$ 19 3
State	1 1	(2 6)	0 3	3 8
International	15.7	9.9	(0.4)	(3.0)
	$ 17 7	$ 11 3	$ (8 9)	$ 20 1
Deferred:				
Federal	$ (82 3)	$ (29 6)	$ 6 8	$ 0 5
State	(2 9)	(3 3)	0 5	(3 4)
International	(66.6)	(66.8)	0.9	6.2
	$ (151.8)	$ (99.7)	$ 8.2	$ 3.3
(Benefit from) provision for income taxes	$ (134.1)	$ (88.4)	$ (0.7)	$ 23.4

The income tax expense, computed by applying the federal statutory tax rate to earnings before income taxes, differed from the (benefit from) provision for income taxes as follows:

	(Successor)			(Predecessor)
	For the year ended December 31,		For the period from December 20, 2006 to December 31, 2006	For the period from January 1, 2006 to December 19, 2006
	2008	2007		
Income tax expense (benefit) at the federal statutory rate	$ (657 6)	$ (63 4)	$ (1 4)	$ 20 6
Foreign income tax rate differences	(21 9)	(59 6)	(1 6)	(11 2)
State income taxes, net	(12 5)	(4 4)	0 3	(2 5)
Tax on foreign repatriation, net of foreign tax credits	12 4	10 0	-	5 5
Worldwide goodwill impairment	368 3	-	-	-
Other, net	1 7	(0 3)	0 7	2 2
Change in worldwide valuation allowance	175.5	29.3	1.3	8.8
(Benefit from) provision for income taxes	$ (134.1)	$ (88.4)	$ (0.7)	$ 23.4

(in millions, except share data)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of our deferred tax liabilities and assets are as follows:

	(Successor)	
December 31,	2008	2007
Deferred Tax Liabilities:		
Depreciation and amortization	$ 129.2	$ 251.2
Deferred hedging gain	13.6	35.8
Other	58.2	43.7
Total deferred tax liabilities	$ 201.0	$ 330.7
Deferred Tax Assets:		
Net operating loss carryforwards	$ 182.7	$ 140.4
Depreciation and amortization	18.6	21.6
Tax credit carryforwards	29.4	30.9
Expenses not currently deductible	36.8	29.3
Accrued pension	34.3	31.5
Accrued post retirement	16.2	16.8
Deferred hedging loss	47.0	-
Inventory	14.5	-
Other	66.6	46.6
	$ 446.1	$ 317.1
Valuation allowance	(312.6)	(136.5)
Total deferred tax assets	$ 133.5	$ 180.6
Net deferred tax liabilities	$ 67.5	$ 150.1

Various non-U.S. tax jurisdictions reduced their tax rates in 2007 resulting in a $32.7 deferred tax benefit from the reduction in deferred tax liabilities. This benefit resulted primarily from the approximately 10% tax rate reduction in Germany.

At December 31, 2008 and 2007 we had valuation allowances of $312.6 and $136.5, respectively, to reduce certain deferred tax assets to amounts that are more likely than not to be realized. Of the total 2008 and 2007 valuation allowance, $187.6 and $109.6 relates to net operating losses and future tax deductions for depreciation in non-U.S. tax jurisdictions, $85.9 and zero relates to U.S. federal net operating losses and tax credits and $39.1 and $26.9 relate primarily to Kentucky state recycling credits and other state net operating losses respectively. We believe that sufficient evidence currently exists that it is more likely than not that we will not realize deferred tax assets.

At December 31, 2008, we had approximately $526.8 of unused net operating loss carryforwards associated with non-U.S. tax jurisdictions, of which $422.6 can be carried forward indefinitely. The remainder had carryforwards from 5 to 20 years, of which $19.8 will expire over a 5 year period, starting in 2009. At December 31, 2008, the U.S. federal net operating loss carryforwards were $35.3. The tax benefits associated with state net operating loss carryforwards at December 31, 2008 were $11.8, part of which has been offset with a valuation allowance for entities that have a history of cumulative losses.

At December 31, 2008, we had $4.6 of unused U.S. federal tax credit carry forwards. We also had $38.2 of unused state tax credit carry forwards, for most of which a full valuation allowance has been provided.

Substantially all of the $103.9 of undistributed earnings of our non-U.S. investments is considered permanently reinvested and, accordingly, no additional U.S. income taxes or non-U.S. withholding taxes have been provided. It is not practicable to calculate the deferred taxes associated with the remittance of these earnings.

(in millions, except share data)

Aleris International, Inc., its parent corporation and its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. The Internal Revenue Service completed an examination of the Company's U.S. income tax returns for 2004 in 2008. As a result, the Company's research and experimentation credit carryforward was reduced by $2.9 which was recognized against goodwill.

As of December 31, 2008, we have $11.7 of unrecognized tax benefits. $3.4 of the incremental unrecognized benefit will impact our effective rate if recognized and $1.8 will be recognized against goodwill.

	2008	2007
Balance at beginning of year	$ 6.5	$ 2.2
Additions based on tax positions related to current year	1.4	2.5
Additions for tax positions of prior years	7.4	1.8
Reductions for tax positions of prior years	(0.6)	-
Settlements	(3.0)	-
Balance at end of year	$ 11.7	$ 6.5

We recognize interest and penalties related to uncertain tax positions within the "(Benefit from) provision for income taxes" in the Consolidated Statement of Operations. As of December 31, 2008, we had approximately $0.3 of accrued interest related to uncertain tax positions.

The 2003 through 2007 tax years remain open to examination by the major taxing jurisdictions to which we are subject. A non-U.S. taxing jurisdiction commenced an examination in the first quarter of 2009 that is anticipated to be completed within twelve months of the reporting date. We presented an adjustment to our transfer pricing tax position that is expected to result in a decrease of $2.1. The Internal Revenue Service also commenced an examination of our U.S. income tax returns for 2005 through 2007 in the fourth quarter of 2008 that is anticipated to be completed within twelve months of the reporting date. Uncertainty exists regarding our transaction cost tax position that may result in a decrease in the range of zero to $1.3.

20. RELATED PARTY TRANSACTIONS

As discussed in Note 18 "Stock-Based Compensation," we recorded $2.5 and $3.9 of compensation expense for the years ended December 31, 2008 and 2007, respectively, associated with the stock option plan of Holdings, the beneficiaries of which are members of our senior management. In addition, as discussed in Note 9 "Sponsor Management Fee," during the years ended December 31, 2008 and 2007 we recorded $9.6 and $9.1, respectively of management fees related to affiliates of TPG. At December 31, 2008, $2.3 of amounts owed to TPG have been included within "Accrued Liabilities" in the Consolidated Balance Sheet.

On December 26, 2008, an affiliate of TPG agreed to provide a short-term letter of credit in connection with an arrangement with a derivative counterparty of a subsidiary of the Company in the amount of approximately $45.0. This arrangement facilitated the release of cash that had previously been used for margin requirements under the related derivative contracts.

(in millions, except share data)

21. COMMITMENTS AND CONTINGENCIES

Operating leases

We lease various types of equipment and property, primarily the equipment utilized in our operations at our various plant locations and at our headquarters facility. The future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2008, are as follows:

	Operating Leases
2009	$ 12.0
2010	8.5
2011	4.8
2012	1.9
2013	1.6
Thereafter	3.1
	$ 31.9

Rental expense under cancelable and non-cancelable operating leases for the years ended December 31, 2008 and 2007, for the period from December 20, 2006 to December 31, 2006, and the period from January 1, 2006 to December 19, 2006 was $24.4, $25.3, $0.9, and $14.6, respectively

Purchase Obligations

Our non-cancelable purchase obligations are principally for natural gas and materials, such as metals and fluxes used in our manufacturing operations. As of December 31, 2008, amounts due under short-term and long-term non-cancelable purchase obligations are as follows:

	Total	2009	2010-2011	2012-2013	After 2013
Purchase obligations	$ 2,130.1	$ 670.2	$ 903.9	$ 470.4	$ 85.6

Amounts purchased under long-term purchase obligations during the years ended December 31, 2008, 2007 and 2006 related to these purchase obligations totaled $835.1, $1,942.0 and $711.8, respectively.

Employees

Approximately 45% of our U.S. employees and substantially all of our non-U.S. employees are covered by collective bargaining agreements.

Environmental Proceedings

Our operations are subject to environmental laws and regulations governing air emissions, wastewater discharges, the handling, disposal and remediation of hazardous substances and wastes and employee health and safety. These laws can impose joint and several liabilities for releases or threatened releases of hazardous substances upon statutorily defined parties, including us, regardless of fault or the lawfulness of the original activity or disposal. Given the changing nature of environmental legal requirements, we may be required, from time to time, to take environmental control measures at some of our facilities to meet future requirements.

Currently and from time to time, we are a party to notices of violations brought by environmental agencies concerning the laws governing air emissions. In connection with certain pending proceedings, we are engaged in discussion with the United States Department of Justice, the United States Environmental Agency and several states for the purpose of resolving in one proceeding similar issues that have arisen at a number our facilities in different states. Although discussions are ongoing with respect to the amount of penalties and the scope of any injunctive relief, the government has recently demanded that we pay a combined civil penalty of $7.2 as part of a consent decree resolving these issues. We do not anticipate that the ultimate penalties combined with the cost of any injunctive relief would have a material adverse effect on our financial position or results of operations.

(in millions, except share data)

We have been named as a potentially responsible party in certain proceedings initiated pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act and similar stated statutes and may be named a potentially responsible party in other similar proceedings in the future. It is not anticipated that the costs incurred in connection with the presently pending proceedings will, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

We are performing operations and maintenance at two Superfund sites for matters arising out of past waste disposal activity associated with closed facilities. We are also under orders by agencies in four states for environmental remediation at five sites, two of which are located at our operating facilities.

Our reserves for environmental remediation liabilities totaled $47.0 and $45.4 at December 31, 2008 and 2007, respectively, and have been classified as "Other long-term liabilities" and "Accrued liabilities" in the Consolidated Balance Sheet. Of the environmental liabilities recorded at December 31, 2008, $5.3 is indemnified by Corus. These amounts are in addition to our asset retirement obligations discussed in Note 14 "Asset Retirement Obligations" and represent the most probable costs of remedial actions. We estimate the costs related to currently identified remedial actions will be paid out primarily over the next ten years.

The changes in our accruals for environmental liabilities are as follows (there was no change in our environmental liabilities from the period from December 20, 2006 to December 31, 2006):

	For the years ended Decmeber 31,		For the period from January 1, 2006 to December 19,
	2008	2007	2006
Balance at beginning of year	$ 45.4	$ 14.5	$ 12.3
Revisions and liabilities incurred	4.4	5.5	0.8
Payments	(2.8)	(2.1)	(0.9)
Environmental liabilities of acquired businesses	-	27.5	2.3
Balance at end of year	$ 47.0	$ 45.4	$ 14.5

Legal Proceedings

We are a party from time to time to what we believe are routine litigation and proceedings considered part of the ordinary course of our business. We believe that the outcome of such existing proceedings would not have a material adverse effect on our financial position or results of operations.

22. SEGMENT INFORMATION

Effective October 1, 2008, the Company's reportable segments were changed from two global segments: Global Rolled and Extruded products and Global Recycling to three regional segments: Rolled Products North America, Recycling and Specification Alloys Americas and Europe. This change was made to better serve our customers, taking into consideration the regional nature of supply and demand of aluminum products. Organizational changes were also made to better manage the disparity in markets and business cultures. As a result, prior period amounts have been reclassified to conform to the new segment structure.

Measurement of Segment Profit or Loss and Segment Assets

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Our measure of the profitability of our operating segments is referred to as segment income. Segment income excludes provisions for income taxes, restructuring and other charges, interest, unrealized and certain losses on derivative financial instruments, corporate general and administrative costs, including depreciation of corporate assets and impairment of goodwill and other intangible assets. Intersegment sales and transfers are recorded at market value. Consolidated cash, long-term debt, net capitalized debt costs, deferred tax assets and assets related to our headquarters office are not allocated to the reportable segments.

(in millions, except share data)

In our continued efforts to integrate acquired businesses and to standardize reporting across all of our segments, we began reporting certain expenses previously included within the segments' operating results as corporate selling, general and administrative expense in 2008. The expenses relate to information technology, treasury and certain other functions managed at the corporate level. We have restated the 2007 segment information, reducing corporate income by $20.2 and increasing the Rolled Products North America and Europe segment income by $1.5 and $18.7, respectively. We have not restated 2006 segment information as it would be impracticable to do so.

Reportable Segment Information

Selected reportable segment disclosures for the three years ended December 31, 2008, 2007 and 2006 are as follows:

	Rolled Products North America	Recycling and Specification Alloys Americas	Europe	Intersegment revenues	Total
2008 (Successor)					
Revenues	$ 1,675.6	$ 1,503.1	$ 2,761.2	$ (34.2)	$ 5,905.7
Segment (loss) income	(2.4)	28.4	(4.4)		21.6
Depreciation and amortization expense	49.4	37.6	130.9		217.9
Segment assets	567.1	438.9	1,546.0		2,552.0
Payments for Property plant and equipment	17.7	13.3	104.6		135.6
2007 (Successor)					
Revenues	$ 1,972.3	$ 1,125.7	$ 2,948.2	$ (56.3)	$ 5,989.9
Segment income (loss)	107.7	47.0	(21.8)		132.9
Depreciation and amortization expense	57.3	29.4	112.4		199.1
Segment assets	1,455.2	834.7	1,765.2		4,055.1
Payments for Property plant and equipment	24.4	13.3	148.0		185.7
2006 (Combined)					
Revenues	$ 1,940.5	$ 916.6	$ 1,358.1	$ (19.6)	$ 4,195.6
Segment income (loss)	201.3	76.1	(11.9)		265.5
Depreciation and amortization expense	36.9	21.8	46.3		105.0
Segment assets	349.7	880.0	1,845.3		3,075.0
Payments for Property plant and equipment	28.7	17.8	64.3		110.8

(in millions, except share data)

Reconciliations of total reportable segment disclosures to our consolidated financial statements are as follows:

	(Successor)		(Combined)
	2008	2007	2006
Profits			
Total segment income	$ 21.6	$ 132.9	$ 265.5
Unallocated amounts:			
Corporate general and administrative expenses	(144.9)	(109.6)	(71.8)
Restructuring and other charges	(102.2)	(32.8)	(41.9)
Impairment of goodwill and other intangibles	(1,311.8)	-	-
Interest expense	(229.1)	(207.0)	(84.9)
Unallocated (losses) gains on derivative financial instruments	(116.5)	24.9	35.3
Interest and other income	5.6	10.4	7.2
Loss on early extinguishment of debt	(1.5)	-	(54.4)
(Loss) income from continuing operations before provision for income taxes and minority interests	$ (1,878.8)	$ (181.2)	$ 55.0
Depreciation and amortization			
Total depreciation and amortization expense for reportable segments	$ 217.9	$ 199.1	$ 105.0
Unallocated depreciation and amortization expense	7.2	4.8	1.8
Total consolidated depreciation and amortization expense	$ 225.1	$ 203.9	$ 106.8
Assets			
Total assets for reportable segments	$ 2,552.0	$ 4,055.1	$ 3,075.0
Assets of discontinued operation	-	254.1	187.6
Unallocated assets	124.0	764.1	1,539.3
Total consolidated assets	$ 2,676.0	$ 5,073.3	$ 4,801.9
Payments for property, plant and equipment			
Total payments for PP&E for reportable segments	$ 135.6	$ 185.7	$ 110.8
Other payments for PP&E	2.5	6.1	8.6
Total consolidated payments for PP&E	$ 138.1	$ 191.8	$ 119.4

applied to losses before income taxes primarily as a result of the mix of income, losses and tax rates between tax jurisdictions and valuation allowances.

We have valuation allowances recorded to reduce certain deferred tax assets to amounts that are more likely than not to be realized. The valuation allowances relate to our potential inability to utilize certain foreign net operating loss carry forwards and U.S. federal and state net operating loss and tax credit carry forwards. We intend to maintain these valuation allowances until sufficient positive evidence exists (such as cumulative positive earnings and estimated future taxable income) to support their reversal.

As of September 30, 2009, we have $13.1 of unrecognized tax benefits. We recognize interest and penalties related to uncertain tax positions within the "Provision for (benefit from) income taxes" in the Consolidated Statement of Operations. As of September 30, 2009, we had approximately $0.7 of accrued interest related to uncertain tax positions.

The 2003 through 2007 tax years remain open to examination by the major taxing jurisdictions to which we are subject. A non-U.S. taxing jurisdiction commenced an examination in the first quarter of 2009 that is anticipated to be completed within twelve months of the reporting date. We presented an adjustment to our transfer pricing tax position that is expected to result in a decrease to the reserve of $2.1. The Internal Revenue Service also commenced an examination of our U.S. income tax returns for 2005 through 2007 in the fourth quarter of 2008 that is anticipated to be completed within twelve months of the reporting date. Uncertainty exists regarding our transaction cost tax position that may result in a decrease to the reserve in the range of $0.0 to $1.4.

12. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plans

Components of the net periodic benefit expense for the three and nine months ended September 30, 2009 and 2008 are as follows:

	U.S. pension benefits				European and Canadian pension benefits			
	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008	2009	2008	2009	2008
Service cost	$ 0.5	$ 0.5	$ 1.5	$ 1.4	$ 0.7	$ 0.9	$ 2.0	$ 3.6
Interest cost	2.0	1.9	5.9	5.7	1.9	3.2	5.7	10.6
Amortization of net loss (gain)	0.5	-	1.4	-	(0.2)	(0.1)	(0.6)	(0.3)
Curtailment loss recognized	-	-	0.4	-	-	13.8	-	13.8
Expected return on plan assets	(1.7)	(2.4)	(5.1)	(7.1)	-	(1.9)	(0.1)	(6.2)
Amortization of prior service cost	-	-	0.1	-	-	-	0.1	-
Net periodic benefit cost	$ 1.3	$ -	$ 4.2	$ -	$ 2.4	$ 15.9	$ 7.1	$ 21.5

Other Postretirement Benefit Plans

The components of net postretirement benefit expense for the three and nine months ended September 30, 2009 and 2008 are as follows:

	U.S. other post retirement benefit plans				European and Canadian other post retirement benefit plans			
	For the three months ended September 30,		For the nine months ended September 30,		For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008	2009	2008	2009	2008
Service cost	$ 0.1	$ 0.1	$ 0.4	$ 0.3	$ -	$ -	$ -	$ -
Interest cost	0.7	0.7	2.1	2.2	-	0.1	-	0.3
Amortization of net (gain) loss	-	-	(0.1)	-	-	-	-	-
Amortization of prior service cost	(0.1)	(0.1)	(0.1)	(0.3)	-	-	-	-
Curtailment gain	-	-	-	-	-	(1.0)	-	(1.0)
Net postretirement benefit cost	$ 0.7	$ 0.7	$ 2.3	$ 2.2	$ -	$ (0.9)	$ -	$ (0.7)

13. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

Prior to the Petition Date, we entered into derivatives to hedge the cost of energy, the sale and purchase prices of certain aluminum products as well as certain alloys used in our production processes, certain currency exposures and variable interest rates. Generally, we enter into master netting arrangements with our counterparties and offset net derivative positions with the same counterparties against amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements in our Consolidated Balance Sheet. Accordingly, the fair value of outstanding derivative contracts are included in the Consolidated Balance Sheet as "Prepaid expenses and other current assets," "Derivative financial instruments," and "Other long-term liabilities." Subsequent to the Petition Date, derivative financial instruments totaling $98.9 that represent pre-petition Debtor liabilities have been reported as "Liabilities subject to compromise" in the Consolidated Balance Sheet and have been valued at the expected amount of the claims to be allowed by the Bankruptcy Court.

In addition, as a result of the filing of the Chapter 11 Petitions, all Debtors were prevented from entering into new derivative financial instruments without prior approval of the lenders under the DIP credit facilities. In April 2009, the Company received approval to and entered into various option contracts to reduce its exposure to increases in LME aluminum prices and natural gas prices. Premiums of $10.2 were paid during the second quarter of 2009 to enter into these contracts.

The fair value of the Company's derivative financial instruments at September 30, 2009 and December 31, 2008 were as follows (the pre-petition derivative financial instruments of the Debtors are not included as they have not been valued at fair value pursuant to ASC 820 (formerly SFAS No. 157)):

Asset Derivatives	Balance Sheet Location	September 30, 2009	December 31, 2008
Aluminum	Derivative financial instruments	$ 19.0	$ -
	Other assets	4.2	-
Currency	Derivative financial instruments	2.9	2.7
Natural gas	Derivative financial instruments	0.9	-
Total		$ 27.0	$ 2.7

Liability Derivatives	Balance Sheet Location	September 30, 2009	December 31, 2008
Natural gas	Derivative financial instruments	$ -	$ 3.2
Aluminum	Derivative financial instruments	-	82.2
	Other long-term liabilities	-	1.8
Currency	Derivative financial instruments	-	2.9
Interest Rate	Derivative financial instruments	-	3.5
Total		$ -	$ 93.6

Beginning January 1, 2008, the Company's derivative contracts are recorded at fair value under ASC 820 using quoted market prices and significant other observable and unobservable inputs. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence and unobservable inputs. However, as discussed above, as of September 30, 2009 all pre-petition derivative liabilities of the Debtors have been valued at the expected amount of the claims to be allowed by the Bankruptcy Court pursuant to ASC 852 rather than at fair value.

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The determination of the classification of each derivative within the fair value hierarchy is based upon an assessment of both the significance of the impact that non-performance risk had on the overall valuation of the derivative and the nature of the evidence used to determine that impact. Where counterparty-specific evidence of credit risk is available (such as credit default swap spreads), the derivative is generally included within Level 2 of the fair value hierarchy. Level 3 financial instruments typically include, in addition to the unobservable or Level 3 components, observable components, including current quoted market prices, which are validated to external sources.

The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2009 and the level in the fair value hierarchy (the pre-petition derivative

financial instruments of the Debtor entities are not included as they have not been valued at fair value pursuant to ASC 820):

	Fair Value Measurements at Reporting Date Using:			
Description	Total Carrying Value in the Consolidated Balance Sheet	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets	$ 27.0	$ -	$ 27.0	$ -
Derivative liabilities	-	-	-	-
Net derivative assets (liabilities)	$ 27.0	$ -	$ 27.0	$ -

The following tables summarize the activity in our balance sheet accounts for financial instruments classified within Level 3 of the valuation hierarchy:

	For the nine months ended September 30, 2009
Balance at beginning of period	$ (9.3)
Losses on derivative financial instruments	(0.6)
Collateral	0.9
Purchases, issuances, and settlements	6.9
Transfers out of Level 3	2.1
Balance at end of period	$ -
Total losses included in earnings attributable to the change in unrealized losses relating to derivative contracts still held at September 30, 2009:	
Losses on derivative financial instruments	$ (0.6)

Realized and unrealized gains and losses on derivative financial instruments of non-Debtors, for the three and nine months ended September 30, 2009, as well as realized and unrealized gains and losses on derivative financial instruments of the Debtors prior to the Petition Date are included within "(Gains) losses on derivative financial instruments" in the Consolidated Statement of Operations. Unrealized gains and losses recorded on the post-petition derivative financial instruments of the Debtors subsequent to the Petition Date are also included within "(Gains) losses on derivative financial instruments" in the Consolidated Statement of Operations. Unrealized gains and losses recorded on the pre-petition derivative financial instruments of the Debtors subsequent to the Petition Date are included within "Reorganization items, net" in the Consolidated Statement of Operations and consist primarily of the reversal of the 90% credit adjustment factor used to value derivative liabilities pursuant to ASC 820 prior to the Petition Date.

Realized losses and (gains) on derivative financial instruments (included in "(Gains) losses on derivative financial instruments") totaled the following during the three and nine months ended September 30, 2009 and 2008:

	Realized losses (gains) on derivative financial instruments			
	For the three months ended		For the nine months ended	
Derivative financial instruments	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Natural gas	$ 1.0	$ 3.4	$ 9.4	$ -
Aluminum	3.2	7.7	(3.9)	50.0
Currency	(1.6)	(19.4)	0.6	(41.5)

Natural Gas Hedging

Prior to the filing of the Chapter 11 Petitions, in order to manage our price exposure for natural gas purchases, we fixed the future price of a portion of our natural gas requirements by entering into financial hedge

agreements. Under these agreements, payments were made or received based on the differential between the monthly closing price on the New York Mercantile Exchange ("NYMEX") and the contractual hedge price. During the second quarter of 2009, we entered into call options to protect the Company from increases in natural gas prices through December 2009.

We do not treat these derivative financial instruments as hedges for accounting purposes. Accordingly, the changes in the fair value of the contracts are recorded in earnings as "(Gains) losses on derivative financial instruments" in the Consolidated Statement of Operations, rather than being deferred in "Accumulated other comprehensive income" in the Consolidated Balance Sheet. In addition, we have cost escalators included in some of our long-term supply contracts with customers, which limit our exposure to natural gas price risk.

