UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2009

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to .

Commission file number 001-32312

Novelis Inc.

(Exact name of registrant as specified in its charter)

Canada *(State or other jurisdiction of incorporation or organization)*	**98-0442987** *(I.R.S. Employer Identification Number)*
3399 Peachtree Road NE, Suite 1500, Atlanta, GA *(Address of principal executive offices)*	**30326** *(Zip Code)*

(404) 814-4200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes ☐ No ☑

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of May 31, 2009, the registrant had 77,459,658 common shares outstanding. All of the Registrant's outstanding shares were held indirectly by Hindalco Industries Ltd., the Registrant's parent company.

DOCUMENTS INCORPORATED BY REFERENCE
None

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA

This document contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industry in which we operate, and beliefs and assumptions made by our management. Such statements include, in particular, statements about our plans, strategies and prospects under the headings "Item 1. Business," "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." Words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" and variations of such words and similar expressions are intended to identify such forward-looking statements. Examples of forward-looking statements in this Annual Report on Form 10-K include, but are not limited to, our expectations with respect to the impact of metal price movements on our financial performance; our metal price ceiling exposure; the effectiveness of our hedging programs and controls; and our future borrowing availability. These statements are based on beliefs and assumptions of Novelis' management, which in turn are based on currently available information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking 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.

This document also contains information concerning our markets and products generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which these markets and product categories will develop. These assumptions have been derived from information currently available to us and to the third party industry analysts quoted herein. This information includes, but is not limited to, product shipments and share of production. Actual market results may differ from those predicted. We do not know what impact any of these differences may have on our business, our results of operations, financial condition, and cash flow. 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;
- changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use;
- the effect of metal price ceilings in certain of our sales contracts;
- the capacity and effectiveness of our metal hedging activities, including our internal used beverage can (UBC) and smelter hedges;
- relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders;
- fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities;
- our ability to access financing to fund current operations and for future capital requirements;
- changes in interest rates under our Asset Backed Loan (ABL) Credit Agreement
- continuing obligations and other relationships resulting from our spin-off from Alcan, Inc.;
- changes in the relative values of various currencies and the effectiveness of our currency hedging activities;
- factors affecting our operations, such as litigation, environmental remediation and clean-up costs, labor relations and negotiations, breakdown of equipment and other events;
- economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs;
- competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials;
- changes in general economic conditions, including further deterioration in the global economy;

- our ability to maintain effective internal control over financial reporting and disclosure controls and procedures in the future;
- changes in the fair value of derivative instruments;
- cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries;
- changes in government regulations, particularly those affecting taxes, climate change, environmental, health or safety compliance;
- changes in interest rates that have the effect of increasing the amounts we pay under our principal credit agreement and other financing agreements; and
- the effect of taxes and changes in tax rates.

The above list of factors is not exhaustive. These and other factors are discussed in more detail under "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

In this Annual Report on Form 10-K, unless otherwise specified, the terms "we," "our," "us," "Company," "Novelis" and "Novelis Group" refer to Novelis Inc., a company incorporated in Canada under the Canadian Business Corporations Act (CBCA) and its subsidiaries. References herein to "Hindalco" refer to Hindalco Industries Limited. In October 2007, Rio Tinto Group purchased all of the outstanding shares of Alcan, Inc. References herein to "Alcan" refer to Rio Tinto Alcan Inc.

Exchange Rate Data

We prepare our financial statements in United States (U.S.) dollars. As of December 31, 2008, the Federal Reserve Bank of New York ceased the practice of maintaining and publishing historical exchange rates. From December 31, 2008 onward, we used the CitiFX Benchmark, published by Citibank, for exchange rate information published as of 16:00 Greenwich Mean Time (GMT) (11:00 A.M. Eastern Standard Time).

The following table sets forth exchange rate information expressed in terms of Canadian dollars per U.S. dollar at the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. As noted above, the year ended March 31, 2009 includes exchange data from Citibank as of 16:00 GMT. The rates set forth below may differ from the actual rates used in our accounting processes and in the preparation of our consolidated financial statements.

Period	At Period End	Average Rate(A)	High	Low
Year Ended December 31, 2004	1.2034	1.2984	1.3970	1.1775
Year Ended December 31, 2005	1.1656	1.2083	1.2703	1.1507
Year Ended December 31, 2006	1.1652	1.1310	1.1726	1.0955
Three Months Ended March 31, 2007(B)	1.1530	1.1674	1.1852	1.1530
April 1, 2007 Through May 15, 2007(B)	1.0976	1.1022	1.1583	1.0976
May 16, 2007 Through March 31, 2008(B)	1.0275	1.0180	1.1028	0.9168
Year Ended March 31, 2009	1.2579	1.1247	1.2694	0.9938

(A) The average of the 16:00 GMT buying rates on the last day of each month during the period.

(B) See Note 1 — Business and Summary of Significant Accounting Policies ("*Acquisition of Novelis Common Stock and Predecessor and Successor Reporting*") to our accompanying consolidated financial statements.

All dollar figures herein are in U.S. dollars unless otherwise indicated.

Commonly Referenced Data

As used in this Annual Report, "total shipments" refers to shipments to third parties of aluminum rolled products as well as ingot shipments, and references to "aluminum rolled products shipments" or "shipments" do not include ingot shipments. All tonnages are stated in metric tonnes. One metric tonne is equivalent to 2,204.6 pounds. One kilotonne (kt) is 1,000 metric tonnes. The term "aluminum rolled products" is synonymous with the terms "flat rolled products" and "FRP" commonly used by manufacturers and third party analysts in our industry.

PART I

Item 1. *Business*

Overview

We are the world's leading aluminum rolled products producer based on shipment volume in fiscal 2009, with total shipments of approximately 2,943 kt in fiscal 2009. We are the only company of our size and scope focused solely on aluminum rolled products markets and capable of local supply of technologically sophisticated aluminum products in all of these geographic regions. We are also the global leader in the recycling of used aluminum beverage cans. We had net sales of approximately $10.2 billion for the year ended March 31, 2009.

Organization and Description of Business

Novelis Inc., formed in Canada on September 21, 2004, and its subsidiaries, is the world's leading aluminum rolled products producer based on shipment volume. We produce aluminum sheet and light gauge products for end-use markets including construction and industrial, beverage and food cans, foil products and transportation markets. As of March 31, 2009, we had operations in 11 countries on four continents: North America; South America; Asia; and Europe, through 32 operating plants, one research facility and several market-focused innovation centers. In addition to aluminum rolling and recycling, our South American businesses include bauxite mining, alumina refining, primary aluminum smelting and power generation facilities that are integrated with our rolling plants in Brazil.

On May 18, 2004, Alcan announced its intention to transfer its rolled products businesses into a separate company and to pursue a spin-off of that company to its shareholders. The spin-off occurred on January 6, 2005, following approval by Alcan's board of directors and shareholders, and legal and regulatory approvals. Alcan shareholders received one Novelis common share for every five Alcan common shares held.

Acquisition of Novelis Common Stock and Predecessor and Successor Reporting

On May 15, 2007, the Company was acquired by Hindalco through its indirect wholly-owned subsidiary pursuant to a plan of arrangement (the Arrangement) at a price of $44.93 per share. The aggregate purchase price for all of the Company's common shares was $3.4 billion and Hindalco also assumed $2.8 billion of Novelis' debt for a total transaction value of $6.2 billion. Subsequent to completion of the Arrangement on May 15, 2007, all of our common shares were indirectly held by Hindalco.

Our acquisition by Hindalco was recorded in accordance with Staff Accounting Bulletin No. 103, *Push Down Basis of Accounting Required in Certain Limited Circumstances* (SAB 103). In the accompanying consolidated balance sheets, the consideration and related costs paid by Hindalco in connection with the acquisition have been "pushed down" to us and have been allocated to the assets acquired and liabilities assumed in accordance with Financial Accounting Standards Board (FASB) Statement No. 141, *Business Combinations* (FASB 141). Due to the impact of push down accounting, the Company's consolidated financial statements and certain note presentations separate the Company's presentation into two distinct periods to indicate the application of two different bases of accounting between the periods presented: (1) the period up to, and including, the May 15, 2007 acquisition date (labeled "Predecessor") and (2) the period after that date (labeled "Successor"). The accompanying consolidated financial statements include a black line division which indicates that the Predecessor and Successor reporting entities shown are not comparable.

Change in Fiscal Year End

On June 26, 2007, our board of directors approved the change of our fiscal year end to March 31 from December 31. On June 28, 2007, we filed a Transition Report on Form 10-Q for the three month period ended March 31, 2007 with the United States Securities and Exchange Commission (SEC) pursuant to Rule 13a-10 under the Securities Exchange Act of 1934 for transition period reporting. Accordingly, these consolidated financial statements present our financial position as of March 31, 2009 and 2008, and the results of our

operations, cash flows and changes in shareholder's equity for the year ended March 31, 2009, the periods from May 16, 2007 through March 31, 2008 and from April 1, 2007 through May 15, 2007, the three months ended March 31, 2007 and the year ended December 31, 2006.

Our Industry

The aluminum rolled products market represents the global supply of and demand for aluminum sheet, plate and foil produced either from sheet ingot or continuously cast roll-stock in rolling mills operated by independent aluminum rolled products producers and integrated aluminum companies alike.

Aluminum rolled products are semi-finished aluminum products that constitute the raw material for the manufacture of finished goods ranging from automotive body panels to household foil. There are two major types of manufacturing processes for aluminum rolled products differing mainly in the process used to achieve the initial stage of processing:

- *hot mills* — that require sheet ingot, a rectangular slab of aluminum, as starter material; and
- *continuous casting mills* — that can convert molten metal directly into semi-finished sheet.

Both processes require subsequent rolling, which we call cold rolling, and finishing steps such as annealing, coating, leveling or slitting to achieve the desired thicknesses and metal properties. Most customers receive shipments in the form of aluminum coil, a large roll of metal, which can be fed into their fabrication processes.

There are two sources of input material: (1) primary aluminum, such as molten metal, re-melt ingot and sheet ingot; and (2) recycled aluminum, such as recyclable material from fabrication processes, which we refer to as recycled process material, used beverage cans (UBCs) and other post-consumer aluminum.

Primary aluminum can generally be purchased at prices set on the London Metal Exchange (LME), plus a premium that varies by geographic region of delivery, form (ingot or molten metal) and purity.

Recycled aluminum is also an important source of input material. Aluminum is infinitely recyclable and recycling it requires only approximately 5% of the energy needed to produce primary aluminum. As a result, in regions where aluminum is widely used, manufacturers and customers are active in setting up collection processes in which UBCs and other recyclable aluminum are collected for re-melting at purpose-built plants. Manufacturers may also enter into agreements with customers who return recycled process material and pay to have it re-melted and rolled into the same product again.

There has been a long-term industry trend towards lighter gauge (thinner) rolled products, which we refer to as "downgauging," where customers request products with similar properties using less metal in order to reduce costs and weight. For example, aluminum rolled products producers and can fabricators have continuously developed thinner walled cans with similar strength as previous generation containers, resulting in a lower cost per unit. As a result of this trend, aluminum tonnage across the spectrum of aluminum rolled products, and particularly for the beverage and food cans end-use market, has declined on a per unit basis, but actual rolling machine hours per unit have increased. Because the industry has historically tracked growth based on aluminum tonnage shipped, we believe the downgauging trend may contribute to an understatement of the actual growth of revenue attributable to rolling in some end-use markets.

End-use Markets

Aluminum rolled products companies produce and sell a wide range of aluminum rolled products, which can be grouped into four end-use markets based upon similarities in end-use applications: (1) beverage and food cans; (2) construction and industrial; (3) foil products and (4) transportation. Within each end-use market, aluminum rolled products are manufactured with a variety of alloy mixtures; a range of tempers (hardness), gauges (thickness) and widths; and various coatings and finishes. Large customers typically have customized needs resulting in the development of close relationships with their supplying mills and close technical development relationships.

Beverage and Food Cans. Beverage cans are the single largest aluminum rolled products application, accounting for approximately 23% of total worldwide shipments in the calendar year ended December 31,

2008, according to market data from Commodity Research Unit International Limited (CRU), an independent business analysis and consultancy group focused on the mining, metals, power, cables, fertilizer and chemical sectors. Beverage and food cans is also our largest end-use market, making up 56% and 51% of total shipments for the years ended March 31, 2009 and 2008, respectively. The recyclability of aluminum cans enables them to be used, collected, melted and returned to the original product form many times, unlike steel, paper or polyethylene terephthalate plastic (PET plastic), which deteriorate with every iteration of recycling. Aluminum beverage cans also offer advantages in fabricating efficiency and product shelf life. Fabricators are able to produce and fill beverage cans at very high speeds, and non-porous aluminum cans provide longer shelf life than PET plastic containers. Aluminum cans are light, stackable and use space efficiently, making them convenient and cost efficient to ship.

Downgauging and changes in can design help to reduce total costs on a per can basis and contribute to making aluminum more competitive with substitute materials.

Beverage can sheet is sold in coil form for the production of can bodies, ends and tabs. The material can be ordered as rolled, degreased, pre-lubricated, pre-treated and/or lacquered. Typically, can makers define their own specifications for material to be delivered in terms of alloy, gauge, width and surface finish.

Other applications in this end-use market include food cans and screw caps for the beverage industry.

Construction and Industrial. Construction is the largest application within this end-use market. Aluminum rolled products developed for the construction industry are often decorative and non-flammable, offer insulating properties, are durable and corrosion resistant, and have a high strength-to-weight ratio. Aluminum siding, gutters, and downspouts comprise a significant amount of construction volume. Other applications include doors, windows, awnings, canopies, facades, roofing and ceilings.

Aluminum's ability to conduct electricity and heat and to offer corrosion resistance makes it useful in a wide variety of electronic and industrial applications. Industrial applications include electronics and communications equipment, process and electrical machinery and lighting fixtures. Uses of aluminum rolled products in consumer durables include microwaves, coffee makers, flat screen televisions, air conditioners, pleasure boats and cooking utensils.

Another industrial application is lithographic sheet. Print shops, printing houses and publishing groups use lithographic sheet to print books, magazines, newspapers and promotional literature. In order to meet the strict quality requirements of the end-users, lithographic sheet must meet demanding metallurgical, surface and flatness specifications.

Foil Products. Aluminum, because of its relatively light weight, recyclability and formability, has a wide variety of uses in packaging. Converter foil is very thin aluminum foil, plain or printed, that is typically laminated to plastic or paper to form an internal seal for a variety of packaging applications, including juice boxes, pharmaceuticals, food pouches, cigarette packaging and lid stock. Customers order coils of converter foil in a range of thicknesses from 6 microns to 60 microns.

Household foil includes home and institutional aluminum foil wrap sold as a branded or generic product. Known in the industry as packaging foil, it is manufactured in thicknesses ranging from 11 microns to 23 microns. Container foil is used to produce semi-rigid containers such as pie plates and take-out food trays and is usually ordered in a range of thicknesses ranging from 60 microns to 200 microns.

Transportation. Heat exchangers, such as radiators and air conditioners, are an important application for aluminum rolled products in the truck and automobile categories of the transportation end-use market. Original equipment manufacturers (OEM) also use aluminum sheet with specially treated surfaces and other specific properties for interior and exterior applications. Newly developed alloys are being used in transportation tanks and rigid containers that allow for safer and more economical transportation of hazardous and corrosive materials.

