

## Novelis Provides Bi-Weekly Status Update On Financial Review

ATLANTA, Jan. 31 /PRNewswire-FirstCall/ -- Novelis Inc. (NYSE: NVL; Toronto) today provided an update on the comprehensive financial review that is currently under way on its opening financial statements as a public company. The review covers an evaluation of the reserves and contingencies to the closing balance sheet that was a carve-out from its former parent, as well as the adjustments made to create its opening balance sheet as a public entity. The Company said that while the review is progressing well, it has identified non-cash accounting errors potentially affecting certain years prior to 2005, before it became an independent enterprise.

The Audit Committee of the Board of Directors and Novelis management are in the process of determining whether the non-cash errors should be deemed material in the aggregate or in any one or more of the individual prior years, which could result in the need to restate the Company's financials in 2002, 2003, and/or 2004. Although the review is not complete, the Company currently expects the cumulative effect on net income of all the errors for 2002, 2003 and 2004 to range from a comparatively small negative impact on earnings to a \$20 million addition to earnings.

The Company is working toward completion of the review, which is being conducted in close cooperation with its outside advisors and independent auditors, on or before April 14, 2006. Novelis said it needs this time to complete its work given the identification of prior-year errors, the need to determine the impact of those errors on prior years' financials, the complex nature of the review that covers several years and requires comprehensive documentation from individual plants related to financials from the carve-out period, and the number of external parties whose input and approval are required to complete the process.

The review has also confirmed that, as previously announced, Novelis will restate the first and second quarters of 2005 to correct accounting errors on the tax effect of currency fluctuations on inter-company loans from Novelis, as a Canadian corporation, to its European subsidiaries, as well as the partial reversal of a reserve related to a long-standing Brazilian tax litigation matter.

As a result of the need for additional time, Novelis will not file its third quarter 2005 Form 10-Q by February 13, 2006, as required in a waiver granted under its Credit Agreement. The Company will therefore seek from its lenders a waiver extension to April 14, 2006, to file that 10-Q. The Company will also request from its lenders an extension of the March 31, 2006, deadline until May 31, 2006, to report its 2005 Annual Report on Form 10-K and an extension of the May 15, 2006, deadline until June 15, 2006, to report its Form 10-Q for the first quarter of 2006.

Once its financial review is complete, the Company will restate its financial results for the first and second quarters of 2005, report its third quarter 2005 financial results, and file its amended first and second quarter and the initial third quarter report on Form 10-Q.

In its discussions with its lenders about the waiver, Novelis will inform them that it has continued to make significant progress in reducing the Company's debt. During the three quarters ended September 30, 2005, the Company reduced its total debt position by \$266 million from the debt at the time of the spin-off of \$2,951 million. Cash and cash equivalents as of September 30, 2005, were \$124 million.

In addition to the \$266 million debt reduction in the first three quarters, the Company further paid down its Term Loan B by \$80 million in the fourth quarter of 2005 while Novelis Korea borrowed \$30 million of long-term debt at the beginning of the quarter to redeem preferred shares held by Novelis Inc.

Novelis provides this bi-weekly status update pursuant to the policies of the Ontario Securities Commission (OSC) and the Canadian Securities Administrators (CSA). The current Management Cease Trade Orders issued by the OSC and certain of the other CSA will continue beyond February 13, 2006, until the Company is current in its statutory financial statement filing obligations. The Company will continue to provide bi-weekly status reports during that period in accordance with the policies of the OSC and the CSA.

Novelis is the global leader in aluminum rolled products and aluminum can recycling. The Company has 36 operating facilities in 11 countries and more than 13,000 employees. Novelis has the unrivaled capability to provide its customers with a regional supply of technically sophisticated rolled aluminum products throughout Asia, Europe, North America, and South America. Through its advanced production capabilities, the company supplies aluminum sheet and foil to the automotive and transportation, beverage and food packaging, construction and industrial, and printing markets. For more information, visit <http://www.novelis.com>.

Statements made in this news release which describe Novelis' intentions, expectations or predictions may be forward-looking statements within the meaning of securities laws. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially

from those expressed or implied in such statements. Important factors which could cause such differences include the price of aluminum, global supply and demand conditions for rolled aluminum products, changes in the relative value of various currencies, demand and pricing within the principal markets for the Company's products, changes in government regulations, particularly those affecting environmental, health or safety compliance, economic developments, relationships with (and financial or operating conditions of) customers and suppliers, competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials, the level of our indebtedness and ability to generate cash and other factors relating to the Company's ongoing operations, the nature of and the materiality of items identified during the review and restatement process, the timing to complete the review and restatement, the agreement of the lenders and regulatory authorities to the requested extensions to the referenced filing deadlines and preliminary estimates to debt levels, debt reduction, and cash balances. The financial information provided in this news release was prepared by management and has not been audited. Reference should be made to Novelis' registration statement on Form S-4 filed with the Securities and Exchange Commission for a discussion of major risk factors.

SOURCE Novelis Inc.

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