Metal Hedging

The selling prices of the majority of the orders for our rolled and extruded products are established at the time of order entry or, for certain customers, under long-term contracts. As the related raw materials used to produce these orders are purchased several months or years after the selling prices are fixed, we are subject to the risk of changes in the purchase price of the raw materials we purchase. In order to manage this transactional exposure prior to the Petition Date, we entered into London Metal Exchange ("LME") future or forward purchase contracts at the time the selling prices were fixed. In addition, at times during 2008, we entered into derivative contracts to protect the fair value of a portion of our aluminum inventory against a potential decline in aluminum selling prices. During the second quarter of 2009, we entered into call options to hedge the risk of future LME price increases related to our expected primary aluminum purchases from October 2009 through June 2010.

We do not treat these derivative financial instruments as hedges for accounting purposes. Accordingly, the changes in the fair value of the contracts are recorded in earnings as "(Gains) losses on derivative financial instruments" in the Consolidated Statement of Operations, rather than being deferred in "Accumulated other comprehensive income" in the Consolidated Balance Sheet.

Our recycling businesses also entered into LME high-grade aluminum forward sales and purchase contracts to mitigate the risk associated with changes in metal prices. The contracts outstanding at September 30, 2009 and 2008 are not accounted for as hedges for accounting purposes and, as a result, the changes in fair value of the contracts are recorded in earnings as "(Gains) losses on derivative financial instruments" in the Consolidated Statement of Operations, rather than being deferred in "Accumulated other comprehensive income."

Interest Rates Hedging

In March 2007 we reduced our exposure to interest rate fluctuations by entering into an interest rate swap that fixed the interest we paid on approximately $700.0 of our variable rate debt. In March 2008 we further reduced our exposure to interest rate fluctuations by entering into an additional interest rate swap to fix the interest we paid on an incremental portion of our Term Loan Facility. As a result of these swaps, interest on approximately $750.0 of our Term Loan Facility debt was fixed as of December 31, 2008. These swaps were accounted for as cash flow hedges, with gains and losses deferred and recorded within "Accumulated other comprehensive income" in Stockholder's Deficit prior to December 31, 2008. As of December 31, 2008, taking into account the Chapter 11 Petitions on February 12, 2009, management concluded it was probable that the hedged transactions (interest payments) would no longer occur. As a result, in accordance with ASC 815, the derivative losses prior to the filing of the Chapter 11 Petitions were recorded within "(Gains) losses on derivative financial instruments" in the Consolidated Statement of Operations for the nine months ended September 30, 2009.

Credit Risk

We are exposed to losses in the event of non-performance by the counterparties to the derivative financial instruments discussed above; however, we do not anticipate any non-performance by the counterparties. The counterparties are evaluated for creditworthiness and risk assessment prior to initiating trading activities with the brokers.

Other Financial Instruments

The carrying amount and fair value of our other financial instruments at September 30, 2009 and December 31, 2008 are as follows:

	September 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 81.0	$ 81.0	$ 48.5	$ 48.5
DIP Term Facility	746.9	450.8	-	-
DIP ABL Facility	237.7	227.0	-	-
Debt in Default:			-	-
Term Loan Facility	674.2	280.6	1,203.8	483.2
Senior Notes	583.5	11.5	589.1	29.9
Senior Subordinated Notes	385.4	7.7	389.7	59.9
New Senior Notes	98.6	1.1	98.6	20.0

The current fair value of our DIP Term Facility, DIP ABL Facility, Term Loan Facility, Senior Notes, Senior Subordinated Notes, and New Senior Notes were based on market quotations, discounted cash flows and incremental borrowing rates. The fair value of our accounts receivable, accounts payable and accrued liabilities approximate carrying value. The fair values of the amounts disclosed herein do not purport to represent the values that may be realized by our creditors through the reorganization process.

14. INTANGIBLE ASSETS

During the nine months ended September 30, 2009, we recorded impairment charges totaling $19.2 related to our indefinite lived intangible assets. The impairments, which have been included within operating results of the Corporate segment, consisted of trade name impairments totaling $9.1 and $10.1 related to our Recycling and Specification Alloys Americas and Rolled Products North America segments, respectively. The impairments were primarily the result of the continued adverse climate for our business, particularly lower forecasted revenues resulting from a reduction in forecasted shipment levels and LME aluminum prices. The fair values utilized to determine the extent of the impairments were calculated using the income approach. The adjusted carrying value for trade names recorded within "Intangible assets, net" on the Consolidated Balance Sheet as of September 30, 2009 and December 31, 2008 were $46.4 and $65.6, respectively.

15. DISCONTINUED OPERATIONS

On November 19, 2007, the Company entered into a definitive stock purchase agreement to sell all of the issued and outstanding shares of capital stock of each of U.S. Zinc Corporation, Interamerican Zinc, Inc., and Aleris Asia Pacific Zinc (Barbados) Ltd. together with wholly-owned subsidiaries (the "Zinc Business"). On January 11, 2008, we sold our Zinc Business for total cash consideration of $287.2. We have not realized any continuing cash flows from the Zinc Business subsequent to the closing of the sale.

The Income from discontinued operations, net of tax for the eleven days ended January 11, 2008 includes revenues of $16.1, pre-tax loss of $0.8 and net loss of $1.2, respectively. "(Loss) income from discontinued operations, net of tax" for the three and nine months ended September 30, 2008 was $(1.2) and $2.4, respectively. In addition to the results of operations for the eleven days ended January 11, 2008, the results of discontinued operations for the three and nine months ended September 30, 2008 include amounts related to the revision of the purchase price adjustment associated with the working capital delivered as well as adjustments to the estimated income tax expense associated with the sale.

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), the sale of the Zinc Business qualified as a discontinued operation. Accordingly, the results of operations of the Zinc Business were included in "Income from discontinued operations, net of tax," within the Consolidated Statement of Operations for the eleven days ended January 11, 2008. The applicable interest expense for the eleven days ended January 11, 2008 was allocated based on the ratio of net assets for the Global Zinc Business compared to total net assets of the U.S. entities as the debt held outside the U.S. was not directly

attributable to the Global Zinc Business. The interest expense included in discontinued operations represented $0.4 for the eleven days ended January 11, 2008.

16. RELATED PARTY TRANSACTIONS

As discussed in Note 10 "Stock-Based Compensation," we recorded $0.8 and $1.8 of compensation expense for the three and nine months ended September 30, 2009, respectively, and $0 and $1.8 for the three and nine months ended September 30, 2008, respectively, associated with the stock option plan of Holdings, the beneficiaries of which are members of our senior management. In addition, we recorded $0 and $0.8 of management fees payable to affiliates of TPG during the three and nine months ended September 30, 2009, respectively, and $2.5 and $7.1 for the three and nine months ended September 30, 2008, respectively.

17. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Certain of our subsidiaries (the "Guarantor Subsidiaries") are guarantors of the indebtedness under our DIP Term Facility and DIP ABL Facility. Condensed consolidating financial statements of Aleris International, Inc., the Guarantor Subsidiaries, and those subsidiaries of Aleris International, Inc. that are not guaranteeing the indebtedness under the DIP Term Facility and DIP ABL Facility (the "Non-Guarantor Subsidiaries") are presented below. The condensed consolidating balance sheets are presented as of September 30, 2009 and December 31, 2008 and the condensed consolidating statement of operations and condensed consolidating statement of cash flows are presented for the nine months ended September 30, 2009.

	As of September 30, 2009						
	Alerts International, Inc.	DIP ABL and Term Loan Guarantors	DIP Term Loan Guarantors	DIP ABL Loan Guarantors	DIP Non Guarantors	Eliminations	Consolidated
ASSETS							
Current Assets							
Cash and cash equivalents	$ 15 5	$ 28 6	$ 24 4	$ 0 6	$ 11 9	$ -	$ 81 0
Accounts receivable, net	5 6	145 0	1 7	197 8	40 1	-	390 2
Inventories	2 5	151 3	258 4	3 1	14 4	-	429 7
Deferred income taxes	-	1 6	26 2	0 2	0 2	-	28 2
Derivative financial instruments	-	17 3	2 3	-	3 2	-	22 8
Prepaid expenses and other current assets	25.9	10.0	18.6	3.2	4.7	-	62.4
Total Current Assets	49 5	353 8	331 6	204 9	74 5	-	1,014 3
Property, plant and equipment, net	33 8	265 6	830 4	21 0	45 6	-	1,196 4
Goodwill	33 2	46 1	-	-	-	-	79 3
Intangible assets, net	28 4	30 4	25 2	-	0 7	-	84 7
Deferred income taxes	2 0	2 1	24 7	0 1	0 3	-	29 2
Other assets	1 9	4 0	9 8	0 1	11 5	-	27 3
Investments in subsidiaries/ intercompany receivables (payables), net	777.4	217.6	(411.5)	140.8	491.3	(1,215.6)	-
Total Assets	$ 926.2	$ 919.6	$ 810.2	$ 366.9	$ 623.9	$ (1,215.6)	$ 2,431.2
LIABILITIES AND STOCKHOLDER'S DEFICIT							
Current Liabilities							
Accounts payable	$ 6 9	$ 54 3	$ 148 0	$ 1 8	$ 18 0	$ -	$ 229 0
Accrued liabilities	40 1	45 6	105 0	7 8	4 0	-	202 5
Deferred income taxes	6 6	0 2	21 4	-	0 3	-	28 5
Current maturities of debt	-	-	391 2	-	5 5	-	396 7
Debt in default	5 0	-	-	-	-	-	5 0
Debtor in possession financing	822.7	-	35.6	126.3	-	-	984.6
Total Current Liabilities	881 3	100 1	701 2	135 9	27 8	-	1,846 3
Long-term debt	-	-	3 9	-	-	-	3 9
Deferred income taxes	-	(25 5)	87 7	2 7	-	-	64 9
Accrued pension benefits	-	-	136.5	0 9	-	-	137 4
Other long-term liabilities	6.8	22.2	60.5	1.0	5.3	-	95.8
Total Long Term Liabilities	6 8	(3 3)	288 6	4 6	5 3	-	302 0
Liabilities subject to compromise	1,459 5	244 8	-	-	-	-	1,704 3
Stockholder's deficit	(1,421.4)	578.0	(179.6)	226.4	590.8	(1,215.6)	(1,421.4)
Total Liabilities and Stockholder's Deficit	$ 926.2	$ 919.6	$ 810.2	$ 366.9	$ 623.9	$ (1,215.6)	$ 2,431.2

	As of December 31, 2008						
	Aleris International, Inc.	DIP ABL and Term Loan Guarantors	DIP Term Loan Guarantors	DIP ABL Loan Guarantors	DIP Non Guarantors	Eliminations	Consolidated
ASSETS							
Current Assets							
Cash and cash equivalents	$ 0.2	$ 25.6	$ 5.9	$ 3.1	$ 13.7	$ -	$ 48.5
Accounts receivable, net	4.4	124.3	24.2	244.9	43.5	-	441.3
Inventories	3.2	201.5	351.3	8.3	19.4	-	583.7
Deferred income taxes	(3.8)	3.7	27.7	0.2	0.4	-	28.2
Derivative financial instruments	-	1.7	0.2	0.8	-	-	2.7
Prepaid expenses and other current assets	17.5	-	19.5	0.7	3.1	-	40.8
Total Current Assets	21.5	356.8	428.8	258.0	80.1	-	1,145.2
Property, plant and equipment, net	37.9	317.3	837.1	35.4	47.4	-	1,275.1
Goodwill	33.2	46.6	-	-	-	-	79.8
Intangible assets, net	39.3	41.3	34.0	-	1.2	-	115.8
Deferred income taxes	(1.9)	2.1	13.9	0.1	0.1	-	14.3
Other assets	20.6	1.6	14.9	4.3	4.4	-	45.8
Investments in subsidiaries/ intercompany receivables (payables), net	987.6	(172.3)	(349.8)	140.5	462.7	(1,068.7)	-
Total Assets	$ 1,138.2	$ 593.4	$ 978.9	$ 438.3	$ 595.9	$ (1,068.7)	$ 2,676.0
LIABILITIES AND STOCKHOLDER'S DEFICIT							
Current Liabilities							
Accounts payable	$ 31.2	$ 108.0	$ 214.6	$ 22.7	$ 24.9	$ -	$ 401.4
Accrued liabilities	14.4	54.6	121.5	9.0	7.4	-	206.9
Derivative financial instruments	9.4	(0.1)	8.0	(0.3)	3.2	-	20.2
Deferred income taxes	4.5	0.2	23.6	-	0.2	-	28.5
Current maturities of debt	-	-	1.9	-	4.7	-	6.6
Debt in default	2,093.1	1.7	414.8	80.1	-	-	2,589.7
Total Current Liabilities	2,152.6	164.4	784.4	111.5	40.4	-	3,253.3
Long-term debt	-	-	4.0	-	-	-	4.0
Deferred income taxes	(2.3)	31.6	48.3	2.4	1.5	-	81.5
Accrued pension benefits	-	46.4	126.4	38.3	-	-	211.1
Accrued post-retirement benefits	-	43.4	-	4.3	-	-	47.7
Other long-term liabilities	7.6	29.6	51.6	3.7	5.6	-	98.1
Stockholder's deficit	(1,019.7)	278.0	(35.8)	278.1	548.4	(1,068.7)	(1,019.7)
Total Liabilities and Stockholder's Deficit	$ 1,138.2	$ 593.4	$ 978.9	$ 438.3	$ 595.9	$ (1,068.7)	$ 2,676.0

	For the three months ended September 30, 2009						
	Aleris International, Inc.	DIP ABL and Term Loan Guarantors	DIP Term Loan Guarantors	DIP ABL Loan Guarantors	DIP Non Guarantors	Eliminations	Consolidated
Revenues	$ 19.7	$ 329.6	$ 410.5	$ 56.6	$ 58.8	$ (59.6)	$ 815.6
Cost of sales	15.3	288.3	365.2	59.4	59.2	(59.6)	727.8
Gross margin	4.4	41.3	45.3	(2.8)	(0.4)	-	87.8
Selling, general and administrative expenses	0.2	20.6	28.3	5.0	1.4	-	55.5
Restructuring and other charges	-	14.2	3.8	0.1	(0.6)	-	17.5
Losses (gains) on derivative financial instruments	3.1	0.6	(18.4)	(0.8)	(2.0)	-	(17.5)
Operating income (loss)	1.1	5.9	31.6	(7.1)	0.8	-	32.3
Interest expense	4.8	43.7	23.4	5.8	0.6	(20.1)	58.2
Interest income	(0.5)	-	(11.4)	(1.1)	(7.1)	20.1	-
Reorganization items, net	7.3	(0.3)	-	1.0	-	-	8.0
Other expense (income), net	10.2	(7.4)	(5.2)	(5.0)	-	-	(7.4)
Equity in net loss (earnings) of affiliates	2.8	(26.3)	(0.3)	-	-	23.8	-
(Loss) income before income taxes	(23.5)	(3.8)	25.1	(7.8)	7.3	(23.8)	(26.5)
(Benefit from) provision for income taxes	(0.6)	(1.0)	(2.1)	-	0.1	-	(3.6)
Net (loss) income	$ (22.9)	$ (2.8)	$ 27.2	$ (7.8)	$ 7.2	$ (23.8)	$ (22.9)

	For the nine months ended September 30, 2009						
	Aleris International, Inc.	DIP ABL and Term Loan Guarantors	DIP Term Loan Guarantors	DIP ABL Loan Guarantors	DIP Non Guarantors	Eliminations	Consolidated
Revenues	$ 50.0	$ 866.6	$ 1,114.9	$ 146.1	$ 143.1	$ (163.4)	$ 2,157.3
Cost of sales	42.9	805.1	1,071.4	155.5	144.7	(163.4)	2,056.2
Gross margin	7.1	61.5	43.5	(9.4)	(1.6)	-	101.1
Selling, general and administrative expenses	6.9	67.3	92.7	16.4	5.2	-	188.5
Restructuring and other charges	0.5	30.1	37.9	4.9	(0.3)	-	73.1
Impairment of intangible assets	4.6	14.6	-	-	-	-	19.2
Losses (gains) on derivative financial instruments	48.9	(18.0)	(5.9)	(3.1)	(9.4)	-	12.5
Operating (loss) income	(53.8)	(32.5)	(81.2)	(27.6)	2.9	-	(192.2)
Interest expense	5.4	131.2	57.1	17.3	1.9	(47.6)	165.3
Interest income	(1.7)	(0.1)	(20.9)	(3.9)	(21.0)	47.6	-
Reorganization items, net	78.3	47.0	-	(11.1)	-	-	114.2
Other expense (income), net	29.6	(12.1)	(24.2)	(12.7)	-	-	(19.4)
Equity in net loss (earnings) of affiliates	266.3	72.1	(0.7)	-	-	(337.7)	-
(Loss) income before income taxes	(431.7)	(270.6)	(92.5)	(17.2)	22.0	337.7	(452.3)
(Benefit from) provision or income taxes	(3.3)	(4.3)	(16.4)	-	0.1	-	(23.9)
Net (loss) income	$ (428.4)	$ (266.3)	$ (76.1)	$ (17.2)	$ 21.9	$ 337.7	$ (428.4)

	For the nine months ended September 30, 2009						
	Aleris International, Inc.	DIP ABL and Term Loan Guarantors	DIP Term Loan Guarantors	DIP ABL Loan Guarantors	DIP Non Guarantors	Eliminations	Consolidated
Net cash provided (used) by operating activities	$ 39.1	$ (35.7)	$ 1.9	$ 14.5	$ 19.9	$ -	$ 39.7
Investing activities							
Payments for property, plant and equipment	(1 6)	(4 0)	(46 3)	-	(1 0)	-	(52 9)
Proceeds from sale of property, plant and equipment	-	0 7	4 2	-	2 3	-	7 2
Other	1.2	(0.4)	(0.1)	-	0.3	-	1.0
Net cash (used) provided by investing activities	(0.4)	(3.7)	(42.2)	-	1.6	-	(44.7)
Financing activities							
Proceeds from DIP ABL Facility	661 8	-	0 2	108 6	0.8	-	771 4
Payments on DIP ABL Facility	(757 7)	-	(0 4)	(76 4)	-	-	(834 5)
Proceeds from DIP Term Facility	165 1	-	36 0	-	0 6	-	201 7
Payments on long-term debt	-	(0 1)	(3 9)	-	(0 7)	-	(4 7)
Increase in restricted cash	-	-	-	-	(7 1)	-	(7 1)
Debt issuance costs	(68 3)	(13 9)	(1 3)	(6 0)	-	-	(89 5)
Net transfers with affiliates	(24.3)	14.8	90.2	(44.0)	(36.7)	-	-
Net cash (used) provided by financing activities	(23.4)	0.8	120.8	(17.8)	(43.1)	-	37.3
Effect of exchange rate differences on cash and cash equivalents	-	41.6	(62.0)	0.8	19.8	-	0.2
Cash flow provided (used) by continuing operations	15 3	3 0	18 5	(2 5)	(1 8)	-	32 5
Cash and cash equivalents at beginning of period	0.2	25.6	5.9	3.1	13.7	-	48.5
Cash and cash equivalents at end of period	$ 15.5	$ 28.6	$ 24.4	$ 0.6	$ 11.9	$ -	$ 81.0

(in millions, except share data)

Geographic Information

The following table sets forth the geographic breakout of our revenues (based on customer location) and long-lived assets (net of accumulated depreciation and amortization):

	(Successor)		(Combined)
	2008	2007	2006
Revenues			
United States	$ 2,543.3	$ 2,978.4	$ 2,457.8
International:			
Asia	185.1	211.1	73.6
Europe	2,458.7	2,354.7	1,267.7
Mexico and Canada	457.7	237.8	232.1
South America	229.6	194.9	155.5
Other	31.3	13.0	8.9
Total international revenues	3,362.4	3,011.5	1,737.8
Consolidated revenues	$ 5,905.7	$ 5,989.9	$ 4,195.6
Long-lived assets, including intangible assets			
United States	$ 516.3	$ 1,380.6	$ 1,772.7
International			
Asia	7.0	13.1	10.2
Europe	887.2	1,457.3	784.6
Mexico and Canada	50.3	104.8	65.2
South America	9.9	16.7	16.0
Total international	954.4	1,591.9	876.0
Consolidated total	$ 1,470.7	$ 2,972.5	$ 2,648.7

23. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

Prior to our Chapter 11 Petitions, we entered into derivatives to hedge the cost of energy, the sale and purchase prices of certain aluminum products as well as certain alloys used in our production processes, certain currency exposures and variable interest rates. Generally, we enter into master netting arrangements with our counterparties and offset net derivative positions with the same counterparties against amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements in our Consolidated Balance Sheet. Accordingly, the fair value of outstanding derivative contracts are included in the Consolidated Balance Sheet as "Derivative financial instruments," and "Other long-term liabilities." The fair value of our derivative financial instruments and amounts deferred in "Accumulated other comprehensive income" as of December 31, 2008 and 2007 were as follows:

December 31,	2008	2007	
	Fair Value	Fair Value	Deferred losses, net of tax
Natural gas	$ (3.2)	$ (0.5)	$ -
Aluminum	(12.4)	28.3	-
Currency	(0.2)	24.9	-
Interest Rate	(3.5)	(13.2)	(8.2)

(in millions, except share data)

Beginning January 1, 2008, derivative contracts are recorded at fair value under SFAS No. 157 using quoted market prices and significant other observable and unobservable inputs. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence and unobservable inputs. As a result of our decreasing liquidity levels and worsening financial position during the fourth quarter of 2008, as well as the subsequent Chapter 11 Petitions, we adjusted our assessment of non-performance risk for all derivative financial instruments to reflect an estimate of the recoverable amounts our counterparties may receive under a plan of reorganization. This has led to the recognition of derivative liabilities owed to counterparties, after offsetting derivative liabilities with collateral paid, at 10% of the mark to market valuations.

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Based on the significant impact that the assessment of non-performance risk had on the valuation model, all derivative instruments that have been adjusted for non-performance risk have been transferred to Level 3 within the fair value hierarchy as of December 31, 2008. The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2008 and the level in the fair value hierarchy (see Note 4 "Summary of Significant Accounting Policies" for additional discussion of the fair value hierarchy):

	Fair Value Measurements at Reporting Date Using:			
Description	Total Carrying Value in the Consolidated Balance Sheet	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs * (Level 3)
Derivative assets	$ 2.7	$ -	$ 2.7	$ -
Derivative liabilities	(22.0)	-	-	(22.0)
Net derivative (liabilities) assets	$ (19.3)	$ -	$ 2.7	$ (22.0)

* These amounts include cash collateral paid that we elected to net against the fair value amounts recognized for certain derivative instruments executed with the same counterparties under master netting arrangements. This election was made under the provisions of FSP FIN No. 39-1, which was adopted by Aleris in 2008 (see Note 4 "Summary of Significant Accounting Policies".) The collateral paid relates to aluminum and currency derivative contracts included in Level 3.

The tables below summarize the activity in our balance sheet accounts for financial instruments classified within Level 3 of the valuation hierarchy. The determination to classify a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement. Level 3 financial instruments typically include, in addition to the unobservable or Level 3 components, observable components, including current quoted market prices, which are validated to external sources.

	Year ended December 31, 2008
Balance at beginning of period	$ -
Losses on derivative financial instruments	(245.6)
Non-performance risk credit adjustment	127.6
Collateral	71.6
Transfers in to Level 3	24.4
Balance at end of period	$ (22.0)
Total losses included in earnings attributable to the change in unrealized losses relating to derivative contracts still held at December 31, 2008:	
Losses on derivative financial instruments	$ (118.0)

(in millions, except share data)

During the years ended December 31, 2007 and 2006, our natural gas and certain of our aluminum derivative financial instruments were accounted for as hedges and met SFAS No. 133's requirements for hedge accounting treatment. As such, the changes in the fair value of certain of these cash flow hedges accumulated on our Consolidated Balance Sheet (in "Accumulated other comprehensive income") until the underlying hedged item impacted earnings. In conjunction with the purchase price allocation related to the TPG Acquisition, all amounts previously included within "Accumulated other comprehensive income" were eliminated as required by SFAS No. 141. Subsequent to the TPG Acquisition, we have elected not to treat our aluminum and currency derivative financial instruments as hedges for accounting purposes and, as a result, all future changes in the fair value of these derivatives will be included within our results of operations

Both realized and unrealized gains and losses on those derivative financial instruments that are not accounted for as hedges are included within "Losses (gains) on derivative financial instruments" in the Consolidated Statement of Operations while realized gains and (losses) on those derivative financial instruments that are accounted for as hedges are included within "Cost of sales" or "Interest expense."

Realized gains and (losses) on derivative financial instruments (included in "Cost of sales" and "Losses (gains) on derivative financial instruments") totaled the following during the years ended December 31, 2008, 2007 and 2006:

Year ended December 31,	(Successor) 2008	(Successor) 2007	(Combined) 2006	
	Losses (gains) on derivative financial instruments	Losses (gains) on derivative financial instruments	Losses (gains) on derivative financial instruments	Cost of Sales
Natural gas	$ 10.6	$ 4.3	$ -	$ (2.5)
Metal	36.9	(27.5)	4.5	-
Currency	(42.3)	(7.8)	(7.0)	-

Natural Gas Hedging

In order to manage our price exposure for natural gas purchases, we fix the future price of a portion of our natural gas requirements by entering into financial hedge agreements. Under these agreements, payments are made or received based on the differential between the monthly closing price on the New York Mercantile Exchange ("NYMEX") and the contractual hedge price. We do not treat these derivative financial instruments as hedges for accounting purposes. Accordingly, the changes in the fair value of the contracts are recorded in earnings as "Losses (gains) on derivative financial instruments" in the Consolidated Statement of Operations, rather than being deferred in "Accumulated other comprehensive income" in the Consolidated Balance Sheet. In addition, we have cost escalators included in some of our long-term supply contracts with customers, which limit our exposure to natural gas price risk.