There has been recent growth in certain geographic markets in the use of aluminum rolled products in automotive body panel applications, including hoods, deck lids, fenders and lift gates. These uses typically result from co-operative efforts between aluminum rolled products manufacturers and their customers that yield tailor-made solutions for specific requirements in alloy selection, fabrication procedure, surface quality

and joining. We believe the recent growth in automotive body panel applications is due in part to the lighter weight, better fuel economy and improved emissions performance associated with these applications.

Aluminum rolled products are also used in aerospace applications, a segment of the transportation market in which we are not allowed to compete until January 6, 2010, pursuant to a non-competition agreement we entered into with Alcan in connection with the spin-off, as described under the heading "Business — Arrangements Between Novelis and Alcan — Non-competition." However, aerospace-related consumption of aluminum rolled products has historically represented a relatively small portion of total aluminum rolled products market shipments.

Aluminum is also used in the construction of ships' hulls and superstructures and passenger rail cars because of its strength, light weight, formability and corrosion resistance.

Market Structure

The aluminum rolled products industry is characterized by economies of scale, significant capital investments required to achieve and maintain technological capabilities and demanding customer qualification standards. The service and efficiency demands of large customers have encouraged consolidation among suppliers of aluminum rolled products.

While our customers tend to be increasingly global, many aluminum rolled products tend to be produced and sold on a regional basis. The regional nature of the markets is influenced in part by the fact that not all mills are equipped to produce all types of aluminum rolled products. For instance, only a few mills in North America, Europe, Asia, and only one mill in South America produce beverage can body and end stock. In addition, individual aluminum rolling mills generally supply a limited range of products for end-use applications, and seek to maximize profits by producing high volumes of the highest margin mix per mill hour given available capacity and equipment capabilities.

Certain multi-purpose, common alloy and plate rolled products are imported into Europe and North America from producers in emerging markets, such as Brazil, South Africa, Russia and China. However, at this time we believe that most of these producers are generally unable to produce flat rolled products that meet the quality requirements, lead times and specifications of customers with more demanding applications. In addition, high freight costs, import duties, inability to take back recycled aluminum, lack of technical service capabilities and long lead-times mean that many developing market exporters are viewed as second-tier suppliers. Therefore, many of our customers in the Americas, Europe and Asia do not look to suppliers in these emerging markets for a significant portion of their requirements.

Competition

The aluminum rolled products market is highly competitive. We face competition from a number of companies in all of the geographic regions and end-use markets in which we operate. Our primary competitors are as follows:

North America

Alcoa, Inc. (Alcoa)
Aleris International, Inc. (Aleris)
Arco Aluminium, (a subsidiary of BP plc)
Norandal Aluminum
Wise Metal Group LLC
Rio Tinto Alcan Inc.

Asia

Furukawa-Sky Aluminum Corp.
Sumitomo Light Metal Company, Ltd.
Southwest Aluminum Co. Ltd.
Kobe Steel Ltd.
Alcoa

Europe

Hydro A.S.A.
Rio Tinto Alcan Inc.
Alcoa
Aleris

South America

Companhia Brasileira de Alumínio
Alcoa

The factors influencing competition vary by region and end-use market, but generally we compete on the basis of our value proposition, including price, product quality, the ability to meet customers' specifications, range of products offered, lead times, technical support and customer service. In some end-use markets, competition is also affected by fabricators' requirements that suppliers complete a qualification process to supply their plants. This process can be rigorous and may take many months to complete. As a result, obtaining business from these customers can be a lengthy and expensive process. However, the ability to obtain and maintain these qualifications can represent a competitive advantage.

In addition to competition from others within the aluminum rolled products industry, we, as well as the other aluminum rolled products manufacturers, face competition from non-aluminum material producers, as fabricators and end-users have, in the past, demonstrated a willingness to substitute other materials for aluminum. In the beverage and food cans end-use market, aluminum rolled products' primary competitors are glass, PET plastic, and in some regions, steel. In the transportation end-use market, aluminum rolled products compete mainly with steel and composites. Aluminum competes with wood, plastic, cement and steel in building products applications. Factors affecting competition with substitute materials include price, ease of manufacture, consumer preference and performance characteristics.

Key Factors Affecting Supply and Demand

The following factors have historically affected the supply of aluminum rolled products:

Production Capacity. As in most manufacturing industries with high fixed costs, production capacity has the largest impact on supply in the aluminum rolled products industry. In the aluminum rolled products industry, the addition of production capacity requires large capital investments and significant plant construction or expansion, and typically requires long lead-time equipment orders.

Alternative Technology. Advances in technological capabilities allow aluminum rolled products producers to better align product portfolio and supply with industry demand. As an example, continuous casting offers the ability to increase capacity in smaller increments than is possible with hot mill additions. This enables production capacity to better adjust to small year-over-year increases in demand. However, the continuous casting process results in the production of a more limited range of products.

Trade. Some trade flows do occur between regions despite shipping costs, import duties and the need for localized customer support. Higher value-added, specialty products such as lithographic sheet and some foils are more likely to be traded internationally, especially if demand in certain markets exceeds local supply. With respect to less technically demanding applications, emerging markets with low cost inputs may export commodity aluminum rolled products to larger, more mature markets. Accordingly, regional changes in supply, such as plant expansions, may have some effect on the worldwide supply of commodity aluminum rolled products.

The following factors have historically affected the demand for aluminum rolled products:

Economic Growth. We believe that economic growth is currently the single largest driver of aluminum rolled products demand. In mature markets, growth in demand has typically correlated closely with growth in industrial production. In emerging markets such as China, growth in demand typically exceeds industrial production growth largely because of expanding infrastructures, capital investments and rising incomes that often accompany economic growth in these markets.

Substitution Trends. Manufacturers' willingness to substitute other materials for aluminum in their products and competition from substitution materials suppliers also affect demand. For example, in North America, competition from PET plastic containers and glass bottles, and changes in marketing channels and consumer preferences in beverage containers, have, in recent years, reduced the growth rate of aluminum can sheet in North America from the high rates experienced in the 1970s and 1980s. Historically, despite changes in consumer preferences, North American aluminum beverage can shipments have remained at approximately 100 billion cans per year since 1994 according to the Can Manufacturers Institute. For the calendar year ended December 31, 2008, North American aluminum beverage can

shipments have declined by approximately 2.8% to 97.4 billion cans mainly due to a decline in carbonated soft drinks.

Downgauging. Increasing technological and asset sophistication has enabled aluminum rolling companies to offer consistent or even improved product strength using less material, providing customers with a more cost-effective product. This continuing trend reduces raw material requirements, but also effectively increases rolled products' plant utilization rates and reduces available capacity, because to produce the same number of units requires more rolling hours to achieve thinner gauges. As utilization rates increase, revenues rise as pricing tends to be based on machine hours used rather than on the volume of material rolled. On balance, we believe that downgauging has maintained or enhanced overall market economics for both users and producers of aluminum rolled products.

Seasonality. While demand for certain aluminum rolled products is affected by seasonal factors, such as increases in consumption of beer and soft drinks packaged in aluminum cans and the use of aluminum sheet used in the construction and industrial end-use market during summer months, our presence in both the northern and southern hemispheres tends to dampen the impact of seasonality on our business.

Our Business Strategy

Our primary objective is to deliver value by being the most innovative and profitable aluminum rolled products company in the world. We intend to achieve this objective through the following areas of focus:

Expand our global leadership position in can sheet, automotive sheet and recycling

- Build upon our leadership in these three growth markets where our global manufacturing footprint is a distinct advantage. In can stock we are the number one producer in all of our regions, with continued growth in developing markets such as Asia, South America and Eastern Europe. The automotive market has great future potential and Novelis is the only company capable of producing exterior body sheet in both Europe and North America. In the recycling business, we are the largest processor of used beverage cans, recycling approximately 39 billion cans in fiscal 2009. We are striving to increase the availability of recycled metal to meet the growing demand for sustainable packaging.

Grow our premium product portfolio

- Improve our product mix and margins by leveraging our assets and technical capabilities into products and markets that have higher margins, stability, barriers to entry and growth.
- Grow through the development of innovative products and processes.

Drive constant improvement in our operations as a globally integrated company

- Drive improvement towards global standards of excellence, specifically in areas of finance, risk management, procurement, and manufacturing. Through our business systems, we will achieve seamless alignment of goals, methods and metrics across the organization.

Our Operating Segments

Due in part to the regional nature of supply and demand of aluminum rolled products and in order to best serve our customers, we manage our activities on the basis of geographical areas and are organized under four operating segments: North America; Europe; Asia and South America. The following is a description of our operating segments:

- *North America.* Headquartered in Cleveland, Ohio, this segment manufactures aluminum sheet and light gauge products and operates 11 plants, including two fully dedicated recycling facilities, in two countries.

- *Europe.* Headquartered in Zurich, Switzerland, this segment manufactures aluminum sheet and foil products and operates 14 plants, including one recycling facility, in six countries.
- *Asia.* Headquartered in Seoul, South Korea, this segment manufactures aluminum sheet and light gauge products and operates three plants in two countries.
- *South America.* Headquartered in Sao Paulo, Brazil, this segment comprises bauxite mining, aluminum smelting operations, power generation, aluminum sheet and light gauge products and operates four plants in Brazil.

The table below shows Net sales and total shipments by segments as a percentage of our consolidated Net sales and consolidated total shipments (all amounts in millions, except shipments, which are in kt). For additional financial information related to our operating segments, see Note 21 — Segment, Geographical Area and Major Customer Information in the accompanying consolidated financial statements.

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Consolidated					
Net sales(A)	$ 10,177	$ 9,965	$ 1,281	$ 2,630	$ 9,849
Total shipments	2,943	2,787	363	772	3,123
North America					
Net sales	38.6%	36.6%	34.8%	35.2%	37.5%
Total shipments	37.6%	37.0%	36.9%	37.0%	39.4%
Europe					
Net sales	36.4%	38.4%	39.8%	40.2%	36.8%
Total shipments	34.3%	34.9%	36.4%	37.2%	34.4%
Asia					
Net sales	15.1%	16.1%	16.9%	15.7%	17.2%
Total shipments	15.6%	16.9%	16.3%	15.2%	16.5%
South America					
Net sales	9.9%	8.9%	8.5%	8.9%	8.8%
Total shipments	12.4%	11.2%	10.4%	10.6%	9.8%

(A) Consolidated Net sales include the results of our non-consolidated affiliates on a proportionately consolidated basis, which is consistent with the way we manage our business segments. These Net sales were $14 million, $5 million, and $17 million, for the year ended March 31, 2009, the period from May 16, 2007 through March 31, 2008 and for the year ended December 31, 2006, respectively. There were less than $1 million of Net sales from our non-consolidated affiliates in each of the periods from April 1, 2007 through May 15, 2007, and the three months ended March 31, 2007.

We have highly automated, flexible and advanced manufacturing capabilities in operating facilities around the globe. In addition to the aluminum rolled products plants, our South America segment operates bauxite mining, alumina refining, hydro-electric power plants and smelting facilities. We believe our facilities have the assets required for efficient production and are well managed and maintained. For a further discussion of financial information by geographic area, refer to Note 21 — Segment, Geographical Area and Major Customer Information to our consolidated financial statements.

North America

Through 11 aluminum rolled products facilities, including two fully dedicated recycling facilities as of March 31, 2009, North America manufactures aluminum sheet and light gauge products. Important end-use

applications for this segment include beverage cans, containers and packaging, automotive and other transportation applications, building products and other industrial applications.

The majority of North America's efforts are directed towards the beverage can sheet market. The beverage can end-use application is technically demanding to supply and pricing is competitive. We believe we have a competitive advantage in this market due to our low-cost and technologically advanced manufacturing facilities and technical support capability. Recycling is important in the manufacturing process and we have five facilities in North America that re-melt post-consumer aluminum and recycled process material. Most of the recycled material is from used beverage cans and the material is cast into sheet ingot for North America's two can sheet production plants (at Logan, Kentucky and Oswego, New York).

In June 2008, we closed our Louisville, Kentucky plant where we produced light gauge converter foil products.

Europe

Europe produces value-added sheet and foil products through 14 operating plants as of March 31, 2009, including one recycling facility.

Europe serves a broad range of aluminum rolled product end-use applications including: construction and industrial; beverage and food can; foil and technical products; lithographic; automotive and other. Beverage and food represent the largest end-use market in terms of shipment volume by Europe.

Europe also has foil packaging facilities at six locations, and in addition to rolled product plants, has distribution centers in Italy and France together with sales offices in several European countries. In April 2009, we closed the distribution center in France.

In March 2009, we announced the closure of our aluminum sheet mill in Rogerstone, South Wales, U.K. The facility ceased operations in April 2009.

Asia

Asia operates three manufacturing facilities as of March 31, 2009 and manufactures a broad range of sheet and light gauge products. End-use applications include beverage and food cans, foil, electronics and construction and industrial products. The beverage can market represents the largest end-use application in terms of volume. Recycling is an important part of our Korean operations with recycling facilities at both the Ulsan and Yeongju facilities.

We believe that Asia is well-positioned to benefit from further economic development in China as well as other parts of Asia.

South America

South America operates two rolling plants, two primary aluminum smelters, and hydro-electric power plants as of March 31, 2009, all of which are located in Brazil. South America manufactures various aluminum rolled products, including can stock, automotive and industrial sheet and light gauge for the beverage and food can, construction and industrial and transportation and packaging end-use markets. More than 80% of our shipments for the past two years were in the beverage and food can market.

The primary aluminum operations in South America include a mine, refinery and smelters used by our Brazilian aluminum rolled products operations, with any excess production being sold on the market in the form of aluminum billets. South America generates a portion of its own power requirements.

In May 2009, we ceased the production of alumina at our Ouro Preto facility in Brazil.

Raw Materials and Suppliers

The raw materials that we use in manufacturing include primary aluminum, recycled aluminum, sheet ingot, alloying elements and grain refiners. Our smelters also use alumina, caustic soda and calcined petroleum

coke and resin. These raw materials are generally available from several sources and are not generally subject to supply constraints under normal market conditions. We also consume considerable amounts of energy in the operation of our facilities.

Aluminum

We obtain aluminum from a number of sources, including the following:

Primary Aluminum Sourcing. We purchased or tolled approximately 1,820 kt of primary aluminum in fiscal 2009 in the form of sheet ingot, standard ingot and molten metal, as quoted on the London Metal Exchange (LME), approximately 41% of which we purchased from Rio Tinto Alcan. Following our spin-off from Alcan, we have continued to purchase aluminum from Alcan pursuant to the metal supply agreements described under "Item 1. Arrangements Between Novelis and Alcan." Our primary aluminum contracts with Alcan were renegotiated and the amended agreements took effect on January 1, 2008.

Primary Aluminum Production. We produced approximately 103 kt of our own primary aluminum requirements in fiscal 2009 through our smelter and related facilities in Brazil.

Recycled Aluminum Products. We operate facilities in several plants to recycle post-consumer aluminum, such as UBCs collected through recycling programs. In addition, we have agreements with several of our large customers where we take recycled processed material from their fabricating activity and re-melt, cast and roll it to re-supply them with aluminum sheet. Other sources of recycled material include lithographic plates, where over 90% of aluminum used is recycled, and products with longer lifespans, like cars and buildings, which are just starting to become high volume sources of recycled material. We purchased or tolled approximately 1,025 kt of recycled material inputs in fiscal 2009.

The majority of recycled material we re-melt is directed back through can-stock plants. The net effect of these activities in terms of total shipments of rolled products is that approximately 32% of our aluminum rolled products production for fiscal 2009 was made with recycled material.

