

Novelis Completes Amendment To Credit Agreement

ATLANTA, Oct. 16 /PRNewswire-FirstCall/ -- Novelis Inc. (NYSE: NVL) (TSX: NVL) today announced that the Company and its lenders have agreed to amend certain financial covenants and other provisions of the Company's \$1.8 billion Credit Agreement.

Effective today, the covenants concerning the minimum interest coverage, maximum total leverage, and fixed charge coverage ratios will be relaxed for the periods through and including the first quarter of 2008.

The Company's request for financial covenant relief was in response to an increase in interest expense and a reduction in EBITDA due mostly to losses in connection with certain can sheet sales that are affected by contractual metal price ceilings. The other, non-financial, covenant amendments will enable Novelis to improve its working capital management and access its global cash more efficiently in order to continue de-leveraging.

Novelis has reduced its Term Loan from \$1,300 million at inception to \$798 million at the end of the second quarter of 2006. Total debt has been reduced by approximately \$468 million over the same period. As previously disclosed, the outlook for 2007 is for continued de-leveraging, on the order of \$150 million to \$200 million, assuming average aluminum prices of \$2,500 per metric ton.

Novelis is the global leader in aluminum rolled products and aluminum can recycling. The Company operates in 11 countries and has approximately 12,500 employees. Novelis has the unrivaled capability to provide its customers with a regional supply of technologically 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 www.novelis.com.

Statements made in this news release which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of such statements in this news release include, among other matters, our ability to enter into cash pools, execute on our de-leveraging strategy, and pay down debt in the third quarter. 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. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: the level of our indebtedness and our ability to generate cash; relationships with, and financial and operating conditions of, our customers and suppliers; changes in the prices and availability of aluminum (or premiums associated with such prices) or other raw materials we use; the effect of metal price ceilings in certain of our sales contracts; and our ability to successfully negotiate with our customers to remove or limit metal price ceilings in our contracts. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the SEC, and may be discussed in subsequent filings with the SEC. Further, the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2005, are specifically incorporated by reference into this news release.

SOURCE Novelis Inc.

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