Aleris International, Inc.
Form PRER14A
October 19, 2006
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Rule § 240.14a-12

ALERIS INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common Stock, par value $0.10 per share, of Aleris International, Inc.

(2) Aggregate number of securities to which transaction applies:

30,991,760 shares of Aleris common stock

1,537,466 options to purchase shares of Aleris common stock with an exercise price less than $52.50

564,207 shares of restricted Aleris common stock and rights to receive Aleris common stock pursuant to stock unit awards

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined based upon the sum of (A) 30,991,760 shares of Aleris common stock multiplied by $52.50 per share, (B) 564,207 shares of restricted common stock and rights to receive Aleris common stock pursuant to stock unit awards multiplied by $52.50 per share or unit and (C) options to purchase 1,537,466 shares of Aleris common stock with exercise prices less than $52.50, multiplied by $39.12 per share (which is the difference between $52.50 and the weighted average exercise price per share). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.00010700 by the sum of the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

$1,716,833,938.00

(5) Total fee paid:

$183,701.23

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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25825 SCIENCE PARK DRIVE

SUITE 400

BEACHWOOD, OHIO 44122-7392

[•]

Dear Stockholder:

On August 7, 2006, Aleris International, Inc. (Aleris or the Company) entered into a merger agreement providing for the acquisition of the Company by Aurora Acquisition Holdings, Inc., which we refer to as Parent, an entity currently owned indirectly by private equity funds sponsored by TPG Advisors IV, Inc. and TPG Advisors V, Inc. If the merger is completed, you will receive $52.50 in cash, without interest and less any required withholding taxes, for each share of Aleris common stock you own.

As further described in the proxy statement attached to this letter, the merger agreement provides for the merger of Aurora Acquisition Merger Sub, Inc., a wholly-owned subsidiary of Parent, which we refer to as Merger Sub, with and into the Company pursuant to which each outstanding share of common stock, par value $0.10 per share, of the Company (other than shares held in the treasury of the Company or owned by Parent, Merger Sub or any direct or indirect wholly-owned subsidiary of Parent or the Company and other than shares held by stockholders who properly exercise statutory appraisal rights) will be converted into the right to receive $52.50 in cash, without interest and less any required withholding taxes.

You will be asked, at a special meeting of the Company s stockholders to be held at **[•]** on **[•]** at **[•]**, to vote on the merger proposal. Only stockholders of record of Aleris common stock on the close of business on **[•]** are entitled to vote at the special meeting. **The board of directors has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of Aleris and its stockholders. The board of directors unanimously recommends that Aleris s stockholders vote FOR the approval and adoption of the merger agreement.** In considering the recommendation of our board of directors with respect to the merger, you should be aware that, as a result of the merger, certain of Aleris s directors will receive payment for equity-based interests in the Company that they hold in addition to shares of Aleris common stock.

The proxy statement attached to this letter provides you with information about the proposed merger and the special meeting of the Company s stockholders. We encourage you to read the entire proxy statement carefully. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your vote is very important. Because approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Aleris common stock entitled to vote as of the close of business on the record date for the special meeting, a failure to vote will have the same effect as a vote against approval and adoption of the merger agreement.

Whether or not you plan to attend the special meeting in person and regardless of the number of shares you own, it is important that your shares be represented and voted at the special meeting. Accordingly, you are requested to vote the enclosed proxy at your earliest convenience. Your shares will then be represented at the special meeting, and we will be able to avoid the expense of further solicitation.

Submitting your proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting.

Thank you for your cooperation and continued support.

Very truly yours,

Steven J. Demetriou
Chairman of the Board of Directors and

Chief Executive Officer

THIS PROXY STATEMENT IS DATED **[•]**

AND IS FIRST BEING MAILED TO STOCKHOLDERS ON OR ABOUT **[•]**

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25825 SCIENCE PARK DRIVE

SUITE 400

BEACHWOOD, OHIO 44122-7392

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD [•]

Dear Stockholder:

Notice is hereby given that a special meeting of stockholders of Aleris International, Inc. (Aleris or the Company), will be held at [•] on [•] at [•]. At the special meeting Aleris stockholders will be asked to:

Consider and vote on a proposal to approve and adopt the merger agreement that provides for the acquisition of the Company by Aurora Acquisition Holdings, Inc., which we refer to as Parent, an entity currently owned indirectly by private equity funds sponsored by TPG Advisors IV, Inc. and TPG Advisors V, Inc. As further described in this proxy statement, the merger agreement provides for the merger of Aurora Acquisition Merger Sub, Inc., a wholly-owned subsidiary of Parent, which we refer to as Merger Sub, with and into Aleris pursuant to which each outstanding share of common stock, par value $0.10 per share, of the Company (other than shares held in the treasury of the Company or owned by Parent, Merger Sub or any direct or indirect wholly-owned subsidiary of Parent or the Company and other than shares held by stockholders who properly exercise statutory appraisal rights), will be converted into the right to receive $52.50 in cash, without interest and less any required withholding taxes.

Consider and vote on a proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve and adopt the merger agreement, if proposed by the Company s board of directors.

Consider and take action on any other business matter that may properly come before the special meeting or any reconvened special meeting following an adjournment or postponement thereof.

Whether or not you plan to attend the special meeting, we encourage you to vote by proxy as soon as possible. To vote your proxy by mail, mark your vote on the enclosed proxy card, sign it correctly, and return it in the envelope provided. To vote your proxy by telephone or electronically via the Internet, see the instructions on the proxy card and have the proxy card available when you call or access the Internet website. If you receive more than one proxy card because your shares are registered in different names or at different addresses, each proxy card should be voted to ensure that all of your shares will be counted. You may revoke your proxy at any time prior to the special meeting, and if you are present at the special meeting, you may withdraw your proxy and vote in person.

Only stockholders of record of Aleris common stock on the close of business on [•] are entitled to notice of and to vote at the special meeting and at any adjournment or postponement of the special meeting. On the record date, we had outstanding [•] shares of common stock. Each share of common stock is entitled to one vote on each matter to come before the special meeting. The presence, in person or by proxy, of holders of a majority of the outstanding shares of common stock entitled to vote as of the record date is necessary to constitute a quorum at the special meeting. Approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Aleris common stock entitled to vote as of the close of business on the record date for the special meeting. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the approval and adoption of the merger agreement. If you fail to return your proxy card or fail to submit your proxy by telephone or the Internet and do not attend the special

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meeting in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and, if a quorum is present, will have the same effect as a vote against the approval and adoption of the merger agreement. All stockholders of record are cordially invited to attend the special meeting in person. A complete list of stockholders of record entitled to vote at the special meeting will be open to the examination of any stockholder at our headquarters during normal business hours at 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122-7392 for a period of ten days before the special meeting.

A copy of the merger agreement is attached as Annex A to the proxy statement of which this notice is a part. The proposal to approve and adopt the merger agreement is described in more detail in the accompanying proxy statement. You should read these documents carefully and in their entirety before voting. **Aleris s board of directors has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of Aleris and its stockholders and unanimously recommends that Aleris stockholders vote FOR the proposal to approve and adopt the merger agreement.** In considering the recommendation of our board of directors with respect to the merger, you should be aware that, as a result of the merger, certain of Aleris s directors will receive payment for equity-based interests in the Company that they hold in addition to shares of Aleris common stock.

This notice, the accompanying proxy statement and the enclosed proxy card are sent to you by order of the board of directors of Aleris International, Inc.

Christopher R. Clegg

Senior Vice President, General Counsel

and Secretary

[•]

YOUR VOTE IS IMPORTANT

Stockholders of Aleris who do not vote in favor of the approval and adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they submit a written demand for appraisal to the Company before the vote is taken on the merger agreement and they comply with all requirements of Section 262 of the Delaware General Corporation Law. A copy of the applicable statutory provisions is included as Annex C to the proxy statement, and a summary of these provisions can be found in the section entitled Rights of Appraisal in the proxy statement.

Please do not send your stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your stock certificates.

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In this proxy statement, the terms Aleris , Company , we , our , ours and us refer to Aleris International, Inc.

SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. This summary is not meant to be a substitute for the information contained in the remainder of the proxy statement. To understand fully the potential acquisition of Aleris by private equity funds sponsored by TPG Advisors IV, Inc. and TPG Advisors V, Inc., which we refer to as the merger, and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement.

The Parties to the Merger

Aleris International, Inc.

25825 Science Park Drive, Suite 400

Beachwood, Ohio 44122-7392

(216) 910-3400

Aleris International, Inc. is a global leader in aluminum rolled products and extrusions, aluminum recycling and specification alloy production. Aleris is also a recycler of zinc and a leading U.S. manufacturer of zinc metal and value-added zinc products that include zinc oxide and zinc dust. Aleris operates 50 production facilities in North America, Europe, South America and Asia, and employs approximately 8,600 employees.

Aurora Acquisition Holdings, Inc.

c/o Texas Pacific Group

301 Commerce Street, Suite 3300

Fort Worth, TX 76102

(817) 871-4000

Aurora Acquisition Holdings, Inc., which we refer to as Parent, is currently indirectly wholly owned by private equity funds sponsored by TPG Advisors IV, Inc. and TPG Advisors V, Inc., which we refer to together as TPG. Parent was formed solely for the purpose of entering into the Agreement and Plan of Merger, dated as of August 7, 2006, by and among Aleris, Parent and Aurora Acquisition Merger Sub, Inc., which we refer to as the merger agreement, and completing the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement.

Aurora Acquisition Merger Sub, Inc.

c/o Texas Pacific Group

301 Commerce Street, Suite 3300

Fort Worth, TX 76102

(817) 871-4000

Aurora Acquisition Merger Sub, Inc., which we refer to as Merger Sub, is wholly owned by Parent. Merger Sub was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement. Under the terms of the merger agreement, Merger Sub will merge with and into Aleris. Aleris will survive the merger and Merger

Sub will cease to exist.

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Parent and Merger Sub are each entities currently indirectly owned by private equity funds sponsored by TPG Advisors IV, Inc. and TPG Advisors V, Inc. Each of TPG Advisors IV, Inc. and TPG Advisors V, Inc. is serving as the sole general partner of related entities engaged in making investments in securities of public and private companies.