Energy

We use several sources of energy in the manufacture and delivery of our aluminum rolled products. In fiscal 2009, natural gas and electricity represented approximately 89% of our energy consumption by cost. We also use fuel oil and transport fuel. The majority of energy usage occurs at our casting centers, at our smelters in South America and during the hot rolling of aluminum. Our cold rolling facilities require relatively less energy. We purchase our natural gas on the open market, which subjects us to market pricing fluctuations. We have in the past and may continue to seek to stabilize our future exposure to natural gas prices through the purchase of derivative instruments. Natural gas prices in Europe, Asia and South America have historically been more stable than in the United States.

A portion of our electricity requirements are purchased pursuant to long-term contracts in the local regions in which we operate. A number of our facilities are located in regions with regulated prices, which affords relatively stable costs.

Our South America segment has its own hydroelectric facilities that meet approximately 25% of its total electricity requirements for smelting operations. As a result of supply constraints, electricity prices in South America have been volatile, with spot prices increasing dramatically. We have a mixture of self-generated electricity, long term fixed contracts and shorter term semi-variable contracts. Although spot prices have returned to normal levels, we may continue to face challenges renewing our South American energy supply contracts at effective rates to enable profitable operation of our full smelter capacity.

Others

We also have bauxite and alumina requirements. We will satisfy some of our alumina requirements for the near term pursuant to the alumina supply agreement we have entered into with Alcan as discussed below under "Item 1. Arrangements Between Novelis and Alcan."

Our Customers

Although we provide products to a wide variety of customers in each of the markets that we serve, we have experienced consolidation trends among our customers in many of our key end-use markets. In fiscal 2009, approximately 45% of our total net sales were to our ten largest customers, most of whom we have been supplying for more than 20 years. To address consolidation trends, we focus significant efforts at developing and maintaining close working relationships with our customers and end-users. Our major customers include:

Agfa-Gevaert N.V.	Daching Holdings Limited
Alcan's packaging business group	Lotte Aluminum Co. Ltd.
Anheuser-Busch Companies, Inc.	Kodak Polychrome Graphics GmbH
Affiliates of Ball Corporation	Impress
BMW Group	Pactiv Corporation
Can-Pack S.A.	Rexam Plc
Various bottlers of the Coca-Cola system	Ryerson Inc.
Crown Cork & Seal Company, Inc.	Tetra Pak Ltd.

In our single largest end-use market, beverage can sheet, we sell directly to beverage makers and bottlers as well as to can fabricators that sell the cans they produce to bottlers. In certain cases, we also operate under umbrella agreements with beverage makers and bottlers under which they direct their can fabricators to source their requirements for beverage can body, end and tab stock from us. Among these umbrella agreements is an agreement, referred to as the CC agreement, with several North American bottlers of Coca-Cola branded products, including Coca-Cola Bottlers' Sales and Services. Under the CC agreement, we shipped approximately 352 kt of beverage can sheet (including tolled metal) during fiscal 2009. These shipments were made to, and we received payment from, our direct customers, being the beverage can fabricators that sell beverage cans to the Coca-Cola associated bottlers. Under the CC agreement, bottlers in the Coca-Cola system may join the CC agreement by committing a specified percentage of the can sheet required by their can fabricators to us.

Purchases by Rexam Plc and its affiliates represented approximately 17%, 15%, 14%, 16%, and 14% of our total net sales for the year ended March 31, 2009, the period from May 16, 2007 through March 31, 2008; the period from April 1, 2007 through May 15, 2007; the three months ended March 31, 2007; and the year ended December 31, 2006, respectively.

Distribution and Backlog

We have two principal distribution channels for the end-use markets in which we operate: direct sales and distributors. Approximately 93%, 90%, 91%, 89%, and 87% of our total net sales were derived from direct sales to our customers and approximately 7%, 10%, 9%, 11%, and 13% of our total net sales were derived from distributors for the year ended March 31, 2009, the period from May 16, 2007 through March 31, 2008; the period from April 1, 2007 through May 15, 2007; the three months ended March 31, 2007; and the year ended December 31, 2006, respectively.

Direct Sales

We supply various end-use markets all over the world through a direct sales force that operates from individual plants or sales offices, as well as from regional sales offices in 21 countries. The direct sales channel typically involves very large, sophisticated fabricators and original equipment manufacturers. Longstanding relationships are maintained with leading companies in industries that use aluminum rolled products. Supply contracts for large global customers generally range from one to five years in length and historically there has been a high degree of renewal business with these customers. Given the customized nature of products and in some cases, large order sizes, switching costs are significant, thus adding to the overall consistency of the customer base.

We also use third party agents or traders in some regions to complement our own sales force. They provide service to our customers in countries where we do not have local expertise. We tend to use third party agents in Asia more frequently than in other regions.

Distributors

We also sell our products through aluminum distributors, particularly in North America and Europe. Customers of distributors are widely dispersed, and sales through this channel are highly fragmented. Distributors sell mostly commodity or less specialized products into many end-use markets in small quantities, including the construction and industrial and transportation markets. We collaborate with our distributors to develop new end-use applications and improve the supply chain and order efficiencies.

Backlog

We believe that order backlog is not a material aspect of our business.

Research and Development

The table below summarizes our research and development expense in our plants and modern research facilities, which included mini-scale production lines equipped with hot mills, can lines and continuous casters (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Research and development expenses	$ 41	$ 46	$ 6	$ 8	$ 40

We conduct research and development activities at our plants in order to satisfy current and future customer requirements, improve our products and reduce our conversion costs. Our customers work closely with our research and development professionals to improve their production processes and market options. We have approximately 200 employees dedicated to research and development, located in many of our plants and research center.

Our Employees

As of March 31, 2009, we had approximately 12,300 employees. Approximately 5,800 are employed in Europe, approximately 3,000 are employed in North America, approximately 1,500 are employed in Asia and approximately 2,000 are employed in South America and other areas. Approximately 70% of our employees are represented by labor unions and their employment conditions are governed by collective bargaining agreements. Collective bargaining agreements are negotiated on a site, regional or national level, and are of different durations. We believe that we have good labor relations in all our operations and have not experienced a significant labor stoppage in any of our principal operations during the last decade.

Intellectual Property

In connection with our spin-off, Alcan has assigned or licensed to us a number of important patents, trademarks and other intellectual property rights owned or previously owned by Alcan and required for our business. Ownership of certain intellectual property that is used by both us and Alcan is owned by one of us, and licensed to the other. Certain specific intellectual property rights, which have been determined to be exclusively useful to us or which were required to be transferred to us for regulatory reasons, have been assigned to us with no license back to Alcan.

We actively review intellectual property arising from our operations and our research and development activities and, when appropriate, we apply for patents in the appropriate jurisdictions, including the United States and Canada. We currently hold patents and patent applications on approximately 190 different items of

intellectual property. While these patents and patent applications are important to our business on an aggregate basis, no single patent or patent application is deemed to be material to our business.

We have applied for or received registrations for the "Novelis" word trademark and the Novelis logo trademark in approximately 50 countries where we have significant sales or operations. Novelis uses the Aditya Birla Rising Sun logo under license from Aditya Birla Management Corporation Private Limited.

We have also registered the word "Novelis" and several derivations thereof as domain names in numerous top level domains around the world to protect our presence on the World Wide Web.

Environment, Health and Safety

We own and operate numerous manufacturing and other facilities in various countries around the world. Our operations are subject to environmental laws and regulations from various jurisdictions, which govern, among other things, air emissions, wastewater discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, post-mining reclamation and restoration of natural resources, and employee health and safety. Future environmental regulations may be expected to impose stricter compliance requirements on the industries in which we operate. Additional equipment or process changes at some of our facilities may be needed to meet future requirements. The cost of meeting these requirements may be significant. Failure to comply with such laws and regulations could subject us to administrative, civil or criminal penalties, obligations to pay damages or other costs, and injunctions and other orders, including orders to cease operations.

We are involved in proceedings under the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, also known as CERCLA or Superfund, or analogous state provisions regarding our liability arising from the usage, storage, treatment or disposal of hazardous substances and wastes at a number of sites in the United States, as well as similar proceedings under the laws and regulations of the other jurisdictions in which we have operations, including Brazil and certain countries in the European Union. Many of these jurisdictions have laws that impose joint and several liability, without regard to fault or the legality of the original conduct, for the costs of environmental remediation, natural resource damages, third party claims, and other expenses. In addition, we are, from time to time, subject to environmental reviews and investigations by relevant governmental authorities.

We have established procedures for regularly evaluating environmental loss contingencies, including those arising from environmental reviews and investigations and any other environmental remediation or compliance matters. We believe we have a reasonable basis for evaluating these environmental loss contingencies, and we also believe we have made reasonable estimates for the costs that are likely to be ultimately borne by us for these environmental loss contingencies. Accordingly, we have established reserves based on our reasonable estimates for the currently anticipated costs associated with these environmental matters. Management has determined that the currently anticipated costs associated with these environmental matters will not, individually or in the aggregate, materially impair our operations or materially adversely affect our financial condition.

We expect that our total expenditures for capital improvements regarding environmental control facilities for the year ending March 31, 2010 will be approximately $12 million.

Arrangements Between Novelis and Alcan

In connection with our spin-off from Alcan, we entered into a number of ancillary agreements with Alcan governing certain terms of our spin-off as well as various aspects of our relationship with Alcan following the spin-off. These ancillary agreements include:

Transitional Services and Similar Agreements. Pursuant to a collection of approximately 130 individual transitional services agreements, Alcan has provided to us and we have provided to Alcan, as applicable, on an interim, transitional basis, various services, including, but not limited to, treasury administration, selected benefits administration functions, employee compensation and information technology services. The agreed upon charges for these services generally allow us or Alcan, as

applicable, to recover fully the allocated costs of providing the services, plus all out-of-pocket costs and expenses plus a margin of five percent. No margin is added to the cost of services supplied by external suppliers. The majority of the individual service agreements, which began on the spin-off date, terminated on or prior to December 31, 2005. However, we had a continuing agreement with Alcan through 2008 to use certain information technology hosting services to support our financial accounting systems for the Nachterstedt and Goettingen plants.

Metal Supply Agreements. We and Alcan have entered into four multi-year metal supply agreements pursuant to which Alcan supplies us with specified quantities of re-melt ingot, molten metal and sheet ingot in North America and Europe on terms and conditions determined primarily by Alcan. We believe these agreements provide us with the ability to cover some metal requirements through a pricing formula pursuant to our spin-off agreement with Alcan. In addition, an ingot supply agreement in effect between Alcan and Novelis Korea Ltd. prior to the spin-off remains in effect following the spin-off.

On February 26, 2008, we and Alcan agreed to amend and restate four existing multi-year metal supply agreements, which took effect as of January 1, 2008.

The amended and restated metal supply agreement for the supply of re-melt aluminum ingot amends and restates the supply agreement dated January 5, 2005 between the parties. This amended agreement extends the term, establishes an annual quantity of remelt ingot to be supplied and purchased subject to adjustment, establishes certain delivery requirements, changes certain pricing provisions, and revises certain payment terms, among other standard terms and conditions.

The amended and restated molten metal supply agreement for the supply of molten metal to the Company's Saguenay Works Facility amends and restates the supply agreement dated January 5, 2005 between the parties. This amended agreement changes certain pricing provisions, and revises certain payment terms, among other standard terms and conditions.

The amended and restated metal supply agreement for the supply of sheet ingot in North America amends and restates the supply agreement dated January 5, 2005 between the parties. This amended agreement extends the term, establishes an annual quantity of sheet ingot to be supplied and purchased subject to adjustment, changes certain pricing provisions, and revises certain payment terms, among other standard terms and conditions.

The amended and restated metal supply agreement for the supply of sheet ingot in Europe amends and restates the supply agreement dated January 5, 2005 between the parties. This amended agreement extends the term, establishes an annual quantity of sheet ingot to be supplied and purchased subject to adjustment, and changes certain pricing provisions, among other standard terms and conditions.

Foil Supply Agreements. In 2005, we entered into foil supply agreements with Alcan for the supply of foil from our facilities located in Norf, Ludenscheid and Ohle, Germany to Alcan's packaging facility located in Rorschach, Switzerland as well as from our facilities located in Utinga, Brazil to Alcan's packaging facility located in Maua, Brazil. These agreements are for five-year terms during the course of which we will supply specified percentages of Alcan's requirements for its facilities described above (in the case of Alcan's Rorschach facility, 94% in 2006, 93% in 2007, 92% in 2008 and 90% in 2009, and in the case of Alcan's Maua facility, 70%). In addition, we will continue to supply certain of Alcan's European operations with foil under the terms of two agreements that were in effect prior to the spin-off.

Alumina Supply Agreements. We have entered into a ten-year alumina supply agreement with Alcan pursuant to which we purchase from Alcan, and Alcan supplies to us, alumina for our primary aluminum smelter located in Aratu, Brazil. The annual quantity of alumina to be supplied under this agreement is between 85 kt and 126 kt. In addition, an alumina supply agreement between Alcan and Novelis Deutschland GmbH that was in effect prior to the spin-off remains in effect following the spin-off.

Available Information

We are subject to the reporting and information requirements of the Securities Exchange Act of 1934, as amended (Exchange Act) and, as a result, we file periodic reports and other information with the SEC. We make these filings available on our website free of charge, the URL of which is http://www.novelis.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains a website (http://www.sec.gov) that contains our annual, quarterly and current reports and other information we file electronically with the SEC. You can read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1850, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Information on our website does not constitute part of this Annual Report on Form 10-K.

Item 1A. ***Risk Factors***

Risks Related to our Business and the Market Environment

Economic conditions could continue to materially adversely affect our financial condition, results of operations, and liquidity.

Our financial condition and results of operations depend significantly on worldwide economic conditions. These economic conditions have recently deteriorated significantly in many countries and regions in which we do business, and may remain depressed for the foreseeable future. Uncertainty about current global economic conditions poses a risk as our customers may postpone purchases in response to tighter credit and negative financial news, which could adversely impact demand for our products. These and other economic factors have, and may continue to have, a significant impact on our financial condition and results of operations.

The current financial turmoil affecting the banking system and financial markets and the possibility that additional financial institutions may consolidate or go out of business has resulted in a tightening in the credit markets, a low level of liquidity in many financial markets, and extreme volatility in fixed income, credit, currency and equity markets. There could be a number of follow-on effects from the credit crisis on our business, including the insolvency of key suppliers or their inability to obtain credit to finance development and/or manufacture products resulting in product delays and the inability of customers to purchase our products or pay for products they have already received. If conditions become more severe or continue longer than we anticipate, or if we are unable to adequately respond to unforeseeable changes in demand resulting from economic conditions, our financial condition and results of operations may be materially adversely affected.

The deterioration of global economic conditions combined with rapidly declining aluminum prices from a peak of $3,292 per tonne in July 2008 to $1,365 per tonne on March 31, 2009 have placed pressure on our short-term liquidity. In the near term, our forecast indicates our liquidity position will be tight, but adequate as we settle outstanding derivative positions. However, our liquidity needs could increase due to the unpredictability of current market conditions and their potential effect on customer credit, future derivative settlements, future sales volume, our credit, or other matters. As a result, management has undertaken a number of activities to generate cash in the near term as well as implement changes in our cost structure that will benefit our liquidity in the long-term.

In addition, we use various derivative instruments to manage the risks arising from fluctuations in exchange rates, interest rates, aluminum prices and energy prices. The current financial turmoil affecting the banking system and financial markets could affect whether the counterparties to our derivative instruments are able to honor their agreements. We may be exposed to losses in the future if the counterparties to our derivative instruments fail to honor their agreements. Our maximum potential loss may exceed the amount recognized in the accompanying March 31, 2009 consolidated balance sheet.