Metal Hedging

The selling prices of the majority of the orders for our rolled and extruded products are established at the time of order entry or, for certain customers, under long-term contracts. As the related raw materials used to produce these orders are purchased several months or years after the selling prices are fixed, we are subject to the risk of changes in the purchase price of the raw materials we purchase. In order to manage this transactional exposure, London Metal Exchange ("LME") future or forward purchase contracts are entered into at the time the selling prices are fixed. In addition, at times during 2008, we entered into derivative contracts to protect the fair value of a portion of our aluminum inventory against a potential decline in aluminum selling prices. During the third and fourth quarter of 2008, the significant and rapid decline of the LME price of aluminum resulted in substantial margin calls against our derivative positions. In order to preserve our liquidity, we adjusted our metal hedging strategy by unwinding certain hedges to avoid further cash margin posting and purchasing options to protect against further LME declines. We do not treat these derivative financial instruments as hedges for accounting purposes. Accordingly, the changes in the fair value of the contracts are recorded in earnings as "Losses (gains) on derivative financial instruments" in the Consolidated Statement of Operations, rather than being deferred in "Accumulated other comprehensive income" in the Consolidated Balance Sheet.

(in millions, except share data)

Our recycling businesses also enter into LME high-grade aluminum forward sales and purchase contracts to mitigate the risk associated with changes in metal prices. During 2008, we expanded our hedging strategy to fix the selling prices of our inventory as prices declined and lower demand reduced inventory turnover. The contracts outstanding at December 31, 2008 and 2007 are not accounted for as hedges for accounting purposes and, as a result, the changes in fair value of the contracts are recorded in earnings as "Losses (gains) on derivative financial instruments" in the Consolidated Statement of Operations, rather than being deferred in "Accumulated other comprehensive income."

Interest Rates Hedging

In March 2007 we reduced our exposure to interest rate fluctuations by entering into interest rate swaps that fix the interest we pay on approximately $700.0 of our variable rate debt. In March 2008 we further reduced our exposure to interest rate fluctuations by entering into an additional interest rate swap to fix the interest we will pay on an incremental portion of our Term Loan Facility. As a result of these swaps, interest on approximately $750.0 of our Term Loan Facility debt was fixed as of December 31, 2008. These swaps were accounted for as cash flow hedges, with gains and losses deferred and recorded within "Accumulated other comprehensive income" in Stockholder's Equity prior to December 31, 2008. As of December 31, 2008, taking into account the Company's Chapter 11 Petitions on February 12, 2009, management concluded it was probable that the hedged transaction (interest payments) would no longer occur. As a result, in accordance with SFAS No. 133, the derivative loss of $3.5 was included in "Accumulated other comprehensive income" was reclassified into earnings immediately as "Losses (gains) on derivative financial instruments" in the Consolidated Statement of Operations.

Credit Risk

We are exposed to losses in the event of non-performance by the counterparties to the derivative financial instruments discussed above; however, we do not anticipate any non-performance by the counterparties. The counterparties are evaluated for creditworthiness and risk assessment prior to initiating trading activities with the brokers.

Other Financial Instruments

The carrying amount and fair value of our other financial instruments at December 31, 2008 and 2007 are as follows:

December 31,	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 48.5	$ 48.5	$ 109.9	$ 109.9
Debt in Default:				
Term Loan	1,203.8	483.2	1,231.2	1,138.6
Senior Notes	589.1	29.9	589.6	501.0
Senior Subordinated Notes	389.7	59.9	389.5	326.0
New Senior Notes	98.6	20.0	97.4	87.7

The fair value of our outstanding indebtedness under the Revolving Credit Facility approximates carrying value due to the floating rates of interest rates associated with that obligation and its secured status. The current fair values of our Term Loan, Senior Notes, Senior Subordinated Notes and New Senior Notes were based on market quotations, discounted cash flows and incremental borrowing rates. The fair value of our accounts receivable, accounts payable and accrued liabilities approximate carrying value. The fair values of our Term Loan, Senior Notes, Senior Subordinated Notes, New Senior Notes, accounts payable and accrued liabilities disclosed herein do not purport to represent the values that may be realized by our creditors through the reorganization process.

(in millions, except share data)

24. OTHER COMPREHENSIVE INCOME

The following table presents the components of "Accumulated other comprehensive income," which are items that change equity during the reporting period, but are not included in earnings. As discussed previously, all amounts included within "Accumulated other comprehensive income" were eliminated as part of the preliminary purchase price allocation associated with the TPG Acquisition. There was an insignificant impact to "Accumulated other comprehensive income" in the period from December 20, 2006 to December 31, 2006. This was due to substantially all of our derivative financial instruments not being accounted for as hedges after the TPG Acquisition and an immaterial change in currency rates between December 20, 2006 and December 31, 2006.

	Total	Unrealized (loss) gain on derivative financial instruments	Currency translation unrealized gain (loss)	Pension and other postretirement liability adjustment
Predecessor				
Balance at January 1, 2006	$ 5 3	$ 15 6	$ (7 2)	$ (3 1)
Current year net change	17 2	-	17 2	-
Change in fair value of derivative financial instruments	(29 8)	(29 8)	-	-
Reclassification of derivative financial instruments into earnings	3 3	3 3	-	-
Income tax effect	10.0	10.0	-	-
Balance at December 19, 2006	$ 6.0	$ (0.9)	$ 10.0	$ (3.1)
Successor				
Balance at January 1, 2007	$ -	$ -	$ -	-
Current year net change	145 8	-	109 9	$ 35 9
Change in fair value of derivative financial instruments	(13 2)	(13 2)	-	-
Deferred tax on pension and other postretirement liability	(10 5)	-	-	(10 5)
Income tax effect	5.0	5.0	-	-
Balance at December 31, 2007	$ 127 1	$ (8 2)	$ 109 9	$ 25 4
Current year net change	(138 9)	-	(75 1)	(63 8)
Change in fair value of derivative financial instruments	9 7	9 7	-	-
Deferred tax on pension and other postretirement liability	4 1	-	-	4 1
Income tax effect	(5 0)	(5 0)	-	-
Reclassification of derivative financial instruments into earnings	3.5	3.5	-	-
Balance at December 31, 2008	$ 0.5	$ -	$ 34.8	$ (34.3)

(in millions, except share data)

25. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in operating assets and liabilities included in the Consolidated Statement of Cash Flows and supplemental cash flow information for the years ended December 31, 2008, 2007 and 2006 are as follows:

	(Successor)		(Combined)
Year ended December 31,	2008	2007	2006
Change in operating assets and liabilities:			
Accounts receivable	$ 197.3	$ 86.1	$ (13.6)
Inventories	171.8	177.4	(5.3)
Other assets	(14.4)	14.9	(0.7)
Accounts payable and accrued liabilities	(350.2)	(54.6)	85.5
	$ 4.5	$ 223.8	$ 65.9
Supplementary information			
Non-cash equity contribution	$ -	$ -	$ 3.9
Cash payments for:			
Interest	$ 217.0	$ 212.5	$ 89.8
Income taxes	5.4	15.1	15.1

26. SUBSEQUENT EVENTS – AMENDMENTS TO CREDIT FACILITIES (UNAUDITED)

Chapter 11 Bankruptcy Filings

On February 12, 2009, the Debtors filed the Chapter 11 Petition in the Bankruptcy Court. Certain of our U.S. subsidiaries and all of our foreign operations are not part of, and will continue to operate outside of, the Chapter 11 process. See Note 2 "Chapter 11 Reorganization Procedures" for additional information.

The filing of the Chapter 11 Petition (other than as described below under the heading "—Amendments to Credit Facilities") constituted an event of default under our debt obligations, including under the Revolving Credit Facility and Term Loan Facility (collectively, the "Credit Facilities") and the Senior Notes, Senior Subordinated Notes and the 9% New Senior Notes (collectively, the "Notes"), which became automatically and immediately due and payable, although any actions to enforce such payment obligations are stayed as a result of the Chapter 11 Petition. As a result, all of the amounts outstanding under the Credit Facilities, the Notes and certain other debt instruments, for which the Chapter 11 triggered an event of default, have been classified as current liabilities in the Consolidated Balance Sheet as of December 31, 2008. See Note 15 "Long-Term Debt" for additional information.

The Debtors are currently operating as "debtors in possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. In general, the Debtors are authorized to continue to operate as ongoing businesses, but may not engage in transactions outside the ordinary course of business without the approval of the Bankruptcy Court.

Canadian Assignment in Bankruptcy

On March 30, 2009, Aleris Aluminum Canada S.E.C./Aleris Aluminum Canada, L.P. ("Canada LP"), one of our Canadian subsidiaries, filed a voluntary assignment in bankruptcy (the "Assignment") pursuant to the *Bankruptcy and Insolvency Act* (Canada) in order to effect an orderly liquidation of Canada LP's assets, property and undertaking. RSM Richter Inc. has been appointed as trustee in bankruptcy of Canada LP. The Assignment constituted a default under the DIP ABL Facility, however, the DIP ABL Facility provides that the lenders thereunder will not exercise any of their rights and remedies under the DIP ABL Facility with respect to such default against any of the credit parties to the DIP ABL Facility (other than Canada LP). The Assignment did not constitute a default under the DIP Term Facility.

Amendments to Credit Facilities

On February 10, 2009, we and our subsidiaries party thereto, entered into a third amendment (the "Third Amendment" to the Revolving Credit Facility and a second amendment (the "Second Amendment" and, together with the Third Amendment, the "Prepetition Amendments") to the Term Loan Facility to facilitate the ongoing operating ability of our European and Canadian subsidiaries and to facilitate obtaining the DIP financing. Among other things, the lenders under the Prepetition Amendments agreed to forbear and waive certain remedies available to them with respect to the non-Debtors party to the Credit Facilities, including the right to accelerate the obligations thereunder, as a result of certain events of default that occurred under the Credit Facilities prior to or as a direct result of the Chapter 11 Petitions. The Prepetition Amendments also permitted us and our subsidiaries to incur additional debt and grant new super-priority liens to secure such debt under the DIP Term Facility and the DIP ABL Facility in connection with the Chapter 11 Petition. On March 24, 2009, we entered into the DIP ABL Facility, which amended, restated and replaced the Revolving Credit Facility and all outstanding borrowings thereunder. The Term Loan Facility, as amended by the Second Amendment, remains in place, and borrowings thereunder, to the extent not rolled up into the DIP Term Facility, remain outstanding.

DIP Financing

In connection with the Chapter 11 Petitions, we secured DIP financing in the form of the DIP Term Facility and the DIP ABL Facility, each of which are defined and described below. Certain terms not defined below have their respective meanings as defined in the DIP Term Facility and the DIP ABL Facility, as applicable.

DIP Term Facility

Pursuant to the Interim Order (the "Interim Order") of the Bankruptcy Court, dated as of February 13, 2009, the Bankruptcy Court approved a DIP term loan credit agreement (the "DIP Term Facility"), which we entered into on February 12, 2009, among the Company, Aleris Deutschland Holding GmbH (the "German Borrower") and Aleris Aluminum Duffel BVBA (the "Belgian Borrower"), as borrowers, the lenders party thereto from time to time, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent. The DIP Term Facility was amended and restated on March 19, 2009 and was approved pursuant to the Final Order (the "Final Order") of the Bankruptcy Court on March 18, 2009. The DIP Term Facility provides for borrowings of up to an aggregate principal amount not to exceed approximately $448.3 plus €40.4 million of new money term loans (the "NM Loans".)

In addition, pursuant to the terms of the DIP Term Facility, a lender under the Term Loan Facility that (1) committed new money to the DIP Term Facility and executed the Second Amendment was permitted to designate a principal amount of its outstanding term loans under the Term Loan Facility up to an amount equal to its new money commitments to the DIP Term Facility plus 5% of its outstanding term loans under the Term Loan Facility, to be "rolled up" and refinanced under the DIP Term Facility or (2) executed the Second Amendment but did not commit new money to the DIP Term Facility was permitted to "roll up" and refinance an amount equal to 5% of its outstanding term loans under the Term Loan Facility (collectively, the "Roll-Up Loans"). As consideration to the lenders under the Term Loan Facility that provided Roll-Up Loans, the Roll-Up Loans have the benefit of security interests in the collateral securing the Term Loan Facility with a priority ahead of the outstanding term loans under the Term Loan Facility but behind the super-priority security interests in the collateral securing the DIP Term Facility. The NM Loans and the Roll-Up Loans are both governed by the DIP Term Facility.

The DIP Term Facility matures 12 months after the date of the Interim Order (the "Interim Order Entry Date"), or February 13, 2010. We may extend the maturity of the DIP Term Facility by up to two consecutive three-month periods. The Company is required to pay an extension fee to the lenders in an amount equal to 1.0% of the outstanding borrowings, plus any undrawn commitments immediately after giving affect to any and each such extension. In addition, the DIP Term Facility may mature at an earlier date upon the effective date of a reorganization plan or the acceleration of the loans upon the occurrence, and continuance, if applicable, of an event of default in accordance with the terms of the DIP Term Facility.

Borrowings of NM Loans under the DIP Term Facility bear interest at:

- in the case of borrowings in U.S. dollars, the applicable Eurodollar rate plus a margin of 10.0% per annum; and
- in the case of borrowings in euros, the euro LIBOR rate (subject to a 3% floor) plus a margin of 6.00% per annum

Borrowings constituting Roll-Up Loans under the DIP Term Facility bear interest at:

- in the event that accrued interest on the Roll-Up Loans is required to be paid in cash, 10.0% per annum; or
- otherwise, 12.5% per annum.

The DIP Term Facility is subject to mandatory prepayment with: (i) 100% of the net cash proceeds from issuances of debt, other than debt permitted under the DIP Term Facility; (ii) 100% of the net cash proceeds of certain asset sales; and (iii) 100% of the net cash proceeds from certain insurance and condemnation payments. In addition, in the event the German Borrower fails to cause an expert report on the viability of the German Borrower and its subsidiaries to be delivered to the administrative agent under the DIP Term Facility by May 12, 2009, the borrowings made to the German Borrower must be repaid.

We may voluntarily repay outstanding loans at any time without premium or penalty, provided that new NM Loans must be repaid in full prior to any voluntary repayment of Roll-Up Loans.

Upon each reduction of undrawn commitments (other than by reason of a borrowing) and upon each repayment or prepayment of the NM Loans, the Company is required to pay the lenders of the NM Loans a fee in an amount equal to 3.5% of (i) the amount of the reduction of such commitments or (ii) the amount of principal of such NM Loans repaid or prepaid.

There is no scheduled amortization under the DIP Term Facility. The principal amount outstanding will be due and payable in full at maturity, subject to mandatory prepayments described above.

The DIP Term Facility is secured, subject to certain exceptions, by (i) a super first-priority security interest in substantially all our fixed assets located in the United States, substantially all of the fixed assets of substantially all of our wholly-owned domestic subsidiaries located in the United States, and substantially all of the assets of Aleris Deutschland Holding GmbH and certain of its subsidiaries, (ii) a super second-priority security interest in all collateral pledged by us and substantially all of our wholly-owned domestic subsidiaries on a first-priority basis to lenders under the DIP ABL Facility located in the United States, and (iii) the equity interests of certain of our foreign and domestic direct and indirect subsidiaries (including Aleris Deutschland Holding GmbH, Aleris Aluminum Duffel BVBA and Aleris Switzerland GmbH). In addition to the security described above, the obligations of the German Borrower under the DIP Term Facility are also secured by a $90.0 land charge and mortgage on certain real estate located in Koblenz, Germany and Bonn, Germany, and the obligations of the Belgian Borrower under the DIP Term Facility are secured by a mortgage on certain real estate located in Duffel, Belgium as well as a floating charge in certain inventory of the Belgian Borrower and its subsidiaries located in Belgium. The borrowers' obligations under the DIP Term Facility are and will be guaranteed by certain of our existing and future direct and indirect subsidiaries. In addition, we guarantee the obligations of Aleris Deutschland Holding GmbH and Aleris Aluminum Duffel BVBA under the DIP Term Facility.

The DIP Term Facility contains a number of affirmative, negative and financial covenants that, among other things and subject to certain exceptions, impose substantial burdens and restrictions on the financial and business operations of the Company and certain of its subsidiaries. The negative covenants restrict the ability of the Company and its subsidiaries to, among others, incur additional indebtedness, pay dividends on capital stock and make other restricted payments, make investments and acquisitions, engage in transactions with affiliates, sell assets, merge and create liens. The financial covenants require the Company and certain of its subsidiaries to satisfy certain operating cash flow projections on a company wide basis and on a European operations basis, limit the amount of capital expenditures the Company and certain of its subsidiaries can make on a U.S. operations basis and on a European operations basis, and require the Company and certain of its subsidiaries to meet certain minimum EBITDA thresholds on a U.S. operations basis and on a European operations basis.

The DIP Term Facility also contains events of default customary for DIP financings of this type.

DIP ABL Facility

Pursuant to the Final Order, the Bankruptcy Court approved a DIP asset-backed revolving credit agreement (the "DIP ABL Facility"), which we entered into on March 20, 2009 and which amended and restated the Revolving Credit Facility, among the Company, Aleris Aluminum Canada S.E.C./Aleris Aluminum Canada L.P., Aleris Specification Alloy Products Canada Company, Aleris Switzerland GmbH, and all U.S. and certain Canadian subsidiaries of the Company, as borrowers, the lenders party thereto from time to time, Deutsche Bank AG New York Branch, as administrative agent, Deutsche Bank AG New York Branch, Bank of America, N.A. and Wachovia Bank, National Association, as co-collateral agents, Bank of America, N.A. and General Electric Capital Corporation, as syndication agents, and Keybank National Association and Wachovia Bank, National Association, as co-documentation agents. The DIP ABL Facility provides for borrowings of up to $575.0 million, subject to availability and borrowing base limitations.

The DIP ABL Facility matures 12 months after the Interim Order Entry Date, or February 13, 2010. We may extend the maturity of the DIP ABL Facility by up to two consecutive three-month periods. In addition, the DIP ABL Facility may mature at an earlier date upon the effective date of a reorganization plan, the acceleration of the loans or termination of the commitments, including, without limitation, upon the occurrence, and continuance, if applicable, of an event of default under the DIP ABL Facility, or upon the maturity date of the DIP Term Facility.

We and certain of our U.S. and international subsidiaries are borrowers under the DIP ABL Facility. The availability of funds to the borrowers located in the United States, Canada and Europe is subject to a borrowing base for the United States, Canada and Europe, respectively, calculated on the basis of a predetermined percentage of the value of selected accounts receivable and U.S. and Canadian inventory, less certain ineligible amounts. Non-U.S. borrowers also have the ability to borrow under the DIP ABL Facility based on excess availability under the borrowing base applicable to U.S. borrowers, subject to certain sublimits. The DIP ABL Facility provides for the issuance of up to $75.0 million of letters of credit (with a $15.0 million limit for European letters of credit) by the U.S. and European borrowers as well as borrowings on same-day notice, referred to as swingline loans, and will be available in U.S. dollars, Canadian dollars, euros and certain other currencies.

Borrowings under the DIP ABL Facility bear interest at a rate equal to:

- in the case of borrowings in U.S. dollars, (a) a base rate determined by reference to the higher of (1) Deutsche Bank's prime lending rate, (2) the overnight federal funds rate plus 0.5%, (3) a base CD rate plus 0.5% or (4) a Eurodollar rate (adjusted for maximum reserves) determined by Deutsche Bank plus 1.0%, and (b) plus an applicable margin of 5.5%;
- in the case of borrowings in euros, a euro LIBOR rate determined by Deutsche Bank with a 3.0% floor, plus an applicable margin of 6.5%;
- in the case of borrowings in Canadian dollars, a Canadian prime rate with a 4.0% floor, plus an applicable margin of 5.5%.

In addition, upon the first extension of the maturity of the DIP ABL Facility, each applicable margin will increase by 1.00% per annum effective from and after the date that is 12 months following the Interim Order Entry Date, and upon the second extension of the maturity of the DIP ABL Facility, each applicable margin will increase by a further 1.00% per annum effective from and after the date that is 15 months following the Interim Order Entry Date.

In addition to paying interest on outstanding principal under the DIP ABL Facility, we are required to pay a commitment fee in respect of unutilized commitments of 1.0%. We must also pay letter of credit fees and agency fees under the DIP ABL Facility.

The DIP ABL Facility is subject to mandatory prepayment with: (i) 100% of the net cash proceeds from issuances of debt, other than debt permitted under the DIP ABL Facility; (ii) 100% of the net cash proceeds of certain asset sales; and (iii) 100% of the net cash proceeds from certain insurance and condemnation payments.

In addition, if at any time outstanding loans, unreimbursed letter of credit drawings and undrawn letters of credit under the DIP ABL Facility exceed the applicable borrowing base or commitments in effect at such time, we are required to repay outstanding loans or cash collateralize letters of credit in an aggregate amount equal to such excess, with no reduction of the commitment amount.

We may voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans at any time without premium or penalty other than customary "breakage" costs with respect to Eurodollar and euro LIBOR loans

There is no scheduled amortization under the DIP ABL Facility. The principal amount outstanding will be due and payable in full at maturity as described above.

The DIP ABL Facility is secured, subject to certain exceptions (including appropriate limitations in light of U.S. federal income tax considerations on guaranties and pledges of assets by foreign subsidiaries, and certain pledges of such foreign subsidiaries' stock, in each case to support loans to us or our domestic subsidiaries), by (i) a first-priority security interest in substantially all of our current assets and related intangible assets located in the United States, substantially all of the current assets and related intangible assets of substantially all of our wholly-owned domestic subsidiaries located in the United States, substantially all of our assets located in Canada as well as the assets of Aleris Switzerland GmbH (other than its inventory and equipment), (ii) a super second-priority security interest in substantially all our fixed assets located in the United States and substantially all of the fixed assets of substantially all of our wholly-owned domestic subsidiaries located in the United States, and (iii) the equity interests of certain of our foreign and domestic direct and indirect subsidiaries (including Aleris Deutschland Holding GmbH and Aleris Switzerland GmbH). The borrowers' obligations under the DIP ABL Facility will be guaranteed by certain of our existing and future direct and indirect subsidiaries. In addition, we will guarantee the obligations of the other borrowers under the DIP ABL Facility.

The DIP ABL Facility contains affirmative, negative and financial covenants substantially similar to those contained in the DIP Term Facility that, among other things and subject to certain exceptions, impose substantial burdens and restrictions on the financial and business operations of the Company and certain of its subsidiaries.

The DIP ABL Facility also contains events of default customary for DIP financings of this type.

CONSOLIDATED FINANCIAL STATEMENTS

Aleris International, Inc.

(Debtor-In-Possession)

As of and for the three and nine months ended September 30, 2009

ALERIS INTERNATIONAL, INC
(DEBTOR-IN-POSSESSION)

Index to Consolidated Financial Statements

ALERIS INTERNATIONAL, INC
(DEBTOR-IN-POSSESSION)
CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share data)

	September 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 81.0	$ 48.5
Accounts receivable (net of allowances of $20.0 and $25.2 at September 30, 2009 and December 31, 2008)	390.2	441.3
Inventories	429.7	583.7
Deferred income taxes	28.2	28.2
Derivative financial instruments	22.8	2.7
Prepaid expenses and other current assets	62.4	40.8
Total Current Assets	1,014.3	1,145.2
Property, plant and equipment, net	1,196.4	1,275.1
Goodwill	79.3	79.8
Intangible assets, net	84.7	115.8
Deferred income taxes	29.2	14.3
Other assets	27.3	45.8
Total Assets	$ 2,431.2	$ 2,676.0
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current Liabilities		
Accounts payable	$ 229.0	$ 401.4
Accrued liabilities	202.5	206.9
Derivative financial instruments	-	20.2
Deferred income taxes	28.5	28.5
Current maturities of debt	396.7	6.6
Debt in default	5.0	2,589.7
Debtor-in-possession financing	984.6	-
Total Current Liabilities	1,846.3	3,253.3
Long-term debt	3.9	4.0
Deferred income taxes	64.9	81.5
Accrued pension benefits	137.4	211.1
Accrued postretirement benefits	-	47.7
Other long-term liabilities	95.8	98.1
Total Long Term Liabilities	302.0	442.4
Liabilities subject to compromise	1,704.3	-
Stockholder's Deficit		
Preferred stock; par value $.01; 100 shares authorized; none issued	-	-
Common stock; par value $.01; 900 shares authorized and issued	-	-
Additional paid-in capital	857.6	855.8
Retained deficit	(2,304.4)	(1,876.0)
Accumulated other comprehensive income	25.4	0.5
Total Stockholder's Deficit	(1,421.4)	(1,019.7)
	$ 2,431.2	$ 2,676.0

See Notes to Consolidated Financial Statements.