Reasons for the Merger (Page 26)

In evaluating the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Aleris board of directors consulted with Aleris s management, financial advisor and legal counsel. In concluding that the merger is in the best interests of Aleris and its stockholders, the Aleris board of directors considered a variety of factors including, among others;

- the fact that the merger consideration of $52.50 per share in cash represents (1) a premium to the closing sale price of Aleris common stock on August 4, 2006, the last full trading day before the time the Aleris board of directors met to consider approval of the merger agreement, which was prior to the Company s release of record second quarter earnings on August 8, 2006 of $1.40 per share, which (according to published reports) exceeded the securities analysts estimates of $1.24 per share (which estimates were consistent with the Company s prior guidance), (2) a premium to the weighted average trading price of Aleris common stock as of August 1, 2006, and (3) a substantial premium to the average trading price of Aleris common stock prior to the 13D filings by OZ Management, L.L.C. and Brahman Capital Corp.;

- the specific terms of the merger agreement; and

- the fact that the merger is subject to the approval and adoption of the merger agreement by holders of a majority of the outstanding shares of Aleris common stock, and the availability of appraisal rights to holders of Aleris common stock who comply with all of the required procedures under Delaware law.

For a description of the factors that the Aleris board of directors considered in concluding that the merger is in the best interests of Aleris and its stockholders, see The Merger Reasons for the Merger.

Opinion of Aleris s Financial Advisor (Page 29 and Annex B)

In connection with the merger, Aleris s board of directors received a written opinion, dated August 7, 2006, from Citigroup Global Markets Inc., or Citigroup, Aleris s financial advisor, as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Aleris common stock. The full text of Citigroup s written opinion is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **Citigroup s opinion, which was provided to Aleris s board of directors in connection with its evaluation of the merger consideration from a financial point of view, does not address any other aspects or implications of the merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the proposed merger.**

Financing the Merger (Page 34)

Parent estimates the total amount of funds necessary to complete the merger is approximately $3.4 billion, which includes approximately $1.7 billion to be paid to our stockholders and holders of our other equity-based interests, with the remaining funds to be used to refinance existing indebtedness of the Company and to pay customary fees and expenses in connection with the merger, the financing arrangements and the related transactions. These payments are expected to be funded by equity contributions by investment funds affiliated with TPG and other co-investors that may be identified by TPG, debt financing and our available cash.

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TPG Partners IV, L.P. and TPG Partners V, L.P., investment funds sponsored by TPG, and Aurora Acquisition Holdings, LLC, Parent s immediate parent company, which is currently wholly-owned by such investment funds sponsored by TPG, have agreed to fund in the aggregate up to $1 billion as the equity portion of the financing for the merger, subject to the terms and conditions contained in their respective equity commitment letters.

In connection with the merger agreement, to finance in part payment of the merger consideration, Parent has obtained:

- commitments from Deutsche Bank AG New York Branch to provide a senior secured term loan facility in an aggregate principal amount of $970 million and a senior secured asset-based revolving credit facility with a maximum availability of $750 million; and

- commitments from Deutsche Bank AG Cayman Islands Branch to provide funds in an aggregate principal amount of up to $530 million under a senior unsecured bridge facility and up to $525 million under a senior subordinated unsecured bridge facility.

The debt commitments expire on June 30, 2007. The documentation governing the debt facilities has not been finalized and, therefore, the actual terms of such facilities may differ from those described in this proxy statement.

The facilities contemplated by the debt financing commitments are conditioned on the merger being completed prior to the merger agreement termination date, and other customary conditions, as described in further detail under The Merger Financing the Merger Debt Financing .

Parent has agreed to use its reasonable best efforts to obtain the debt financing on the terms and conditions described in the commitments. The closing of the merger is not conditioned on the receipt of the debt financing by Merger Sub. Parent, however, is not required to complete the merger until after the completion of the marketing period as described above under When the Merger Will Be Completed and in further detail under The Merger Agreement The Merger; Effective Time; Marketing Period .

If all other conditions to the consummation of the merger have been satisfied (including, without limitation, the expiration of the marketing period), Parent will be required to consummate the merger regardless of whether Parent has obtained debt financing on the terms and conditions described in the debt financing commitments, and the failure by Parent to consummate the merger in such circumstances would constitute a breach of the merger agreement. In the event that the Company terminates the merger agreement because Parent or Merger Sub breaches its obligations to effect the closing and satisfy its obligations with respect to payment of the merger consideration when all conditions to the closing are satisfied and the marketing period has expired and Parent fails to effect the closing because of a failure to receive the proceeds of one or more of the debt financings contemplated by the debt financing commitments or because of its refusal to accept debt financing on terms materially less beneficial to it than the terms set forth in the debt financing commitments, Merger Sub will be required to pay the Company a $40 million termination fee. This termination fee payable to the Company is the exclusive remedy of the Company unless Parent or Merger Sub is otherwise in breach of the merger agreement, in which case the Company may pursue a damages claim. The aggregate liability of Parent and its affiliates arising from any breach of the merger agreement is in any event capped at $100 million.

Interests of the Company s Directors and Executive Officers in the Merger (Page 36)

In considering the recommendation of our board of directors with respect to the merger, you should be aware that some of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally. Our board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger. The aggregate amount of compensatory payments and benefits that executive officers and directors will receive as a result of

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the merger and the underlying Company plans with respect to the cancellation of their outstanding equity awards is $59,108,960, which amount is exclusive of shares owned by executive officers as of the record date for the special meeting.

Treatment of Stock Options **(Page 37)**

As of the record date, there were approximately 1,024,121 shares of our common stock subject to stock options granted under our equity incentive plans to our current executive officers and directors. Each outstanding stock option that remains unexercised as of the completion of the merger, whether or not the option is vested or exercisable, will be canceled (to the extent permitted under the governing stock plan documents and related award agreements or otherwise effectuated by us), and the holder of each such stock option that has an exercise price of less than $52.50 will be entitled to receive a cash payment, less applicable withholding taxes, equal to the product of:

the number of shares of our common stock subject to the option as of the effective time of the merger; and

the excess, if any, of $52.50 over the exercise price per share of common stock subject to such option.

Please see page 37 for a table that summarizes the vested and unvested options with exercise prices of less than $52.50 per share held by our executive officers and directors as of October 9, 2006, as well as the consideration that each of them will receive pursuant to the merger agreement in connection with the cancellation of their options.

Treatment of Restricted Stock and Stock Units **(Page 37)**

As of the record date, there were approximately 202,335 shares of our common stock represented by restricted share awards held by our executive officers and directors under our equity incentive plans. Under the merger agreement, all such restricted share awards will become immediately vested and free of restrictions effective as of the completion of the merger; and at the effective time of the merger, the holder of each such award will receive a cash payment of $52.50 per share of restricted stock, without interest and less any applicable withholding taxes, in exchange for the cancellation of such restricted shares in accordance with the treatment of other stockholders participating in the merger.

In addition, as of the record date there were approximately 8,000 shares of our common stock represented by certain restricted stock units held by an executive officer originally granted in 2004 under an IMCO Recycling Inc. equity plan. Under the merger agreement, these restricted stock unit awards will be cancelled, and the holder of the restricted stock unit award will be entitled to receive in consideration for the cancellation a cash payment of $52.50 per restricted stock unit, without interest and less any required withholding taxes.

Please see page 38 for a table that summarizes the restricted shares and restricted stock unit awards held by our executive officers and directors as of October 9, 2006, and the consideration that each of them will receive pursuant to the merger agreement in connection with the cancellation of such awards.

Treatment of Performance Units **(Page 38)**

Certain executive officers and other employees of the Company were granted performance units in 2005 and 2006 under the Company s 2004 Equity Incentive Plan. The grants provided for performance units, the settlement of which would be in shares of Aleris common stock, which would vest based on the attainment of certain performance goals. One-half of the performance unit award would vest upon the attainment of return on capital employed targets, which we refer to as the ROCE Vested Units, and the other half would vest only upon attainment of certain merger synergy targets prior to December 31, 2008 related to the merger of IMCO Recycling Inc. and Commonwealth Industries, Inc., which we refer to as the Synergy-Vested Units. Certain

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executive officers and other employees were also granted awards consisting of a cash amount and performance units as part of the 2005 Acquisition Incentive Awards, which we refer to as the Acquisition Units, which would be payable upon the attainment of specified goals at the end of 2006 and 2007.

Under the terms of the merger agreement, the Synergy-Vested Units will remain outstanding and the surviving corporation will make payments, if any, in accordance with the Synergy-Vested Units original agreements based on the attainment of the applicable performance measures. Any amount that would have been payable in shares will instead be payable in cash in an amount equal to $52.50 multiplied by the number of shares underlying the Synergy-Vested Unit, less any required withholding taxes.

Also, under the merger agreement, the ROCE-Vested Units and the Acquisition Units will be accelerated and vested as if all performance goals had been met as of the date which is the later of January 15, 2007 and one business day following the closing date of the merger. The ROCE-Vested Units and the Acquisition Units will subsequently be cancelled and each holder of such units will receive in consideration for such cancellation an amount in cash equal to $52.50 multiplied by the number of shares underlying the ROCE-Vested Units and the Acquisition Units, less any required withholding taxes, plus the cash amount portion of the Acquisition Unit award if any.

Please see page 39 for a table that summarizes the ROCE-Vested Units and the Acquisition Units held by our executive officers and directors as of October 9, 2006, the consideration that each of them will receive for the cancellation of the performance units in connection with the merger and the cash payment portion of the Acquisition Units that becomes payable upon the acceleration of the Acquisition Units.

Other Matters **(Page 40)**

Certain members of our management are parties to severance agreements, deferred compensation agreements and other employment-related arrangements. We do not expect the termination of employment provisions of these executive officers agreements to be triggered. However, under these agreements, in the event of certain terminations of employment by the Company or the executive officer following the merger, payments ranging between $933,816 and $7,723,777, representing the amounts of severance, would become payable to the executive officer, depending on the particular agreement s terms. In addition, certain executives are eligible to receive a gross-up payment to offset any excise tax liability incurred as a result of the severance payment and the value of any accelerated vesting on outstanding equity awards. The potential gross-up payments which would become due in connection with the merger range from approximately $562,000 to $6,003,000, depending on the individual. See page 40 for a more detailed discussion.

The merger agreement provides for indemnification arrangements for each of our current and former directors and officers that will continue for six years following the effective time of the merger. In addition, the merger agreement provides that the Company will purchase by the effective time of the merger, and the surviving corporation will maintain, tail policies to the current directors and officers liability insurance policies currently maintained by the Company and its subsidiaries. These tail policies will not have aggregate premiums in excess of 400% of the annual amounts currently paid by the Company, will be effective for six years from the effective time of the merger with respect to claims arising from facts or events that existed or occurred prior to the effective time of the merger, and, except as provided in the merger agreement, will contain coverage that is at least as protective to the persons covered as our existing policies in this respect.