Certain of our customers are significant to our revenues, and we could be adversely affected by changes in the business or financial condition of these significant customers or by the loss of their business.

Our ten largest customers accounted for approximately 45%, 45%, 47%, 43% and 43% of our total net sales for the year ended March 31, 2009; the period from May 16, 2007 through March 31, 2008; the period from April 1, 2007 to May 15, 2007; the three months ended March 31, 2007; and the year ended December 31, 2006, respectively, with Rexam Plc and its affiliates representing approximately 17%, 15%, 14%, 16% and 14% of our total net sales in the respective periods. A significant downturn in the business or financial condition of our significant customers could materially adversely affect our results of operations or cash flows. In addition, if our existing relationships with significant customers materially deteriorate or are terminated in the future, and we are not successful in replacing business lost from such customers, our results of operations or cash flows could be adversely affected. Some of the longer term contracts under which we supply our customers, including under umbrella agreements such as those described under "Item 1. Business — Our Customers," are subject to renewal, renegotiation or re-pricing at periodic intervals or upon changes in competitive supply conditions. Our failure to successfully renew, renegotiate or re-price such agreements could result in a reduction or loss in customer purchase volume or revenue, and if we are not successful in replacing business lost from such customers, our results of operations or cash flows could be adversely affected. The markets in which we operate are competitive and customers may seek to consolidate supplier relationships or change suppliers to obtain cost savings and other benefits.

Our profitability or cash flows could be adversely affected by our inability to pass through metal price increases due to metal price ceilings in certain of our sales contracts.

Prices for metal are volatile, have been impacted by recent structural changes in the market, and may increase from time to time. Nearly all of our products have a price structure with two components: (i) a pass-through aluminum price based on the LME plus local market premiums and (ii) a "conversion premium" price based on the conversion cost to produce the rolled product and the competitive market conditions for that product. Sales contracts representing 257 kt and 300 kt of our fiscal 2009 and 2008 shipments, respectively, contained a ceiling over which metal prices could not be contractually passed through to certain customers, unless adjusted. This negatively impacted our margins and operating cash flows when the price we paid for metal was above the ceiling price contained in these contracts. We calculate and report this difference to be approximately the difference between the quoted purchase price on the LME (adjusted for any local premiums and for any price lag associated with purchasing or processing time) and the metal price ceiling in our contracts. Cash flows from operations are negatively impacted by the same amounts, adjusted for any timing difference between customer receipts and vendor payments, and offset partially by reduced income taxes.

During the years ended March 31, 2009, 2008 and 2007, we were unable to pass through approximately $176 million, $230 million and $460 million, respectively, of metal purchase costs associated with sales under these contracts. As a result of falling LME prices and based on a March 31, 2009 aluminum price of $1,365 per tonne, there is no unfavorable revenue or cash flow impact estimated through December 31, 2009 when these contracts expire. However, if metal prices increase above the metal price ceiling, our margins and operating cash flows will be negatively impacted.

Our efforts to mitigate the risk of rising metal prices may not be effective.

We employ the following strategies to manage and mitigate the risk associated with metal price ceilings and rising prices that we cannot pass through to certain customers:

- We maximize the amount of our internally supplied metal inputs from our smelting, refining and mining operations in Brazil and rely on output from our recycling operations which utilize used beverage cans (UBCs). Both of these sources of aluminum supply have historically provided an offsetting benefit to the metal price ceiling contracts. We refer to these two sources as "internal hedges."
- We entered into derivative instruments to hedge projected aluminum volume requirements above our assumed internal hedge position mitigating our exposure to further increases in LME. As a result of

these instruments, we will continue to incur cash losses related to these contracts even if LME remains below the ceiling price. As of March 31, 2009 the fair value of the liability associated with these derivative instruments was $141 million.

Our results and cash flows can be negatively impacted by timing differences between the prices we pay under purchase contracts and metal prices we charge our customers.

In some of our contracts there is a timing difference between the metal prices we pay under our purchase contracts and the metal prices we charge our customers. As a result, changes in metal prices impact our results, since during such periods we bear the additional cost or benefit of metal price changes, which could have a material effect on our profitability and cash flows.

Our operations consume energy and our profitability or cash flows may decline if energy costs were to rise, or if our energy supplies were interrupted.

We consume substantial amounts of energy in our rolling operations, our cast house operations and our Brazilian smelting operations. The factors that affect our energy costs and supply reliability tend to be specific to each of our facilities. A number of factors could materially adversely affect our energy position including:

- increases in costs of natural gas;
- significant increases in costs of supplied electricity or fuel oil related to transportation;
- interruptions in energy supply due to equipment failure or other causes;
- the inability to extend energy supply contracts upon expiration on economical terms; and
- the inability to pass through energy costs in certain sales contracts.

If energy costs were to rise, or if energy supplies or supply arrangements were disrupted, our profitability or cash flows could decline.

We may not have sufficient cash to repay indebtedness and we may be limited in our ability to access financing for future capital requirements, which may prevent us from increasing our manufacturing capability, improving our technology or addressing any gaps in our product offerings.

Although historically our cash flow from operations has been sufficient to repay indebtedness, satisfy working capital requirements and fund capital expenditure and research and development requirements, in the future we may need to incur additional debt or issue equity in order to fund these requirements as well as to make acquisitions and other investments. To the extent we are unable to raise new capital, we may be unable to increase our manufacturing capability, improve our technology or address any gaps in our product offerings. If we raise funds through the issuance of debt or equity, any debt securities or preferred shares issued may have rights and preferences and privileges senior to those of our common shares. The terms of the debt securities may impose restrictions on our operations that have an adverse impact on our financial condition.

Our substantial indebtedness could adversely affect our business and therefore make it more difficult for us to fulfill our obligations under our Credit Agreements and our Senior Notes.

On July 6, 2007, we entered into new senior secured credit facilities (Credit Agreements) providing for aggregate borrowings of up to $1.76 billion. The Credit Agreements consist of (1) a $960 million seven-year Term Loan facility (Term Loan facility) and (2) an $800 million five year multi-currency asset-based revolving credit line and letter of credit facility (ABL facility). As of March 31, 2009, we had total indebtedness of $2.8 billion, including our $1.1 billion of senior unsecured debt securities (Senior Notes) (excluding unamortized fair value adjustments recorded as a result of the Arrangement). Our substantial indebtedness and

interest expense could have important consequences to our Company and holders of our Senior Notes, including:

- limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of our growth strategy, or other general corporate purposes;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;
- increasing our vulnerability to general adverse economic and industry conditions;
- placing us at a competitive disadvantage as compared to our competitors that have less leverage;
- limiting our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation;
- limiting our ability or increasing the costs to refinance indebtedness; and
- limiting our ability to enter into marketing, hedging, optimization and trading transactions by reducing the number of counterparties with whom we can enter into such transactions as well as the volume of those transactions.

The covenants in our Credit Agreements and the indenture governing our Senior Notes impose significant operating and financial restrictions on us.

The Credit Agreements and the indenture governing the Senior Notes impose significant operating and financial restrictions on us. These restrictions limit our ability and the ability of our restricted subsidiaries, among other things, to:

- incur additional debt and provide additional guarantees;
- pay dividends beyond certain amounts and make other restricted payments;
- create or permit certain liens;
- make certain asset sales;
- use the proceeds from the sales of assets and subsidiary stock;
- create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
- engage in certain transactions with affiliates;
- enter into sale and leaseback transactions;
- designate subsidiaries as unrestricted subsidiaries; and
- consolidate, merge or transfer all or substantially all of our assets or the assets of our restricted subsidiaries.

The Credit Agreements also contains various affirmative covenants, with which we are required to comply.

Although we currently expect to comply with these covenants, we may be unable to comply with these covenants in the future. If we do not comply with these covenants and are unable to obtain waivers from our lenders, we would be unable to make additional borrowings under these facilities, our indebtedness under these agreements would be in default and could be accelerated by our lenders and could cause a cross-default under our other indebtedness, including our Senior Notes. If our indebtedness is accelerated, we may not be able to repay our indebtedness or borrow sufficient funds to refinance it. In addition, if we incur additional debt in the future, we may be subject to additional covenants, which may be more restrictive than those that we are subject to now.

A deterioration of our financial position or a downgrade of our ratings by a credit rating agency could increase our borrowing costs and our business relationships could be adversely affected.

A deterioration of our financial position or a downgrade of our ratings for any reason could increase our borrowing costs and have an adverse effect on our business relationships with customers, suppliers and hedging counterparties. From time to time, we enter into various forms of hedging activities against currency or metal price fluctuations and trade metal contracts on the LME. Financial strength and credit ratings are important to the availability and pricing of these hedging and trading activities. As a result, any downgrade of our credit ratings may make it more costly for us to engage in these activities, and changes to our level of indebtedness may make it more difficult or costly for us to engage in these activities in the future.

Adverse changes in currency exchange rates could negatively affect our financial results or cash flows and the competitiveness of our aluminum rolled products relative to other materials.

Our businesses and operations are exposed to the effects of changes in the exchange rates of the U.S. dollar, the euro, the British pound, the Brazilian real, the Canadian dollar, the Korean won and other currencies. We have implemented a hedging policy that attempts to manage currency exchange rate risks to an acceptable level based on our management's judgment of the appropriate trade-off between risk, opportunity and cost; however, this hedging policy may not successfully or completely eliminate the effects of currency exchange rate fluctuations which could have a material adverse effect on our financial results or cash flows.

We prepare our consolidated financial statements in U.S. dollars, but a portion of our earnings and expenditures are denominated in other currencies, primarily the euro, the Korean won and the Brazilian real. Changes in exchange rates will result in increases or decreases in our reported costs and earnings, and may also affect the book value of our assets located outside the U.S.

Most of our facilities are staffed by a unionized workforce, and union disputes and other employee relations issues could materially adversely affect our financial results.

Approximately 70% of our employees are represented by labor unions under a large number of collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate our collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on our financial results.

Our operations have been and will continue to be exposed to various business and other risks, changes in conditions and events beyond our control in countries where we have operations or sell products.

We are, and will continue to be, subject to financial, political, economic and business risks in connection with our global operations. We have made investments and carry on production activities in various emerging markets, including Brazil, Korea and Malaysia, and we market our products in these countries, as well as China and certain other countries in Asia, the Middle East and emerging markets in South America. While we anticipate higher growth or attractive production opportunities from these emerging markets, they also present a higher degree of risk than more developed markets. In addition to the business risks inherent in developing and servicing new markets, economic conditions may be more volatile, legal and regulatory systems less developed and predictable, and the possibility of various types of adverse governmental action more pronounced. In addition, inflation, fluctuations in currency and interest rates, competitive factors, civil unrest and labor problems could affect our revenues, expenses and results of operations. Our operations could also be adversely affected by acts of war, terrorism or the threat of any of these events as well as government actions such as controls on imports, exports and prices, tariffs, new forms of taxation, or changes in fiscal regimes and increased government regulation in the countries in which we operate or service customers. Unexpected or uncontrollable events or circumstances in any of these markets could have a material adverse effect on our financial results or cash flows.

We could be adversely affected by disruptions of our operations.

Breakdown of equipment or other events, including catastrophic events such as war or natural disasters, leading to production interruptions in our plants could have a material adverse effect on our financial results or cash flows. Further, because many of our customers are, to varying degrees, dependent on planned deliveries from our plants, those customers that have to reschedule their own production due to our missed deliveries could pursue financial claims against us. We may incur costs to correct any of these problems, in addition to facing claims from customers. Further, our reputation among actual and potential customers may be harmed, resulting in a loss of business. While we maintain insurance policies covering, among other things, physical damage, business interruptions and product liability, these policies may not cover all of our losses.

We may not be able to successfully develop and implement new technology initiatives in a timely manner.

We have invested in, and are involved with, a number of technology and process initiatives. Several technical aspects of these initiatives are still unproven and the eventual commercial outcomes cannot be assessed with any certainty. Even if we are successful with these initiatives, we may not be able to deploy them in a timely fashion. Accordingly, the costs and benefits from our investments in new technologies and the consequent effects on our financial results may vary from present expectations.

If we fail to establish and maintain effective internal control over financial reporting, we may have material misstatements in our financial statements and we may not be able to report our financial results in a timely manner.

In conjunction with this Annual Report on Form 10-K for the year ended March 31, 2009 and under the authorization and direction of our Audit Committee, management has assessed the effectiveness of the Company’s internal control over financial reporting as of March 31, 2009 and determined that a material weakness relating to the application of purchase accounting for an equity method investee including related income tax accounts has been identified.

Loss of our key management and other personnel, or an inability to attract such management and other personnel, could adversely impact our business.

We depend on our senior executive officers and other key personnel to run our business. The loss of any of these officers or other key personnel could materially adversely affect our operations. Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to improve manufacturing operations, conduct research activities successfully and develop marketable products.

Past and future acquisitions or divestitures may adversely affect our financial condition.

Historically, we have grown partly through the acquisition of other businesses, including businesses acquired by Alcan in its 2000 acquisition of the Alusuisse Group Ltd. and its 2003 acquisition of Pechiney, both of which were integrated aluminum companies. As part of our strategy for growth, we may continue to pursue acquisitions, divestitures or strategic alliances, which may not be completed or, if completed, may not be ultimately beneficial to us. There are numerous risks commonly encountered in business combinations, including the risk that we may not be able to complete a transaction that has been announced, effectively integrate businesses acquired or generate the cost savings and synergies anticipated. Failure to do so could have a material adverse effect on our financial results.

We could be required to make unexpected contributions to our defined benefit pension plans as a result of adverse changes in interest rates and the capital markets.

Most of our pension obligations relate to funded defined benefit pension plans for our employees in the U.S., the U.K. and Canada, unfunded pension benefits in Germany, and lump sum indemnities payable to our employees in France, Italy, Korea and Malaysia upon retirement or termination. Our pension plan assets

consist primarily of funds invested in listed stocks and bonds. Our estimates of liabilities and expenses for pensions and other postretirement benefits incorporate a number of assumptions, including expected long-term rates of return on plan assets and interest rates used to discount future benefits. Our results of operations, liquidity or shareholders' equity in a particular period could be adversely affected by capital market returns that are less than their assumed long-term rate of return or a decline of the rate used to discount future benefits.

If the assets of our pension plans do not achieve assumed investment returns for any period, such deficiency could result in one or more charges against our earnings for that period. In addition, changing economic conditions, poor pension investment returns or other factors may require us to make unexpected cash contributions to the pension plans in the future, preventing the use of such cash for other purposes.

We face risks relating to certain joint ventures and subsidiaries that we do not entirely control. Our ability to generate cash from these entities may be more restricted than if such entities were wholly-owned subsidiaries.

Some of our activities are, and will in the future be, conducted through entities that we do not entirely control or wholly own. These entities include our Norf, Germany and Logan, Kentucky joint ventures, as well as our majority-owned Korean and Malaysian subsidiaries. Our Malaysian subsidiary is a public company whose shares are listed for trading on the Bursa Malaysia Securities Berhad. Under the governing documents or agreements of securities laws applicable to or stock exchange listing rules relative to certain of these joint ventures and subsidiaries, our ability to fully control certain operational matters may be limited. In addition, we do not solely determine certain key matters, such as the timing and amount of cash distributions from these entities. As a result, our ability to generate cash from these entities may be more restricted than if they were wholly-owned entities.

We have supply agreements with Alcan for a portion of our raw materials requirements. If Alcan is unable to deliver sufficient quantities of these materials or if it terminates these agreements, our ability to manufacture products on a timely basis could be adversely affected.