ALERIS INTERNATIONAL, INC.
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions)

	For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008
Revenues	$ 815.6	$ 1,583.1	$ 2,157.3	$ 4,857.8
Cost of sales	727.8	1,525.5	2,056.2	4,579.7
Gross profit	87.8	57.6	101.1	278.1
Selling, general and administrative expenses	55.5	82.3	188.5	238.0
Restructuring and other charges	17.5	61.3	73.1	75.1
Impairment of intangible assets	-	-	19.2	-
(Gains) losses on derivative financial instruments	(17.5)	143.0	12.5	82.6
Operating income (loss)	32.3	(229.0)	(192.2)	(117.6)
Interest expense (contractual interest was $88.6 and $242.3 for the three and nine months ended September 30, 2009)	58.2	58.2	165.3	171.9
Interest income	-	(0.2)	-	(1.6)
Reorganization items, net	8.0	-	114.2	-
Other income, net	(7.4)	(4.1)	(19.4)	(7.5)
Loss from continuing operations before provision for income taxes	(26.5)	(282.9)	(452.3)	(280.4)
Benefit from income taxes	(3.6)	(86.3)	(23.9)	(83.5)
Loss from continuing operations	(22.9)	(196.6)	(428.4)	(196.9)
(Loss) income from discontinued operations, net of tax	-	(1.2)	-	2.4
Net loss	$ (22.9)	$ (197.8)	$ (428.4)	$ (194.5)

See Notes to Consolidated Financial Statements.

ALERIS INTERNATIONAL, INC.
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

	For the nine months ended September 30,	
	2009	2008
Operating activities		
Net loss	$ (428.4)	$ (194.5)
Less: Income from discontinued operations	-	2.4
Loss from continuing operations	(428.4)	(196.9)
Depreciation and amortization	140.1	173.2
Benefit from deferred income taxes	(31.0)	(91.8)
Reorganization items:		
Charges	114.2	-
Payments	(20.3)	-
Restructuring and other charges:		
Charges	73.1	88.4
Payments	(32.8)	(25.6)
Impairment of intangible assets	19.2	-
Stock-based compensation expense	1.8	1.8
Unrealized losses on derivative financial instruments	6.4	74.1
Foreign exchange impact on debt	(17.8)	-
Amortization of debt costs	77.1	9.8
Other non-cash charges, net	3.2	2.1
Change in operating assets and liabilities	134.9	(181.4)
Net cash provided (used) by operating activities of continuing operations	39.7	(146.3)
Investing activities		
Sale of Zinc business	-	278.0
Purchase of businesses, net of cash acquired	-	(19.9)
Payments for property, plant and equipment	(52.9)	(107.6)
Proceeds from sale of property, plant and equipment	7.2	-
Other	1.0	1.3
Net cash (used) provided by investing activities of continuing operations	(44.7)	151.8
Financing activities		
Proceeds from DIP ABL Facility	771.4	-
Payments on DIP ABL Facility	(834.5)	-
Net payments on revolving credit facilities	-	15.8
Proceeds from DIP Term Facility	201.7	-
Payments on long-term debt	(4.7)	(14.5)
Debt issuance costs	(89.5)	-
Increase in restricted cash	(7.1)	-
Other	-	(7.8)
Net cash provided (used) by financing activities of continuing operations	37.3	(6.5)
Effect of exchange rate differences on cash and cash equivalents	0.2	(1.5)
Cash flows provided by continuing operations	32.5	(2.5)
Cash flows of discontinued operations:		
Operating cash flows	-	(23.7)
Cash and cash equivalents at beginning of period	48.5	109.9
Cash and cash equivalents at end of period	$ 81.0	$ 83.7

See Notes to Consolidated Financial Statements.

ALERIS INTERNATIONAL, INC.
(DEBTOR IN POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in millions, except share data)

1. BASIS OF PRESENTATION

General

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. Subsequent events have been evaluated through November 13, 2009, which represents the date the Consolidated Financial Statements were issued. During this period, there were no recognized subsequent events or non-recognized subsequent events requiring disclosure. The accompanying financial statements include the accounts of Aleris International, Inc. and all of its subsidiaries (collectively, except where the context otherwise requires, referred to as "we," "us," "our," "Company" or similar terms).

Chapter 11 Bankruptcy Filing and Going Concern

On February 12, 2009 (the "Petition Date"), the Company and most of its wholly-owned U.S. subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 (collectively, the "Chapter 11 Petitions") of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court, District of Delaware (the "Bankruptcy Court"). The Debtors' cases (the "Bankruptcy Cases") are being jointly administered under Aleris International, Inc., Case No. 09-10478 (BLS). Certain of our U.S. subsidiaries and all of our foreign operations are not part of the Chapter 11 filing, and will continue to operate outside of the Chapter 11 process.

The Debtors are operating as "debtors in possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. In general, the Debtors are authorized to continue to operate as ongoing businesses, but may not engage in transactions outside the ordinary course of business without the approval of the Bankruptcy Court. See Note 2 "Chapter 11 Reorganization Proceedings" for additional information.

The continuation of the Company as a going concern is contingent upon, among other things, the Debtors' ability (i) to comply with the terms and conditions of the DIP credit facilities; (ii) to obtain confirmation of a plan of reorganization under the Bankruptcy Code; (iii) to reduce unsustainable debt through the bankruptcy process; (iv) to return to profitability; (v) to generate sufficient cash flow from operations to fund working capital and debt service requirements; and (vi) to obtain financing sources to meet the Company's future obligations. These matters create uncertainty relating to the Company's ability to continue as a going concern. The accompanying Consolidated Financial Statements do not reflect any adjustments relating to the recoverability of assets and classification of liabilities that might result from the outcome of these uncertainties.

In addition, a plan of reorganization could materially change the amounts and classifications reported in the Consolidated Financial Statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a plan of reorganization.

Recent Accounting Pronouncements

In June 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 168, "Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles." The FASB Accounting Standards Codification (the "Codification") has become the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with U.S. GAAP. All existing accounting standard documents are superseded by the Codification and any accounting literature not included in the Codification will not be authoritative. However, rules and interpretive releases of the Securities and Exchange Commission (the "SEC") issued under the authority of the U.S. federal securities laws will continue to be authoritative sources on U.S. GAAP for SEC registrants. SFAS No. 168 is effective for interim and annual reporting periods ending after September 15, 2009. Therefore, beginning with

our quarter ended September 30, 2009, all U.S. GAAP references made in the Consolidated Financial Statements now use the new Codification numbering system. The Codification does not change or alter existing U.S. GAAP and, therefore, did not have an impact on the Company's results of operations or financial position.

In May 2009, the FASB issued amended accounting principles within Accounting Codification Statement ("ASC") 855 (formerly SFAS No. 165), "Subsequent Events." These amended accounting principles establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued and was effective for interim and annual periods ending after June 15, 2009. The Company adopted these amended principles during the second quarter 2009. See the "General" section above for ASC 855 required disclosures. The adoption had no impact on the Company's results of operations or financial position.

On January 1, 2009, the Company adopted certain amended accounting principles within ASC 820 (formerly SFAS No. 157), "Fair Value Measurements and Disclosures," as it relates to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the financial statements on at least an annual basis. These amended accounting principles define fair value, establish a framework for measuring fair value in U.S. GAAP, and expand disclosures about fair value measurements. These provisions apply to other accounting pronouncements that require or permit fair value measurements and are to be applied prospectively with limited exceptions. The amended provisions of ASC 820 have been applied when fair value measurements of a nonfinancial asset or nonfinancial liability have been required, which have resulted in fair value measurements that are different than would have been calculated prior to adoption.

On January 1, 2009, the Company adopted certain amended accounting principles within ASC 815 (formerly SFAS No. 161), "Derivative and Hedging." These amended accounting principles require enhanced disclosures about an entity's derivative and hedging activities, including (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for, and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Other than the required disclosures (see Note 13 "Derivative and Other Financial Instruments"), the adoption had no impact on the Company's results of operations or financial position.

On January 1, 2009, the Company adopted certain amended accounting principles within ASC 810 (formerly SFAS No. 160), "Consolidation." ASC 810 was amended to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This standard defines a noncontrolling interest, previously called a minority interest, as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. ASC 810 requires, among other items, that a noncontrolling interest be included in the consolidated statement of financial position within equity separate from the parent's equity; consolidated net income to be reported at amounts inclusive of both the parent's and noncontrolling interest's shares and, separately, the amounts of consolidated net income attributable to the parent and noncontrolling interest all on the consolidated statement of operations; and if a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be measured at fair value and a gain or loss be recognized in net income based on such fair value. The adoption had no impact on the Company's results of operations or financial position.

On January 1, 2009, the Company adopted certain amended accounting principles within ASC 805 (formerly SFAS No. 141(R)), "Business Combinations," which replaced the former SFAS No. 141, "Business Combinations," but retained the fundamental requirements in the former SFAS No. 141, including that the purchase method be used for all business combinations and for an acquirer to be identified for each business combination. This standard defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control instead of the date that the consideration is transferred. These amended accounting principles require an acquirer in a business combination, including business combinations achieved in stages (step acquisition), to recognize the assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. It also requires the recognition of assets acquired and liabilities assumed arising from certain contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. Additionally, ASC 805 requires acquisition-related costs to be expensed in the period in which the costs are incurred and the services are received instead of including such costs as part of the acquisition price. The adoption had no impact on the Company's previously completed acquisitions.

On January 1, 2009, the Company adopted certain amended accounting principles within ASC 350 (formerly FASB Staff Position (FSP) No. FAS 142-3), "Intangibles – Goodwill and Other." ASC 350 amends the factors that

should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset in order to improve the consistency between the useful life of a recognized intangible asset under ASC 350 and the period of expected cash flows used to measure the fair value of the asset under ASC 805 and other U.S. GAAP. The adoption had no impact on the Company's results of operations or financial position.

In December 2008, the FASB issued amended accounting principles within ASC 715 (formerly FSP No. FAS 132(R)-1), "Compensation – Retirement Benefits." The former SFAS No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits," was amended to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. This guidance is intended to ensure that an employer meets the objectives of the disclosures about plan assets in an employer's defined benefit pension or other postretirement plan to provide users of financial statements with an understanding of the following: how investment allocation decisions are made; the major categories of plan assets; the inputs and valuation techniques used to measure the fair value of plan assets; the effect of fair value measurements using significant unobservable inputs on changes in plan assets; and significant concentrations of risk within plan assets. ASC 715 becomes effective for the Company on December 31, 2009. As the amended principles within ASC 715 only require enhanced disclosures, management has determined that the adoption will not have an impact on the Company's results of operations or financial position.

2. CHAPTER 11 REORGANIZATION PROCEEDINGS

On February 12, 2009, the Debtors filed the Chapter 11 Petitions with the Bankruptcy Court. The Bankruptcy Cases are being jointly administered under Aleris International, Inc., Case No. 09-10478 (BLS). The Debtors are currently operating as debtors-in-possession pursuant to the Bankruptcy Code. Certain of our U.S. subsidiaries and all of our foreign operations are not part of the Chapter 11 filing, and will continue to operate outside of the Chapter 11 process.

Although there can be no assurance that we will be successful, our intent in filing for Chapter 11 protection is to use the powers afforded us under the Bankruptcy Code to effect a financial restructuring that results in a significant reduction in our total indebtedness on a basis that is fair and equitable to all of our economic stakeholders.

The provisions in ASC 852 (formerly the American Institute of Certified Public Accountants ("AICPA") Statement of Position 90-7), "Reorganizations," apply to the Debtors' financial statements for periods subsequent to the filing of the Chapter 11 Petitions, and distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business.

Reorganization Initiatives

Due to the sharp deterioration in demand for our products in the automotive, housing, and general industrial products sectors, and the unprecedented decline in aluminum prices which limited our borrowing and liquidity capacity, we decided to seek Chapter 11 bankruptcy protection to restructure our operations and financial position. The objective of the bankruptcy filing is to provide relief from our burdensome pre-petition debt service obligations, which will allow us time to restructure our operations to the current low demand environment and reposition our business to create a more competitive foundation for the long term. Since the filing of the Chapter 11 Petitions, we have initiated certain restructuring initiatives as part of a restructuring of our global operations. These initiatives are expected to reduce manufacturing and overhead costs by reducing headcount, temporarily or permanently closing manufacturing facilities and consolidating back office functions and facilities. These initiatives are more fully described in Note 4 "Restructuring and Other Charges."

Plan of Reorganization

Under the Bankruptcy Code, the Debtors initially had until June 12, 2009 the exclusive right to file a plan of reorganization in the Bankruptcy Cases. The Bankruptcy Code permits the Debtors to request the Bankruptcy Court to extend this "exclusive period" to up to 18 months after the Petition Date. With the consent of the Official Committee of Unsecured Creditors, the Debtors requested the Bankruptcy Court to extend this period an additional six months, to December 9, 2009, subject to further requests for an extension. The Bankruptcy Court granted such relief. We anticipate that substantially all of the Debtors' liabilities as of the Petition Date will be addressed and treated in accordance with such plan, which will be voted on by the creditors in accordance with the provisions of the Bankruptcy Code. Although the Debtors intend to file and seek confirmation of such a plan within the Debtors' exclusive period, there can be no assurance that they will be able to do so or that any plan that is filed will be

confirmed by the Bankruptcy Court and consummated. The Debtors' plan of reorganization could materially change the amounts and classification of items reported in our historical financial statements.

Pre-petition Claims

Under Section 362 of the Bankruptcy Code, actions to collect most of the Debtors' pre-petition liabilities, including payments owing to vendors in respect of goods furnished and services provided prior to the Petition Date, are automatically stayed and other contractual obligations of the Debtors generally may not be enforced. The rights of and ultimate payments by the Debtors under pre-petition obligations will be addressed in a plan of reorganization and may be substantially altered. This could result in unsecured claims being compromised at less, and possibly substantially less, than 100% of their face value. For additional information, see heading, "Liabilities Subject to Compromise" below.

Section 365 of the Bankruptcy Code permits the Debtors to assume, assume and assign, or reject certain pre-petition executory contracts (including unexpired leases), subject to the approval of the Bankruptcy Court and certain other conditions. Rejection constitutes a court-authorized breach of the contract in question and, subject to certain exceptions, relieves the Debtors of future obligations under such contract but creates a deemed pre-petition claim for damages caused by such breach or rejection. Parties whose contracts are rejected may file claims against the rejecting Debtor for damages. Generally, the assumption, or assumption and assignment, of an executory contract requires the Debtors to cure all prior defaults under such executory contract and to provide adequate assurance of future performance. In this regard, the Company expects that additional liabilities subject to compromise and resolution in the Bankruptcy Cases may arise as a result of damage claims created by the Debtors' rejection of executory contracts. Conversely, the Company would expect that the assumption of certain executory contracts may convert existing liabilities shown as subject to compromise to liabilities not subject to compromise. Due to the uncertain nature of many of the potential claims, the Company is unable to project the magnitude of such claims with any degree of certainty at this time.

Liabilities Subject to Compromise

The Debtors have been paying and intend to continue to pay undisputed postpetition claims in the ordinary course of business. However, as a result of the Chapter 11 Petitions, the payment of pre-petition indebtedness may be subject to compromise or other treatment under the plan of reorganization for the Debtors. Generally, actions to enforce or otherwise affect payment of pre-petition liabilities are stayed. Although pre-petition claims are generally stayed, at hearings held in February 2009, the Bankruptcy Court granted final approval of the Debtors' "first day" motions, generally designed to stabilize the Debtors' operations and covering, among other things, human capital obligations, supplier relations, customer relations, business operations, tax matters, cash management, utilities, case management and retention of professionals.

The Bankruptcy Court established September 15, 2009 as the bar date. The bar date is the date by which claims against the Debtors arising prior to the Petition Date must be filed if the claimants wish to receive any distribution in the Bankruptcy Cases. As part of the reorganization case, claims timely filed by the bar date will ultimately be reconciled against the amounts listed by the Debtors in their Schedules of Assets and Liabilities (as amended). To the extent that the Debtors object to any filed claims, the Bankruptcy Court will make the final determination as to the amount, nature, and validity of such claims. Moreover, the treatment of allowed claims against the Debtors will be determined pursuant to the terms of a Chapter 11 plan of reorganization approved by the Bankruptcy Court. Accordingly, the ultimate amount and treatment of such liabilities has not yet been determined. In addition, the Debtors may reject pre-petition executory contracts and unexpired leases with respect to the Debtors' operations, with the approval of the Bankruptcy Court. Damages resulting from rejection of executory contracts and unexpired leases are treated as general unsecured claims and will be classified as liabilities subject to compromise upon termination. Certain executory contracts were rejected during the nine months ended September 30, 2009, however, the amount of any damages associated with the rejection of those contracts is not determinable and will not be known until claims for such damages are approved by the Bankruptcy Court. Claims for damages resulting from the rejection of executory contracts and unexpired leases against the Debtors arising subsequent to the bar date must be filed within thirty days of the court approved rejection if the claimants wish to receive any distribution in the Bankruptcy Cases.

ASC 852 requires pre-petition liabilities that are subject to compromise to be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts or if U.S. GAAP would otherwise require them to be valued at lesser amounts. The amounts currently classified as liabilities subject to compromise may be subject to future adjustments depending on Bankruptcy Court actions, further developments with respect to disputed

claims, determinations of the secured status of certain claims, the values of any collateral securing such claims, or other events. "Liabilities subject to compromise" in the Consolidated Balance Sheet as of September 30, 2009 consist of the following:

	September 30, 2009
Accounts payable	$ 105.3
Accrued liabilities	15.9
Derivative financial instruments	98.9
Senior notes, net of discount of $14.5	583.5
Senior subordinated notes, net of discount of $13.6	385.4
9% new senior notes, net of discount of $6.8	98.6
Term Loan Facility, net of discount of $7.0	285.2
Interest payable	18.6
Accrued pension benefits	43.9
Accrued postretirement benefits	47.0
Other liabilities	22.0
Total liabilities subject to compromise	$ 1,704.3

Reorganization Items

Professional advisory fees and other costs directly associated with our reorganization are reported separately as reorganization items pursuant to ASC 852. Reorganization items also include provisions and adjustments to record the carrying value of certain pre-petition liabilities at their estimated allowable claim amounts as well as the impact of the liquidation of Canada LP.

The reorganization items in the Consolidated Statement of Operations for the three and nine months ended September 30, 2009 consisted of the following items:

	For the three months ended September 30, 2009	For the nine months ended September 30, 2009
Reorganization items		
Professional fees	$ 7.7	$ 27.0
Write off of Revolving Credit Facility deferred financing costs	-	6.8
Derivative financial instruments valuation adjustment	-	88.1
Liquidation of Canada LP	0.4	(6.7)
U.S. Trustee Fees	0.2	0.4
Gain on settlement of pre-petition claims	(0.3)	(1.4)
Total reorganization items	$ 8.0	$ 114.2

For the three and nine months ended September 30, 2009, reorganization items resulted in approximately $6.3 and $20.3, respectively, of cash paid for professional fees and U.S. Trustee Fees. Professional fees paid directly related to the reorganization include deposits and fees associated with advisors to the Debtors.

DIP Financing

To fund our global operations during the restructuring, we have secured $1,075.0 of debtor-in-possession ("DIP") financing. The DIP credit facilities include a new $500 equivalent term loan credit agreement ($448.3 plus €40.4) (the "DIP Term Facility") and a new $575 asset-backed revolving credit agreement (the "DIP ABL Facility") that replaces our previous Revolving Credit Facility. These will be used to fund our normal operating and working capital requirements, including employee wages and benefits, supplier payments, and other operating expenses during the reorganization process. We believe that the DIP credit facilities provide sufficient funds for the reorganization effort under Chapter 11. See Note 6 "Financing Agreements" for additional information.

Amendments to Credit Facilities

The filing of the Chapter 11 Petitions (other than as described below) constituted an event of default under our debt obligations, including under the Revolving Credit Facility and Term Loan Facility (collectively, the "Credit Facilities") and the Senior Notes, Senior Subordinated Notes and the 9% New Senior Notes (collectively, the "Notes"), which became automatically and immediately due and payable, although any actions to enforce such

payment obligations are stayed as a result of the Chapter 11 Petitions. As a result, all of the amounts outstanding under the Credit Facilities, the Notes and certain other debt instruments, for which the Chapter 11 triggered an event of default, were classified as current liabilities in the Consolidated Balance Sheet as of December 31, 2008. As of September 30, 2009, the Notes and the amounts borrowed in the U.S. under the Term Loan Facility (excluding loans rolled-up and refinanced as part of the DIP Term Facility) have been reclassified as "Liabilities subject to compromise" in the Consolidated Balance Sheet as discussed below. The amounts borrowed in Europe under the Term Loan Facility have been reclassified to "Current maturities of debt" in the Consolidated Balance Sheet as the forbearance agreement discussed below will terminate upon the maturity of the DIP Credit Facilities. The Revolving Credit Facility was replaced with the DIP ABL Facility which has been classified, along with the DIP Term Facility, as a current liability as both facilities mature on February 12, 2010. See Note 6 "Financing Agreements" for additional information.

On February 10, 2009, we and our subsidiaries party thereto, entered into a third amendment (the "Third Amendment") to the Revolving Credit Facility and a second amendment (the "Second Amendment" and, together with the Third Amendment, the "Pre-petition Amendments") to the Term Loan Facility to facilitate the ongoing operating ability of our European and Canadian subsidiaries and to facilitate obtaining the DIP financing. Among other things, the lenders under the Pre-petition Amendments agreed to forbear and waive certain remedies available to them with respect to the non-Debtors party to the Pre-petition Credit Facilities, including the right to accelerate the obligations thereunder, as a result of certain events of default that occurred under the Pre-petition Credit Facilities prior to or as a direct result of the Chapter 11 Petitions. The Pre-petition Amendments also permitted us and our subsidiaries to incur additional debt and grant new super-priority liens to secure such debt under the DIP Term Facility and the DIP ABL Facility in connection with the Chapter 11 Petitions. On March 20, 2009, we entered into the DIP ABL Facility, which amended, restated and replaced the Revolving Credit Facility and all outstanding borrowings thereunder. The Term Loan Facility, as amended by the Second Amendment, remains in place, and borrowings thereunder, to the extent not rolled up into the DIP Term Facility, remain outstanding. See Note 6 "Financing Agreements" for additional information.

Canadian Assignment in Bankruptcy

On March 30, 2009, Aleris Aluminum Canada S.E.C./Aleris Aluminum Canada, L.P. ("Canada LP"), one of our Canadian subsidiaries, filed a voluntary assignment in bankruptcy (the "Assignment") pursuant to the *Bankruptcy and Insolvency Act* (Canada) in order to effect an orderly liquidation of Canada LP's assets, property and undertaking. RSM Richter Inc. has been appointed as trustee in the bankruptcy of Canada LP. The Assignment constituted a default under the DIP ABL Facility; however, the DIP ABL Facility provides that the lenders thereunder will not exercise any of their rights and remedies with respect to such default against any of the credit parties to the DIP ABL Facility (other than Canada LP). The Assignment did not constitute a default under the DIP Term Facility. As a result of the Assignments, all of the assets and liabilities of Canada LP have been removed from the Consolidated Balance Sheet as of September 30, 2009 except for $1.9 outstanding under the DIP ABL Facility. While the Company, as a secured creditor, is entitled to receive $9.4 from the proceeds the trustee may generate from the sale of the assets of Canada LP, due to the uncertainty surrounding the trustee's ability to realize proceeds sufficient enough to repay the Company or the other secured creditors of Canada LP, the secured claim has not been recognized in the Consolidated Balance Sheet. Any cash received from the trustee will be recognized as a credit within "Reorganization items, net" in the Consolidated Statement of Operations.

3. DEBTOR FINANCIAL STATEMENTS

Condensed Combined Debtors-in-Possession Financial Statements

The financial statements contained within this note represent the condensed combined financial statements for the Debtors only. The Company's non-Debtor subsidiaries are treated as non-consolidated subsidiaries in these financial statements and as such their net income (loss) is included as "Equity income (loss) from non-Debtor affiliates, net of tax" in the Statement of Operations and their net assets are included as "Investments in non-Debtor affiliates" in the Balance Sheet. The Debtors' financial statements contained herein have been prepared in accordance with the guidance in ASC 852.

Intercompany Transactions

Intercompany transactions between Debtors have been eliminated in the financial statements contained herein. Intercompany transactions between the Debtors and non-Debtor subsidiaries have not been eliminated in the Debtors' financial statements. Therefore, "Reorganization items, net" included in the Debtors' Statement of

Operations, "Liabilities subject to compromise" included in the Debtors' Balance Sheet, and "Reorganization items, net" included in the Debtors' Statement of Cash Flows differ from the amounts included in the Company's Consolidated Financial Statements.