Furthermore, although no agreements have been entered into as of the date of this proxy statement, TPG has informed us that it is their intention to offer Mr. Demetriou the opportunity to serve on the boards of directors of Parent and the surviving corporation following the completion of the merger as chairman of the board and to retain members of our existing management team with the surviving corporation after the merger is completed, and, in that connection, Mr. Demetriou has engaged in preliminary discussions with representatives of Parent concerning the possibility of Mr. Demetriou serving on the boards of directors of the surviving corporation and

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Parent following the completion of the merger and members of our existing management entering into new arrangements with Parent, Merger Sub or their affiliates regarding employment with, and the right to reinvest, convert or participate in the equity of, the surviving corporation or one or more of its parent companies, although such matters are subject to further negotiation and discussion and no terms or conditions have been finalized.

As of [•], the record date for the special meeting, directors and executive officers of Aleris and their affiliates beneficially owned an aggregate of [•] shares of Aleris common stock (not including options) entitled to vote at the special meeting, which represents approximately [•]% of the Aleris common stock outstanding and entitled to vote as of the record date for the special meeting. In addition, as of such date, directors and executive officers of Aleris and their affiliates beneficially owned options to purchase, in the aggregate, [•] shares of Aleris common stock. These individuals are not party to any voting agreements with Aleris and do not have any obligations to vote in favor of the approval and adoption of the merger agreement, but have indicated to Aleris their intention to vote their outstanding shares of Aleris common stock in favor of the approval and adoption of the merger agreement. Furthermore, no stockholder is party to any voting agreement with Aleris and none has indicated to Aleris that it is a party to any agreement containing any obligations to vote in favor of the approval and adoption of the merger agreement.

Additionally, Mr. Demetriou currently serves on the board of directors of each of Kraton Polymers, LLC and Polymer Holdings LLC, Kraton s direct parent company. Mr. Demetriou receives customary compensation for serving as a director of Kraton. Kraton is a portfolio company of TPG Advisors IV, Inc. and investment funds affiliated with TPG Advisors IV, Inc.

Material United States Federal Income Tax Consequences (Page 42)

The merger will be a taxable transaction for U.S. federal income tax purposes if you are a holder of our common stock. Your receipt of cash in exchange for your shares of our common stock will cause you to recognize gain or loss for U.S. federal income tax purposes measured by the difference, if any, between the cash you receive in the merger and the adjusted tax basis of your shares. See The Merger Material United States Federal Income Tax Consequences for a more detailed discussion.

Regulatory Approvals (Page 44)

The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the Hart-Scott-Rodino Act, provides that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and certain waiting period requirements have been satisfied. On September 1, 2006, the Company and TPG Partners V, L.P. each filed a Notification and Report Form with the Antitrust Division and the Federal Trade Commission and requested an early termination of the waiting period. On September 19, 2006, the Federal Trade Commission granted early termination of the waiting period initiated by these filings.

The European Community merger control laws, namely Council Regulation (EC) No. 139/2004 of January 20, 2004, require that transactions, such as the merger, may not be implemented until certain information has been submitted to the European Commission and it has approved the merger. TPG and Aleris caused the filing of the required information with the European Commission on September 1, 2006, and the European Commission cleared the transaction on October 6, 2006.

Except as noted above with respect to the required filings under the Hart-Scott-Rodino Act, the Council Regulation (EC) No. 139/2004 and the filing of a certificate of merger in Delaware on or before the effective date of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger.

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Litigation (Page 45)

On or about August 10, 2006, a putative class action lawsuit, entitled Kahn v. Demetriou, et al., Case No. 2335-N, was filed against the Company and its directors in the Court of Chancery of the State of Delaware, New Castle County. The plaintiff filed an amended complaint on October 6, 2006. The amended complaint purports to be brought on behalf of all the Company s stockholders (excluding the defendants and their affiliates). The amended complaint alleges that the Company s directors violated their fiduciary obligations to the Company s stockholders in approving the merger agreement. In that connection, the amended complaint alleges that (i) the merger consideration is inadequate; (ii) the announcement of the proposed transaction was timed to cap the market price of the Company s common stock prior to the August 8, 2006 announcement of record financial results for the second quarter that exceeded analysts expectations and exceeded the Company s prior guidance to analysts; (iii) the directors failed to shop the Company because the proposed transaction is not the result of a pre-signing auction process or reliable market check; (iv) the go-shop provision is inadequate and unfairly limits the pool of potential merger candidates to certain strategic bidders and specifically excludes financial buyers; and (v) the termination fee and no-solicitation provisions of the merger agreement will hinder and deter other potential acquirers from seeking to acquire the Company on better terms than the proposed merger. The amended complaint also alleges that the preliminary proxy statement filed on September 8, 2006 was inadequate and misleading because it failed to make a number of disclosures related to the proposed transaction, including the fact that although Alcoa, Inc. s share price declined after it announced record financial results, the preliminary proxy statement does not disclose that those financial results were below analysts expectations. The amended complaint seeks various forms of relief, including injunctive relief that would, if granted, prevent the completion of the proposed transaction, unspecified compensatory damages, and attorneys fees and expenses.

Solicitation (Page 53)

The merger agreement restricts our ability to solicit or engage in discussions or negotiations with a third party regarding specified transactions involving the Company. Notwithstanding these restrictions, (1) under certain limited circumstances required for our board of directors to comply with its fiduciary duties, our board of directors may respond to an unsolicited bona fide proposal for an alternative acquisition or may terminate the merger agreement and enter into an agreement with respect to a superior proposal after paying the termination fee specified in the merger agreement and (2) we were permitted to solicit and participate in discussions with certain strategic bidders until 12:01 a.m. (Eastern Time) on September 7, 2006.

Conditions to Consummation of the Merger (Page 60)

The completion of the merger depends on satisfaction, at or prior to the merger, of a number of conditions, including the following:

- the approval and adoption of the merger agreement by the required vote of our stockholders;
- absence of any legal prohibition on completion of the merger or of any claim, action, suit, proceeding, arbitration, mediation or investigation by a governmental entity seeking to prohibit the merger;
- expiration or termination of the waiting periods, and receipt of all approvals under the Hart-Scott-Rodino Act and the Council Regulation (EC) No. 139/2004, and material consents and approvals of any governmental entity that are necessary for the completion of the merger;
- accuracy as of the closing of the merger of the representations and warranties made by the other party to the merger agreement, to the extent specified in the merger agreement;
- performance by the other party to the merger agreement of the obligations required to be performed by it at or prior to the closing of the merger, to the extent specified in the merger agreement; and

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a legal defeasance, or discharge, with respect to our 9% Senior Notes due 2014 and a discharge with respect to our 10 3/8% Senior Secured Notes due 2010, the release of all liens securing such secured notes, and the termination of all restrictions on liens applicable to the notes.

In addition, Parent and Merger Sub are not obligated to complete the merger until the expiration of the marketing period to permit them to complete the debt financing for the merger, as described under The Merger Agreement The Merger; Effective Time; Marketing Period .

Termination of the Merger Agreement (Page 62)

The merger agreement may be terminated and the merger may be abandoned at any time prior to the completion of the merger:

by mutual written consent of Parent and us;

by either Parent or us if:

a final and non-appealable court or other governmental order prohibits the merger;

the merger shall not have been completed on or before June 30, 2007, unless the failure of the merger to occur by such date is due to the failure of the party seeking to terminate the merger agreement to perform or comply with the covenants and agreements of such party set forth in the merger agreement; or

the requisite approval of the stockholders to approve and adopt the merger agreement is not obtained at the special meeting of our stockholders or at any adjournment or postponement thereof at which a vote on such approval was taken;

by us, if we are not then in material breach of any of our covenants or agreements contained in the merger agreement, if Parent or Merger Sub has breached any of their covenants or agreements or any of their representations or warranties set forth in the merger agreement which breach would result in, if occurring or continuing at the effective time of the merger, the failure of a condition of the Company to complete the merger, and which is not cured by the earlier of June 30, 2007 and 30 days following written notice to Parent or Merger Sub, or which by its nature or timing cannot be cured within such time period;

by Parent, if neither Parent nor Merger Sub is then in material breach of any of their respective covenants or agreements contained in the merger agreement, if we have breached any of our covenants or agreements or any of our representations or warranties set forth in the merger agreement (except the covenants and agreements concerning our non-solicitation obligations or our obligations to take certain actions in order to obtain stockholder approval), which breach would result in, if occurring or continuing at the effective time of the merger, the failure of a condition to Parent s and Merger Sub s obligations to complete the merger, and which is not cured by the earlier of June 30, 2007 and 30 days following written notice to us, or which by its nature or timing cannot be cured within such time period;

by Parent if:

our board of directors withdraws, modifies, qualifies or proposes publicly to withdraw, modify or qualify, in a manner adverse to Parent or Merger Sub, the recommendation of our board of directors of the approval and adoption of the merger agreement by our stockholders;

we have, or our board of directors (or any committee thereof) has, publicly proposed to (1) approve, adopt or recommend any acquisition proposal or (2) approve or recommend, or allow us or any of our subsidiaries to enter into, a definitive agreement for an acquisition proposal;

we have failed to include in this proxy statement our recommendation that our stockholders approve the merger agreement and the merger;

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we have breached in any material respect any of our covenants or agreements relating to our non-solicitation obligations or our obligations to take certain actions in order to obtain a stockholder vote, or

we have taken any action to exempt any person (other than Parent, Merger Sub and their respective affiliates) from the restrictions on business combinations contained in Section 203 of the Delaware General Corporation Law (or any similar provisions) or otherwise caused such restrictions not to apply; and

by us at any time prior to approval and adoption of the merger agreement by our stockholders if in connection with entering into an agreement with respect to an acquisition proposal:

we have complied with our non-solicitation covenants in all material respects with respect to the acquisition proposal;

our board of directors (1) has determined in good faith (after consultation with our outside counsel and financial advisor) that the acquisition proposal is a superior proposal and (2) has determined in good faith (after consultation with our outside counsel) that entering into the agreement for such acquisition proposal is required for our board of directors to comply with its fiduciary duties under applicable law;

we have provided Parent with at least three business days prior written notice of our intention to terminate the merger agreement, which notice must specify the terms and conditions of the proposed agreement for the acquisition proposal (and any change to such terms and conditions shall require a new notice from us and will re-start the three business day period);

after taking into account any amendments to the merger agreement proposed by Parent after Parent s receipt of the notice referred to in the immediately preceding bullet, our board of directors has not changed its determination that such acquisition proposal is a superior proposal and that it is required by its fiduciary duties to enter into the agreement with respect to the acquisition proposal; and

we concurrently pay to Parent the termination fee, as described below.