The manufacture of our products requires sheet ingot that has historically been, in part, supplied by Alcan. For the year ended March 31, 2009, we purchased the majority of our third party sheet ingot requirements from Alcan's primary metal group. In connection with the spin-off, we entered into metal supply agreements with Alcan upon terms and conditions substantially similar to market terms and conditions for the continued purchase of sheet ingot from Alcan, which were amended in March 2008. If Alcan is unable to deliver sufficient quantities of this material on a timely basis or if Alcan terminates one or more of these agreements, our production may be disrupted and our net sales, profitability and cash flows could be materially adversely affected. Although aluminum is traded on the world markets, developing alternative suppliers for that portion of our raw material requirements we expect to be supplied by Alcan could be time consuming and expensive.

Our continuous casting operations at our Saguenay Works, Canada facility depend upon a local supply of molten aluminum from Alcan. For the fiscal year ended March 31, 2009, Alcan's primary metal group supplied 863 kt of such material to us, representing approximately 20% of the molten aluminum used at Saguenay Works. In connection with the spin-off, we entered into a metal supply agreement on terms determined primarily by Alcan for the continued purchase of molten aluminum from Alcan. If this supply were to be disrupted, our Saguenay Works production could be interrupted and our net sales, profitability and cash flows materially adversely affected.

We may lose key rights if a change in control of our voting shares were to occur.

Our separation agreement with Alcan provides that if we experience a change in control in our voting shares during the five years following the spin-off and if the entity acquiring control does not refrain from using the Novelis assets to compete against Alcan in the plate and aerospace products markets, Alcan may terminate any or all of certain agreements we currently have with Alcan. Hindalco delivered the requisite

non-compete agreement to Alcan on June 14, 2007, following its acquisition of our common shares. However, if Hindalco were to sell its controlling interest in Novelis before January 6, 2010, a new acquirer would be required to provide a similar agreement.

The termination of any of these agreements could deprive any potential acquirer of certain services, resources or rights necessary to the conduct of our business. Replacement of these assets could be difficult or impossible, resulting in a material adverse effect on our business operations, net sales, profitability and cash flows. In addition, the potential termination of these agreements could prevent us from entering into future business transactions such as acquisitions or joint ventures at terms favorable to us or at all.

Our agreement not to compete with Alcan in certain end-use markets may hinder our ability to take advantage of new business opportunities.

In connection with the spin-off, we agreed not to compete with Alcan for a period of five years from the spin-off date in the manufacture, production and sale of certain products for use in the plate and aerospace markets. As a result, it may be more difficult for us to pursue successfully new business opportunities, which could limit our potential sources of revenue and growth.

Risks Related to Our Industry

We face significant price and other forms of competition from other aluminum rolled products producers, which could hurt our results of operations or cash flows.

Generally, the markets in which we operate are highly competitive. We compete primarily on the basis of our value proposition, including price, product quality, ability to meet customers' specifications, range of products offered, lead times, technical support and customer service. Some of our competitors may benefit from greater capital resources, have more efficient technologies, or have lower raw material and energy costs and may be able to sustain longer periods of price competition.

In addition, our competitive position within the global aluminum rolled products industry may be affected by, among other things, the recent trend toward consolidation among our competitors, exchange rate fluctuations that may make our products less competitive in relation to the products of companies based in other countries (despite the U.S. dollar-based input cost and the marginal costs of shipping) and economies of scale in purchasing, production and sales, which accrue to the benefit of some of our competitors.

Increased competition could cause a reduction in our shipment volumes and profitability or increase our expenditures, either of which could have a material adverse effect on our financial results or cash flows.

The end-use markets for certain of our products are highly competitive and customers are willing to accept substitutes for our products.

The end-use markets for certain aluminum rolled products are highly competitive. Aluminum competes with other materials, such as steel, plastics, composite materials and glass, among others, for various applications, including in beverage and food cans and automotive end-use applications. In the past, customers have demonstrated a willingness to substitute other materials for aluminum. For example, changes in consumer preferences in beverage containers have increased the use of polyethylene terephthalate plastic (PET plastic) containers and glass bottles in recent years. These trends may continue. The willingness of customers to accept substitutes for aluminum products could have a material adverse effect on our financial results or cash flows.

A downturn in the economy could have a material adverse effect on our financial results or cash flows.

Certain end-use applications for aluminum rolled products, such as construction and industrial and transportation applications, experience demand cycles that are highly correlated to the general economic environment, which is sensitive to a number of factors outside our control. A recession or a slowing of the economy in any of the geographic segments in which we operate, including China where significant economic growth is expected, or a decrease in manufacturing activity in industries such as automotive, construction and packaging and consumer goods, could have a material adverse effect on our financial results or cash flows. We

are not able to predict the timing, extent and duration of the economic cycles in the markets in which we operate.

The seasonal nature of some of our customers' industries could have a material adverse effect on our financial results or cash flows.

The construction industry and the consumption of beer and soda are sensitive to weather conditions and as a result, demand for aluminum rolled products in the construction industry and for can feedstock can be seasonal. Our quarterly financial results could fluctuate as a result of climatic changes, and a prolonged series of cold summers in the different regions in which we conduct our business could have a material adverse effect on our financial results or cash flows.

We are subject to a broad range of environmental, health and safety laws and regulations in the jurisdictions in which we operate, and we may be exposed to substantial environmental, health and safety costs and liabilities.

We are subject to a broad range of environmental, health and safety laws and regulations in the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental, health and safety protection standards and permitting requirements regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices, the remediation of environmental contamination, post-mining reclamation and working conditions for our employees. Some environmental laws, such as Superfund and comparable laws in U.S. states and other jurisdictions worldwide, impose joint and several liability for the cost of environmental remediation, natural resource damages, third party claims, and other expenses, without regard to the fault or the legality of the original conduct.

The costs of complying with these laws and regulations, including participation in assessments and remediation of contaminated sites and installation of pollution control facilities, have been, and in the future could be, significant. In addition, these laws and regulations may also result in substantial environmental liabilities associated with divested assets, third party locations and past activities. In certain instances, these costs and liabilities, as well as related action to be taken by us, could be accelerated or increased if we were to close, divest of or change the principal use of certain facilities with respect to which we may have environmental liabilities or remediation obligations. Currently, we are involved in a number of compliance efforts, remediation activities and legal proceedings concerning environmental matters, including certain activities and proceedings arising under Superfund and comparable laws in U.S. states and other jurisdictions worldwide.

We have established reserves for environmental remediation activities and liabilities where appropriate. However, the cost of addressing environmental matters (including the timing of any charges related thereto) cannot be predicted with certainty, and these reserves may not ultimately be adequate, especially in light of potential changes in environmental conditions, changing interpretations of laws and regulations by regulators and courts, the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out additional compliance on certain sites not initially included in remediation in progress, our potential liability to remediate sites for which provisions have not been previously established and the adoption of more stringent environmental laws. Such future developments could result in increased environmental costs and liabilities and could require significant capital expenditures, any of which could have a material adverse effect on our financial condition, results or cash flows. Furthermore, the failure to comply with our obligations under the environmental laws and regulations could subject us to administrative, civil or criminal penalties, obligations to pay damages or other costs, and injunctions or other orders, including orders to cease operations. In addition, the presence of environmental contamination at our properties could adversely affect our ability to sell property, receive full value for a property or use a property as collateral for a loan.

Some of our current and potential operations are located or could be located in or near communities that may regard such operations as having a detrimental effect on their social and economic circumstances.

Environmental laws typically provide for participation in permitting decisions, site remediation decisions and other matters. Concern about environmental justice issues may affect our operations. Should such community objections be presented to government officials, the consequences of such a development may have a material adverse impact upon the profitability or, in extreme cases, the viability of an operation. In addition, such developments may adversely affect our ability to expand or enter into new operations in such location or elsewhere and may also have an effect on the cost of our environmental remediation projects.

We use a variety of hazardous materials and chemicals in our rolling processes, as well as in our smelting operations in Brazil and in connection with maintenance work on our manufacturing facilities. Because of the nature of these substances or related residues, we may be liable for certain costs, including, among others, costs for health-related claims or removal or re-treatment of such substances. Certain of our current and former facilities incorporate asbestos-containing materials, a hazardous substance that has been the subject of health-related claims for occupation exposure. In addition, although we have developed environmental, health and safety programs for our employees, including measures to reduce employee exposure to hazardous substances, and conduct regular assessments at our facilities, we are currently, and in the future may be, involved in claims and litigation filed on behalf of persons alleging injury predominantly as a result of occupational exposure to substances or other hazards at our current or former facilities. It is not possible to predict the ultimate outcome of these claims and lawsuits due to the unpredictable nature of personal injury litigation. If these claims and lawsuits, individually or in the aggregate, were finally resolved against us, our results of operations and cash flows could be adversely affected.

We may be exposed to significant legal proceedings or investigations.

From time to time, we are involved in, or the subject of, disputes, proceedings and investigations with respect to a variety of matters, including environmental, health and safety, product liability, employee, tax, personal injury, contractual and other matters as well as other disputes and proceedings that arise in the ordinary course of business. Certain of these matters are discussed in the preceding risk factor and certain others are discussed below under “Item 3. Legal Proceedings.” Any claims against us or any investigations involving us, whether meritorious or not, could be costly to defend or comply with and could divert management’s attention as well as operational resources. Any such dispute, litigation or investigation, whether currently pending or threatened or in the future, may have a material adverse effect on our financial results and cash flows.

Product liability claims against us could result in significant costs or negatively impact our reputation and could adversely affect our business results and financial condition.

We are sometimes exposed to warranty and product liability claims. There can be no assurance that we will not experience material product liability losses arising from such claims in the future and that these will not have a negative impact on our net sales and profitability. We generally maintain insurance against many product liability risks, but there can be no assurance that this coverage will be adequate for any liabilities ultimately incurred. In addition, there is no assurance that insurance will continue to be available on terms acceptable to us. A successful claim that exceeds our available insurance coverage could have a material adverse effect on our financial results and cash flows.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. *Properties*

Our executive offices are located in Atlanta, Georgia. We have 32 operating facilities, one research facility and several market-focused innovation centers in 11 countries as of March 31, 2009. We believe our facilities are generally well-maintained and in good operating condition and have adequate capacity to meet our current business needs. Our principal properties and assets have been pledged to banks pursuant to our senior secured credit facilities, as described in "Description of Material Indebtedness."

The following tables provide information, by operating segment, about the plant locations, processes and major end-use markets/applications for the aluminum rolled products, recycling and primary metal facilities we operated during all or part of the year ended March 31, 2009.

North America

Location	Plant Processes	Major End-Use Markets/Applications
Berea, Kentucky	Recycling	Recycled ingot
Burnaby, British Columbia	Finishing	Foil containers
Fairmont, West Virginia	Cold rolling, finishing	Foil, HVAC material
Greensboro, Georgia	Recycling	Recycled ingot
Kingston, Ontario	Cold rolling, finishing	Automotive, construction/industrial
Logan, Kentucky(i)	Hot rolling, cold rolling, finishing, recycling	Can stock
Louisville, Kentucky(ii)	Cold rolling, finishing	Foil, converter foil
Oswego, New York	Novelis Fusiontm casting, hot rolling, cold rolling, recycling, finishing	Can stock, construction/industrial, semi-finished coil
Saguenay, Quebec	Continuous casting, recycling	Semi-finished coil
Terre Haute, Indiana	Cold rolling, finishing	Foil
Toronto, Ontario	Finishing	Foil, foil containers
Warren, Ohio	Coating	Can end stock

(i) We own 40% of the outstanding common shares of Logan Aluminum Inc., but we have made subsequent equipment investments such that we now have rights to approximately 64% of Logan's total production capacity.

(ii) The Louisville, Kentucky plant was closed in June 2008.

Our Oswego, New York facility operates modern equipment for used beverage can recycling, ingot casting, hot rolling, cold rolling and finishing. In March 2006, we commenced commercial production using our Novelis Fusiontm technology — able to produce a high quality ingot with a core of one aluminum alloy, combined with one or more layers of different aluminum alloy(s). The ingot can then be rolled into a sheet product with different properties on the inside and the outside, allowing previously unattainable performance for flat rolled products and creating opportunity for new, premium applications. Oswego produces can stock as well as building and industrial products. Oswego also provides feedstock to our Kingston, Ontario facility, which produces heat-treated automotive sheet, and to our Fairmont, West Virginia facility, which produces light gauge sheet.

The Logan, Kentucky facility is a processing joint venture between us and Arco Aluminum Inc. (ARCO), a subsidiary of BP plc. Our equity investment in the joint venture is 40%, while ARCO holds the remaining 60% interest. Subsequent equipment investments have resulted in us now having access to approximately 64% of Logan's total production capacity. Logan, which was built in 1985, is the newest and largest hot mill in North America. Logan operates modern and high-speed equipment for ingot casting, hot-rolling, cold-rolling and finishing. Logan is a dedicated manufacturer of aluminum sheet products for the can stock market with modern equipment, an efficient workforce and product focus. A portion of the can end stock is coated at North America's Warren, Ohio facility, in addition to Logan's on-site coating assets. Together with ARCO, we

operate Logan as a production cooperative, with each party supplying its own primary metal inputs for transformation at the facility. The transformed product is then returned to the supplying party at cost. Logan does not own any of the primary metal inputs or any of the transformed products. All of the fixed assets at Logan are directly owned by us and ARCO in varying ownership percentages or solely by each party. As discussed in Note 1 — Business and Summary of Significant Accounting Policies in the accompanying consolidated financial statements, our consolidated balance sheets include our share of the assets and liabilities of Logan.

We share control of the management of Logan with ARCO through a seven-member board of directors on which we appoint four members and ARCO appoints three members. Management of Logan is led jointly by two executive officers who are subject to approval by at least five members of the board of directors.

Our Saguenay, Quebec facility operates the world's largest continuous caster, which produces feedstock for our two foil rolling plants located in Terre Haute, Indiana; and Fairmont, West Virginia. The continuous caster was developed through internal research and development and we own the process technology. Our Saguenay facility sources molten metal under long-term supply arrangements we have with Alcan.

In June 2008, we completed the closure of our light gauge converter products facility in Louisville, Kentucky. The closure was intended to bring the capacity of our North American operations in line with local market demand.

Our Burnaby, British Columbia and Toronto, Ontario facilities spool and package household foil products and report to our foil business unit based in Toronto, Ontario.

Along with our recycling center in Oswego, New York, we own two other fully dedicated recycling facilities in North America, located in Berea, Kentucky and Greensboro, Georgia. Each offers a modern, cost-efficient process to recycle used beverage cans and other recycled aluminum into sheet ingot to supply our hot mills in Logan and Oswego. Berea is the largest used beverage can recycling facility in the world.

Europe

Location	Plant Processes	Major End-Use Markets/Applications
Berlin, Germany	Converting	Packaging
Bresso, Italy	Finishing, painting	Painted sheet, architectural
Bridgnorth, United Kingdom	Cold rolling, finishing, converting	Foil, packaging
Dudelange, Luxembourg	Continuous casting, cold rolling, finishing	Foil
Göttingen, Germany	Cold rolling, finishing, painting	Can end, lithographic, painted sheet
Latchford, United Kingdom	Recycling	Sheet ingot from recycled metal
Ludenscheid, Germany	Cold rolling, finishing, converting	Foil, packaging
Nachterstedt, Germany	Cold rolling, finishing	Automotive, industrial
Norf, Germany(i)	Hot rolling, cold rolling	Can stock, foilstock, feeder stock for finishing operations
Ohle, Germany	Cold rolling, finishing, converting	Foil, packaging
Pieve, Italy	Continuous casting, cold rolling	Coil for Bresso, industrial
Rogerstone, United Kingdom(ii)	Hot rolling, cold rolling	Foilstock, paintstock, reroll, industrial
Rugles, France	Continuous casting, cold rolling, finishing	Foil
Sierre, Switzerland(iii)	Novelis Fusion^{tm} casting, hot rolling, cold rolling	Automotive sheet, industrial

(i) Operated as a 50/50 joint venture between us and Hydro Aluminium Deutschland GmbH (Hydro).