CONDENSED COMBINED DEBTOR-IN-POSSESSION
BALANCE SHEET
(Unaudited)
(in millions)

	September 30, 2009
Current Assets	
Cash and cash equivalents	$ 15.9
Accounts receivable (net of allowances of $7.1)	148.1
Inventories	152.9
Receivable from non-debtor affiliates	145.7
Derivative financial instruments	17.3
Prepaid expenses and other current assets	29.4
Total Current Assets	509.3
Property, plant and equipment, net	299.0
Goodwill	79.4
Intangible assets, net	58.9
Other assets	20.9
Investments in non-Debtor affiliates	824.9
Total Assets	$ 1,792.4
Current Liabilities	
Accounts payable	$ 60.4
Accrued liabilities	82.4
Deferred income taxes	3.5
Debt in default	5.0
Debtor-in-possession financing	822.7
Total Current Liabilities	974.0
Deferred income taxes	17.1
Long term debt	-
Other long-term liabilities	28.7
Total Long Term Liabilities	45.8
Liabilities subject to compromise (including payables to non-Debtor affiliates of $489.7)	2,194.0
Stockholder's Deficit	(1,421.4)
Total Liabilities and Stockholder's Deficit	$ 1,792.4

CONDENSED COMBINED DEBTOR-IN-POSSESSION
STATEMENT OF OPERATIONS
(Unaudited)
(in millions)

	For the three months ended September 30, 2009	For the nine months ended September 30, 2009
Revenues	$ 342.2	$ 899.9
Cost of sales	297.4	832.3
Gross profit	44.8	67.6
Selling, general and administrative expenses	20.7	73.9
Restructuring and other charges	14.2	30.5
Impairment of intangible assets	-	19.2
Losses on derivative financial instruments	3.6	30.9
Operating income (loss)	6.3	(86.9)
Interest expense (contractual interest was $86.7 and $237.1 for the three and nine months ended September 30, 2009)	56.3	160.1
Reorganization items, net	6.9	125.2
Other expense, net	9.3	26.9
Loss from Debtors operations before benefit from income taxes and equity income (loss)	(66.2)	(399.1)
Benefit from income taxes	(9.4)	(7.7)
Loss from Debtors operations before equity income (loss)	(56.8)	(391.4)
Equity income (loss) from non-Debtor affiliates, net of tax	33.9	(37.0)
Net loss	$ (22.9)	$ (428.4)

CONDENSED COMBINED DEBTOR-IN-POSSESSION
STATEMENT OF CASH FLOWS
(Unaudited)
(in millions)

	For the nine months ended September 30, 2009
Net cash used by operating activities	(26.6)
Investing activities	
Payments for property, plant and equipment	(5.8)
Proceeds from sale of property, plant and equipment	1.5
Other	0.3
Cash used by investing activities	(4.0)
Financing activities	
Proceeds from DIP ABL Facility	661.8
Payments on DIP ABL Facility	(757.7)
Proceeds from DIP Term Facility	165.1
Payments on long-term debt	(0.1)
Debt issuance costs	(82.2)
Net transfers with non-Debtor affiliates	56.6
Net cash provided by financing activities	43.5
Cash and cash equivalents at beginning of period	3.0
Cash and cash equivalents at end of period	$ 15.9

4. RESTRUCTURING AND OTHER CHARGES

During the three and nine months ended September 30, 2009, we recorded restructuring and other charges of $17.5 and $73.1, respectively, of which $16.5 and $31.9 were non-cash related and $1.0 and $41.2 were cash related. The charges primarily resulted from the following restructuring initiatives:

- We recorded $0.2 and $30.4 of cash and $2.8 and $7.7 of non-cash restructuring charges during the three and nine months ended September 30, 2009, respectively, associated with the continued restructuring of our European operations. These charges consisted of the following:
  - During the second quarter, we announced a reduction in force at our Duffel, Belgium and Vogt, Germany facilities and the substantial closure of our extrusions operations in Duffel. These restructuring initiatives eliminated approximately 500 positions in Duffel and approximately 100 positions in Vogt. Employee termination benefits consist of one-time severance and outplacement costs as well as pre-pension benefits totaling $28.8. The severance and outplacement benefits of $23.3 were accounted for in accordance with ASC 712 (formerly SFAS No. 112) "Compensation - Nonretirement Postemployment Benefits." The pre-pension benefits were offered pursuant to a one-time benefit arrangement and will be paid over a 13 year period. As a result, the fair value of the $13.3 of total benefits to be paid was determined by discounting the future payment stream using a credit-adjusted risk free rate in accordance with ASC 420 (formerly SFAS No. 146) "Exit or Disposal Cost Obligations." This resulted in a charge of $5.5 being recorded in the second quarter of 2009. During the three months ended September 30, 2009, $0.2 of additional expense was recorded relating to these reduction in force initiatives. Additional amounts, representing the growth of the liability over time, will be recorded as restructuring charges in future periods.
  - In addition to these employee termination benefits, a non-cash impairment charge of $4.9 was recorded in the second quarter related to the substantial closure of the extrusions operations in Duffel. The impairment was based on the determination that the cash flows expected to be realized from the affected assets would not be sufficient to recover their carrying value. The extent of the impairment charge was based upon a third party appraisal of the fair value of those assets.
  - During the three and nine months ended September 30, 2009 we also recorded $2.8 of other non-cash impairment charges relating to the Company's European operations.
  - Other work force reductions across the European operations resulted in the recording of $1.4 of employee termination benefits in the nine months ended September 30, 2009.

- We recorded $0.3 and $4.7 of cash and $13.2 and $18.7 of non-cash restructuring charges during the three and nine months ended September 30, 2009, respectively, related to the 2008 shutdown of our Toronto and Cap de la Madeleine, Canada operations, the 2009 shutdown of our Terre Haute, Indiana and Richmond, Virginia facilities and work force reductions at various other facilities included within our Rolled Products North America segment. Production at these closed facilities has been transferred to other facilities and all of the affected employees have left their positions as of September 30, 2009. Impairment charges related to our Richmond, Virginia facility accounted for $13.1 of the non-cash charges recorded during the three months ended September 30, 2009. We based the determination of the impairments of these assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value, as determined by an independent third party appraisal. Cash restructuring costs included the costs to move assets to other facilities, severance costs, plant closure costs, contract cancellation costs and other exit costs. In addition to the charges described above, in the second quarter of 2009 our Terre Haute facility recorded inventory impairment charges attributable to the closure of $1.0 which have been included within "Cost of sales" in the Consolidated Statement of Operations.
- We recorded $0.2 and $2.1 of cash restructuring charges and $0.5 and $6.6 of non-cash asset impairment charges during the three and nine months ended September 30, 2009, respectively, primarily related to

the 2008 shutdown of our operations in Shelbyville and Dickson, Tennessee, Tipton, Indiana and Guelph, Ontario, all of which are within our Recycling and Specification Alloys Americas Segment. Production at these facilities has been transferred to other facilities and all of the affected employees have left their positions as of September 30, 2009. We based the determination of the impairments of the assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value. Cash restructuring costs included the costs to move assets to other facilities, severance costs, plant closure costs, contract cancellation costs and other exit costs.

The following table presents the activity and reserve balances associated with our restructuring programs for the nine months ended September 30, 2009:

For the nine months ended September 30, 2009	Employee severance and benefit costs	Asset Impairments	Exit Costs	Total
Balance at December 31, 2008	$ 17.1	$ -	$ 1.3	$ 18.4
Charges recorded in the statement of operations	37.9	31.0	4.2	73.1
Cash payments	(30.0)	-	(3.3)	(33.3)
Non-cash charges	(0.4)	(31.0)	(0.5)	(31.9)
Liquidation of Canada LP	(0.5)	-	(0.6)	(1.1)
Translation and other charges	-	-	(0.5)	(0.5)
Balance at September 30, 2009	$ 24.1	$ -	$ 0.6	$ 24.7

During the three and nine months ended September 30, 2008, we recorded restructuring and other charges totaling approximately $61.3 and $75.1, respectively, of which approximately $34.3 and $40.1 were non-cash related and approximately $27.0 and $35.0 were cash related. The charges primarily resulted from the following activities:

On July 12, 2008, we announced that the permanent closure of the Global Rolled and Extruded Products segment's Cap de la Madeleine, Quebec aluminum rolling mill facility would occur following an orderly shut down of all remaining activities at the facility because of the permanent and irreparable damage suffered by the operations as a result of labor issues. We had been engaged in negotiations and discussions regarding a new collective bargaining agreement for many months with representatives of the union representing production and maintenance workers at the facility. The union failed to ratify a new agreement during these negotiations and ultimately rejected our final proposal for a new collective bargaining agreement twice in July 2008. Substantially all production at this facility ceased in September 2008.

We recorded charges of $53.7 related to the closure within "Restructuring and other charges" as well as $13.3 within "Cost of sales" in the Consolidated Statement of Operations during the three and nine months ended September 30, 2008. These charges consisted of the following:

- Asset impairment charges of approximately $29.1 relating to property, plant and equipment. We based the determination of the impairments of these assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value, as determined by an independent third party appraisal;
- Employee severance, health care continuation, and outplacement costs of $3.3 associated with approximately 90 hourly and salaried employees. The majority of all affected personnel have left their positions as of September 30, 2008;
- Curtailment charges relating to defined benefit pension and other postemployment benefit plans of $12.8 covering the affected employees;
- Other closure related charges of $8.5 related primarily to derivative and other contract terminations and costs associated with environmental remediation efforts required as a result of the closure; and
- In addition to these charges, all of which are included within "Restructuring and other charges", we recorded inventory impairment charges and excess production costs attributable to the closure of $13.3 which have been included within "Cost of sales" in the Consolidated Statement of Operations.

We recorded $1.1 and $7.3 of cash restructuring charges and $0.2 and $0.6 of non-cash asset impairment charges during the three and nine months ended September 30, 2008, respectively, primarily related to the shutdown of our Toronto, Canada and Bedford, Ohio coil coating facilities within the Global Rolled and Extruded Products

segment. Production at these facilities has been transferred to other facilities and all of the affected employees have left their positions as of September 30, 2008. We closed our ALSCO divisional headquarters in Raleigh, North Carolina. We based the determination of the impairments of the assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value. Cash restructuring costs included the costs to move assets to other facilities, severance costs and contract cancellation costs. We also recorded a non-cash asset impairment charge of $1.2 during the nine months ended September 30, 2008 at our Koblenz, Germany facility.

We recorded $1.5 and $2.6 of cash restructuring charges and $4.7 and $8.9 of non-cash asset impairment charges during the three and nine months ended September 30, 2008, respectively, primarily related to the shutdown of our operations in Shelbyville, Rockwood and Dickson, Tennessee, and Guelph, Ontario, all of which were within our Global Recycling segment. Production at these facilities has been transferred to other facilities and all of the affected employees have left their positions as of September 30, 2008. We based the determination of the impairments of the assets on the undiscounted cash flows expected to be realized from the affected assets and recorded the related assets at fair value. Cash restructuring costs included the costs to move assets to other facilities, severance costs and contract cancellation costs.

5. INVENTORIES

The components of our consolidated Inventories are:

	September 30, 2009	December 31, 2008
Finished goods	$ 116.8	$ 203.1
Raw materials	140.0	168.9
Work in process	137.6	173.8
Supplies	35.3	37.9
	$ 429.7	$ 583.7

6. FINANCING AGREEMENTS

Our debt is summarized as follows:

	September 30, 2009		December 31, 2008	
	Subject to compromise	Debt	Subject to compromise	Debt
DIP Term Facility, net of discount of $17.5 at September 30, 2009, including $561.4 of Roll-Up Loans	$ -	$ 746.9	$ -	$ -
DIP ABL Facility	-	237.7	-	-
Revolving Credit Facility	-	-	-	287.3
Term Loan Facility, net of discount of $7.0 and $19.5 at September 30, 2009 and December 31, 2008, respectively	285.2	389.0	-	1,203.8
9% Senior Notes, due December 15, 2014, net of discount of $14.5 and $8.9 at September 30, 2009 and December 31, 2008, respectively	583.5	-	-	589.1
9% New Senior Notes, due December 15, 2014, net of discount of $6.8 at September 30, 2009 and December 31, 2008, respectively	98.6	-	-	98.6
10% Senior Subordinated Notes, due December 15, 2016, net of discount of $13.6 and $9.3 at September 30, 2009 and December 31, 2008, respectively	385.4	-	-	389.7
Other	15.8	16.6	-	31.8
Total Debt	$ 1,368.5	1,390.2	$ -	2,600.3
Less: Amount reclassified to current liabilities for debt in default		5.0		2,589.7
Less: Debtor-in-possession financing		984.6		-
Less: Current maturities		396.7		6.6
Long-term debt		$ 3.9		$ 4.0

DIP Term Facility

Pursuant to the Interim Order (the "Interim Order") of the Bankruptcy Court, dated as of February 13, 2009, the Bankruptcy Court approved the DIP Term Facility, among the Company, Aleris Deutschland Holding GmbH (the "German Borrower") and Aleris Aluminum Duffel BVBA (the "Belgian Borrower"), as borrowers, the lenders party thereto from time to time, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent. The DIP Term Facility was amended and restated on March 19, 2009 and was approved pursuant to the Final Order (the "Final Order") of the Bankruptcy Court. The DIP Term Facility was subsequently amended on May 12, 2009 and June 29, 2009. The DIP Term Facility provides for borrowings of up to an aggregate principal amount not to exceed approximately $448.3 plus €40.4 of new money term loans (the "NM Loans"). We incurred $68.9 of fees and expenses associated with DIP Term Facility (including $17.5 which will be paid upon emergence from bankruptcy), which will be charged to interest expense over the remaining term of the facility.

In addition, pursuant to the terms of the DIP Term Facility, a lender under the Term Loan Facility that (1) committed new money to the DIP Term Facility and executed the Second Amendment was permitted to designate a principal amount of its outstanding term loans under the Term Loan Facility up to an amount equal to its new money commitments to the DIP Term Facility plus 5% of its outstanding term loans under the Term Loan Facility, to be "rolled up" and refinanced under the DIP Term Facility or (2) executed the Second Amendment but did not commit new money to the DIP Term Facility was permitted to "roll up" and refinance an amount equal to 5% of its outstanding term loans under the Term Loan Facility (collectively, the "Roll-Up Loans"). As consideration to the lenders under the Term Loan Facility that provided Roll-Up Loans, the Roll-Up Loans have the benefit of security interests in the collateral securing the Term Loan Facility with a priority ahead of the outstanding term loans under the Term Loan Facility but behind the super-priority security interests in the collateral securing the DIP Term Facility. The Roll-Up Loans totaled $561.4, including interest paid-in-kind, and are included within "Debtor-in-possession financing" in the Consolidated Balance Sheet. The NM Loans and the Roll-Up Loans are both governed by the DIP Term Facility.

The DIP Term Facility matures on February 12, 2010. We may extend the maturity of the DIP Term Facility by up to two consecutive three-month periods. The Company is required to pay an extension fee to the lenders in an amount equal to 1.0% of the outstanding NM Loans, plus any undrawn commitments immediately after giving affect to any and each such extension. In addition, the DIP Term Facility may mature at an earlier date upon the effective date of a reorganization plan or the acceleration of the loans upon the occurrence, and continuance, if applicable, of an event of default in accordance with the terms of the DIP Term Facility.

Borrowings of NM Loans under the DIP Term Facility bear interest at:

- in the case of borrowings in U.S. dollars, the applicable Eurodollar rate (subject to a 3% floor) plus a margin of 10.0% per annum; and
- in the case of borrowings in euros, the euro LIBOR rate (subject to a 3% floor) plus a margin of 6.00% per annum.

Borrowings constituting Roll-Up Loans under the DIP Term Facility bear interest at:

- in the event that accrued interest on the Roll-Up Loans is required to be paid in cash, 10.0% per annum; or
- otherwise, 12.5% per annum.

The DIP Term Facility is subject to mandatory prepayment with: (i) 100% of the net cash proceeds from issuances of debt, other than debt permitted under the DIP Term Facility; (ii) 100% of the net cash proceeds of certain asset sales; and (iii) 100% of the net cash proceeds from certain insurance and condemnation payments.

We may voluntarily repay outstanding loans at any time provided that new NM Loans must be repaid in full prior to any voluntary repayment of Roll-Up Loans, and provided further that Roll-Up Loans may be repaid without premium or penalty.

Upon each reduction of undrawn commitments (other than by reason of a borrowing) and upon each repayment or prepayment of the NM Loans, the Company is required to pay the lenders of the NM Loans a fee in an amount equal to 3.5% of (i) the amount of the reduction of such commitments or (ii) the amount of principal of such NM Loans repaid or prepaid.

There is no scheduled amortization under the DIP Term Facility. The principal amount outstanding will be due and payable in full at maturity, subject to mandatory prepayments described above

The DIP Term Facility is secured, subject to certain exceptions, by (i) a super first-priority security interest in substantially all our fixed assets located in the United States, substantially all of the fixed assets of substantially all of our wholly-owned domestic subsidiaries located in the United States, and substantially all of the assets of Aleris Deutschland Holding GmbH and certain of its subsidiaries, (ii) a super second-priority security interest in all collateral pledged by us and substantially all of our wholly-owned domestic subsidiaries on a first-priority basis to lenders under the DIP ABL Facility located in the United States, and (iii) the equity interests of certain of our foreign and domestic direct and indirect subsidiaries (including Aleris Deutschland Holding GmbH, Aleris Aluminum Duffel BVBA and Aleris Switzerland GmbH). In addition to the security described above, the obligations of the German Borrower under the DIP Term Facility are also secured by a $90.0 land charge and mortgage on certain real estate located in Koblenz, Germany and Bonn, Germany, and the obligations of the Belgian Borrower under the DIP Term Facility are secured by a mortgage on certain real estate located in Duffel, Belgium as well as a floating charge in certain inventory of the Belgian Borrower and its subsidiaries located in Belgium. The borrowers' obligations under the DIP Term Facility are and will be guaranteed by certain of our existing and future direct and indirect subsidiaries. In addition, we guarantee the obligations of Aleris Deutschland Holding GmbH and Aleris Aluminum Duffel BVBA under the DIP Term Facility.

The DIP Term Facility contains a number of affirmative, negative and financial covenants that, among other things and subject to certain exceptions, impose substantial burdens and restrictions on the financial and business operations of the Company and certain of its subsidiaries. The negative covenants restrict the ability of the Company and its subsidiaries to, among others, incur additional indebtedness, pay dividends on capital stock and make other restricted payments, make investments and acquisitions, engage in transactions with affiliates, sell assets, merge and create liens. The financial covenants require the Company and certain of its subsidiaries to satisfy certain operating cash flow projections on a company wide basis and on a European operations basis, limit the amount of capital expenditures the Company and certain of its subsidiaries can make on a Americas operations basis and on a European operations basis, and require the Company and certain of its subsidiaries to meet certain minimum EBITDA thresholds on a Americas operations basis and on a European operations basis.

The DIP Term Facility also contains events of default customary for DIP financings of this type.

DIP ABL Facility

Pursuant to the Final Order, the Bankruptcy Court approved the DIP ABL Facility, which we entered into on March 20, 2009 and which amended and restated the Revolving Credit Facility, among the Company, Aleris Aluminum Canada S.E.C./Aleris Aluminum Canada L.P , Aleris Specification Alloy Products Canada Company, Aleris Switzerland GmbH, and all U.S. and certain Canadian subsidiaries of the Company, as borrowers, the lenders party thereto from time to time, Deutsche Bank AG New York Branch, as administrative agent, Deutsche Bank AG New York Branch, Bank of America, N.A. and Wachovia Bank, National Association, as co-collateral agents, Bank of America, N.A. and General Electric Capital Corporation, as syndication agents, and Keybank National Association and Wachovia Bank, National Association, as co-documentation agents. The DIP ABL Facility was subsequently amended on June 29, 2009. The DIP ABL Facility provides for borrowings of up to $575.0, subject to availability and borrowing base limitations. The amendment and restatement of the Revolving Credit Facility constituted an extinguishment of that facility under U.S. GAAP. As a result, the Company recorded a $6.8 loss on extinguishment of debt within "Reorganization items, net" in the Consolidated Statement of Operations in the nine months ended September 30, 2009. We incurred $34.6 of fees and expenses associated with DIP ABL Facility, which will be charged to interest expense over the remaining term of the facility.

The DIP ABL Facility matures 12 months after the date of the Interim Order, or February 12, 2010. We may extend the maturity of the DIP ABL Facility by up to two consecutive three-month periods. In addition, the DIP ABL Facility may mature at an earlier date upon the effective date of a reorganization plan, the acceleration of the loans or termination of the commitments, including, without limitation, upon the occurrence, and continuance, if applicable, of an event of default under the DIP ABL Facility, or upon the maturity date of the DIP Term Facility.

We and certain of our U.S. and international subsidiaries are borrowers under the DIP ABL Facility. The availability of funds to the borrowers located in the United States, Canada and Europe is subject to a borrowing base for the United States, Canada and Europe, respectively, calculated on the basis of a predetermined percentage of the value of selected accounts receivable and U.S. and Canadian inventory, less certain ineligible amounts. Non-U.S. borrowers also have the ability to borrow under the DIP ABL Facility based on excess availability under the

borrowing base applicable to U.S. borrowers, subject to certain sublimits. The DIP ABL Facility provides for the issuance of up to $75.0 of letters of credit (with a $15.0 limit for European letters of credit) by the U.S. and European borrowers as well as borrowings on same-day notice, referred to as swingline loans, and will be available in U.S. dollars, Canadian dollars, euros and certain other currencies.

Borrowings under the DIP ABL Facility bear interest at a rate equal to:

- in the case of borrowings in U.S. dollars, (a) a base rate determined by reference to the higher of (1) Deutsche Bank's prime lending rate, (2) the overnight federal funds rate plus 0.5%, (3) a base CD rate plus 0.5%, (4) a Eurodollar rate (adjusted for maximum reserves) determined by Deutsche Bank plus 1.0% or (5) 4.0% and (b) an applicable margin of 5.5%;
- in the case of borrowings in euros, a euro LIBOR rate determined by Deutsche Bank with a 3.0% floor, plus an applicable margin of 6.5%; and
- in the case of borrowings in Canadian dollars, a Canadian prime rate with a 4.0% floor, plus an applicable margin of 5.5%.

In addition, upon the first extension of the maturity of the DIP ABL Facility, each applicable margin will increase by 1.00% per annum effective from and after the date that is 12 months following the Interim Order, and upon the second extension of the maturity of the DIP ABL Facility, each applicable margin will increase by a further 1.00% per annum effective from and after the date that is 15 months following the date of the Interim Order.

In addition to paying interest on outstanding principal under the DIP ABL Facility, we are required to pay a commitment fee in respect of unutilized commitments of 1.0%. We must also pay letter of credit fees and agency fees under the DIP ABL Facility.

The DIP ABL Facility is subject to mandatory prepayment with: (i) 100% of the net cash proceeds from issuances of debt, other than debt permitted under the DIP ABL Facility; (ii) 100% of the net cash proceeds of certain asset sales; and (iii) 100% of the net cash proceeds from certain insurance and condemnation payments.

In addition, if at any time outstanding loans, unreimbursed letter of credit drawings and undrawn letters of credit under the DIP ABL Facility exceed the applicable borrowing base or commitments in effect at such time, we are required to repay outstanding loans or cash collateralize letters of credit in an aggregate amount equal to such excess, with no reduction of the commitment amount. As of September 30, 2009, we estimate that our borrowing base would have supported borrowings of $371.9. After giving effect to the $236.0 of outstanding borrowings as well as outstanding letters of credit of $38.5, we had $97.4 available for borrowing as of September 30, 2009.

We may voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans at any time without premium or penalty other than customary "breakage" costs with respect to Eurodollar and euro LIBOR loans.

There is no scheduled amortization under the DIP ABL Facility. The principal amount outstanding will be due and payable in full at maturity as described above.

The DIP ABL Facility is secured, subject to certain exceptions (including appropriate limitations in light of U.S. federal income tax considerations on guaranties and pledges of assets by foreign subsidiaries, and certain pledges of such foreign subsidiaries' stock, in each case to support loans to us or our domestic subsidiaries), by (i) a first-priority security interest in substantially all of our current assets and related intangible assets located in the United States, substantially all of the current assets and related intangible assets of substantially all of our wholly-owned domestic subsidiaries located in the United States, substantially all of our assets located in Canada as well as the assets of Aleris Switzerland GmbH (other than its inventory and equipment), (ii) a super second-priority security interest in substantially all our fixed assets located in the United States and substantially all of the fixed assets of substantially all of our wholly-owned domestic subsidiaries located in the United States, and (iii) the equity interests of certain of our foreign and domestic direct and indirect subsidiaries (including Aleris Deutschland Holding GmbH and Aleris Switzerland GmbH). The borrowers' obligations under the DIP ABL Facility will be guaranteed by certain of our existing and future direct and indirect subsidiaries. In addition, we will guarantee the obligations of the other borrowers under the DIP ABL Facility.

The DIP ABL Facility contains affirmative, negative and financial covenants substantially similar to those contained in the DIP Term Facility that, among other things and subject to certain exceptions, impose substantial burdens and restrictions on the financial and business operations of the Company and certain of its subsidiaries.

The DIP ABL Facility also contains events of default customary for DIP financings of this type.

7. COMMITMENTS AND CONTINGENCIES

Environmental Proceedings

Our operations are subject to environmental laws and regulations governing air emissions, wastewater discharges, the handling, disposal and remediation of hazardous substances and wastes and employee health and safety. These laws can impose joint and several liability for releases or threatened releases of hazardous substances upon statutorily defined parties, including us, regardless of fault or the lawfulness of the original activity or disposal. Given the changing nature of environmental legal requirements, we may be required, from time to time, to take environmental control measures at some of our facilities to meet future requirements.