Fees and Expenses (Page 64)

Fees and Expenses Payable by the Company

If the merger agreement is terminated under certain circumstances, the Company will be obligated to pay a termination fee to Parent of $40 million. If the merger agreement is terminated because our stockholders fail to adopt the merger agreement, the Company will be obligated to pay the expenses of Parent and Merger sub, up to $10 million, which amount will be offset against the termination fee described above, if payable.

Fees and Expenses Payable by Parent and Merger Sub

In the event that the Company terminates the merger agreement because Parent or Merger Sub breaches its obligations to effect the closing and satisfy its obligations with respect to payment of the merger consideration when all conditions to the closing are satisfied and the marketing period has expired and Parent fails to effect the closing because of a failure to receive the proceeds of one or more of the debt financings contemplated by the debt financing commitments or because of its refusal to accept debt financing on terms materially less beneficial to it than the terms set forth in the debt financing commitments, Merger Sub will be required to pay the Company a $40 million termination fee. This termination fee payable to the Company is the exclusive remedy of the Company unless Parent or Merger Sub is otherwise in breach of the merger agreement, in which case the Company may pursue a damages claim. The aggregate liability of Parent and its affiliates arising from any breach of the merger agreement is in any event capped at $100 million.

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Market Price of the Company s Stock (Page 66)

Our common stock is listed on the New York Stock Exchange under the trading symbol ARS . On August 4, 2006, which was the last full trading day before the date our board of directors met to consider approval of the merger agreement, shares of the Company s common stock closed at $41.23 per share. On **[•]**, 2006, which was the last trading day before the date of this proxy statement, shares of the Company s common stock closed at $ **[•]** per share.

Rights of Appraisal (Page 68 and Annex C)

Delaware law provides you with appraisal rights in the merger. This means that if you comply with the procedures for perfecting appraisal rights provided for under Delaware law, you are entitled to have the fair value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation in lieu of the merger consideration. The ultimate amount you receive in an appraisal proceeding may be more or less than, or the same as, the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must deliver a written demand for appraisal to the Company before the vote on the merger agreement at the special meeting and you must not vote in favor of the approval and adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. A copy of Section 262 of the General Corporation Law of the State of Delaware is attached to this proxy statement as Annex C.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions regarding the special meeting and the proposed merger that you, as a stockholder of Aleris, may have, and answers to those questions. These questions and answers are not meant to be a substitute for the information contained in the remainder of the proxy statement. We urge you to read the entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement before making any decision.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of Aleris by Parent, an entity currently owned indirectly by investment funds sponsored by TPG, pursuant to an Agreement and Plan of Merger, dated as of August 7, 2006, by and among the Company, Parent and Merger Sub, a wholly-owned subsidiary of Parent. Once the merger agreement has been approved and adopted by our stockholders and the other conditions to closing under the merger agreement have been satisfied or waived, Merger Sub will merge with and into Aleris. Aleris will be the surviving corporation in the merger and will become a wholly-owned subsidiary of Parent.

Q: When is the merger expected to be completed? What is the marketing period ?

A: We are working to complete the merger as soon as possible. We currently anticipate completing the merger in early 2007, subject to the approval and adoption of the merger agreement by the Company s stockholders and the satisfaction of the other closing conditions in the merger agreement. In addition, Parent and Merger Sub are not obligated to complete the merger until the expiration of a 60 consecutive calendar day marketing period throughout and at the end of which (1) Parent and its financing sources have the financial information that the Company is required to provide pursuant to the merger agreement to complete the debt financing for the merger and (2) the conditions to the obligations of Parent and Merger Sub to complete the merger are satisfied or would be satisfied if the closing were then scheduled to occur. Parent and Merger Sub may use the marketing period to complete the debt financing for the merger.

The marketing period begins to run no earlier than the initiation date. The initiation date is the latest of (1) the date this proxy statement is mailed to the Company s stockholders, (2) the date that Parent and its financing sources have received certain financial information from the Company and (3) the later of November 10, 2006 and the business day after the Company files its quarterly report for the quarter ended September 30, 2006 with the Securities and Exchange Commission.

There are also certain periods that will not count towards the 60-day marketing period and, in certain circumstances applicable to closing the merger in 2007, the marketing period instead will be 45 consecutive calendar days and will be deemed to start on specified dates in 2007.

Q: What will I receive in exchange for my Aleris shares?

A: Following completion of the merger, if you hold shares of Aleris common stock, you will receive $52.50 in cash, without interest and less any required withholding taxes, for each share of Aleris common stock that you own. You will not own shares in the surviving corporation.

Q: What will happen to my Aleris shares after completion of the merger?

A: Upon completion of the merger, your shares of Aleris common stock will be cancelled and will represent only the right to receive your portion of the merger consideration (or the fair value of your Aleris common stock if you seek appraisal rights). In addition, trading in shares of Aleris common stock on the New York Stock Exchange will cease and price quotations for shares of Aleris common stock will no longer be available.

Q: Where and when is the special meeting?

A: The special meeting will take place at **[•],** on **[•],** at [•].

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Q: What matters will be considered at the special meeting?

A: You will be asked to consider and vote on a proposal to approve and adopt the merger agreement, to consider and vote on a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies in favor of the approval and adoption of the merger agreement and to consider and transact any other business as may properly be brought before the special meeting or any adjournments or postponements of the special meeting.

Q: Who is entitled to vote at the special meeting?

A: Stockholders of record of Aleris common stock on the close of business on [•], the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and at any adjournments or postponements thereof. A complete list of stockholders of record entitled to vote at the special meeting will be open to the examination of any stockholder at our headquarters during normal business hours at 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122-7392 for a period of ten days before the special meeting.

Q: What is the quorum requirement and required vote to approve and adopt the merger agreement?

A: Each holder of record of shares of Aleris common stock as of the close of business on the record date for the special meeting is entitled to cast one vote per share at the special meeting on each proposal. As of [•], the record date for the special meeting, [•] shares of Aleris common stock were entitled to vote at the special meeting. The presence of the holders of Aleris common stock having a majority of the voting power of the stock entitled to be voted at the special meeting, present in person or represented by proxy, is necessary to constitute a quorum for the transaction of business at the special meeting. Approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Aleris common stock entitled to vote as of the close of business on the record date for the special meeting. A failure to vote your shares of the Company s common stock or an abstention will have the same effect as a vote AGAINST the merger.

Q: How does the Aleris board of directors recommend that I vote?

A: Our board of directors unanimously recommends that our stockholders vote FOR approval and adoption of the merger agreement. Our board of directors believes the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of Aleris and its stockholders. In considering the recommendation of our board of directors with respect to the merger, you should be aware that, as a result of the merger, certain of Aleris s directors will receive payment for equity based interests in the Company that they hold in addition to shares of Aleris common stock. You should read The Merger Reasons for the Merger for a discussion of certain material factors that our board of directors considered in deciding to recommend the approval and adoption of the merger agreement.

Q: How do I vote my shares?

A: After reading this proxy statement carefully, including the annexes, and considering how the merger affects you, please ensure that your shares are voted at the special meeting. To vote your proxy by mail, mark your vote on the enclosed proxy card, sign it correctly, and return it in the envelope provided. To vote your proxy by telephone or electronically via the Internet, see the instructions on the proxy card and have the proxy card available when you call or access the Internet website. If you hold shares registered in the street name of a broker, bank or other nominee, the broker, bank or other nominee has enclosed or will provide a voting instruction card for your use in directing your broker, bank or other nominee how to vote those shares.

Q: How Will Shares Be Voted at the Special Meeting?

A: All shares of Aleris common stock represented by properly executed proxies received before or at the special meeting, and not properly revoked, will be voted as specified in the proxies. Properly executed proxies that do not contain voting instructions will be voted FOR the approval and adoption of the merger agreement and any adjournment or postponement of the special meeting.

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A properly executed proxy marked ABSTAIN with respect to any proposal will be counted as present for purposes of determining whether there is a quorum at the special meeting. An abstention will have the same effect as a vote AGAINST approval and adoption of the merger agreement.

If you hold shares of Aleris common stock in street name through a broker, bank or other nominee, the broker, bank or other nominee may vote your shares only in accordance with your instructions. If you do not give specific instructions to your broker, bank or other nominee as to how you want your shares voted, your broker, bank or other nominee will indicate that it does not have authority to vote on the proposal, which will result in what is called a broker non-vote . Broker non-votes will be counted for purposes of determining whether there is a quorum present at the special meeting, but broker non-votes will have the same practical effect as a vote AGAINST approval and adoption of the merger agreement.

If any other matters are properly brought before the special meeting, the people named in the proxy card will have discretion to vote the shares represented by duly executed proxies in their sole discretion.

Q: What happens if I do not vote?

A: Because the required vote of Aleris stockholders is based on the number of outstanding shares of Aleris common stock entitled to vote, abstentions from voting and broker non-votes will have the same practical effect as voting AGAINST the approval and adoption of the merger agreement. If you return your proxy card but do not indicate how you want to vote, your proxy will be counted as a vote FOR the approval and adoption of the merger agreement and any proposal to adjourn or postpone the special meeting to solicit additional proxies in favor of approval and adoption of the merger agreement and the persons named in the proxy card will have discretionary authority to vote upon other business, if any, that properly comes before the special meeting and any adjournments or postponements of the special meeting.

Q: May I vote in person?

A: Yes. You may attend the special meeting of Aleris s stockholders and vote your shares in person rather than submitting a proxy by mail, telephone or the Internet. If you wish to vote in person and your shares are held in street name through a broker, bank or other nominee, you must obtain a proxy from the broker, bank or other nominee authorizing you to vote your shares held in the broker s, bank s or other nominee s name.

Q: What is required for admission to the special meeting?

A: Only stockholders of Aleris as of the record date for the special meeting may attend the special meeting. If you are a registered stockholder and plan to attend the special meeting in person, please bring valid photo identification with you to the special meeting. If you are a beneficial owner of Aleris common stock that is held in street name by a broker, bank or other nominee, you will need a legal proxy from the broker, bank or other nominee that holds your shares and valid photo identification to be admitted to the special meeting.

Q: What if I own my shares through a 401(k) Plan?

A: If you hold your shares through the Commonwealth Industries, Inc. 401(k) Plan or the Commonwealth Aluminum Lewisport, LLC Hourly 401(k) Plan, your proxy will serve as voting instructions to the trustee under the plan. The trustee will vote the shares of Aleris common stock allocated to your account at the special meeting as directed by you on the proxy card. If the trustee does not receive your instructions, the shares of Aleris common stock allocated to your account will not be voted at the special meeting.

Q: May I change my vote?