(ii) In March 2009, management approved the closure of our aluminum sheet mill in Rogerstone, South Wales, U.K. The facility ceased operations in April 2009.

(iii) We have entered into an agreement with Alcan pursuant to which Alcan retains access to the plate production capacity, which represents a portion of the total production capacity of the Sierre hot mill.

Aluminium Norf GmbH (Norf) in Germany, a 50/50 production-sharing joint venture between us and Hydro, is a large scale, modern manufacturing hub for several of our operations in Europe, and is the largest aluminum rolling mill and remelting operation in the world. Norf supplies hot coil for further processing through cold rolling to some of our other plants, including Goettingen and Nachterstedt in Germany and provides foilstock to our plants in Ohle and Ludenscheid in Germany and Rugles in France. Together with Hydro, we operate Norf as a production cooperative, with each party supplying its own primary metal inputs for transformation at the facility. The transformed product is then transferred back to the supplying party on a pre-determined cost-plus basis. The facility's capacity is shared 50/50. We own 50% of the equity interest in Norf and Hydro owns the other 50%. We share control of the management of Norf with Hydro through a jointly-controlled shareholders' committee. Management of Norf is led jointly by two managing executives, one nominated by us and one nominated by Hydro.

In March 2009, management approved the closure of our aluminum sheet mill in Rogerstone, South Wales, U.K. The facility ceased operations in April 2009. The Rogerstone mill in the United Kingdom supplied Bridgnorth and other foil plants with foilstock and produced hot coil for Nachterstedt and Pieve. In addition, Rogerstone produced standard sheet and coil for the European distributor market.

The Pieve plant, located near Milan, Italy, mainly produces continuous cast coil that is cold rolled into paintstock and sent to the Bresso plant for painting and some specialist finishing. Goettingen also has a paint line as well as lines for can end, food and lithographic sheet.

The Dudelange and Rugles foil plants in Luxembourg and France utilize continuous twin roll casting equipment and are two of the few foil plants in the world capable of producing 6 micron foil for aseptic packaging applications from continuous cast material. The Sierre hot rolling plant in Switzerland, along with Nachterstedt in Germany, are Europe's leading producers of automotive sheet in terms of shipments. Sierre also supplies plate stock to Alcan. In April 2008, we announced the commissioning of a new aluminum casthouse in Sierre and began producing multi-alloy sheet ingots in the plant using Novelis Fusiontm in August 2008.

Our recycling operation in Latchford, United Kingdom is the only major recycling plant in Europe dedicated to used beverage cans.

European operations also include Novelis PAE in Voreppe, France, which sells casthouse technology, including liquid metal treatment devices, such as degassers and filters, chill sheet ingot casters and twin roll continuous casters, in many parts of the world.

Asia

Location	Plant Processes	Major End-Use Markets/Applications
Bukit Raja, Malaysia(i)	Continuous casting, cold rolling	Construction/industrial, heavy and light gauge foils
Ulsan, Korea(ii)	Novelis Fusiontm casting, hot rolling, cold rolling, recycling	Can stock, construction/industrial, electronics, foilstock, and recycled material
Yeongju, Korea(iii)	Hot rolling, cold rolling, recycling	Can stock, construction/industrial, electronics, foilstock and recycled material

(i) Ownership of the Bukit Raja plant corresponds to our 58% equity interest in Aluminium Company of Malaysia Berhad.

(ii) We hold a 68% equity interest in the Ulsan plant.

(iii) We hold a 68% equity interest in the Yeongju plant.

Our Korean subsidiary, in which we hold a 68% interest, was formed through acquisitions in 1999 and 2000. Since our acquisitions, product capability has been developed to address higher value and more technically advanced markets such as can sheet.

We hold a 58% equity interest in the Aluminium Company of Malaysia Berhad, a publicly traded company that wholly owns and controls the Bukit Raja, Selangor light gauge rolling facility.

Unlike our production sharing joint ventures at Norf, Germany and Logan, Kentucky, our Korean partners are financial partners and we market 100% of the plants' output.

Asia also operates recycling furnaces at both its Ulsan and Yeongju facilities in Korea for the conversion of customer and third party recycled aluminum, including used beverage cans. Metal from recycled aluminum purchases represented 4% of Asia's total shipments in fiscal 2009. In June 2008, our plant in Ulsan began the commercial production of Novelis Fusiontm.

South America

Location	Plant Processes	Major End-Use Markets/Applications
Pindamonhangaba, Brazil	Hot rolling, cold rolling, recycling	Construction/industrial, can stock, foilstock, recycled ingot, foundry ingot, forge stock
Utinga, Brazil	Finishing	Foil
Ouro Preto, Brazil(i)	Smelting	Primary aluminum (sheet ingot and billets)
Aratu, Brazil	Smelting	Primary aluminum (sheet ingot)

(i) In May 2009, we ceased the production of alumina at our Ouro Preto facility in Brazil.

Our Pindamonhangaba (Pinda) rolling and recycling facility in Brazil has an integrated process that includes recycling, sheet ingot casting, hot mill and cold mill operations. A leased coating line produces painted products, including can end stock. Pinda supplies foilstock to our Utinga foil plant, which produces converter, household and container foil.

Pinda is the largest aluminum rolling and recycling facility in South America in terms of shipments and the only facility in South America capable of producing can body and end stock. Pinda recycles primarily used beverage cans, and is engaged in tolling recycled metal for our customers.

During fiscal 2009, we conducted bauxite mining, alumina refining, primary aluminum smelting and hydro-electric power generation operations at our Ouro Preto, Brazil facility. Our owned power generation supplies approximately 25% of our smelter needs. We also own the mining rights to bauxite reserves in the Ouro Preto, Cataguases and Carangola regions.

In May 2009, we ceased the production of alumina at our Ouro Preto facility in Brazil. The global economic crisis and the recent dramatic drop in alumina prices have made alumina production at Ouro Preto economically unfeasible. Going forward, the plant will purchase alumina through third-parties. Other activities related to the facility, including electric power generation and the production of primary aluminum metal, will continue unaffected.

We also conduct primary aluminum smelting operations at our Aratu facility in Candeias, Brazil.

Item 3. ***Legal Proceedings***

In connection with our spin-off from Alcan, we assumed a number of liabilities, commitments and contingencies mainly related to our historical rolled products operations, including liabilities in respect of legal claims and environmental matters. As a result, we may be required to indemnify Alcan for claims successfully brought against Alcan or for the defense of legal actions that arise from time to time in the normal course of our rolled products business including commercial and contract disputes, employee-related claims and tax

disputes (including several disputes with Brazil's Ministry of Treasury regarding various forms of manufacturing taxes and social security contributions). In addition to these assumed liabilities and contingencies, we may, in the future, be involved in, or subject to, other disputes, claims and proceedings that arise in the ordinary course of our business, including some that we assert against others, such as environmental, health and safety, product liability, employee, tax, personal injury and other matters. Where appropriate, we have established reserves in respect of these matters (or, if required, we have posted cash guarantees). While the ultimate resolution of, and liability and costs related to, these matters cannot be determined with certainty due to the considerable uncertainties that exist, we do not believe that any of these pending actions, individually or in the aggregate, will materially impair our operations or materially affect our financial condition or liquidity. The following describes certain environmental matters relating to our business, including those for which we assumed liability as a result of our spin-off from Alcan.

Environmental Matters

We are involved in proceedings under the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, also known as CERCLA or Superfund, or analogous state provisions regarding liability arising from the usage, storage, treatment or disposal of hazardous substances and wastes at a number of sites in the United States, as well as similar proceedings under the laws and regulations of the other jurisdictions in which we have operations, including Brazil and certain countries in the European Union. Many of these jurisdictions have laws that impose joint and several liability, without regard to fault or the legality of the original conduct, for the costs of environmental remediation, natural resource damages, third party claims, and other expenses. In addition, we are, from time to time, subject to environmental reviews and investigations by relevant governmental authorities.

As described further in the following paragraph, we have established procedures for regularly evaluating environmental loss contingencies, including those arising from such environmental reviews and investigations and any other environmental remediation or compliance matters. We believe we have a reasonable basis for evaluating these environmental loss contingencies, and we believe we have made reasonable estimates of the costs that are likely to be borne by us for these environmental loss contingencies. Accordingly, we have established reserves based on our reasonable estimates for the currently anticipated costs associated with these environmental matters. We estimate that the undiscounted remaining clean-up costs related to all of our known environmental matters as of March 31, 2009 will be approximately $52 million. Of this amount, $31 million is included in Other long-term liabilities, with the remaining $21 million included in Accrued expenses and other current liabilities in our consolidated balance sheet as of March 31, 2009. Management has reviewed the environmental matters, including those for which we assumed liability as a result of our spin-off from Alcan. As a result of this review, management has determined that the currently anticipated costs associated with these environmental matters will not, individually or in the aggregate, materially impair our operations or materially adversely affect our financial condition, results of operations or liquidity.

With respect to environmental loss contingencies, we record a loss contingency on a non-discounted basis whenever such contingency is probable and reasonably estimable. The evaluation model includes all asserted and unasserted claims that can be reasonably identified. Under this evaluation model, the liability and the related costs are quantified based upon the best available evidence regarding actual liability loss and cost estimates. Except for those loss contingencies where no estimate can reasonably be made, the evaluation model is fact-driven and attempts to estimate the full costs of each claim. Management reviews the status of, and estimated liability related to, pending claims and civil actions on a quarterly basis. The estimated costs in respect of such reported liabilities are not offset by amounts related to cost-sharing between parties, insurance, indemnification arrangements or contribution from other potentially responsible parties (PRPs) unless otherwise noted.

Butler Tunnel Site. Novelis Corporation was a party in a 1989 U.S. Environmental Protection Agency (EPA) lawsuit before the U.S. District Court for the Middle District of Pennsylvania involving the Butler

Tunnel Superfund site, a third-party disposal site. In May 1991, the court granted summary judgment against Novelis Corporation for alleged disposal of hazardous waste. After unsuccessful appeals, Novelis Corporation paid the entire judgment plus interest.

The EPA filed a second cost recovery action against Novelis Corporation seeking recovery of expenses associated with the installation of an early warning and response system for potential future releases from the Butler Tunnel site. In January 2008, Novelis Corporation and the Department of Justice, on behalf of the EPA, entered into a consent decree whereby Novelis Corporation agreed to pay approximately $2 million in three installments in settlement of its liability with the U.S. government. The settlement has been fully paid.

Prior to the execution of the Novelis Corporation consent decree, the EPA entered into consent decrees with the other Butler Tunnel PRPs to finance and construct the early warning and response system. On October 30, 2008, the trustee for the PRPs provided a detailed analysis of the past and future costs associated with the implementation of the early warning system and advised us of their intention to file a contribution action against us.

On February 3, 2009, Butler Tunnel PRPs and Novelis Corporation entered into a settlement agreement resolving the contribution claims. On March 5, 2009, pursuant to these agreements, Novelis Corporation remitted its settlement payment of past costs in the amount of approximately $1 million. As part of the settlement, Novelis became a member of the PRP group. Accordingly, Novelis bears an allocated share of certain future costs in the approximate annual amount of $75,000 between 2009 and 2018 related to the costs to complete and maintain the early warning and response system at the Butler Tunnel site.

In December 2005, the United States Environmental Protection Agency (USEPA) issued a Notice of Violation (NOV) to the Company’s subsidiary, Logan Aluminum, Inc. (Logan), alleging violations of Logan’s Title V Operating Permit, which regulates emissions of air pollutants from the facility. In March 2006, the Kentucky Department of Environmental Protection (KDEP) issued a separate NOV to Logan alleging other violations of the Title V Operating Permit. In March 2009, as a result of these enforcement actions, Logan agreed to install new air pollution control equipment. Logan has also agreed to settle the USEPA NOV, including the payment of a civil penalty of $285,000. The KDEP NOV is currently subject to a Tolling Agreement with the state agency.

Legal Proceedings

Coca-Cola Lawsuits. A lawsuit was commenced against Novelis Corporation on February 15, 2007 by Coca-Cola Bottler’s Sales and Services Company LLC (CCBSS) in Georgia state court. CCBSS is a consortium of Coca-Cola bottlers across the United States, including Coca-Cola Enterprises Inc. CCBSS alleges that Novelis Corporation breached an aluminum can stock supply agreement between the parties, and seeks monetary damages in an amount to be determined at trial and a declaration of its rights under the agreement. The agreement includes a “most favored nations” provision regarding certain pricing matters. CCBSS alleges that Novelis Corporation breached the terms of the “most favored nations” provision. The dispute will likely turn on the facts that are presented to the court by the parties and the court’s finding as to how certain provisions of the agreement ought to be interpreted. If CCBSS were to prevail in this litigation, the amount of damages would likely be material. Novelis Corporation has filed its answer and the parties are proceeding with discovery.

ARCO Aluminum Complaint. On May 24, 2007, Arco Aluminum Inc. (ARCO) filed a complaint against Novelis Corporation and Novelis Inc. in the United States District Court for the Western District of Kentucky. ARCO and Novelis are partners in a joint venture rolling mill located in Logan County, Kentucky. In the complaint, ARCO alleged that its consent was required in connection with Hindalco’s acquisition of Novelis. Failure to obtain consent, ARCO alleged, put us in default of the joint venture agreements, thereby triggering certain provisions in those agreements. The provisions include a reversion of the production management at the joint venture to Logan Aluminum from Novelis, and a reduction of the board of directors of the entity that manages the joint venture from seven members (four appointed by Novelis and three appointed by ARCO) to six members (three appointed by each of Novelis and ARCO). ARCO sought a court declaration that

(1) Novelis and its affiliates are prohibited from exercising any managerial authority or control over the joint venture, (2) Novelis' interest in the joint venture is limited to an economic interest only and (3) ARCO has authority to act on behalf of the joint venture. Alternatively, ARCO sought a reversion of the production management function to Logan Aluminum, and a change in the composition of the board of directors of the entity that manages the joint venture. Novelis filed its answer to the complaint on July 16, 2007.

On July 3, 2007, ARCO filed a motion for partial summary judgment with respect to one of the counts of its complaint relating to the claim that Novelis breached the joint venture agreement by not seeking ARCO's consent. On July 30, 2007, Novelis filed a motion to hold ARCO's motion for summary judgment in abeyance (pending further discovery), along with a demand for a jury. On February 14, 2008, the judge issued an order granting our motion to hold ARCO's summary judgment motion in abeyance. Following this ruling, the joint venture continued to conduct operational, management and board activities as normal.

On June 4, 2009, ARCO and Novelis entered into a settlement agreement to address and resolve all matters at issue in the lawsuit, including the Logan Joint Venture governance issues. On June 22, 2009, the parties requested an order from the United States District Court for the Western District of Kentucky to dismiss the lawsuit with prejudice. As a result of the settlement, among other things, Novelis will retain control of the Logan board of directors, production management responsibilities will revert to Logan, and certain Novelis employees who work at Logan will become employees of Logan.