Currently and from time to time, we are a party to notices of violations brought by environmental agencies concerning the laws governing air emissions. In connection with certain pending proceedings, we have been engaged in discussions with the United States Department of Justice, the United States Environmental Protection Agency and several states (collectively, the "Government") for the purpose of resolving in one proceeding similar issues that have arisen at a number of our facilities in different states. In connection therewith, on February 12, 2009, the Government filed a civil complaint in the United States District Court for the Northern District of Ohio, Civil Action No. 1:09-cv-00340 ("the Complaint"). Negotiations to resolve these proceedings have been completed and the Government parties and the Company have agreed to the terms of a Consent Decree (the "Consent Decree"). The Consent Decree was entered by the District Court on October 22, 2009 following an order of the Bankruptcy Court approving the Consent Decree. The Consent Decree provides for a monetary penalty of $4.6 and certain injunctive relief. The monetary penalty is an unsecured pre-petition claim to the Government parties and will receive treatment similar to pre-petition unsecured claims in the Debtors' Bankruptcy Cases. We do not expect that the costs to be incurred to comply with the Consent Decree will have a material adverse effect on our financial position or results.

We have been named as a potentially responsible party in certain proceedings initiated pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act and similar stated statutes and may be named a potentially responsible party in other similar proceedings in the future. It is not anticipated that the costs incurred in connection with the presently pending proceedings will, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

We are performing operations and maintenance at two Superfund sites for matters arising out of past waste disposal activity associated with closed facilities. We are also under orders by agencies in four states for environmental remediation at five sites, two of which are located at our operating facilities.

Our reserves for environmental remediation liabilities totaled $38.6 and $47.0 at September 30, 2009 and December 31, 2008, respectively, and have been classified as "Other long-term liabilities," "Accrued liabilities," and "Liabilities subject to compromise" in the Consolidated Balance Sheet. Of the environmental liabilities recorded at September 30, 2009 and December 31, 2008, $3.5 and $5.3, respectively, is indemnified by Corus Group plc.

In addition to environmental liabilities, we have recorded asset retirement obligations associated with legal requirements related primarily to the normal operation of our landfills and the retirement of the related assets. At September 30, 2009 and December 31, 2008, our total asset retirement obligations for our landfills were $16.8 and $17.6, respectively.

Legal Proceedings

We are a party from time to time to what we believe are routine litigation and proceedings considered part of the ordinary course of our business. We believe that the outcome of such existing proceedings would not have a material adverse effect on our financial position or results of operations.

8. OTHER COMPREHENSIVE LOSS

The following table presents the components of comprehensive loss for the three and nine months ended September 30, 2009 and 2008.

	For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008
Net loss	$ (22.9)	$ (197.8)	$ (428.4)	$ (194.5)
Changes in other comprehensive loss, net of tax:				
Currency translation adjustments	10.8	(132.5)	(3.8)	(38.6)
Liquidation of Canada LP currency translation adjustments	-	-	4.1	-
Liquidation of Canada LP pension liability	-	-	19.6	-
Pension and other post retirement liability adjustment, including curtailment	(0.4)	(4.7)	4.2	(4.7)
Amortization of actuarial net loss and prior service cost	0.3	-	0.8	-
Unrealized (losses) gains on derivative financial instruments:				
Net change from periodic revaluations	-	(1.1)	-	8.0
Income tax effect	-	0.4	-	(3.0)
Net unrealized (losses) gains on derivative financial instruments	-	(0.7)	-	5.0
Change in other comprehensive loss, net of tax	10.7	(137.9)	24.9	(38.3)
Comprehensive loss	$ (12.2)	$ (335.7)	$ (403.5)	$ (232.8)

9. SEGMENT INFORMATION

Effective October 1, 2008, the Company's reportable segments were changed from two global segments (Global Rolled and Extruded Products and Global Recycling) to three regional segments (Rolled Products North America, Recycling and Specification Alloys Americas and Europe). This change was made to better serve our customers, taking into consideration the regional nature of supply and demand of aluminum products. Organizational changes were also made to better manage the disparity in markets and business cultures. As a result, prior period amounts have been reclassified to conform to the new segment structure.

Measurement of Segment Profit or Loss and Segment Assets

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Our measure of the profitability of our operating segments is referred to as segment income. Segment income excludes provisions for income taxes, restructuring and other charges, reorganization items, net, interest, unrealized and certain realized gains and losses on derivative financial instruments, corporate general and administrative costs, including depreciation of corporate assets, impairment of goodwill and other intangible assets and other income (expense), net. Intersegment sales and transfers are recorded at market value. Consolidated cash, long-term debt, net capitalized debt costs, deferred tax assets and assets related to our corporate and regional headquarters offices are not allocated to the reportable segments.

Reportable Segment Information

The following table shows our reportable segment assets as of September 30, 2009 and December 31, 2008.

	September 30, 2009	December 31, 2008
Assets		
Rolled Products North America	$ 483.2	$ 567.1
Recycling and Specification Alloys Americas	366.1	438.9
Europe	1,420.0	1,546.0
Unallocated assets	161.9	124.0
Total consolidated assets	$ 2,431.2	$ 2,676.0

The following table shows our revenues and segment income (loss) for the three and nine months ended September 30, 2009 and 2008:

	For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008
Revenues:				
Rolled Products North America	$ 246.2	$ 472.7	$ 659.2	$ 1,374.6
Recycling and Specification Alloys Americas	149.7	412.2	375.0	1,256.4
Europe	421.9	710.6	1,138.9	2,252.2
Intersegment revenues	(2.2)	(12.4)	(15.8)	(25.4)
Total revenues	$ 815.6	$ 1,583.1	$ 2,157.3	$ 4,857.8
Segment income (loss):				
Rolled Products North America	$ 16.8	$ (24.8)	$ 0.1	$ (25.1)
Recycling and Specification Alloys Americas	3.0	12.8	(19.7)	47.8
Europe	(3.6)	15.5	(152.8)	51.4
Total segment income (loss)	$ 16.2	$ 3.5	$ (172.4)	$ 74.1
Unallocated amounts:				
Corporate general and administrative expenses	(8.2)	(12.0)	(30.0)	(36.3)
Restructuring and other charges	(17.5)	(61.3)	(73.1)	(75.1)
Interest expense	(58.2)	(58.2)	(165.3)	(171.9)
Gains (losses) on derivative financial instruments	44.3	(150.3)	107.5	(72.5)
Impairment of intangible assets	-	-	(19.2)	-
Reorganization items, net	(8.0)	-	(114.2)	-
Other income (expense), net	4.9	(4.6)	14.4	1.3
Loss from continuing operations before provision for income taxes	$ (26.5)	$ (282.9)	$ (452.3)	$ (280.4)

10. STOCK-BASED COMPENSATION

Stock-Based Compensation Plan

In February 2007 the board of directors of Aurora Acquisition Holdings, Inc. ("Holdings") approved the Aurora Acquisition Holdings, Inc. Amended and Restated Management Equity Incentive Plan ("2007 Plan"). Under the 2007 Plan, Holdings may grant up to 840,870 stock options. The options have a ten year life with 60% of the options vesting ratably over five years and 40% vesting upon the occurrence of a "liquidity event," as defined under the terms of the 2007 Plan agreement, and the achievement of certain returns on Texas Pacific Group's ("TPG") investment. A portion of the time-based options will be paid out upon a liquidity event should the event occur prior to full vesting of these awards. While the time based portion of the options will be expensed over the requisite service period, the event-based awards will not be expensed until the occurrence of the liquidity event.

During the three and nine months ended September 30, 2009, we recorded compensation expense associated with these options of $0.8 and $1.8, respectively and $1.8 for the nine months ended September 30, 2008, respectively. The weighted-average fair value of the time and event-based options outstanding at September 30, 2009 was approximately $49.30 and $35.74 per option, respectively. At September 30, 2009, there was $8.2 of compensation expense that will be recognized over the next five years and $7.4 of compensation expense that will be recognized upon the occurrence of the liquidity event.

The Company used the Monte Carlo Simulation method to estimate the fair value of all stock options granted. Under this method, the estimate of fair value is affected by assumptions, certain of which are highly complex and subjective. Expected equity volatility was determined based upon historical stock prices of our peer companies. The expected term of the event-based options granted was determined based upon a range of estimates regarding the timing of a liquidity event.

11. INCOME TAXES

Our effective tax rate was 13.6% and 5.3% for the three and nine months ended September 30, 2009, respectively, and 30.5% and 29.8% for the three and nine months ended September 30, 2008, respectively. The effective tax rate for the nine months ended September 30, 2009 and 2008 differed from the federal statutory rate

Exhibit "D"

The Ballot Tabulation and Solicitation Procedures (the "*Voting Procedures*")

ALERIS INTERNATIONAL, INC., *ET AL.*,
BALLOT SOLICITATION AND TABULATION PROCEDURES

The following procedures (the "***Voting Procedures***") are adopted with respect to (a) the distribution of Ballot solicitation materials with respect to the Plan (as hereinafter defined) and (b) the return and tabulation of Ballots and Master Ballots.

1. **Definitions:**[1]

a. **"Administrative Expense Bar Date Notice"** means notice of the deadline for submitting proofs of certain administrative expenses, as specified in that certain *Order Pursuant to Section 503(a) of the Bankruptcy Code, Bankruptcy Rule 3003(c)(3), and Local Rule 3003-1 Fixing a Final Date for Filing Requests for Payment of Certain Administrative Expenses in the U.S. Debtors' Chapter 11 Cases, Approving Proposed Claim Form and Establishing Notice Procedures*, dated February 10, 2010 **[Doc. No. __]**.

b. **"Apollo"** means Apollo Management VII, L.P. and its affiliated investment funds.

c. **"Bankruptcy Court"** means the United States Bankruptcy Court for the District of Delaware.

d. **"Claimant's Voting Motion"** has the meaning set forth in section 7.b(ii)(6) hereof.

e. **"Claims Settlement Guidelines"** means the settlement guidelines and authority contained in that certain *Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019(b) Authorizing the Establishment of Procedures to Settle Certain Prepetition or Postpetition Claims Against the Debtors' Estates*, dated June 23, 2009 [Doc. No. 706].

f. **"Confirmation Hearing"** means the hearing on the confirmation of the Plan, as such hearing may be adjourned from time to time.

g. **"Debt Nominees"** means institutional holders of record of Debt Securities who hold Debt Securities in "street name" on behalf of beneficial owners or otherwise represent such beneficial holders.

h. **"Debt Securities"** means the debt securities of the Debtors that are either fully registered or registered as to principal only.

i. **"Debt Securities Trustee"** means the indenture trustee for any issue of debt securities of the Debtors as to which all or some of such debt securities constitute Debt Securities.

j. **"Disclosure Statement"** means the disclosure statement in connection with the Plan, as amended, modified, or supplemented prior to entry of the Disclosure Statement Order.

k. **"Disclosure Statement Order"** means an order of the Bankruptcy Court approving the Disclosure Statement.

l. **"General Bar Date Order"** means the order of the Bankruptcy Court, dated May 19, 2009, which fixed the deadline for filing proofs of claim against the U.S. Debtors' estates for all claims.

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

m. **"Master Ballot"** means a Ballot filed on behalf of one or more beneficial owners of Debt Securities in accordance with the procedures set forth in section 4.e of these Voting Procedures.

n. **"Oaktree"** means Oaktree Capital Management, L.P. and its affiliates.

o. **"Plan"** means the Joint Plan of Reorganization of Aleris International, Inc., *et al.*, dated February 5, 2010, as it may be amended, modified, or supplemented.

p. **"Plan Supplement"** means the volume containing the exhibits to the Plan, which will be filed with the Court by the date specified in the Plan.

q. **"Publication Notice"** means a published notice of (a) the approval of the Disclosure Statement and the scheduling of the Confirmation Hearing, (b) the procedure for holders of Claims to obtain a Solicitation Package in a form approved by the Bankruptcy Court in the Disclosure Statement Order, and (c) the Administrative Bar Date Notice, in the form approved by the Bankruptcy Court in the Disclosure Statement Order.

r. **"Record Amount"** means the amount shown on the records of the Debt Securities Trustees and the Debt Nominees (as confirmed by record and depositary listings) as of the Voting Record Date.

s. **"Rights Offering Eligible Creditors"** means, collectively, holders of Allowed U.S. Roll-Up Term Loan Claims, holders of Allowed European Roll-Up Term Loan Claims, and holders of Allowed European Term Loan Claims who are (a) accredited investors as defined in Rule 501 under Regulation D of the Securities Act or (b) non-U.S. persons, as defined in Regulation S of the Securities Act.

t. **"Solicitation Package"** means, and will consist of, all of the following:

   i. Notice of the Confirmation Hearing and related matters, substantially in a form approved by the Bankruptcy Court, setting forth, *inter alia*, the time fixed for filing acceptances and rejections to the Plan, the time fixed for filing objections to confirmation of the Plan, and the date and time of the Confirmation Hearing.

   ii. Disclosure Statement Order.

   iii. Disclosure Statement (with the Plan attached as an exhibit thereto).

   iv. Order approving the Voting Procedures described herein.

   v. For Entities entitled to vote, appropriate Ballots and voting instructions.

   vi. For Entities entitled to vote, pre-addressed, postage-paid, return envelopes.

   vii For Rights Offering Eligible Creditors, appropriate Subscription Forms.

   viii. Administrative Expense Bar Date Notice.

   ix. Any other materials ordered by the Bankruptcy Court to be included as part of the Solicitation Package.

u. **"Special Voting Agent"** means with respect to Debt Securities, Financial Balloting Group LLC, or such other firm that may be retained by the Debtors to act as the solicitation and tabulation agent with respect to the Plan.

v. **"Subscription Forms"** means forms to be sent to Rights Offering Eligible Creditors offering such Entities the right to purchase New Common Stock and IntermediateCo Notes on the terms and conditions specified therein and in the Disclosure Statement.

w. **"Voting Agent"** means, with respect to all holders of Claims entitled to vote on the Plan other than the holders of Debt Securities, Kurtzman Carson Consultants LLC, or such other firm that may be retained by the Debtors to act as the solicitation and tabulation agent with respect to the Plan.

x. **"Voting Deadline"** means the date that is established by the Bankruptcy Court in the Disclosure Statement Order as the deadline for the return of Ballots on the Plan.

y. **"Voting Record Date"** means the date that is two (2) Business Days before the date the hearing on the Disclosure Statement commences

Any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan.

2. Publication Notices:

The Debtors will cause the Publication Notice to be published once in *The Wall Street Journal* and, to the extent reasonably practicable, once in each of the following publications: *Arizona Republic, Louisville Courier Journal, Seattle Times, Dallas Morning News, Chicago Sun-Times, Richmond Times Dispatch, Raleigh News & Observer, Cleveland Plain Dealer, Columbus Dispatch, Terre Haute Tribune-Star, Tulsa World, Saginaw News, Elyria Chronicle-Telegram, Gloucester County Times, New Philadelphia Times Reporter, Wabash Plain Dealer, La Porte Herald Argus, Bowling Green Daily News, Marietta Times, Bedford Times-Mail, Gadsden Times, Buckhannon Record Delta, Loudon County News-Herald, Shelbyville Times-Gazette, Dickson Herald, Macedonia News Leader, Roxboro Courier-Times, Coldwater Daily Reporter, Tipton Tribune, Roane County News, Beloit Daily News, Coeur d'Alene Press, Ashtabula Star Beacon,* and *Hancock Clarion* on a date or dates **not less than fifteen (15) days prior to the Voting Deadline.**

3. Roll-Up Election:

The Debtors will be soliciting votes from the holders of U.S. Roll-Up Term Loan Claims, U.S. Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims. In addition, pursuant to the "9019 Settlement" that is part of the Plan, on the Effective Date, Oaktree and Apollo collectively will be deemed to have rolled up $25.0 million in principal amount of European Term Loan Claims and $253.0 million in principal amount of U.S. Term Loan Claims. On the Voting Record Date, Oaktree and Apollo will be required to notify the Debtors and the Prepetition Term Loan Agent Bank in writing of the holdings and funds that comprise the particular European Term Loan Claims and U.S. Term Loan Claims that they intend to roll up pursuant to the 9019 Settlement, and the Prepetition Term Loan Agent Bank will not include those claims in providing the Debtors a list of holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, U.S. Term Loan Claims and European Term Loans entitled to vote on the Voting Record Date. Oaktree and Apollo will receive Ballots, and will be entitled to vote, as if such roll-ups had occurred on the Voting Record Date. In addition, the Prepetition Term Loan Agent Bank will be required to, within three business days after the Voting Record Date, provide to the Debtors a list of all holders of U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, U.S. Term Loan Claims, and European Term Loan Claims as of the Voting Record Date, which list will not include the holdings identified for roll-up treatment by Apollo and Oaktree.

4. **Distribution of Solicitation Packages:**

a. **Scheduled Claims:**

The Voting Agent will cause a Solicitation Package to be served upon each holder of a Claim against the Debtors listed in the Schedules as of the Voting Record Date as liquidated, undisputed, and noncontingent (other than holders of Debt Securities) and with a claim amount in excess of $0.00 so long as such Claim has not been superseded by a filed Claim pursuant to Bankruptcy Rule 3003(c)(4).

b. **Filed Claims:**

The Voting Agent will cause a Solicitation Package to be served upon each holder of a Claim represented by a proof of claim filed against the Debtors that has not been withdrawn or disallowed or expunged by an order of the Bankruptcy Court entered on or before the Voting Record Date, other than a proof of claim asserting Claims under, or evidenced by, any Debt Securities, which claims shall be addressed as described below. If the relevant proof of claim does not indicate the appropriate classification of a Claim, and such classification cannot be determined from the Schedules, such Claim shall be treated as a General Unsecured Claim against the U.S. Debtors.

c. **Parties to Executory Contracts and Unexpired Leases:**

(i) Each Entity that is listed on the Schedules as a party to an executory contract or an unexpired lease with the Debtors, irrespective of whether, pursuant to section 365(a) of the Bankruptcy Code, such contract is, in fact, an "executory contract" or such lease is, in fact, an "unexpired lease," and (ii) any other Entity listed as a party to any contract listed on Exhibit 9.1, Exhibit 9.2, or Exhibit 9.4 to the Plan will receive a Solicitation Package; *provided, however*, that as to any Entity included in clause (ii) of this paragraph that did not otherwise receive a Solicitation Package because it was included in clause (i) of this paragraph, the Debtors will cause the Solicitation Package to be mailed to such Entity within three (3) Business Days after the filing of the Plan Supplement with the Bankruptcy Court.

d. **Determination of Holders of Record:**

Except for Claims under, or evidenced by, any Debt Securities, the Solicitation Package will be served upon the Entity that holds a Claim or an Equity Interest as of the Voting Record Date, and the Debtors will have no obligation to cause a Solicitation Package to be served upon any subsequent holder of such Claim (as evidenced by any notice of assignment of such Claim entered on the Bankruptcy Court's docket or that only becomes effective after the Voting Record Date or otherwise) or Equity Interest.

e. **Debt Securities:**

The Debtors will send Solicitation Packages to all holders of Debt Securities according to the following procedures:

(i) **List of Record Holders:**

Pursuant to Bankruptcy Rules 1007(i) and 3017(e), within three (3) Business Days after the Voting Record Date, as the case may be, the Debt Securities Trustees shall provide to the Special Voting Agent (a) an electronic file of the names, addresses, and holdings of the holders of Debt Securities as of the Voting Record Date, and (b) such other

information as the Special Voting Agent deems reasonably necessary to perform its duties hereunder

(ii) **Determination of Number of Beneficial Owners:**

As soon as practicable after the entry of the Disclosure Statement Order, the Special Voting Agent shall attempt to contact the institutional holders of record of the Debt Securities to determine whether such holders hold as Debt Nominees and to ascertain the number of beneficial owners of such Debt Securities holding through each such Debt Nominee.

(iii) **Distribution to Record Holders Other than Debt Nominees:**

The Special Voting Agent will cause to be served upon each registered record holder (other than Debt Nominees), as of the Voting Record Date, of any Debt Securities a Solicitation Package within the time provided by the Disclosure Statement Order.

(iv) **Distribution to Debt Nominees:**

For Debt Securities, the Special Voting Agent will cause Solicitation Packages to be served upon each Debt Nominee, in sufficient numbers estimated to allow dissemination of Solicitation Packages to each of the beneficial owners of Debt Securities for which it serves, together with a copy of these Voting Procedures, and with instructions to each such Debt Nominee to (i) contact the Special Voting Agent for additional sets of Solicitation Packages, if necessary, and (ii) promptly (within five (5) Business Days after receipt of the Solicitation Packages) distribute the Solicitation Packages to the beneficial owners for which it serves. Upon request by a Debt Nominee, the Special Voting Agent shall send any such Entity a Solicitation Package. The Special Voting Agent will cause such materials to be served within the time provided by the Disclosure Statement Order.

(1) **Debt Nominees' Options for Obtaining Votes:**

Debt Nominees will have two options for obtaining the votes of beneficial owners of Debt Securities, consistent with customary practices for obtaining the votes of securities held in street name:

(a) The Debt Nominee may "prevalidate" the individual Ballot contained in the Solicitation Package and then forward the Solicitation Package to the beneficial owner of the Debt Securities for voting within five (5) Business Days after the receipt by such Debt Nominee of the Solicitation Package, with the beneficial owner then returning the individual Ballot directly to the Special Voting Agent in the return envelope to be provided in the Solicitation Package. A Debt Nominee "prevalidates" a beneficial owner's Ballot by indicating thereon the record holder of the Debt Securities voted, the amount of Debt Securities held by the beneficial owner, and the appropriate account numbers through which the beneficial owner's holdings are derived. The beneficial owner shall return the "prevalidated" Ballot to the Special Voting Agent.

(b) The Debt Nominee may forward the Solicitation Package to the beneficial owner of the Debt Securities for voting along with a return envelope provided by and addressed to the Debt Nominee, with the beneficial owner then returning the individual Ballot to the Debt

Nominee. In such case, the Debt Nominee will summarize the votes of its respective beneficial owners on a Master Ballot that will be provided to the Debt Nominee separately by the Special Voting Agent, in accordance with any instructions set forth in the instructions to the Master Ballot, and then return the Master Ballot to the Special Voting Agent. ***The Debt Nominee should advise the beneficial owners to return their individual Ballots to the Debt Nominee by a date calculated by the Debt Nominee to allow it to prepare and return the Master Ballot to the Special Voting Agent so that the Master Ballot is ACTUALLY RECEIVED by the Special Voting Agent by the Voting Deadline.***

(c) Debt Nominees that elect to use the Master Ballot voting process are required to retain the Ballots cast by their respective beneficial owners for inspection for one (1) year following the Voting Deadline, unless otherwise instructed in writing by the Debtors or ordered by the Bankruptcy Court. Each Debt Nominee that elects to "prevalidate" Ballots must maintain a list of those beneficial owners as of the Voting Record Date to whom Ballots were sent for one (1) year following the Voting Deadline, unless otherwise instructed in writing by the Debtors or ordered by the Bankruptcy Court.

(2) **Reimbursement of Expenses:**

The Debtors will, upon written request, reimburse Debt Securities Trustees, Debt Nominees, or any of their agents, for their reasonable, actual, and necessary out-of-pocket expenses incurred in performing the tasks described above.

f. Equity Interests:

The Voting Agent will cause a Solicitation Package to be served upon the holder of record of the Equity Interests in the Debtors.

g. Other Parties:

The Voting Agent will cause a Solicitation Package to be served upon the Securities and Exchange Commission, the Office of the United States Trustee for the District of Delaware, the attorneys for the official committee of unsecured creditors, and on each party that filed a notice of appearance with the Bankruptcy Court and has not withdrawn such notice of appearance as of the Voting Record Date.

5. Issuance of Subscription Rights in the Rights Offering:

The Debtors will send to each holder of an Allowed U.S. Roll-Up Term Loan Claim, an Allowed European Roll-Up Term Loan Claim or an Allowed European Term Loan Claim a Ballot, on which each holder of such Claims may elect to receive, at its option:

(i) (a) its Pro Rata Share of U.S. Roll-Up Stock, ADH Roll-Up Stock, or ADH Term Loan Stock, as applicable, and (b) its Pro Rata Share of U.S. Subscription Rights, ADH Roll-Up Subscription Rights or ADH Term Loan Subscription Rights, as applicable, or

(ii) its Pro Rata Share of the U.S. Plan Value, ADH Roll-Up Value or ADH Term Value, as applicable.

Solicitation Packages sent to each holder of an Allowed U.S. Roll-Up Term Loan Claim, an Allowed European Roll-Up Term Loan Claim or an Allowed European Term Loan Claim will also include appropriate Subscription Forms.

6. Return of Ballots:

a. Claimants that Are Entitled to Vote:

Except as provided herein with respect to Debt Securities, each claimant that has a Claim (i) for which a Claim amount may be determined pursuant to section 7.b hereof as of the Voting Deadline, (ii) that is impaired under the Plan, (iii) is not in a class that is deemed to have rejected the Plan, and (iv) that is not the subject of an objection that is pending as of the Voting Record Date (unless an order is entered by the Bankruptcy Court allowing such Claim by the Voting Deadline), is entitled to vote to accept or reject the Plan. The assignee of a transferred and assigned Claim (whether a filed or scheduled Claim) shall be permitted to vote such Claim *only* if the transfer and assignment have been noted on the Bankruptcy Court's docket, and the transfer is effective pursuant to Bankruptcy Rule 3001(e) as of the close of business on the Voting Record Date.

b. Authority to Complete and Execute Ballots:

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or any other Entity acting in a fiduciary or representative capacity, such person must indicate such capacity when signing. The authority of the signatory of each Ballot to complete and execute the Ballot shall be presumed, but each such signatory shall certify, by executing the Ballot, that he or she has such authority and shall provide evidence of such authority upon request of the Voting Agent or Special Voting Agent.

c. Place to Send Completed Ballots:

(i) Voting Agent:

All Ballots other than Ballots for holders of Debt Securities should be returned by mail, hand delivery, or overnight courier to Aleris Ballot Processing, c/o Kurtzman Carson Consultants, 2335 Alaska Ave., El Segundo, CA 90245.