A: Yes, you may change your vote at any time before your proxy is voted at the special meeting. If you are a registered stockholder, you may revoke your proxy by notifying the Company s Corporate Secretary in writing or by submitting a new proxy by mail, telephone or the Internet, in each case, dated after the date of

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the proxy being revoked. In addition, your proxy may be revoked by attending the special meeting and voting in person (you must vote in person, simply attending the special meeting will not cause your proxy to be revoked).

Please note that if you hold your shares in street name and you have instructed a broker, bank or other nominee to vote your shares, the above-described options for changing your vote do not apply, and instead you must follow the instructions received from your broker, bank or other nominee to change your vote.

Q: What does it mean if I get more than one proxy card or vote instruction card?

A: If your shares are registered differently or are in more than one account, you will receive more than one card. Please complete and return all of the proxy cards or vote instruction cards you receive (or submit your proxies by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q: How will the solicitation of proxies be handled?

A: We expect to solicit proxies primarily by mail, but our directors, officers and regular employees may also solicit by personal interview, telephone or similar means. All expenses in connection with the solicitation of proxies will be borne by us. We have made arrangements with McKenzie Partners, Inc. to assist us in soliciting proxies for the special meeting and have agreed to pay McKenzie Partners, Inc. a fee not expected to exceed $[•], plus reasonable out-of-pocket expenses, for these services. Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of shares of Aleris common stock held of record by those persons.

Q: Should I send in my stock certificates now?

A: No. Shortly after the merger is completed, you will receive a letter of transmittal with instructions informing you how to send in your stock certificates to or process your book-entry shares with the paying agent in order to receive the merger consideration. You should use the letter of transmittal to exchange stock certificates for the merger consideration to which you are entitled as a result of the merger. **Do not send any stock certificates with your proxy**.

Q: How can I obtain additional information about Aleris?

A: We will provide a copy of our Annual Report on Form 10-K for the year ended December 31, 2005, excluding certain of its exhibits, and other filings, including our reports on Form 10-Q, with the SEC without charge to any stockholder who makes a written request to Aleris International, Inc., 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122-7392. Our Annual Report on Form 10-K and other SEC filings also may be accessed on the world wide web at http://www.sec.gov or at the Company s website at http://www.aleris.com. The information provided on our website is not part of this proxy statement, and therefore is not incorporated by reference. For a more detailed description of the information available, please refer to Where You Can Find Additional Information .

Q: Who can help answer my other questions?

A: If you have more questions about the merger, the special meeting or this proxy statement or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact our proxy solicitation agent, MacKenzie Partners, Inc., toll-free at (800) 322-2885. If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of the Company, the expected completion and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, among others, under the headings Summary , The Merger and in statements containing the words believes , plans expects , anticipates , intends , estimates or other similar expressions. For each of these statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. In addition to other factors and matters contained or incorporated in this proxy statement, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings that have been or may be instituted against Aleris and others relating to the merger agreement;
- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger, including the expiration of the waiting period under the Hart-Scott-Rodino Act or the European Community merger control laws;
- the failure of Parent to obtain the necessary debt financing arrangements set forth in commitment letters received in connection with the merger agreement;
- the failure of the merger to close for any other reason;
- risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;
- the effect of the announcement of the merger agreement on our customer relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the merger;

and other risks detailed in our current filings with the SEC, including our most recent filings on Form 10-Q and 10-K. See Where You Can Find Additional Information . Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained in this proxy statement, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date of this proxy statement. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made in this proxy statement remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

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THE PARTIES TO THE MERGER

Aleris International, Inc.

Aleris is a global leader in aluminum rolled products and extrusions, aluminum recycling and specification alloy production. Aleris is also a recycler of zinc and a leading U.S. manufacturer of zinc metal and value-added zinc products that include zinc oxide and zinc dust. Aleris operates 50 production facilities in North America, Europe, South America and Asia, and employs approximately 8,600 employees.

Aleris is incorporated in the state of Delaware with its principal executive offices at 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122-7392 and its telephone number is (216) 910-3400.

Aurora Acquisition Holdings, Inc.

Parent is currently indirectly wholly-owned by private equity funds sponsored by TPG. Parent was formed solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement.

Parent is incorporated in the state of Delaware with its principal executive offices at c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102 and its telephone number is (817) 871-4000.

Aurora Acquisition Merger Sub, Inc.

Merger Sub is wholly owned by Parent. Merger Sub was formed solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement. Under the terms of the merger agreement, Merger Sub will merge with and into Aleris. Aleris will survive the merger and Merger Sub will cease to exist.

Merger Sub is incorporated in the state of Delaware with its principal executive offices at c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102 and its telephone number is (817) 871-4000.

Parent and Merger Sub are each entities currently indirectly owned by TPG Partners IV, L.P. and TPG Partners IV, L.P., private equity funds sponsored by TPG Advisors IV, Inc. and TPG Advisors V, Inc., respectively.

TPG Partners IV, L.P. is a private equity fund that was formed in 2003 for the purpose of making investments in securities of public and private corporations. The general partner of TPG Partners IV, L.P. is TPG GenPar IV, L.P., a Delaware limited partnership, which we refer to as TPG GenPar IV, and the general partner of TPG GenPar IV is TPG Advisors IV, Inc., a Delaware corporation. TPG GenPar IV was formed for the sole purpose of acting as the general partner of TPG Partners IV, L.P. The directors of TPG Advisors IV, Inc. are David Bonderman, James G. Coulter and William S. Price III and the executive officers of TPG Advisors IV, Inc. are Clive D. Bode, David Bonderman, Jonathan S. Coslet, James G. Coulter, Thomas Keltner, William S. Price III, Thomas E. Reinhart and John E. Viola.

TPG Partners V, L.P. is a private equity fund that was formed in 2006 for the purpose of making investments in securities of public and private corporations. The general partner of TPG Partners V, L.P. is TPG GenPar V, L.P., a Delaware limited partnership, which we refer to as TPG GenPar V, and the general partner of TPG GenPar V is TPG Advisors V, Inc., a Delaware corporation. TPG GenPar V was formed for the sole purpose of acting as the general partner of TPG Partners V, L.P. The directors of TPG Advisors V, Inc. are David Bonderman and James G. Coulter and the executive officers of TPG Advisors V, Inc. are Clive D. Bode, David Bonderman, James G. Coulter, John E. Viola, Thomas E. Reinhart, Jonathan S. Coslet and Thomas Keltner.

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INFORMATION ABOUT THE SPECIAL MEETING AND VOTING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting. The special meeting will be held on **[•]**, starting at **[•]**, at **[•]** unless it is postponed or adjourned. The purpose of the special meeting is for our stockholders to consider and vote upon the approval and adoption of the merger agreement. If the stockholders fail to approve and adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A.

Matters to Be Considered

At the special meeting, Aleris stockholders will be asked:

- to consider and vote upon a proposal to approve and adopt the merger agreement;
- to consider and vote upon a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies in favor of the approval and adoption of the merger agreement; and
- to consider and transact any other business as may properly be brought before the special meeting or any adjournments or postponements of the special meeting.

At this time, the Aleris board of directors is unaware of any matters, other than those set forth in the first two bullets above, that may properly come before the special meeting.

Stockholders Entitled to Vote

The close of business on [•] has been fixed by Aleris s board of directors as the record date for the determination of those holders of Aleris common stock who are entitled to notice of, and to vote at, the special meeting and at any adjournments or postponements thereof.

At the close of business on the record date for the special meeting, there were [•] shares of Aleris common stock outstanding and entitled to vote, held by approximately [•] holders of record. A complete list of stockholders of record entitled to vote at the special meeting will be open to the examination of any stockholder during normal business hours at our headquarters at 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122-7392 for a period of ten days before the special meeting.

Quorum and Required Vote

Each holder of record of shares of Aleris common stock as of the close of business on the record date for the special meeting is entitled to cast one vote per share at the special meeting on each proposal. The holders of Aleris common stock having a majority of the voting power of the stock entitled to be voted at the special meeting, present in person or represented by proxy, is necessary to constitute a quorum for the transaction of business at the special meeting. Approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Aleris common stock entitled to vote as of the close of business on the record date for the special meeting.

As of [•], the record date for the special meeting, directors and executive officers of Aleris and their affiliates beneficially owned an aggregate of [•] shares of Aleris common stock (not including options) entitled to vote at the special meeting. These shares represent [•]% of the Aleris common stock outstanding and entitled to vote as of the record date for the special meeting. Although these individuals are not party to any voting agreements with Aleris and do not have any obligations to vote in favor of the approval and adoption of the merger agreement, they have indicated their intention to Aleris to vote their outstanding shares of Aleris common stock in favor of the approval and adoption of the merger agreement. Furthermore, no stockholder is party to any voting agreement with Aleris and none has indicated to Aleris that is is party to any agreement containing any obligations to vote in favor of the approval and adoption of the merger agreement.

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How Shares Will Be Voted at the Special Meeting

All shares of Aleris common stock represented by properly executed proxies received before or at the special meeting, and not properly revoked, will be voted as specified in the proxies. Properly executed proxies that do not contain voting instructions will be voted FOR the approval and adoption of the merger agreement and any adjournment or postponement of the special meeting.

A properly executed proxy marked ABSTAIN with respect to any proposal will be counted as present for purposes of determining whether there is a quorum at the special meeting. However, because approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares entitled to vote at the special meeting, an abstention will have the same effect as a vote AGAINST approval and adoption of the merger agreement.

If you hold shares of Aleris common stock in street name through a broker, bank or other nominee, the broker, bank or nominee may vote your shares only in accordance with your instructions. If you do not give specific instructions to your broker, bank or nominee as to how you want your shares voted, your broker, bank or nominee will indicate that it does not have authority to vote on the proposal, which will result in what is called a broker non-vote . Broker non-votes will be counted for purposes of determining whether there is a quorum present at the special meeting, but because approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares entitled to vote as of the close of business on the record date, broker non-votes will have the same practical effect as a vote AGAINST approval and adoption of the merger agreement.

If any other matters are properly brought before the special meeting, the people named in the proxy card will have discretion to vote the shares represented by duly executed proxies in their sole discretion.

How to Vote Your Shares

Registered Stockholders

To vote your proxy by mail, mark your vote on the enclosed proxy card, sign it correctly, and return it in the envelope provided. To vote your proxy by telephone or electronically on the Internet, see the instructions on the proxy card and have the proxy card available when you call or access the Internet website. If you receive more than one proxy card because your shares are registered in different names or at different addresses, each proxy card should be voted to ensure that all of your shares will be counted. You also may vote in person at the special meeting.

Street-name Stockholders

If your shares are held in street name by a broker, bank or other nominee, you must follow the instructions on the form you receive from your broker, bank or other nominee in order for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the special meeting, you must request a legal proxy from the broker, bank or other nominee that holds your shares and present that proxy and proof of identification at the special meeting to vote your shares.