Item 4. ***Submission of Matters to a Vote of Security Holders***

None.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities***

On May 15, 2007, all of our common shares were acquired by Hindalco through its indirect wholly-owned subsidiary AV Metals Inc. (Acquisition Sub) pursuant to a plan of arrangement (the Arrangement). Immediately following the Arrangement, Acquisition Sub transferred our common shares to its wholly-owned subsidiary AV Aluminum Inc. (AV Aluminum). As of the date of filing, AV Aluminum is the sole shareholder of record of our shares.

Subsequent to completion of the Arrangement on May 15, 2007, all of our common shares were indirectly held by Hindalco, and we became a foreign private issuer. We continue to file periodic reports under section 15(d) of the Securities and Exchange Act of 1934 because our 7.25% Senior Notes are publicly traded (see Note 12 — Debt to our accompanying consolidated financial statements).

We currently do not pay dividends and do not intend to do so in the foreseeable future. No dividends have been declared since October 26, 2006. Future dividends are at the discretion of the board of directors and will depend on, among other things, our financial resources, cash flows generated by our business, our cash requirements, restrictions under the instruments governing our indebtedness, being in compliance with the appropriate indentures and covenants under the instruments that govern our indebtedness that would allow us to legally pay dividends and other relevant factors.

Item 6. ***Selected Financial Data***

The selected consolidated financial data presented below as of and for the year ended March 31, 2009; the periods May 16, 2007 through March 31, 2008 and April 1, 2007 through May 15, 2007; the three months ended March 31, 2007 and as of and for the years ended December 31, 2006, 2005 and 2004 were derived from the audited consolidated financial statements of Novelis Inc. The selected consolidated financial data should be read in conjunction with our consolidated financial statements for the respective periods and the related notes included elsewhere in this Form 10-K.

As of May 15, 2007, all of our common shares were indirectly held by Hindalco; thus, earnings per share data is not reported (in millions, except per share amounts).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008(A)	April 1, 2007 Through May 15, 2007(A)	Three Months Ended March 31, 2007(B)	Year Ended December 31, 2006	2005(C)	2004(D)
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*	*Predecessor*	*Predecessor*
Net sales	$ 10,177	$ 9,965	$ 1,281	$ 2,630	$ 9,849	$ 8,363	$ 7,755
Net income (loss)(E)	$ (1,910)	$ (20)	$ (97)	$ (64)	$ (275)	$ 90	$ 55
Dividends per common share	$ —	$ —	$ —	$ —	$ 0.20	$ 0.36	$ —

	March 31, 2009	March 31, 2008	March 31, 2007	December 31, 2006	2005(C)	2004(D)
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*	*Predecessor*
Total assets(A)	$ 7,567	$ 10,737	$ 5,970	$ 5,792	$ 5,476	$ 5,954
Long-term debt (including current portion)	$ 2,559	$ 2,575	$ 2,300	$ 2,302	$ 2,603	$ 2,737
Short-term borrowings	$ 264	$ 115	$ 245	$ 133	$ 27	$ 541
Cash and cash equivalents	$ 248	$ 326	$ 128	$ 73	$ 100	$ 31
Shareholders'/invested equity	$ 1,419	$ 3,523	$ 175	$ 195	$ 433	$ 555

(A) On May 15, 2007, the Company was acquired by Hindalco through its indirect wholly-owned subsidiary. The acquisition was recorded in accordance with Staff Accounting Bulletin No. 103, *Push Down Basis of Accounting Required in Certain Limited Circumstances* (SAB 103). In the accompanying consolidated balance sheets, the consideration and related costs paid by Hindalco in connection with the acquisition have been "pushed down" to us and have been allocated to the assets acquired and liabilities assumed in accordance with Financial Accounting Standards Board (FASB) Statement No. 141, *Business Combinations* (FASB 141). Due to the impact of push down accounting, the Company's consolidated financial statements and certain note presentations for the year ended March 31, 2008 are presented in two distinct periods to indicate the application of two different bases of accounting between the periods presented: (1) the period up to, and including, the acquisition date (April 1, 2007 through May 15, 2007, labeled "Predecessor") and (2) the period after that date (May 16, 2007 through March 31, 2008, labeled "Successor"). The accompanying consolidated financial statements include a black line division which indicates that the Predecessor and Successor reporting entities shown are not comparable.

The consideration paid by Hindalco to acquire Novelis has been pushed down to us and allocated to the assets acquired and liabilities assumed based on our estimates of fair value, using methodologies and assumptions that we believe are reasonable. This allocation of fair value results in additional charges or income to our post-acquisition consolidated statements of operations.

(B) On June 26, 2007, our board of directors approved the change of our fiscal year end to March 31 from December 31. On June 28, 2007, we filed a Transition Report on Form 10-Q for the three month period ended March 31, 2007 with the United States Securities and Exchange Commission (SEC) pursuant to Rule 13a-10 under the Securities Exchange Act of 1934 for transition period reporting.

(C) The consolidated financial statements for the year ended December 31, 2005 include the results for the period from January 1 to January 5, 2005 prior to our spin-off from Alcan, in addition to the results for the period from January 6 to December 31, 2005. The combined financial results for the period from January 1 to January 5, 2005 present our operations on a carve-out accounting basis. The consolidated balance sheet as of December 31, 2005 (and subsequent periods) and the consolidated results for the period from January 6 (the date of the spin-off from Alcan) to December 31, 2005 (and subsequent periods) present our financial position, results of operations and cash flows as a stand-alone entity.

All income earned and cash flows generated by us as well as the risks and rewards of these businesses from January 1 to January 5, 2005 were primarily attributed to us and are included in our consolidated results for the year ended December 31, 2005, with the exception of losses of $43 million ($29 million net of tax) arising from the change in fair market value of derivative contracts, primarily with Alcan. These mark-to-market losses for the period from January 1 to January 5, 2005 were recorded in the consolidated statement of operations for the year ended December 31, 2005 and were recognized as a decrease in Owner's net investment.

(D) Our historical combined financial statements for the year ended December 31, 2004 have been derived from the accounting records of Alcan using the historical results of operations and historical basis of assets and liabilities of the businesses subsequently transferred to us. Management believes the assumptions underlying the historical combined financial statements are reasonable. However, the historical combined financial statements included herein may not necessarily reflect what our results of operations, financial position and cash flows would have been had we been a stand-alone company during the periods presented. Alcan's investment in the Novelis businesses, presented as Owner's net investment in the historical combined financial statements, includes the accumulated earnings of the businesses as well as cash transfers related to cash management functions performed by Alcan.

(E) Net income (loss) for the year ended March 31, 2009 includes non-cash pre-tax impairment charges of $1.5 billion, pre-tax unrealized losses on derivatives instruments of $519 million, a $122 million pre-tax gain on extinguishment of debt and $95 million in pre-tax restructuring charges. For additional discussion on non-cash impairment charges, see Note 3 — Impairment of Goodwill and Investment in Affiliate in the accompanying notes to the consolidated financial statements. Restructuring charges, net for the period May 16, 2007 through March 31, 2008; April 1, 2007 through May 15, 2007; the three months ended March 31, 2007; and the years ended December 31, 2006, 2005 and 2004 were $6 million; $1 million;

$9 million; $19 million; $10 million and $20 million, respectively. For additional discussion on restructuring actions, see Note 4 — Restructuring Programs in the accompanying notes to the consolidated financial statements.

Certain non-recurring expenses were incurred related to the acquisition by Hindalco. The three months ended March 31, 2007 and the period May 16, 2007 through March 31, 2008 each include $32 million of sales transaction fees. The period May 16, 2007 through March 31, 2008 also includes $45 million of stock compensation expense related to the Arrangement.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

OVERVIEW AND REFERENCES

Novelis is the world's leading aluminum rolled products producer based on shipment volume. We produce aluminum sheet and light gauge products for the beverage and food can, transportation, construction and industrial, and foil products markets. As of March 31, 2009, we had operations in 11 countries on four continents: North America; South America; Asia and Europe, through 32 operating plants, one research facility and several market-focused innovation centers. In addition to aluminum rolled products plants, our South American businesses include bauxite mining, alumina refining, primary aluminum smelting and power generation facilities that are integrated with our rolling plants in Brazil. We are the only company of our size and scope focused solely on aluminum rolled products markets and capable of local supply of technologically sophisticated products in all of these geographic regions.

The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Special Note Regarding Forward-Looking Statements and Market Data" and "Risk Factors."

References herein to "Novelis," the "Company," "we," "our," or "us" refer to Novelis Inc. and its subsidiaries unless the context specifically indicates otherwise. References herein to "Hindalco" refer to Hindalco Industries Limited. In October 2007, the Rio Tinto Group purchased all the outstanding shares of Alcan, Inc. References herein to "Alcan" refer to Rio Tinto Alcan Inc.

BACKGROUND AND BASIS OF PRESENTATION

On May 18, 2004, Alcan announced its intention to transfer its rolled products businesses into a separate company and to pursue a spin-off of that company to its shareholders. The spin-off occurred on January 6, 2005 following approval by Alcan's board of directors and shareholders, and legal and regulatory approvals. Alcan shareholders received one Novelis common share for every five Alcan common shares held.

Acquisition of Novelis Common Stock

On May 15, 2007, the Company was acquired by Hindalco through its indirect wholly-owned subsidiary pursuant to a plan of arrangement (the Arrangement) at a price of $44.93 per share. The aggregate purchase price for all of the Company's common shares was $3.4 billion and Hindalco also assumed $2.8 billion of Novelis' debt for a total transaction value of $6.2 billion. Subsequent to completion of the Arrangement on May 15, 2007, all of our common shares were indirectly held by Hindalco.

As discussed in Note 1 — Business and Summary of Significant Accounting Policies in the accompanying condensed consolidated financial statements, the Arrangement was recorded in accordance with Staff Accounting Bulletin No. 103, *Push Down Basis of Accounting Required in Certain Limited Circumstances*. Accordingly, in the accompanying consolidated balance sheets, the consideration and related costs paid by Hindalco in connection with the acquisition have been "pushed down" to us and have been allocated to the assets acquired and liabilities assumed in accordance with FASB Statement No. 141, *Business Combinations* (FASB 141). Due to the impact of push down accounting, the Company's consolidated financial statements and certain note presentations separate the Company's presentation into two distinct periods to indicate the

application of two different bases of accounting between the periods presented: (1) the periods up to, and including, the May 15, 2007 acquisition date (labeled "Predecessor") and (2) the periods after that date (labeled "Successor"). The accompanying consolidated financial statements include a black line division which indicates that the Predecessor and Successor reporting entities shown are not comparable.

Combined Financial Results of the Predecessor and Successor

For purposes of management's discussion and analysis of the results of operations in this Form 10-K, we combined the results of operations for the period ended May 15, 2007 of the Predecessor with the period ended March 31, 2008 of the Successor. We believe the combined results of operations for the year ended March 31, 2008 (fiscal 2008) provide management and investors with a more meaningful perspective on Novelis' financial and operational performance than if we did not combine the results of operations of the Predecessor and the Successor in this manner. Similarly, we combine the financial results of the Predecessor and the Successor when discussing segment information and sources and uses of cash for the year ended March 31, 2008.

The combined results of operations are non-GAAP financial measures, do not include any proforma assumptions or adjustments and should not be used in isolation or substitution of Predecessor and Successor results. Shown below are combining schedules of (1) shipments and (2) our results of operations for periods allocable to the Successor, Predecessor and the combined presentation for the year ended March 31, 2008 that we use throughout the discussion of results from operations.

	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Year Ended March 31, 2008
	Successor	*Predecessor*	*Combined*
Shipments (kt)(A):			
Rolled products(B)	2,640	348	2,988
Ingot products(C)	147	15	162
Total shipments	2,787	363	3,150

(A) One kilotonne (kt) is 1,000 metric tonnes. One metric tonne is equivalent to 2,204.6 pounds.

(B) Rolled products include tolling (the conversion of customer-owned metal).

(C) Ingot products include primary ingot in Brazil, foundry products in Korea and Europe, secondary ingot in Europe and other miscellaneous recyclable aluminum.

Results of Operations (in millions)	May 16, 2007 Through March 31, 2008 *Successor*	April 1, 2007 Through May 15, 2007 *Predecessor*	Year Ended March 31, 2008 *Combined*
Net sales	$ 9,965	$ 1,281	$ 11,246
Cost of goods sold (exclusive of depreciation and amortization shown below)	9,042	1,205	10,247
Selling, general and administrative expenses	319	95	414
Depreciation and amortization	375	28	403
Research and development expenses	46	6	52
Interest expense and amortization of debt issuance costs	191	27	218
Interest income	(18)	(1)	(19)
Gain on change in fair value of derivative instruments, net	(22)	(20)	(42)
Restructuring charges, net	6	1	7
Equity in net income of non-consolidated affiliates	(25)	(1)	(26)
Other (income) expenses, net	(6)	35	29
	9,908	1,375	11,283
Income (loss) before income taxes and minority interests' share	57	(94)	(37)
Income tax provision	(73)	(4)	(77)
Loss before minority interests' share	(16)	(98)	(114)
Minority interests' share	(4)	1	(3)
Net loss	$ (20)	$ (97)	$ (117)

Change in Fiscal Year End

On June 26, 2007, our board of directors approved the change of our fiscal year end to March 31 from December 31. On June 28, 2007, we filed a Transition Report on Form 10-Q for the three month period ended March 31, 2007 with the United States Securities and Exchange Commission (SEC) pursuant to Rule 13a-10 under the Securities Exchange Act of 1934 for transition period reporting. Accordingly, the accompanying consolidated and combined financial statements present our financial position as of March 31, 2009 and 2008; and the results of our operations, cash flows and changes in shareholder's equity for the following periods: year ended March 31, 2009 (Successor); May 16, 2007 through March 31, 2008 (Successor); April 1, 2007 through May 15, 2007 (Predecessor) (on a combined basis, fiscal year ended March 31, 2008); the three months ended March 31, 2007; and the year ended December 31, 2006.

Throughout Management's Discussion and Analysis (MD&A), data for all periods, except as of and for the year ended March 31, 2007, are derived from our audited consolidated and combined financial statements included in this Annual Report on Form 10-K. All data as of and for the year ended March 31, 2007 are derived from our unaudited condensed consolidated financial statements included in our transition period ended March 31, 2007 and our Quarterly Report on Form 10-Q for the period ended December 31, 2007.

CURRENT YEAR HIGHLIGHTS

The decrease in sales volumes relating to the deterioration of global economic conditions had a significant impact on our results of operations and liquidity during the second half of fiscal 2009. Key factors that

impacted these results are discussed briefly below and are discussed in further detail throughout the MD&A and Segment Review.

- We reported a net loss of $1.9 billion for the year ended March 31, 2009, which includes non-cash impairment charges of $1.5 billion, unrealized losses on derivatives instruments of $519 million, $95 million in restructuring charges and a $122 million gain on a debt exchange transaction, compared to a loss of $117 million for the corresponding period in fiscal 2008. The prior year loss included $45 million of stock compensation expense and $32 million of transaction fees associated with Hindalco's acquisition of Novelis.
  - Impairment charges made to goodwill and investments in affiliates totaling $1.5 billion reflect the global economic environment and the related market increase in the cost of capital.
  - The unrealized loss on derivative instruments for fiscal 2009 was $519 million, compared to a $3 million loss in the prior year period. We use derivative instruments to hedge forecasted purchases of aluminum and other commodities and related foreign currency exposures. This loss primarily reflects the drop in the price of aluminum during the current year from $3,292 per tonne in July 2008 to $1,365 per tonne at March 31, 2009. With the exception of losses associated with metal prices ceilings, we expect an offsetting benefit once the related sales volumes have been shipped.
- Shipments of flat rolled products decreased 7% in the current year to 2,770 kt from 2,988 kt in the prior year period. Shipments to automotive, construction and industrial companies were significantly impacted by the economic downturn in the second half of fiscal 2009, while can sheet shipments remain stable in most regions.
- Inventory levels were effectively managed despite slowing business conditions. Metal inventories as of March 31, 2009 totaled 299 kt, down 22% versus March 31, 2008 levels.