(ii) Special Voting Agent:

All Ballots for holders of Debt Securities (including, record holder Ballots, Master Ballots, and "prevalidated" beneficial owner Ballots), except those beneficial owner Ballots that are to be returned to the Debt Nominees, should be returned by mail, hand

delivery, or overnight courier to Epiq Financial Balloting Group, 757 Third Avenue, New York, New York 10022 (Attn: Aleris International Ballot Processing Center)

d. Deadline for Receiving Completed Ballots:

All Ballots must be ***actually received*** by the Voting Agent or the Special Voting Agent, as applicable, by 5:00 p.m., prevailing Pacific Time, on or before the Voting Deadline. Such Ballots may be received by the Voting Agent or Special Voting Agent at the applicable address set forth on the return envelope. Neither the Voting Agent nor the Special Voting Agent will accept Ballots submitted by facsimile or electronic transmission. The Voting Agent and the Special Voting Agent will date and time-stamp all Ballots when received. In addition, the Voting Agent and Special Voting Agent will make a photocopy of all such Ballots received (including all Ballots forwarded to either by the other Agent) and will retain a copy of such Ballots for a period of one (1) year after the Effective Date of the Plan, unless otherwise instructed by the Debtors, in writing, or otherwise ordered by the Bankruptcy Court.

7. Tabulation of Ballots:

a. Currency Conversions:

In determining the allowed amount of a Claim that is denominated in a currency other than U.S. dollars, the Claim amount will be converted to U.S. dollars using the exchange rate in effect as of the Voting Record Date.

b. Determination of Amount of Claims Voted:

(i) Debt Securities:

With respect to the tabulation of Ballots cast by record holders and beneficial owners of Debt Securities, for purposes of voting, the amount that will be used to tabulate acceptance or rejection of the Plan will be the Record Amount. The following additional rules will apply to the tabulation of Ballots cast by record holders and beneficial owners of Debt Securities:

(1) Votes cast by beneficial owners holding Debt Securities through a Debt Nominee will be applied against the positions held by such entities in the applicable Debt Securities as of the Voting Record Date, as evidenced by the record and depository listings. Votes submitted by a Debt Nominee, whether pursuant to a Master Ballot or prevalidated Ballots, will not be counted in excess of the Record Amount of Debt Securities held by such Debt Nominee.

(2) To the extent that conflicting votes or "overvotes" are submitted by a Debt Nominee, whether pursuant to a Master Ballot or prevalidated Ballots, the Special Voting Agent will attempt to resolve the conflict or overvote prior to the preparation of the vote certification.

(3) To the extent that overvotes on a Master Ballot or prevalidated Ballots are not reconcilable prior to the preparation of the vote certification, the Special Voting Agent will apply the votes to accept and to reject the Plan in the same proportion as the votes to accept and reject the Plan submitted on the Master Ballot or prevalidated Ballots that contained the overvote, but only to the extent of the Debt Nominee's position in the applicable Debt Security.

(4) Multiple Master Ballots may be completed by a single Debt Nominee and delivered to the Special Voting Agent. Votes reflected by multiple Master Ballots will be counted, except to the extent that they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the latest dated Master Ballot received prior to the Voting Deadline will, to the extent of such inconsistency, supersede and revoke any prior-dated Master Ballot.

(5) For purposes of tabulating votes, each registered record holder or beneficial owner of a Debt Security will be deemed to have voted the full amount of its Claim relating to such Debt Security.

(ii) Claims Other than Debt Securities:

With respect to the tabulation of Ballots for all Claims other than Debt Securities, for purposes of voting, the amount to be used to tabulate acceptance or rejection of the Plan is as follows (in order of priority):

(1) If, prior to the Voting Deadline, (i) the Bankruptcy Court enters an order fully or partially allowing a Claim, whether for all purposes or for voting purposes only, (ii) a Claim is fully or partially allowed for all purposes in accordance with the Claims Settlement Guidelines, or (iii) the Debtors and the holder of a Claim agree to fully or partially allow such Claim for voting purposes only and no objection to such allowance is received by the Debtors within seven (7) calendar days after service by first-class mail of notice of such agreement to the parties on the (i) the Office of the United States Trustee for the District of Delaware, (ii) counsel to the official committee of unsecured creditors, (iii) counsel to Deutsche Bank AG New York Branch, as administrative agent under the Debtors' prepetition and postpetition revolving and term credit facilities, (iv) all parties who have requested notice pursuant to Bankruptcy Rule 2002, and (v) counsel to Wilmington Trust Corporation, as trustee under the 2006 Senior Indenture, the 2007 Senior Indenture, and the Senior Subordinated Indenture, the amount allowed thereunder.

(2) The liquidated amount specified in a proof of claim timely filed in accordance with the General Bar Date Order, so long as such Claim has not been disallowed or expunged by the Bankruptcy Court and is not the subject of an objection pending as of the Voting Record Date.

(3) The Claim amount listed in the Schedules as liquidated, undisputed, and noncontingent so long as such Claim has not been superseded by a filed Claim pursuant to Bankruptcy Rule 3003(c)(4).

(4) If a claim is recorded in the Schedules or on a proof of claim as unliquidated, contingent and/or undetermined only in part, the holder of the claim shall be entitled to vote that portion of the claim that is liquidated, noncontingent and undisputed in the liquidated, noncontingent and undisputed amount, subject to any limitations set forth herein and unless otherwise ordered by the Court.

(5) Wholly Unliquidated, Contingent, and/or Undetermined Claims:

(a) If a proof of claim has been timely filed in accordance with the General Bar Date Order and such Claim is wholly unliquidated, contingent, and/or undetermined, the claim amount, for voting purposes only, shall be $1.00 so long as such Claim has not been disallowed or expunged by

the Court and is not the subject of an objection pending as of the Voting Record Date.

(6) **Claimant's Voting Motion:** The Confirmation Hearing Notice will further state that the holder of a Claim that is not entitled to vote because its Claim is the subject of an objection pending before the Bankruptcy Court, or is entitled to vote but seeks to challenge the amount of the allowed amount of the Claim for voting purposes must serve on the Debtors and file with the Bankruptcy Court, on or before the fifteenth (15^{th}) day after the later of (i) service of the Confirmation Hearing Notice and (ii) service of the notice of an objection, if any, to such Claim, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim in a different amount for purposes of voting (a "***Claimant's Voting Motion***"). A Claimant's Voting Motion must set forth with particularity the amount and classification of which such claimant believes its Claim should be allowed for voting purposes, and the evidence in support of that belief. As to any holder of a Claim that is the subject of an objection pending before the Bankruptcy Court, such holder's Ballot will not be counted unless temporarily allowed by the Court for voting purposes, after notice and a hearing.

c. Determination of Number of Claims Voted by Beneficial Owners of Debt Securities:

Each beneficial owner of Debt Securities is entitled to one (1) vote on account of all of its holdings of Debt Securities.

d. Aggregation of Multiple Unsecured Claims (other than Debt Securities) for Voting, Classification, and Treatment under the Plan:

(i) Specific Rules Relating to Entities With Multiple General Unsecured Claims:

For purposes of voting, classification, and treatment under the Plan, except as provided in section 7.d(ii) hereof, each Entity (other than a holder of Debt Securities) that holds or has filed more than one General Unsecured Claim against the U.S. Debtors shall be treated as if such Entity has only one General Unsecured Claim against all the U.S. Debtors, and the Unsecured Claims filed by such Entity shall be aggregated and the total dollar amount of such Entity's General Unsecured Claims against the Debtors for voting purposes shall be the sum of the aggregated General Unsecured Claims of such Entity, calculated with respect to each General Unsecured Claim in accordance with section 6.a hereof; *provided, however*, that any Entity that has filed identical General Unsecured Claims against multiple Debtors on account of the same alleged obligation shall be treated as if such Entity filed only one such General Unsecured Claim, and only one of such Entity's duplicative General Unsecured Claims shall be counted for voting purposes.

(ii) Specific Rules Relating to Transfers of General Unsecured Claims other than Debt Securities:

For purposes of voting, classification, and treatment under the Plan, other than with respect to Debt Securities, the number and amount of General Unsecured Claims held by an Entity to which any General Unsecured Claim (other than a Debt Security) is transferred and which transfer is effective pursuant to Bankruptcy Rule 3001(e) no later than the close of business on the Voting Record Date shall be determined based upon the identity of the original holder of such General Unsecured Claim and whether any General Unsecured Claims held by the Entity entitled to vote as of the Voting Record Date would be aggregated pursuant to section 7 d(i) hereof if they were held by the original holder thereof as of the Voting Record Date; *provided, however*, if the original holder of

multiple General Unsecured Claims transferred fewer than all of its General Unsecured Claims to a single holder or transferred General Unsecured Claims to multiple holders, then each holder of such General Unsecured Claims as of the Voting Record Date shall have one (1) vote with respect to the General Unsecured Claims held by it relating to such original holder.

(iii) If an Entity holds multiple General Unsecured Claims that are required to be aggregated pursuant to these Voting Procedures, the Debtors may request such Entity to designate a single address to which its Ballot should be sent by mailing such request to each address for such Entity listed on such Entity's scheduled claims or filed proofs of claims, as applicable, no later than three (3) Business Days after the Voting Record Date. If the Entity does not respond to such request within ten (10) Business Days after the date of the Debtors' request, the aggregated Ballot will be sent to the address for notices listed in the largest of the multiple Claims asserted by such Entity.

e. **Ballots Excluded:**

A Ballot will *not* be counted if any of the following applies to such Ballot:

(i) The holder submitting the Ballot is not entitled to vote, pursuant to section 6.a hereof.

(ii) The Ballot is not ***actually received*** by the Voting Agent or the Special Voting Agent, as the case may be, in the manner set forth herein by the Voting Deadline unless the Debtors shall have granted in writing an extension of the Voting Deadline with respect to such Ballot.

(iii) The Ballot is returned to the Voting Agent or Special Voting Agent, as the case may be, indicating acceptance or rejection of the Plan but is unsigned.

(iv) The Ballot is postmarked prior to the deadline for submission of Ballots but is received afterward.

(v) The Ballot is illegible or contains insufficient information to permit the identification of the claimant.

(vi) The Ballot is transmitted to the Voting Agent or Special Voting Agent, as the case may be, by facsimile or other electronic means.

(vii) The Ballot is submitted in a form that is not the appropriate Ballot for such claim.

(viii) The Ballot is not otherwise completed.

f. **General Voting Procedures and Standard Assumptions:**

In addition, the following voting procedures and standard assumptions will be used in tabulating Ballots.

(i) A creditor may not split his, her, or its vote. Accordingly, except as provided in section 7.d(ii) hereof, (a) each creditor shall have a single vote within a particular class, (b) the full amount of all such creditor's claims (calculated in accordance with these procedures) within a particular class shall be deemed to have been voted either to accept or reject a Plan, and (c) any Ballot that partially rejects and partially accepts the Plan shall not be counted.

(ii) The Voting Agent or the Special Voting Agent, in its discretion, may contact voters to cure any defects in the Ballots or Master Ballots.

(iii) Any voter that delivers a valid Ballot or Master Ballot may withdraw his, her, or its vote by delivering a written notice of withdrawal to the Voting Agent or Special Voting Agent before the Voting Deadline. To be valid, the notice of withdrawal must (a) be signed by the party who signed the Ballot or Master Ballot to be revoked and (b) be received by the Voting Agent or the Special Voting Agent before the Voting Deadline. The Debtors may contest the validity of any withdrawals.

(iv) If multiple Ballots are received from different holders purporting to hold the same Claim, in the absence of contrary information establishing which claimant held such Claim as of the Voting Deadline or, in the case of Debt Securities, the Voting Record Date, the latest-dated Ballot that is received prior to the Voting Deadline will be the Ballot that is counted.

(v) If multiple Ballots are received from a holder of a Claim and someone purporting to be his, her, or its attorney or agent, the Ballot received from the holder of the Claim will be the Ballot that is counted, and the vote of the purported attorney or agent will not be counted.

(vi) There shall be a rebuttable presumption that any claimant who submits a properly completed superseding Ballot or withdrawal of Ballot on or before the Voting Deadline has sufficient cause, within the meaning of Bankruptcy Rule 3018(a), to change or withdraw such claimant's acceptance or rejection of the Plan.

(vii) A Ballot that is completed, but on which the claimant did not note whether to accept or reject the Plan, shall not be counted as a vote to accept or reject the Plan.

(viii) If multiple Ballots are received from a holder of a Claim for the same Claim, the latest-dated Ballot that is received prior to the Voting Deadline shall be the Ballot that is counted as the vote to accept or reject the Plan.

Exhibit "E"

Liquidation Analysis

EXHIBIT E

CHAPTER 7 LIQUIDATION ANALYSIS

Basis of Presentation

The Debtors have prepared this Liquidation Analysis (the ***"Liquidation Analysis"***) based on a hypothetical liquidation under chapter 7 of the Bankruptcy Code. It is assumed, among other things, that the hypothetical liquidation under chapter 7 would commence under the direction of a Court-appointed trustee and would continue for a period of time, during which time all of the Debtors' major assets would be sold or surrendered to the respective lien holders, and the cash proceeds, net of liquidation-related costs, would then be distributed to creditors in accordance with relevant law.

The determination of the costs of, and proceeds from, the hypothetical liquidation of the Debtors' assets in a chapter 7 case is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation.

The Liquidation Analysis is a hypothetical exercise that has been prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be realized if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is used to satisfy the "best interest of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code, because it indicates whether the members of an impaired class that vote to reject the Plan will receive at least as much under the Plan as they would in a liquidation under a hypothetical chapter 7 case.

THE LIQUIDATION ANALYSIS IS NOT INTENDED TO, AND SHOULD NOT BE, USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED IN AN ACTUAL LIQUIDATION. THIS ANALYSIS ASSUMES "LIQUIDATION VALUES" BASED ON APPRAISALS, WHERE AVAILABLE, AND THE DEBTORS' BUSINESS JUDGMENT, WHERE APPRAISALS ARE NOT AVAILABLE. THE RECOVERIES SHOWN DO NOT CONTEMPLATE A SALE OR SALES OF BUSINESS UNITS ON A GOING CONCERN BASIS. AS MOST OF THE DEBTORS' NON-DEBTOR SUBSIDIARIES RELY UPON THE CREDIT FACILITIES AVAILABLE TO THE DEBTORS AND CERTAIN NON-DEBTOR AFFILIATES, AS WELL AS OTHER FINANCIAL SUPPORT FROM THE DEBTORS, THE DEBTORS BELIEVE THAT A CONVERSION OF THE CHAPTER 11 CASES TO CASES UNDER CHAPTER 7 WOULD FORCE THE SHUTDOWN OF MOST OF THE OPERATIONS OF THE DEBTORS' NON-DEBTOR SUBSIDIARIES. IT IS POSSIBLE THAT ONE OR MORE OF THE NON-DEBTOR ENTITIES COULD BE SOLD ON A GOING CONCERN BASIS AND THAT PROCEEDS RECEIVED FROM SUCH GOING CONCERN SALE(S) WOULD BE MORE THAN IN THE HYPOTHETICAL LIQUIDATION. THE COSTS ASSOCIATED WITH THE SALE(S) WOULD BE LESS, FEWER CLAIMS WOULD BE ASSERTED AGAINST THE BANKRUPTCY ESTATES AND/OR CERTAIN ORDINARY COURSE CLAIMS WOULD BE ASSUMED BY THE BUYER(S) OF SUCH BUSINESS(ES). THE DEBTORS DO NOT BELIEVE THIS IS A LIKELY RESULT.

The underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. Limited independent appraisals were obtained in preparing the Liquidation Analysis. NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY. This Liquidation Analysis assumes that a liquidation of the Debtors would occur over approximately twelve (12) months. It is assumed that the chapter 7 trustee would arrange for the Debtors to terminate ongoing business and focus efforts to sell substantially all remaining assets in an orderly manner.

The Liquidation Analysis should be read in conjunction with the following notes and assumptions:

Notes to Liquidation Analysis

1. *Dependence on assumptions.* The Liquidation Analysis depends on estimates and assumptions. The Liquidation Analysis is based on a number of estimates and assumptions that, although developed and considered reasonable by the management and the advisors of the Debtors, are inherently subject to significant economic, business, regulatory and competitive uncertainties and contingencies beyond the control of the Debtors or their management and advisors. The Liquidation Analysis is also based on the Debtors' best judgment of how numerous decisions in the liquidation process would be resolved. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such a liquidation, and actual results could vary materially and adversely from those contained herein.

2. *Additional unsecured claims.* The cessation of business in a liquidation will trigger certain claims that otherwise would not exist under the Plan absent a liquidation. Examples of these kinds of claims include various potential employee claims (for such items as severance and potential WARN Act claims) and executory contract and unexpired lease rejection damages. Some of these claims could be significant and might be entitled to priority in payment over general unsecured claims. To the extent proceeds remained after satisfying secured claims, any priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. No attempt has been made to estimate other additional unsecured claims that may result from such events under a chapter 7 liquidation scenario because no funds are estimated to be available to the general unsecured creditors of the U.S. Debtors.

3. *Dependence on unaudited financial statements.* This Liquidation Analysis contains numerous estimates and is based upon the Debtors' unaudited financial statements as of September 30, 2009. Certain pro forma adjustments have been made including adjustments to reflect DIP borrowings subsequent to 9/30/09 as well as updated intercompany account balances as of 12/31/09 to reflect settlements resulting from the removal of ADH from the European cash pooling arrangement.

4. *Preference or fraudulent transfers.* No recovery or related litigation cost attributed to any potential avoidance actions under chapter 5 of the Bankruptcy Code, including potential preference or fraudulent transfer actions, is assumed within this Analysis.

5. *Chapter 7 liquidation costs and length of liquidation process.* The Debtors have assumed that all operations would cease immediately, and a limited group of personnel would be retained in order

to pursue orderly sales of substantially all the remaining assets, collect receivables, arrange distributions, and otherwise administer and close the estates. Thus, this Liquidation Analysis assumes the liquidation would be completed in substance within 12 months (though administrative wrap up costs regarding such items as tax reporting and employee benefit filings may reasonably extend beyond 12 months). In an actual liquidation the wind down process and time period(s) could vary thereby affecting recoveries. For example, if proceeds were available to distribute to creditors, the potential for priority, contingent and other claims, litigation, rejection costs, and the final determination of allowed claims could substantially impact both the timing and amount of the distribution of the asset proceeds to the creditors. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such a liquidation.

Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by the chapter 7 trustee, including, but not limited to, expenses affiliated with selling the Debtors' assets, will be entitled to payment in full prior to any distribution to chapter 11 administrative and other priority claims. The estimate used in the Liquidation Analysis for these expenses includes estimates for certain legal, accounting, broker, and other professionals, and potential fees and expenses payable to the chapter 7 trustee.

6. *DIP Lenders and Prepetition Lenders.* The Liquidation Analysis assumes holders of New Money Term DIP Claims and DIP ABL Claims are paid in full on their estimated claims resulting from funded debt and letters of credit issued and outstanding. The Liquidation Analysis further assumes that the U.S. Roll-Up Term Loan Claims, European Roll-Up Term Loan Claims, and European Term Loan Claims will either have a lien on, or will be allowed a priority claim under section 507(b) of the Bankruptcy Code against liquidation proceeds from their respective collateral. U.S. Term Loan claims are assumed to be prepetition unsecured claims because no value remains for these claims under any scenario.

7. *9019 Settlement.* The Liquidation Analysis assumes that the 9019 settlement described in Section V.J.4, entitled, "THE PLAN OF REORGANIZATION – Implementation of the Plan – The 9019 Settlement" in the Disclosure Statement is not in effect. It further assumes that Oaktree and Apollo would choose, to the maximum extent possible, to roll up their remaining roll up eligible European Term Loans before choosing to roll up any of their loans under the U.S. Term Loan Facility. It also assumes that the European portion of the New Money Term DIP Facility and European Roll-Up Term Loan Claims have priority over European Term Loan Claims.

8. *Snap Back Provision.* The Liquidation Analysis assumes that the "Snap Back" described in Section III.E, entitled "GENERAL INFORMATION – Events Leading to the Commencement of ADH's Chapter 11 Case" in the Disclosure Statement has occurred, and certain of the guarantees by and perfected security interests in assets of certain of ADH's non-debtor affiliates under the Prepetition Term Loan Agreements are in place.

9. *Accrued Interest.* The Liquidation Analysis assumes that the DIP ABL Credit Facility is repaid in full within four months after June 1, 2010 (i.e., by October 1, 2010) and that interest on the DIP ABL Credit Facility is accrued through and paid on that date. The Liquidation Analysis also assumes that the New Money Term DIP Facility is repaid in full within twelve months after June 1, 2010 (i.e., by June 1, 2011) and that interest on the New Money Term DIP Facility is accrued through and paid on that date.

The Liquidation Analysis assumes that holders of German Tranche of U.S. DIP Loan Claims, European Term Loan Claims, as well as European Term Loan Roll-Up Claims, are entitled to

assert Claims for postpetition interest against the non-Debtor guarantors through June 1, 2011, the estimated date of the completion of the liquidation and distribution of the proceeds.

The Liquidation Analysis assumes that holders of U.S. Roll-Up Term Loan Claims will have Claims for postpetition interest against the non-Debtor guarantors through June 1, 2011, the estimated date of the completion of the liquidation and distribution of the proceeds.

10. *Chapter 11 Administrative and Other Priority Claims.* Except for a carve-out for certain Bankruptcy Court, United States Trustee and professional fees and expenses as provided for in the DIP Credit Agreements, no distribution is shown in the Liquidation Analysis for estimated administrative or other claims arising from the Chapter 11 cases and entitled to priority under section 507 of the Bankruptcy Code.

11. *General Unsecured Claims.* No distribution is shown in the Liquidation Analysis for estimated General Unsecured Claims.

U. S. Debtors Liquidation Analysis [1]
As of September 30, 2009

U S $ in millions

	Notes	Net Book Value	Potential Recovery	
Assets				
Assets				
Cash & Equivalents		$ 15 6	100%	$ 15.6
Net Accounts Receivable (3rd party)	[A]	$ 150 6	79%	119 7
Intercompany Accounts Receivable	[B]	$ 47 0	64%	30 0
Inventory	[C]	$ 153 8	72%	111 0
Other Current Assets	[D]	$ 46.9	38%	17 7
Plant, Property & Equipment	[E]	$ 299.4	49%	146.0
Intangibles		$ 138 3	0%	-
Equity Investments	[F]	$ 4,774 8	0%	21 4
Other Long-Term Assets	[G]	$ 41 4	6%	2 5
Gross Asset Proceeds				$ 463.9
Expenses				
Chapter 7 Liquidation Administrative Expenses	[H]			(49 9)
Total Net Proceeds Available for Distribution				$ 414.1
Secured Claims - ABL & New Money Term DIP Claims				
Carve Out ($12M maximum)				(7 0)
DIP ABL Claim (including LCs)				(152 1)
New Money Term DIP Claim				(189 3)
Total Amount Paid to ABL and New Money DIP Term Claim				(348.4)
Remaining Proceeds				$ 65.7
Secured Claims - U.S. & European Term Loan Claims				
U S Roll-Up Term Loan Claim				(58 2)
U S Term Loan Claims				-
European Term Loan Claim				(7 5)
Total Amount Paid to Secured Claims U S Term Loan Claims				(65 7)
Remaining Proceeds				$ -
Priority/Administrative/Unsecured Claims				
Priority/Administrative/Unsecured Claims				-
Total Amount Paid to Priority/Administrative/Unsecured Claims				-
Remaining Proceeds				$ -

[1] Includes U S Debtors and certain U S non-debtor affiliates whose assets guaranteed the DIP Credit Agreements The assets of these non-debtor affiliates are not material

AS DESCRIBED IN GREATER DETAIL IN THE INTRODUCTION TO THIS LIQUIDATION ANALYSIS, THE LIQUIDATION ANALYSIS IS A HYPOTHETICAL EXERCISE THAT HAS BEEN PREPARED FOR THE SOLE PURPOSE OF GENERATING A REASONABLE GOOD-FAITH ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED IF THE DEBTORS WERE LIQUIDATED IN ACCORDANCE WITH CHAPTER 7 OF THE BANKRUPTCY CODE WHEN COMPARED TO RECOVERIES UNDER THE PLAN. THE LIQUIDATION ANALYSIS IS NOT INTENDED AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT

DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED IN AN ACTUAL LIQUIDATION.

[A] Accounts Receivable: Accounts receivable reflects a 79% recovery on net book A/R balances. Recovery is based on a review of certain ineligible accounts used to calculate the accounts receivable component of the borrowing base in accordance with the DIP ABL Credit Agreement with an additional discount applied to the remaining balance.