Based on the instructions provided by the broker, bank or other nominee holder of record of their shares, street-name stockholders may generally vote by one of the following methods:

By mail. You may vote by marking, signing, dating and returning your proxy card in the enclosed envelope;

By methods listed on your voting card. Please refer to your voting card or other information forwarded by your broker, bank or other nominee holder of record to determine whether you may vote by telephone or electronically on the Internet; or

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In person with a proxy from the record holder. A street-name stockholder who wishes to vote at the special meeting will need to obtain a legal proxy from his or her broker, bank or other nominee. Please refer to your voting card or other information forwarded by your broker, bank or other nominee to determine how to obtain a legal proxy to vote in person at the special meeting.

Stock Held Through 401(k) Plans

If you hold your shares through the Commonwealth Industries, Inc. 401(k) Plan or the Commonwealth Aluminum Lewisport, LLC Hourly 401(k) Plan, your proxy will serve as voting instructions to the trustee under the plan. The trustee will vote the shares of Aleris common stock allocated to your account at the special meeting as directed by you on the proxy card. If the trustee does not receive your instructions, the shares of Aleris common stock allocated to your account will not be voted at the special meeting.

How to Change Your Vote

If you are a registered stockholder, you may revoke your proxy at any time before your shares are voted at the special meeting by:

sending a written notice to the Corporate Secretary of Aleris, 25825 Science Park Drive Suite 400, Beachwood, Ohio 44122-7392, by the close of business on [•], indicating you are revoking your earlier proxy;

completing, signing and timely submitting a proxy card to the addressee indicated on the envelope enclosed with your initial proxy card by the close of business on [•]. The latest dated and signed proxy actually received by such addressee before the special meeting will be counted, and any earlier proxies will be considered revoked;

subsequently recording a different vote by telephone or Internet; or

attending the special meeting and voting in person.

Merely attending the special meeting will not revoke any prior votes or proxies. You must vote at the special meeting to revoke a prior proxy.

If you are a street-name stockholder and you vote by proxy, you may later revoke your proxy by informing the holder of record in accordance with that entity s procedures.

Solicitation of Proxies

We expect to solicit proxies primarily by mail, but our directors, officers and regular employees may also solicit by personal interview, telephone or similar means. All expenses in connection with the solicitation of proxies will be borne by us.

The expenses incurred in connection with the filing, printing and mailing of this document will be paid by Aleris. Aleris has also made arrangements with MacKenzie Partners, Inc. to assist Aleris in soliciting proxies for the special meeting and has agreed to pay MacKenzie Partners, Inc. a fee not expected to exceed $[•], plus reasonable out-of-pocket expenses, for these services. Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of shares of Aleris common stock held of record by those persons, and Aleris will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in so doing.

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Recommendation of Aleris s Board of Directors

The Aleris board of directors has unanimously approved the merger agreement and the transactions it contemplates, including the merger. The Aleris board of directors has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of Aleris and its stockholders and unanimously recommends that Aleris stockholders vote FOR approval and adoption of the merger agreement. See The Merger Recommendation of Aleris s Board of Directors for a more detailed discussion of the Aleris board of directors recommendation. In considering the recommendation of our board of directors with respect to the merger, you should be aware that, as a result of the merger, certain of Aleris s directors will receive payment for equity-based interests in the Company that they hold in addition to shares of Aleris common stock. See also The Merger Interests of the Company s Directors and Executive Officers in the Merger for a more detailed discussion of these material benefits that some of Aleris s directors will receive as a result of the merger.

Special Meeting Admission

Only stockholders of Aleris as of the record date for the special meeting may attend the special meeting. If you are a registered stockholder and plan to attend the special meeting in person, please bring valid photo identification with you to the special meeting. If you are a beneficial owner of Aleris common stock that is held in street name by a broker, bank or other nominee, you will need a legal proxy from the broker, bank or other nominee that holds your shares and valid photo identification to be admitted to the special meeting.

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THE MERGER

Background of the Merger

The board of directors and senior management of Aleris periodically discuss Aleris s long-range plans and consider strategies for increasing stockholder value. From time to time, Aleris receives unsolicited inquiries from professional investors with respect to Aleris s business. In certain circumstances, members of Aleris management meet with these parties to discuss the publicly available information regarding the Company and to explain the Company s business.

In this context, in late April 2005, representatives of TPG met with Steven Demetriou, Aleris s Chairman and Chief Executive Officer, and other members of senior management of Aleris to discuss the Company s business. At this time, Mr. Demetriou was serving, and continues to serve, as the director of Kraton Polymers, LLC, a portfolio company of TPG Advisors IV, Inc. and investment funds affiliated with TPG Advisors IV, Inc., and as a director of Kraton s direct parent company, Polymer Holdings LLC. Also at that time, Aleris had begun to consider the potential acquisition of the downstream aluminum business of Corus Group plc, which we refer to as Corus. Given the then relative sizes of Corus s downstream aluminum business and Aleris, the Company determined that additional equity financing might be required to effect any transaction with Corus. TPG expressed an interest in providing this equity financing. Representatives of TPG then met with senior management of Aleris to further discuss an investment transaction between Aleris and TPG relating to a potential acquisition by Aleris of Corus s downstream aluminum business.

On May 18, 2005 and May 19, 2005, the board of directors of the Company held a meeting during which Mr. Demetriou informed the directors of the recent discussions between senior management of Aleris and TPG with respect to a potential transaction involving Corus s downstream aluminum business. The board of directors gave Aleris management authority to enter into a confidentiality agreement with TPG. On June 21, 2005, TPG entered into a confidentiality agreement with Aleris.

Members of senior management of the Company then made unsuccessful attempts to contact Corus. As a result, TPG committed to attempt to contact Corus to inquire whether Corus was interested in pursuing a transaction with Aleris. TPG contacted Corus and Corus informed TPG that it was not interested in pursuing a transaction with Aleris at that time. In early July of 2005, representatives of TPG informed Mr. Demetriou that TPG was interested in pursuing a potential change in control transaction involving Aleris.

On July 20, 2005, the board of directors of the Company met in executive session. Christopher Clegg, Senior Vice President, General Counsel and Secretary of Aleris, also attended this meeting. At this meeting, Mr. Demetriou updated the board of directors on the discussions with TPG and informed the directors that TPG was interested in pursuing a transaction with Aleris that could lead to a change in control involving the Company. Mr. Demetriou informed the board of directors that TPG was requesting an opportunity to conduct expedited due diligence within a three-week period.

On July 21, 2005, the board of directors of the Company reconvened in executive session. Mr. Clegg also attended this meeting. At this meeting, the board of directors appointed Messrs. Kesler, Lego, Merow and Demetriou to an ad hoc committee to consider issues and direct Aleris management concerning a potential transaction involving TPG. The board of directors also directed that Mr. Demetriou invite TPG to commence due diligence during an expedited time frame.

At a meeting of Aleris s board of directors on August 19, 2005, Mr. Demetriou reported that TPG had concluded its preliminary assessment of the Company and advised him that TPG would not pursue a transaction with Aleris at that time.

Aleris continued to operate its business in the ordinary course. Consistent with its business strategy, Aleris continued to look for potential acquisition opportunities for the Company. In this regard, on August 31, 2005, Aleris closed its acquisition of Tomra Latasa, on October 3, 2005, Aleris closed its acquisition of Alsco Holdings, Inc., on

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December 12, 2005, Aleris closed its acquisition of Alumitech, Inc., on December 20, 2005, Aleris closed its acquisition of assets from Ormet Corporation, and on May 23, 2006, Aleris entered into an agreement to acquire the downstream aluminum business of Corus, which we refer to as the Corus acquisition, which was completed on August 1, 2006.

In early June of 2006, two large stockholders of Aleris separately called Mr. Demetriou. Each of these stockholders informed Mr. Demetriou that it was interested in exploring opportunities to enhance the value of the Company. Mr. Demetriou informed each of these stockholders that Aleris was and continued to be focused on enhancing stockholder value. Also, in early June of 2006, representatives of Aleris held preliminary discussions concerning a potential strategic transaction with a company that we refer to as company 1. Aleris and company 1 executed a confidentiality agreement although no non-public information was exchanged.

On June 12, 2006, Aleris s board of directors held a telephonic meeting. Representatives of Fried, Frank, Harris, Shriver & Jacobson LLP, which we refer to as Fried Frank, Aleris s outside legal counsel, also attended this meeting. At this meeting, Mr. Demetriou informed the board of directors that he had received unsolicited calls from two large stockholders of the Company that stated that they were interested in exploring opportunities to enhance the value of the Company. Mr. Demetriou then discussed with the board of directors the types of transactions that these parties might be interested in pursuing to enhance the value of the Company and that they could include proposals for a change in control transaction involving the Company. After a discussion of the Company s prospects and the then current macroeconomic circumstances in the metals industry generally, the board of directors decided that the Company should consider proposals that could enhance stockholder value, including potential change in control transactions, provided that any such proposal contemplated a meaningful premium to the then current market price of the Company s stock (on June 9, 2006, Aleris s stock price closed at $39.65). The board of directors also determined that the Company should engage a financial advisor to assist the Company. The Company subsequently engaged Citigroup Global Markets Inc., which we refer to as Citigroup, as its financial advisor. The board of directors emphasized that the first priority of the Company should be to close the Corus acquisition.

On June 16, 2006, OZ Management, L.L.C., a hedge fund that at the time owned approximately 6.4% of the outstanding common stock of Aleris, filed a Form 13D with the Securities and Exchange Commission (on June 15, 2006, Aleris s stock price closed at $39.20). In this filing, OZ Management stated that it acquired the shares of Aleris common stock for investment in the ordinary course of business, but that it now intended to explore opportunities to enhance the value of Aleris, that it had undertaken and intended to continue to undertake discussions with Aleris, third parties and other stockholders of Aleris, and that it would support or participate in any such opportunity only if it is also supported by senior management of Aleris.

On June 22, 2006, Brahman Capital Corp., a hedge fund that at the time owned approximately 11.43% of the outstanding common stock of Aleris, filed a Form 13D with the Securities and Exchange Commission (on June 21, 2006, Aleris s stock price closed at $38.32). In this filing, Brahman stated that it acquired the shares of Aleris common stock for investment in the ordinary course of business, but that it now intended to explore opportunities to enhance the value of Aleris, that it had undertaken and intended to continue to undertake discussions with Aleris, third parties and other stockholders of Aleris, and that it would support or participate in any such opportunity only if it is also supported by senior management of Aleris.

Following the filing by OZ Management of its Form 13D, Mr. Demetriou contacted a representative of TPG to discuss the OZ Management filing, following which several discussions took place between Mr. Demetriou and TPG. On June 23, 2006, TPG informed Mr. Demetriou that TPG was impressed with Aleris s execution of its business plan and was again interested in exploring a possible change in control transaction involving the Company. Mr. Demetriou informed TPG that if it was now interested in pursuing a transaction with Aleris at a meaningful premium to the then current market price (on June 22, 2006, Aleris s stock price closed at $40.47), Aleris would provide TPG with non-public information relating to the Company. Aleris confirmed that its existing confidentiality agreement with TPG was still in effect and began providing TPG with access to non-public information relating to the Company.

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On June 22, 2006, Mr. Demetriou received an unsolicited call from a large private equity firm, which we refer to as private equity firm 1. In this call, private equity firm 1 informed Mr. Demetriou that it had conducted a review of publicly available information regarding the Company and that it was interested in exploring a possible change in control transaction involving the Company. Mr. Demetriou informed private equity firm 1 that any change in control transaction involving the Company would have to be at a meaningful premium to the then current market price of Aleris s common stock (on June 21, 2006, Aleris s stock price closed at $38.32). On the evening of June 22, 2006, private equity firm 1 signed a confidentiality agreement with Aleris. Aleris then began providing private equity firm 1 with access to non-public information relating to the Company.

On June 23, 2006, another large private equity firm, which we refer to as private equity firm 2, contacted Mr. Demetriou and informed Mr. Demetriou that it has seen the 13D filings by OZ Management and Brahman and was interested in pursuing a potential change in control transaction with the Company. Private equity firm 2 then stated that it planned on reviewing publicly available information regarding the Company and that it expected to request non-public information shortly thereafter.

On June 25, 2006 and June 26, 2006, Aleris management made a presentation on the Company to TPG and its representatives. On June 26, 2006, Aleris management gave a presentation on the Company to private equity firm 1. Aleris management and its representatives also continued to provide non-public information to both TPG and private equity firm 1 and to respond to each party s requests for information. At the Company s direction, Citigroup subsequently requested that TPG and private equity firm 1 submit a non-binding proposal with respect to a potential transaction with the Company by the morning of June 29, 2006 for consideration by Aleris s board of directors at a special meeting scheduled on the afternoon of June 29, 2006.

On June 28, 2006, TPG submitted a written non-binding proposal to acquire all of Aleris s outstanding shares of common stock for $50.00 per share. This non-binding proposal stated that TPG would finance the transaction with a combination of equity from TPG as well as debt financing, and that TPG had received debt financing commitments from Deutsche Bank. TPG s letter also stated that TPG had substantially completed its due diligence and that it believed it could complete its confirmatory due diligence within approximately seven days of getting access to the necessary documents and personnel of Aleris. In this letter, TPG stated that its willingness to enter into a transaction with Aleris was subject to Aleris closing the Corus acquisition and obtaining financing with respect to the Corus acquisition on terms that would not adversely affect TPG s ability to refinance Aleris s indebtedness or impede or increase the cost of financing a transaction with Aleris. TPG s letter also provided that TPG would expect a merger agreement between Aleris and TPG to provide a limited period after the signing of the merger agreement to permit Aleris to seek alternative proposals to TPG s proposal. TPG also requested that Aleris negotiate exclusively with TPG with respect to a transaction involving the Company.

On the morning of June 29, 2006, private equity firm 1 called Mr. Demetriou and informed him that it believed that Aleris s common stock was fairly valued in the public markets (shares of Aleris common stock closed at $41.96 on June 28, 2006) and that private equity firm 1 was not willing to pay a premium to the then current market price and was therefore removing itself from the process.

On June 29, 2006, Aleris s board of directors held a special meeting in Pittsburgh, Pennsylvania to consider TPG s proposal. All of the members of the board of directors were present in person, except Mr. Kittelberger who participated by telephone. Representatives from Citigroup and Fried Frank also attended this meeting in person. Mr. Demetriou updated the board of directors on the status of the negotiations with respect to a potential change in control transaction. The board of directors was also provided with a copy of TPG s proposal letter. Fried Frank discussed with our board of directors its fiduciary duties under Delaware law in connection with a potential change in control transaction involving the Company. The Company s financial advisor discussed with our board of directors financial aspects of TPG s proposal. Citigroup and Aleris management also explained to the board of directors that any high yield debt financing issued in connection with the Corus acquisition would likely have to be refinanced upon a change in control transaction and that there would be a significant refinancing premium if this debt were refinanced. The bridge financing commitments made available to the Company by

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Deutsche Bank and Citigroup in connection with the Corus acquisition did not contain any such premium applicable to the refinancing of such bridge financing in the context of a subsequent change of control of the Company. Therefore, Aleris management advised our board of directors that the Company should consider replacing its planned high yield debt offering with the bridge financing if it thought a change in control transaction involving the Company was likely. Aleris management also informed our board of directors that since the Corus acquisition was scheduled to close on August 1, 2006, a decision to take the bridge financing would have to be made by July 15, 2006.

At this meeting, our board of directors also met without Mr. Demetriou to discuss TPG s proposal. Our board of directors determined that TPG s proposal was worthy of further consideration and directed Citigroup to attempt to obtain a higher price from TPG. In light of the timing constraints imposed on Aleris management to complete the Corus acquisition and the related financing, and because there were fewer competitive issues in disclosing non-public information to financial buyers given that the Corus acquisition had not yet closed, the board of directors requested and authorized Citigroup to continue discussions with TPG and to solicit proposals from other financial buyers that were familiar with the metals industry and had the financial capability to complete a transaction with Aleris. The board of directors did not authorize Aleris management to grant exclusivity to TPG at this time. Also at this meeting, the board of directors authorized management to contact Deutsche Bank (which was providing debt financing to the Company in connection with the Corus acquisition) to inquire whether Deutsche Bank would agree not to offer any potential buyer debt financing on an exclusive basis. Following the meeting of the board of directors, we contacted Deutsche Bank and Deutsche Bank agreed not to offer any potential buyer debt financing on an exclusive basis.

Over the next few days, in accordance with the directives of our board of directors, Citigroup contacted private equity firm 2, another large private equity firm, which we refer to as private equity firm 3, and an additional financial buyer (that subsequently indicated that it was not interested in exploring a transaction involving Aleris).

During the period after the June 29, 2006 meeting of our board of directors, Aleris continued to provide TPG and its representatives with non-public information concerning the Company. On July 3, 2006, Aleris and TPG signed an amendment to the existing confidentiality agreement to permit TPG to obtain non-public information related to Corus and the Corus acquisition.

On July 3, 2006, Aleris signed a confidentiality agreement with private equity firm 3 and began providing private equity firm 3 with access to confidential information relating to the Company. On July 5, 2006, Aleris signed a confidentiality agreement with private equity firm 2 and began providing private equity firm 2 with access to confidential information relating to the Company.

On July 5, 2006 and July 7, 2006, Aleris management made presentations on the Company to private equity firm 3. On July 10, 2006, Aleris management made a presentation on the Company to private equity firm 2. Aleris management and its representatives also continued to have discussions with TPG, private equity firm 2 and private equity firm 3, and to respond to each party s requests for information. Also, on July 12, 2006, members of senior management of the Company met with representatives of private equity firm 3 to discuss Aleris s business and to further answer questions from private equity firm 3. At Aleris s request, on July 9, 2006 and July 10, 2006, Deutsche Bank discussed potential debt financing with respect to a potential transaction with private equity firm 2 and private equity firm 3. Given Aleris s need to decide whether to seek bridge financing for the Corus acquisition, TPG, private equity firm 2 and private equity firm 3 were requested to inform the Company by July 12, 2006 whether or not they were interested in pursuing a transaction involving the Company and, if so, to provide the Company with their best and final offer.

On July 12, 2006, private equity firm 2 informed Citigroup that it believed that Aleris s common stock was fairly valued in the public markets (shares of Aleris common stock closed at $45.46 on July 11, 2006) and that private equity firm 2 was not willing to pay a premium to the then current market price.

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On July 12, 2006, private equity firm 3 submitted a non-binding proposal to purchase Aleris for $48.50 to $51.50 per share in cash, subject to five weeks of due diligence and negotiation of definitive documentation relating to the merger and the debt financing needed to finance the merger.

Also on July 12, 2006, TPG delivered a non-binding proposal that indicated that TPG was willing to acquire Aleris for $52.00 per share and that TPG had substantially completed its due diligence. In its proposal letter, TPG stated that its proposal was contingent on Aleris s commitment to negotiate with TPG on an exclusive basis. TPG stated that its offer was also contingent on Aleris closing the Corus acquisition and obtaining financing with respect to the Corus acquisition without any prepayment penalties and on terms that would not otherwise adversely affect TPG s ability to refinance Aleris s indebtedness or impede or increase the cost of financing a transaction with Aleris. TPG s letter also provided that TPG would expect a merger agreement between Aleris and TPG to provide for a 30-day period after the signing of the merger agreement to permit Aleris to seek alternative proposals to TPG s proposal from strategic buyers. TPG s proposal also was accompanied by a draft merger agreement that was prepared by TPG s legal counsel, Cleary Gottlieb Steen & Hamilton LLP, which we refer to as Cleary, and, on July 13, 2006, TPG delivered debt financing commitment letters from Deutsche Bank.

On July 13, 2006, Aleris s board of directors held a telephonic meeting. Members of Aleris senior management and representatives from Citigroup and Fried Frank also attended this meeting. At this meeting, Mr. Demetriou updated the board of directors on the status of the negotiations with the potential acquirors. Citigroup informed the board of directors that TPG had reiterated that TPG would only continue to pursue a change in control transaction if Aleris granted TPG exclusivity. Our board of directors determined that the TPG proposal was worthy of further consideration and that it was willing to grant TPG exclusivity. Our board of directors instructed Citigroup to ascertain whether TPG would increase its offer price and to inform TPG that Aleris needed time to close the Corus acquisition and related financing. Our board of directors also directed Citigroup to confirm with TPG that TPG had substantially completed its due diligence review of the Company and that the exclusivity period was to negotiate definitive documentation and not for TPG to perform further due diligence (other than confirmatory due diligence). Our board of directors elected not to hold any further discussions with private equity firm 3 or pursue the proposal by private equity firm 3 because of its request for a five-week due diligence period, the wide price range contained in the proposal, the pending closing of the Corus acquisition and related financing and TPG s requirement that the Company grant it exclusivity to proceed. The board of directors discussed the importance of preserving the flexibility of the Company to be able to have discussions with strategic bidders since the Company had only had discussions with potential financial buyers up to this point. The board of directors also authorized obtaining bridge financing for the Corus acquisition.