[B] Intercompany Accounts Receivable: Wind down scenarios for non-debtor affiliates were reviewed in order to estimate recovery on intercompany receivables.

[C] Inventory: Recovery rates for raw materials and finished goods inventory were based upon June 30, 2009 appraised rates of recovery for net orderly liquidation values with certain adjustments including adjustments to WIP inventory and for certain ineligibles as calculated in the inventory component of the borrowing base in accordance with the DIP ABL Credit Agreement.

[D] Other Current Assets: Estimated recoveries are based upon assessed collectability/realization of various short term hedge asset contracts and federal income tax receivables.

[E] Plant, Property & Equipment: The wind down period is estimated to take place over a period of 6 to 12 months. NO UPDATED APPRAISALS FOR U.S. DEBTOR'S ASSETS HAVE BEEN OBTAINED SINCE DECEMBER 19, 2006. AS SUCH, THE ASSUMED RECOVERY RATES ON THESE ASSETS REPRESENT A SIGNIFICANT RISK TO ACHIEVING THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS.

[F] Equity Investments: Wind down scenarios for non-debtor affiliates were reviewed in order to estimate proceeds from the equity interest of non-debtor affiliates.

[G] Other Long-Term Assets: Estimated recoveries are based upon assessed collectability/realization of various long-term hedge contracts and restricted cash.

[H] Chapter 7 Liquidation Administrative Expenses: Reflects net expenses associated with the liquidation process. The expenses include estimated corporate, operating and professional expenses as well as fees payable to the chapter 7 trustee.

ADH Liquidation Analysis
As of September 30, 2009

U S $ in millions

	Notes	Net Book Value	Potential Recovery	
Assets				
Assets				
Cash & Equivalents		$ 0 0	100%	$ 0 0
Net Accounts Receivable (3rd party)	[I]	$ 2 9	20%	0 6
Intercompany Accounts Receivable		$ 900 8	0%	-
Inventory		$ -	0%	-
Other Current Assets	[J]	$ 33 9	0%	0 0
Plant, Property & Equipment		$ -	0%	-
Intangibles		$ -	0%	-
Equity Investments	[K]	$ 827 2	0%	0.2
Other Long-Term Assets	[L]	$ 3 4	0%	-
Gross Asset Proceeds				$ 0.8
Expenses				
Chapter 7 Liquidation Administrative Expenses	[M]			(0 0)
Total Net Proceeds Available for Distribution				$ 0.7
Secured Claims				
German Tranche of U S DIP Loan Claims	[N]			(0 2)
European Roll-Up Term Loan Claim	[O]			-
European Term Loan Claim	[P]			-
Total Amount Paid to Secured Claims				(0 2)
Remaining Proceeds				$ 0.5
Unsecured Claims				
European Term Loan Deficiency Claim	[P]			(0.3)
General Unsecured (3rd Party)				(0 2)
Total Amount Paid to General Unsecured Claims				(0 5)
Remaining Proceeds				$ -

AS DESCRIBED IN GREATER DETAIL IN THE INTRODUCTION TO THIS LIQUIDATION ANALYSIS, THE LIQUIDATION ANALYSIS IS A HYPOTHETICAL EXERCISE THAT HAS BEEN PREPARED FOR THE SOLE PURPOSE OF GENERATING A REASONABLE GOOD-FAITH ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED IF THE DEBTORS WERE LIQUIDATED IN ACCORDANCE WITH CHAPTER 7 OF THE BANKRUPTCY CODE WHEN COMPARED TO RECOVERIES UNDER THE PLAN. THE LIQUIDATION ANALYSIS IS NOT INTENDED AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED IN AN ACTUAL LIQUIDATION.

[I] Accounts Receivable: Accounts receivable reflects a recovery on remaining receivables associated with the acquisition of assets from the acquired parties.

[J] Other Current Assets: Includes foreign deferred tax assets and debt costs; therefore no cash recovery was assumed. Deferred tax assets represent temporary differences between internal and tax records. In a liquidation scenario, there are assumed to be no future proceeds, and therefore no opportunity to realize the tax asset benefit.

Similarly, in a liquidation scenario there would be no realization of a debt cost asset, as by definition, it represents a match of the cost of debt to the period that benefits from that debt; in a liquidation scenario this would no longer apply.

[K] Equity Investments: Wind down scenarios for non-debtor affiliates were reviewed in order to estimate equity interest proceeds to ADH.

[L] Other Long-Term Assets: Includes deferred tax; therefore no cash recovery was assumed. Deferred tax assets represent temporary differences between internal and tax records. In a liquidation scenario, there are assumed to be no future proceeds, and therefore no opportunity to realize the tax asset benefit.

[M] Chapter 7 Liquidation Administrative Expenses: Due to the lack of PP&E, Inventory and similar assets, expenses were assumed to be 5% of gross asset proceeds.

[N] German Collateral: In addition to the estimated liquidation proceeds from ADH, the German Tranche of U.S. DIP Loan Claims would also receive proceeds from the non-debtor affiliates in Germany pursuant to a direct pledge of certain assets. Based upon these additional proceeds, the German Tranche of U.S. DIP Loan Claims are estimated to be paid in full upon a hypothetical liquidation of the non-debtor affiliates in Germany.

[O] German Collateral: In addition to the estimated liquidation proceeds from ADH, the European Roll-Up Term Loan Claim would also receive proceeds from the non-debtor affiliates in Germany. Based upon these additional proceeds, the European Roll-Up Term Loan Claim is estimated to be paid in full upon a hypothetical liquidation of the non-debtor affiliates in Germany.

[P] European Collateral: In addition to the estimated liquidation proceeds from ADH and the U.S. Debtors, the European Term Loan Claim may also receive proceeds from non-debtor entities. These additional proceeds are estimated to be approximately $13 million based on a hypothetical liquidation of the non-debtor entities.

Exhibit "F"

List of Debtors

List of Debtors

Name and Tax I.D. Number	Business Locations	Other Names Used Within 8 Years Before the Commencement Date 2/12/09
Alchem Aluminum, Inc 75-2685207	368 West Garfield Avenue Coldwater, MI 49036 430 West Garfield Avenue Coldwater, MI 49036 2600 Nodular Dr. Saginaw, MI 48601	
Alchem Aluminum Shelbyville Inc 75-2798122	1605 Railroad Avenue Shelbyville, TN 37160 **(PLANT CLOSED)**	
Aleris Aluminum Europe, Inc. 94-1710921	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	Hoogovens Aluminum Europe, Inc.; Aleris Aluminum Europe, Inc.
Aleris Aluminum U.S. Sales, Inc 22-1929536	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
Aleris Blanking and Rim Products, Inc. 75-2857340	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	Indiana Aluminum Inc.
Aleris, Inc. 20-8046630	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	

Name and Tax I.D. Number	Business Locations	Other Names Used Within 8 Years Before the Commencement Date 2/12/09
Aleris International, Inc 75-2008280	25825 Science Park Drive Ste. 400 Beachwood, OH 44122 5525 MacArthur Blvd Suite 300 Irving, TX 75038 **(IT OFFICE - LEASED)** 388 Williamson Drive PO Box 187 Loudon, TN 37774 609 Gardner Camp Road Highway 1468 PO Box 1010 Morgantown, KY 42261 397 Black Hollow Road PO Box 28 Rockwood, TN 37854 1508 North 8th Street Highway 97 North Sapulpa, OK 74066 20415 72nd Avenue South Ste. 230 Kent, WA 98032 **(LEASED OFFICE)**	
Aleris Light Gauge Products, Inc. 20-8597311	838 North Delsea Drive Clayton, NJ 08312 2 Moore Avenue Buckhannon, WV 26201	E Street Acquisition Corporation
Aleris Nevada Management, Inc. 26-0492935	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
Aleris Ohio Management, Inc. 20-2520637	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
Alsco Holdings, Inc. 30-175535	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	

Name and Tax I.D. Number	Business Locations	Other Names Used Within 8 Years Before the Commencement Date 2/12/09
Alsco Metals Corporation 65-1177792	1 Reynolds Road PO Box 197 Ashville, OH 43103-9595 1801 Reymet Road Richmond, VA 23237 3221 Durham Road Roxboro, NC 27573 220 Horizon Drive Suite 218 Raleigh, NC 27615 **(OFFICE CLOSED – LEASED SPACE)**	OCMS Acquisition Corp. ALSCO Acquisition Corp.
Alumitech, Inc. 34-1769351	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
Alumitech of Cleveland, Inc. 34-1721568	4181 Bradley Road Cleveland, OH 44109	
Alumitech of Wabash, Inc. 35-1804425	305 Dimension Avenue Wabash, IN 46992	
Alumitech of West Virginia, Inc. 43-1953237	3816 South State Route 2 Friendly, WV 26146	
AWT Properties, Inc. 34-1725332	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
CA Lewisport, LLC 95-0816561	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	CA Lewisport, Inc
CI Holdings, LLC 34-1569484	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	CI Holdings, Inc
Commonwealth Aluminum, LLC 61-1335039	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	

Name and Tax I.D. Number	Business Locations	Other Names Used Within 8 Years Before the Commencement Date 2/12/09
Commonwealth Aluminum Concast, Inc. 34-0697844	7319 Newport Road, SE Uhrichsville, OH 44683	
Commonwealth Aluminum Sales Corporation 95-1398512	25825 Science Park Drive Ste 400 Beachwood, OH 44122 1700 Eastpoint Parkway Suite 200 Louisville, KY 40223 **(OFFICE CLOSED)** 20415 72nd Avenue South Ste 230 Kent, WA 98032 **(LEASED OFFICE)**	
Commonwealth Aluminum Lewisport, LLC 61-1377736	1372 State Road 1957 PO Box 480 Lewisport, KY 42351-0480	
Commonwealth Aluminum Metals, LLC 61-1378491	25825 Science Park Drive Ste 400 Beachwood, OH 44122 1700 Eastpoint Parkway Suite 200 Louisville, KY 40223 **(OFFICE CLOSED)**	
Commonwealth Aluminum Lewisport, LLC 61-1377736	1372 State Road 1957 PO Box 480 Lewisport, KY 42351-0480	
Commonwealth Aluminum Tube Enterprises, LLC 62-1817895	25825 Science Park Drive Ste 400 Beachwood, OH 44122	
Commonwealth Industries, Inc. 13-3245741	25825 Science Park Drive Ste 400 Beachwood, OH 44122 1700 Eastpoint Parkway Suite 200 Louisville, KY 40223 **(OFFICE CLOSED)**	Silver Fox Acquisition Company

Name and Tax I.D. Number	Business Locations	Other Names Used Within 8 Years Before the Commencement Date 2/12/09
ETS Schaefer Corporation 34-1769350	8050 Highland Pointe Parkway Macedonia, OH 44056	
IMCO Indiana Partnership L P 35-1963840	1005 4th Street Bedford, IN 47421	
IMCO International, Inc. 75-2578362	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	IMCO Energy Corp.
IMCO Investment Company 75-2345738	5215 North O'Connor Blvd. Suite 940 Irving, TX 75039	
IMCO Management Partnership, L. P 75-2402738	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
IMCO Recycling of California, Inc. 33-0590255	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
IMCO Recycling of Idaho Inc. 06-1308990	16168 West Prairie Avenue Post Falls, ID 83854	
IMCO Recycling of Illinois Inc. 36-3107227	400 East Lincoln Highway PO Box 751 Chicago Heights, IL 60411	
IMCO Recycling of Indiana Inc. 75-2614357	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
IMCO Recycling of Michigan L.L.C. 75-2635772	267 Forth Fillmore Road Coldwater, MI 49036	
IMCO Recycling of Ohio Inc. 75-2421405	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	

Name and Tax I.D. Number	Business Locations	Other Names Used Within 8 Years Before the Commencement Date 2/12/09
IMCO Recycling of Utah Inc 87-0522330	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
IMCO Recycling Services Company 75-2920589	25825 Science Park Drive Ste. 400 Beachwood, OH 44122	
IMSAMET, Inc. 86-0747929	3829 South Estrella Parkway PO Box 5400 Goodyear, AZ 85338	
Rock Creek Aluminum, Inc. 34-1453607	2639 East Water Street Rock Creek, OH 44084 320 Huron Street Elyria, OH 44035 4203 South State Route 2 Friendly, WV 26146	
Silver Fox Holding Company 20-1261188	25825 Science Park Dr Ste. 400 Beachwood, OH 44122	
Wabash Alloys, L.L.C. 06-1500708	47 Brogdon Road PO Box 455 Steele, AL 35987 4525 West Old 24 Wabash, IN 46992 600 Printwood Drive Dickson, TN 37055 **(PLANT CLOSED)** 841 South 550 West Tipton, IN 46992 **(PLANT CLOSED)**	Connell Alloys, LLC

Name and Tax I.D. Number	Business Locations	Other Names Used Within 8 Years Before the ADH Commencement Date
Aleris Deutschland Holding, GmbH 98-0503721	Carl-Spaeter-Str 10 Koblenz, Germany 56070	Opal 83 GmbH

Exhibit "G"

Current Organizational Structure of the Debtors

ALERIS INTERNATIONAL, INC. and Subsidiaries, as of January 1, 2010

Chart (A)

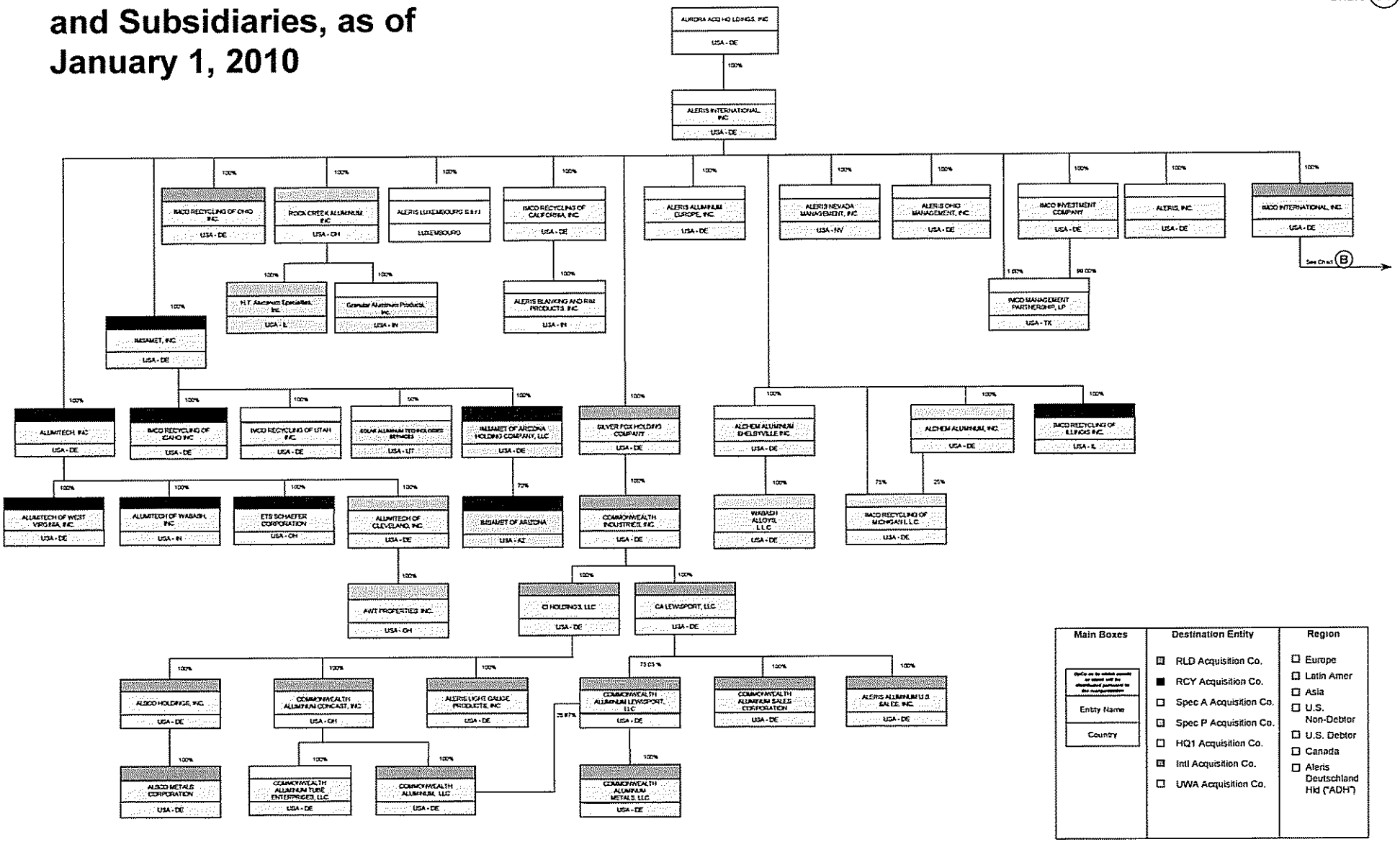

Chart B

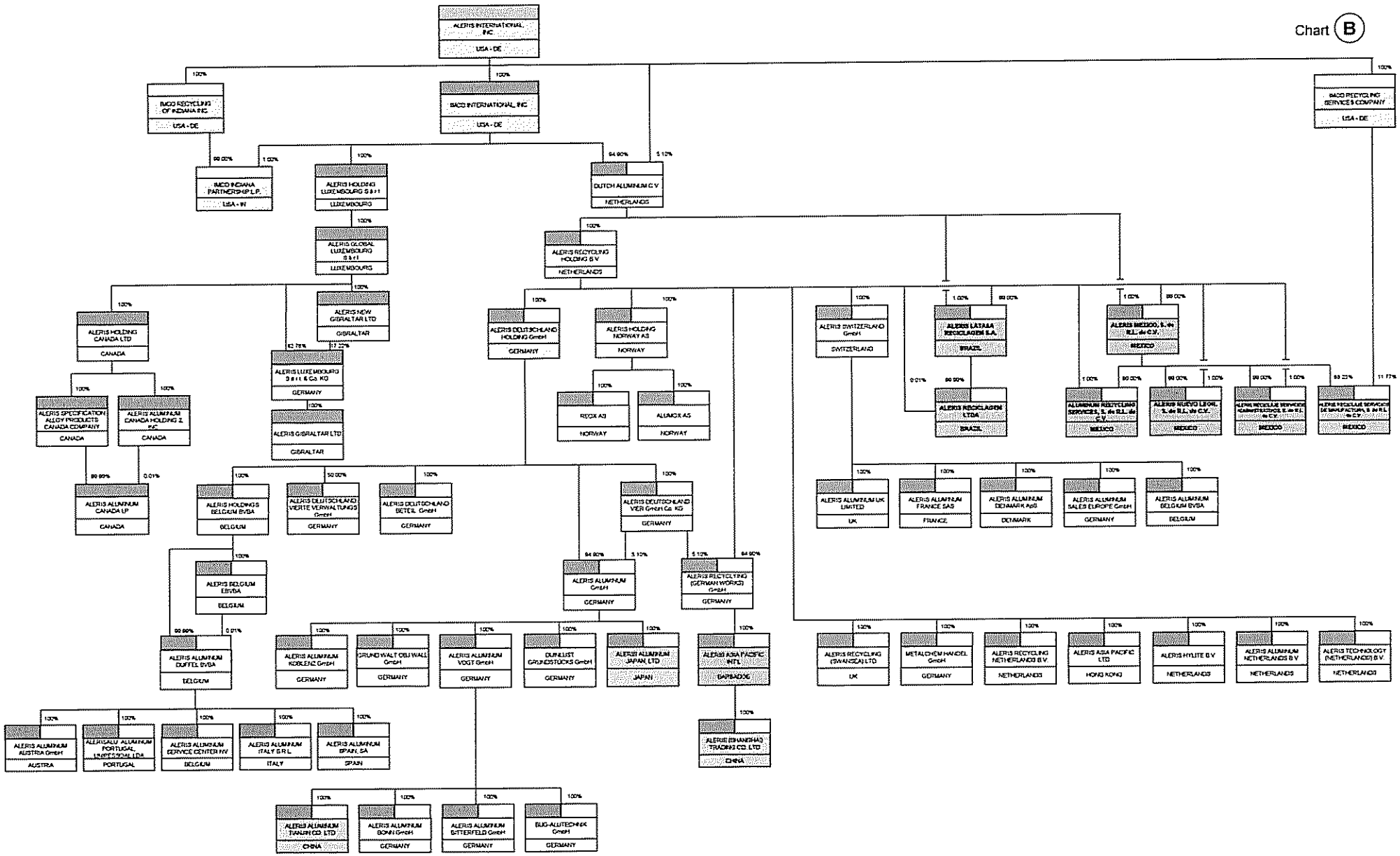
ALERIS INTERNATIONAL, INC
USA - DE
IMCO RECYCLING OF INDIANA INC.
USA - DE
IMCO INTERNATIONAL INC
USA - DE
IMCO RECYCLING SERVICES COMPANY
USA - DE
IMCO INDIANA PARTNERSHIP L.P.
USA - IN
ALERIS HOLDING LUXEMBOURG S.à r.l.
LUXEMBOURG
DUTCH ALUMINUM C.V.
NETHERLANDS
ALERIS GLOBAL LUXEMBOURG S.à r.l.
LUXEMBOURG
ALERIS RECYCLING HOLDING B.V.
NETHERLANDS
ALERIS HOLDING CANADA LTD
CANADA
ALERIS NEW GIBRALTAR LTD
GIBRALTAR
ALERIS LUXEMBOURG S.à r.l. & Co. KG
GERMANY
ALERIS GIBRALTAR LTD
GIBRALTAR
ALERIS SPECIFICATION ALLOY PRODUCTS CANADA COMPANY
CANADA
ALERIS ALUMINUM CANADA HOLDING 2 INC.
CANADA
ALERIS ALUMINUM CANADA LP
CANADA
ALERIS DEUTSCHLAND HOLDING GmbH
GERMANY
ALERIS HOLDING NORWAY AS
NORWAY
RECIX AS
NORWAY
ALUMOX AS
NORWAY
ALERIS HOLDINGS BELGIUM BVBA
BELGIUM
ALERIS DEUTSCHLAND VIERTE VERWALTUNGS GmbH
GERMANY
ALERIS DEUTSCHLAND BETEIL. GmbH
GERMANY
ALERIS DEUTSCHLAND VIER GmbH & Co. KG
GERMANY
ALERIS BELGIUM BVBA
BELGIUM
ALERIS ALUMINUM DUFFEL BVBA
BELGIUM
ALERIS ALUMINUM GmbH
GERMANY
ALERIS RECYCLING (GERMAN WORKS) GmbH
GERMANY
ALERIS ALUMINUM KORLENZ GmbH
GERMANY
GRUNDWALT OBJ WALL GmbH
GERMANY
ALERIS ALUMINUM VOGT GmbH
GERMANY
DUNKLIST GRUNDSTÜCKS GmbH
GERMANY
ALERIS ALUMINUM JAPAN, LTD
JAPAN
ALERIS ASIA PACIFIC INTL
SINGAPORE
ALERIS ALUMINUM AUSTRIA GmbH
AUSTRIA
ALERIS/ALU ALUMINUM PORTUGAL, UNIPESSOAL LDA
PORTUGAL
ALERIS ALUMINUM SERVICE CENTER NV
BELGIUM
ALERIS ALUMINUM ITALY S.R.L.
ITALY
ALERIS ALUMINUM SPAIN, SA
SPAIN
ALERIS ALUMINUM TIANJIN CO., LTD
CHINA
ALERIS ALUMINUM BONN GmbH
GERMANY
ALERIS ALUMINUM SITTERFELD GmbH
GERMANY
BUG-ALUTECHNIK GmbH
GERMANY
ALERIS SHANGHAI TRADING CO. LTD
CHINA
ALERIS SWITZERLAND GmbH
SWITZERLAND
ALERIS LATASA RECICLAGEM S.A.
BRAZIL
ALERIS RECICLAGEM LTDA
BRAZIL
ALERIS MEXICO, S. de R.L. de C.V.
MEXICO
ALUMINUM RECYCLING SERVICES, S. de R.L. de C.V.
MEXICO
ALERIS NUEVO LEON, S. de R.L. de C.V.
MEXICO
ALERIS RECICLAJE SERVICIOS ADMINISTRATIVOS, S. de R.L. de C.V.
MEXICO
ALERIS RECICLAJE SERVICIOS DE MANUFACTURA, S. de R.L. de C.V.
MEXICO
ALERIS ALUMINUM UK LIMITED
UK
ALERIS ALUMINIUM FRANCE SAS
FRANCE
ALERIS ALUMINUM DENMARK ApS
DENMARK
ALERIS ALUMINUM SALES EUROPE GmbH
GERMANY
ALERIS ALUMINUM BELGIUM BVBA
BELGIUM
ALERIS RECYCLING (SWANSEA) LTD
UK
METALCHEM HANDEL GmbH
GERMANY
ALERIS RECYCLING NETHERLANDS B.V.
NETHERLANDS
ALERIS ASIA PACIFIC LTD
HONG KONG
ALERIS HYLITE B.V.
NETHERLANDS
ALERIS ALUMINUM NETHERLANDS B.V.
NETHERLANDS
ALERIS TECHNOLOGY (NETHERLANDS) B.V.
NETHERLANDS

Exhibit "H"

Expected Organizational and Capital Structure of HoldCo, IntermediateCo, the OpCos, and the Reorganized Debtors

Final Structure