On July 13, 2006 and July 14, 2006, as instructed by our board of directors, representatives of Citigroup held discussions with TPG. TPG confirmed with Citigroup that it had substantially completed its due diligence and had only a small number of confirmatory follow-up due diligence items that it wanted to pursue and that TPG did not believe such items would have any impact on its valuation of the Company. After further discussions with Citigroup, TPG increased its proposed purchase price to $52.50 in exchange for Aleris granting TPG exclusivity. TPG indicated that it was not prepared to pay more than $52.50. On the evening of July 14, 2006, Aleris and TPG entered into an exclusivity agreement. The exclusivity agreement provided that Aleris would not negotiate with any person or entity other than TPG regarding a potential transaction until 11:59 p.m. (Eastern time) on August 7, 2006 and would not provide information or access to any other person, provided that Aleris could (i) provide information and access to and have discussions with any strategic bidder with which the Company was having discussions concerning a potential acquisition transaction as of July 14, 2006 and (ii) after the earlier of the end of the exclusivity period and the completion of the Corus acquisition, respond to any unsolicited proposal from a strategic bidder. During the week of July 17, 2006, representatives of TPG performed confirmatory due diligence on the Corus acquisition.

Concurrently with working on closing the Corus acquisition and related financing, Aleris and its legal and financial advisors negotiated the terms of the proposed merger agreement with TPG and its advisors. Also during this period, Aleris continued to provide information to Citigroup, including the Company s second quarter results, and TPG completed its confirmatory due diligence review of the Company. During the final few days of

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negotiations, Aleris became concerned that under certain circumstances the combined amount of equity and debt financing commitments provided by TPG and Deutsche Bank might not have been sufficient to complete the merger. After considerable negotiations, on August 5, 2006, TPG agreed to increase the maximum amount of its equity commitment from $900 million to $1 billion. During the final few days before the merger agreement was signed, Aleris and TPG had additional negotiations relating to the merger consideration. Following these negotiations, on August 6, 2006, TPG reaffirmed its offer price of $52.50 per share and reiterated that it was not prepared to pay more.

On the afternoon of August 7, 2006, the Aleris board of directors convened a meeting at Aleris s headquarters in Beachwood, Ohio. Prior to the meeting, the directors were provided with a copy of the substantially final merger agreement and a copy of Citigroup s board presentation materials. All of the Aleris directors attended the meeting in person, except for Mr. Kesler who attended by telephone. Also attending this meeting were members of Aleris management as well as representatives from Citigroup and Fried Frank. Mr. Demetriou provided an update on the status of discussions with TPG and an update on the Company s results for the second quarter, which Mr. Demetriou described as essentially on track with the prior estimates previously provided to the board of directors. Mr. Demetriou informed the board of directors that after further price negotiations TPG confirmed its offer of $52.50 per share as its best and final offer. The board of directors also discussed the amount of TPG s equity and debt commitments, and Mr. Demetriou informed the board of directors that TPG had agreed to increase the maximum amount of its equity commitment from $900 million to $1 billion. Fried Frank gave a presentation to our board of directors that described the directors fiduciary duties in considering the proposed transaction with TPG and described the terms of the merger agreement. Citigroup reviewed its financial analysis of the merger consideration and rendered to Aleris s board of directors an oral opinion, which was confirmed by delivery of a written opinion dated August 7, 2006, to the effect that, as of that date and based on and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of Aleris common stock. The board of directors then met without Mr. Demetriou and without Aleris management to further discuss the proposed transaction. After such discussion and consideration of certain factors, including those described under Reasons for the Merger , the Aleris board of directors unanimously approved the merger agreement and the transactions contemplated thereby.

On the evening of August 7, 2006, Aleris, Parent and Merger Sub finalized and executed the merger agreement, and on the morning of August 8, 2006, Aleris publicly announced that the Company had entered into a definitive merger agreement with TPG.

Shortly after the merger agreement was signed, and in accordance with the go-shop provisions of the merger agreement, Citigroup, on behalf of Aleris, contacted more than 20 selected strategic bidders (including company 1) to solicit their potential interest in pursuing a transaction with Aleris and distributed a package of public information relating to Aleris to strategic bidders that expressed interest in receiving such information. To date, the Company has not received any proposals for the acquisition of the Company from any such strategic bidders. In accordance with the go-shop provisions of the merger agreement, no financial buyers were contacted or provided with any information with respect to any potential interest in pursuing a transaction with Aleris. Aleris continues to consider its strategic alternatives on an ongoing basis, including by having discussions concerning potential acquisitions by Aleris that may take place before or following completion of the merger.

Reasons for the Merger

In evaluating the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Aleris board of directors consulted with Aleris s management, financial advisor and legal counsel. The Aleris board of directors considered the following factors and potential benefits of the merger, each of which it believed supported its decision:

The merger consideration of $52.50 per share in cash represents (1) a premium of approximately 27.3% to the closing sale price of Aleris common stock on August 4, 2006, the last full trading day before the time our board of directors met to consider approval of the merger agreement, which was prior to the Company s release of record second quarter earnings on August 8, 2006 of $1.40 per share, which

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(according to published reports) exceeded the securities analysts estimates of $1.24 per share (which estimates were consistent with the Company s prior guidance), (2) a premium of approximately 23.6% to the weighted average trading price of Aleris common stock as of August 1, 2006 and (3) a substantial premium to the average trading price of Aleris common stock prior to the 13D filings by OZ Management, L.L.C. and Brahman Capital Corp. See Background of the Merger .

The merger consideration is all cash.

The advantages and disadvantages of alternatives to the merger, including Aleris remaining as an independent publicly traded company, the potential creation of stockholder value, the ability to achieve the Company s strategic goals, the possibility of an alternative transaction with a third party (based in part on the Company s previous discussions with potential financial buyers besides TPG, and that none of these parties was likely to offer a purchase price greater than the purchase price offered by TPG), and that the merger was more favorable to the stockholders than any other alternative reasonably available to the Company and its stockholders. See Background of the Merger .

The highly cyclical nature of the Company s business and the current stage of that cycle, including that aluminum prices reached a ten-year high in May 2006 and had retreated from those highs.

The views of the Company s management regarding the risks of achieving the Company s business plan in light of the cyclical nature of the Company s business and that aluminum prices reached a ten-year high in May 2006 and had retreated from those highs, and that the merger maximized stockholder value.

On July 10, 2006, Alcoa, Inc. had announced a record quarter, but had seen its stock price decline from a closing price of $33.55 a share on July 7, 2006 to a closing price of $30.79 a share on July 14, 2006. (We note, however, that Alcoa, Inc. s results were below consensus securities analysts estimates.)

The financial presentation of Citigroup, including its opinion, dated August 7, 2006, to Aleris s board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Aleris common stock. See Opinion of Aleris s Financial Advisor .

The strength of the debt commitment letters and equity commitment letters obtained by Parent.

The merger is subject to the approval and adoption of the merger agreement by holders of a majority of the outstanding shares of Aleris common stock, and the availability of appraisal rights to holders of Aleris common stock who comply with all of the required procedures under Delaware law, which allows stockholders to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery. See Rights of Appraisal .

The general terms and conditions of the merger agreement, which were favorable to Aleris and were the product of arms -length negotiations between the parties, including the parties representations, warranties and covenants, the conditions to the parties obligations, the likelihood of consummation of the merger, the termination provisions of the merger agreement and the time necessary to close the transaction.

The Aleris board of directors considered, among others, the following favorable terms of the merger agreement:

The merger agreement provides for a 30-day post-signing go-shop period during which the Company may solicit interest in an alternative transaction from, provide non-public information to, and engage in discussions with, anyone who directly or indirectly through a controlled entity manufactures or fabricates metals and is not a discretionary private equity fund or other discretionary investment vehicle.

The merger agreement permits Aleris, under certain circumstances (including as described in the preceding sub-bullet), to provide non-public information to, and engage in discussions with, any third-party that proposes an alternative transaction involving the Company, and to terminate the merger agreement to accept a superior proposal upon payment of a $40 million termination fee to Parent.

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The limited nature of the closing conditions included in the merger agreement and the likelihood of satisfaction of all conditions to consummation of the merger, including the absence of any financing condition and the fact that if Parent and Merger Sub fail to close the transaction because of a failure to receive the debt financing proceeds, Merger Sub must pay Aleris a $40 million termination fee as the Company s exclusive remedy unless Parent or Merger Sub is otherwise in breach of the merger agreement, in which case the maximum recovery by Aleris against Parent and Merger Sub (and their respective affiliates) is capped at $100 million. Parent is generally obligated to close the merger notwithstanding any breaches of Aleris s representations and warranties, unless those breaches would have a material adverse effect on Aleris.

The surviving corporation in the merger will indemnify the Company s directors and officers for all prior acts and maintain the existing charter and bylaw indemnification provisions for at least six years. The Company will purchase a tail insurance policy with respect to directors and officers insurance covering a period of six years following the merger at a premium not to exceed 400% of the annual premium on the Company s current policy.

The surviving corporation in the merger will provide certain continuing employee benefits to Aleris employees for at least one year following the merger.

The Aleris board of directors also considered and balanced against the potential benefits of the merger, the following potentially adverse factors concerning the merger:

The risk of diverting management resources from other strategic opportunities and from operational matters for an extended period of time.

Aleris stockholders will lose the opportunity to participate in any future earnings growth of the Company and will not benefit from any future appreciation in the value of Aleris.

Certain of Aleris s directors and officers may receive benefits that are different from, and in addition to, those of Aleris s other stockholders. The merger will accelerate restricted stock and performance units held by certain directors and officers.

The Aleris board of directors also considered, among others, the following negative terms of the merger agreement:

The restrictions on solicitation of alternative proposals.

The right of Parent to obtain information with respect to any alternative proposals and to a three business day period to make adjustments to its proposal before the Aleris board of directors can change its recommendation or the Company can terminate the merger agreement to enter into a superior proposal.

If the merger agreement is terminated under certain circumstances, Aleris is obligated to pay Parent a $40 million termination fee. This provision will make it more costly for a third party to effect an alternative transaction.

The possibility that certain provisions in the merger agreement could discourage a competing proposal to acquire Aleris or lower the price per share a competing bidder may be willing to pay in an alternative transaction. However, after considering certain

factors and after discussions with Aleris s legal and financial advisors, the Aleris board of directors concluded that these provisions should not preclude other parties from making a competing proposal.

Parent has a specified period to market its debt financing during which it is not obligated to close the merger.

The restrictions on the conduct of the Company s business prior to the completion of the merger, which require the Company to conduct its business only i