BUSINESS AND INDUSTRY CLIMATE

Global economic trends impact the Company, and there is a large amount of uncertainty with regard to economic trends and the timing of recovery. On an overall basis, markets in North America, Europe and Asia experienced significant economic downturns in the past year. Consumer confidence is low and credit remains tight in most global markets. The impact of demand reductions for flat rolled products varies for each region based upon the nature of the industry sectors in which we operate. In general, can shipments have remained relatively stable while construction, automotive and other industrial production markets experienced significant declines in demand during the second half of our 2009 fiscal year.

As discussed in further detail in Segment Review, we have taken a number of actions to adjust our metal intake, cut back on production and reduce fixed costs which will effectively manage our working capital.

- We reduced labor and overhead costs in all regions through capacity and staff reductions, including the closure of our Rogerstone facility in the United Kingdom, and staff reductions in the United States, Germany, France, Brazil and South Korea. We ceased operations at our alumina refinery in Brazil effective May 2009. We also implemented a salary freeze and a hiring freeze for all but the most critical positions. We believe we will begin to benefit from these actions in the coming months.
- We have reduced capital spending with a focus on preserving maintenance and safety.
- We worked to lower pricing from suppliers of commodity goods and services.

The average and closing prices based upon the London Metal Exchange (LME) for aluminum for the years ended March 31, 2009, 2008 and 2007 are as follows:

London Metal Exchange Prices	Year Ended March 31, 2009 Successor	Year Ended March 31, 2008 Combined	Year Ended March 31, 2007 Predecessor	Percent Change: Year Ended March 31, 2009 versus March 31, 2008	Percent Change: Year Ended March 31, 2008 versus March 31, 2007
Aluminum (per metric tonne, and presented in U.S. dollars):					
Closing cash price as of end of period	$ 1,365	$ 2,935	$ 2,792	(53.5)%	5.1%
Average cash price during period	$ 2,234	$ 2,624	$ 2,665	(14.9)%	(1.5)%

LME prices for aluminum (LME prices) rose to a peak of $3,292 per tonne in July 2008, but have significantly declined since the high point due to falling demand for primary aluminum. Prices closed at $1,365 per tonne at March 31, 2009, after hitting a low of $1,254 per tonne in February 2009. Aluminum prices have subsequently increased to $1,383 per tonne as of May 31, 2009.

Most of our business is conducted under a conversion model, which allows us to pass through increases or decreases in the price of aluminum to our customers. Nearly all of our products have a price structure with two components: (i) a pass-through aluminum price based on the LME plus local market premiums and (ii) a "conversion premium" price on the conversion cost to produce the rolled product which reflects, among other factors, the competitive market conditions for that product.

A key component of our conversion model is the use of derivative instruments on projected aluminum requirements to preserve our conversion margin. We enter into forward metal purchases simultaneous with the sales contracts that contain fixed metal prices. These forward metal purchases directly hedge the economic risk of future metal price fluctuation associated with these contracts. We also enter into forward metal purchases, aluminum futures and options to hedge our exposure to rising metal prices and sales contracts with metal price ceilings. Additionally, we sell short-term LME futures contracts to reduce the cash flow volatility of fluctuating metal prices associated with the metal price lag.

Rapidly declining LME prices had the following impacts on our business during the second half of fiscal 2009:

- Our products have a price structure based upon the LME price. Decreases in the LME price reduce net sales, cost of goods sold and working capital.
- Unrealized losses were recorded for the change in the fair value of metal derivative instruments. The offsetting benefit from fixed forward price billings to customers will not be recognized until the related sales volume are delivered.
- We paid cash to brokers to settle derivative contracts in advance of billing and collecting cash from our customers, which negatively impacted our liquidity position. This typically ranges from 30 to 60 days.

Metal Price Ceilings

Sales contracts representing approximately 257 kt and 300 kt of our fiscal 2009 and 2008 shipments, respectively, contained a ceiling over which metal prices could not be contractually passed through to certain customers. This negatively impacted our margins and operating cash flows when the price we paid for metal was above the ceiling price contained in these contracts. We calculate and report this difference to be approximately the difference between the quoted purchase price on the LME (adjusted for any local premiums and for any price lag associated with purchasing or processing time) and the metal price ceiling in our contracts. Cash flows from operations are negatively impacted by the same amounts, adjusted for any timing difference between customer receipts and vendor payments, and offset partially by reduced income taxes.

During the years ended March 31, 2009, 2008 and 2007, we were unable to pass through approximately $176 million, $230 million and $460 million, respectively, of metal purchase costs associated with sales under

these contracts. Based on current LME price levels, no further unfavorable revenue or cash flow impacts are expected through December 31, 2009 when these contracts expire.

We employ the following strategies to manage and mitigate the risk associated with metal price ceilings and rising prices that we cannot pass through to certain customers:

- We maximize the amount of our internally supplied metal inputs from our smelting, refining and mining operations in Brazil and rely on output from our recycling operations which utilize used beverage cans (UBCs). Both of these sources of aluminum supply have historically provided an offsetting benefit to the metal price ceiling contracts. We refer to these two sources as "internal hedges."
- We enter into derivative instruments to hedge projected aluminum volume requirements above our assumed internal hedge position mitigating our exposure to further increases in LME prices. As a result of these instruments, we will continue to incur cash losses related to these contracts even if LME prices remains below the ceiling price. Projected cash outflows associated with these derivative instruments was $141 million as of March 31, 2009

In connection with the allocation of the purchase price paid by Hindalco, we established reserves totaling $655 million as of May 15, 2007 to record these sales contracts at fair value. These reserves are being accreted into net sales over the remaining lives of the underlying contracts. This accretion has no impact on cash flow. For the years ended March 31, 2009 and 2008, we recorded accretion of $233 million and $270 million, respectively. As of March 31, 2009, the balance of these reserves is approximately $152 million.

Metal Price Lag

On certain sales contracts we experience timing differences on the pass through of changing aluminum prices from our suppliers to our customers. Additional timing differences occur in the flow of metal costs through moving average inventory cost values and cost of goods sold. In periods of declining prices, our earnings are negatively impacted by this timing difference while the opposite is true in periods of rising prices. We refer to this timing difference as "metal price lag." We sell short-term LME forward contracts to help mitigate our exposure to metal price lag.

Certain of our sales contracts, most notably in Europe, contain fixed metal prices for periods of time ranging from four to thirty-six months. We typically enter into forward metal purchases simultaneous with these sales contracts.

Foreign Exchange Impact

Fluctuations in foreign exchange rates also impact our operating results. The following table presents the average of the month end exchange rates and changes from the prior year period:

	Year Ended March 31,		U.S. Dollar Strengthen/	Year Ended March 31,		U.S. Dollar Strengthen/
	2009	2008	(Weaken)	2008	2007	(Weaken)
U.S. dollar per Euro	1.411	1.432	1.5%	1.432	1.294	(10.7)%
Brazilian real per U.S. dollar	1.982	1.837	7.9	1.837	2.148	(14.5)
South Korean won per U.S. dollar	1,224	932	31.3	932	944	(1.3)
Canadian dollar per U.S. dollar	1.134	1.025	10.6	1.025	1.135	(9.7)

The U.S. dollar strengthened as compared to the local currency in all regions during the year ended March 31, 2009, as compared to a weakened U.S. dollar for the year ended March 31, 2008. In Asia, the strengthening of the U.S. dollar resulted in foreign exchange losses as the operations there are recorded in local currency, with a larger portion of our liabilities denominated in the U.S. dollar, including metal purchases and long-term debt. In Brazil, where we have predominantly U.S. dollar selling prices and local currency operating costs, we generally benefit as the U.S. dollar strengthens. While we began hedging with derivatives in the short-term, we are still exposed to long-term fluctuations in the Brazilian real.

RESULTS OF OPERATIONS

Year Ended March 31, 2009 Compared With the Year Ended March 31, 2008 (Twelve Months Combined Non-GAAP)

Positive trends in the demand for aluminum products and inflationary movement in average LME prices during the first six months of fiscal 2009 reversed sharply in the third fiscal quarter of fiscal 2009 and continued into the fourth quarter.

For the year ended March 31, 2009, we realized a net loss of $1.9 billion on net sales of $10.2 billion, compared to the year ended March 31, 2008 when we realized a net loss of $117 million on net sales of $11.2 billion. The reduction in sales is due to the decrease in the average LME price as well as a reduction in demand for flat rolled products in most regions during the last six months of fiscal 2009.

Costs of goods sold decreased $1.0 billion, or 10%, and stayed flat as percentage of net sales as compared to the prior year period on an overall basis. Selling, general and administrative expenses decreased $96 million, or 23%, primarily due to reductions in professional fees and employee-related costs, including incentive compensation associated with the Arrangement.

The current year results include non-cash asset impairment charges totaling $1.5 billion. The impairment charges are discussed in more detail under Critical Accounting Policies and Estimates.

The current year was also impacted by $519 million in unrealized losses on derivative instruments and $95 million in restructuring charges. These negative factors were partially offset by a $122 million gain on the extinguishment of debt. We also recorded an income tax benefit of $246 million on our net loss, as compared to a $77 million income tax provision in the prior year. These items are discussed in further detail below.

Segment Review (On a combined non-GAAP basis)

The tables below show selected segment financial information (in millions, except shipments which are in kilotonnes (kt)). For additional financial information related to our operating segments, see Note 21 — Segment, Geographical Area and Major Customer Information in the accompanying consolidated financial statements.

Selected Operating Results Year Ended March 31, 2009	North America	Europe	Asia	South America	Eliminations	Total
Net sales	$ 3,930	$ 3,718	$ 1,536	$ 1,007	$ (14)	$ 10,177
Shipments (kt)						
Rolled products	1,067	910	447	346	—	2,770
Ingot products	42	99	13	19	—	173
Total shipments	1,109	1,009	460	365	—	2,943

Selected Operating Results Year Ended March 31, 2008 *(Combined)*	North America	Europe	Asia	South America	Eliminations	Total
Net sales	$ 4,101	$ 4,338	$ 1,818	$ 994	$ (5)	$ 11,246
Shipments (kt)						
Rolled products	1,102	1,071	491	324	—	2,988
Ingot products	64	35	39	24	—	162
Total shipments	1,166	1,106	530	348	—	3,150

The following table reconciles changes in Segment income for the year ended March 31, 2008 to the year ended March 31, 2009 (in millions):

Changes in Segment Income	North America	Europe	Asia	South America	Total
Segment income — year ended March 31, 2008	$ 242	$ 273	$ 52	$ 161	$ 728
Volume:					
Rolled products	(28)	(156)	(35)	5	(214)
Other	—	(3)	(4)	(9)	(16)
Conversion premium and product mix	22	68	26	(3)	113
Conversion costs(A)	(57)	12	(14)	(36)	(95)
Metal price lag	(87)	66	63	(1)	41
Foreign exchange	(26)	(40)	(10)	14	(62)
Other changes(B)	16	16	8	8	48
Segment income — year ended March 31, 2009	$ 82	$ 236	$ 86	$ 139	$ 543

(A) Conversion costs include expenses incurred in production such as direct and indirect labor, energy, freight, scrap usage, alloys and hardeners, coatings, alumina and melt loss. Fluctuations in this component reflect cost efficiencies during the period as well as cost inflation (deflation).

(B) Other changes include selling, general & administrative costs and research and development for all segments and certain other items which impact one or more regions, including such items as the impact of purchase accounting and metal price ceiling contracts. Significant fluctuations in these items are discussed below.

North America

As of March 31, 2009, North America manufactured aluminum sheet and light gauge products through 11 plants, including two dedicated recycling facilities. Important end-use applications include beverage cans, containers and packaging, automotive and other transportation applications, building products and other industrial applications.

In the second half of 2009, North America experienced a reduction in demand as all industry sectors were impacted by the ongoing economic downturn. Net sales for fiscal 2009 were down $171 million, or 4%, as compared to fiscal 2008 due to lower volume and a lower average LME price. While shipments were down 5% for fiscal 2009 as compared to fiscal 2008, shipments in the second half of fiscal 2009 were down 16% as compared to the first half of the year. The can business remains relatively stable, but shipments of most other products are below the prior year level. Shipments to the construction market was down 25% as compared to the prior year, due to reduced production and demand. We anticipate that demand for can sheet will remain stable, but expect demand in the construction and automotive sectors to remain weak for at least the first half of fiscal 2010.

The current economic environment has also resulted in customers in the auto industry filing for bankruptcy. We believe our exposure to outstanding receivables from customers in bankruptcy is minimal.

Segment income for the 2009 period was $82 million, down $160 million as compared to the prior year, due to the negative impact of metal price lag, conversion costs, volume decreases and foreign exchange related to our operations in Canada. The negative impact of conversion costs relates to increases in energy costs and freight as compared to the prior year.

Other changes reflect $11 million in acquisition-related stock compensation expense in the prior year period, and an $18 million favorable impact related to metal price ceiling contracts as compared to the prior year. Selling, general and administrative costs were down $22 million as compared to the prior year as the cost reduction initiatives have begun to favorably impact results. These favorable changes were partially offset

by a $23 million reduction in the net favorable impact of acquisition-related fair value adjustments and a $13 million reduction in the benefit associated with recycling used beverage cans.

In response to reductions in demand, we announced a Voluntary Separation Program (VSP) available to salaried employees in North America and the Corporate office aimed at reducing staff levels. This VSP plan was supplemented by an Involuntary Severance Program (ISP). Through the VSP and ISP, we eliminated approximately 120 positions during the fourth quarter of fiscal 2009 and the first quarter of fiscal 2010.

Europe

As of March 31, 2009, our European segment provided European markets with value-added sheet and light gauge products through 13 aluminum rolled products facilities and one dedicated recycling facility. Europe serves a broad range of aluminum rolled product end-use markets in various applications including can, automotive, lithographic, foil products and painted products.

Europe has also experienced a significant reduction in demand in all industry sectors with flat rolled shipments and net sales down 15% and 14%, respectively, compared to the prior year. The volume reduction had a $404 million unfavorable impact on net sales, with the remaining decrease reflecting the impact of lower LME prices and a stronger U.S. dollar. Demand for specialty, painted and light gauge products has been down all year mainly as a result of the weak construction market, as well as recent reductions in demand for automotive products. Increases in beverage can and lithographic shipments in the first six months were reversed in the second half of the year, resulting in year-over-year declines in both sectors.

Segment income for the 2009 period was $236 million, as compared to $273 million in the comparative period of the prior year. Volume and foreign currency remeasurement unfavorably impacted Segment income but these impacts were partially offset by favorable conversion premiums, metal price lag and conversion costs. The favorable impact of conversion costs relates to a reduction in labor costs, partially offset by increases in energy costs as compared to the prior year.

Other changes reflect a $13 million net favorable impact of income and expense items associated with acquisition-related fair value adjustments and $6 million of stock compensation expense in the prior year.

In the fourth quarter of 2009, we announced a number of restructuring actions across Europe, including the closure of our plant in Rogerstone, United Kingdom effective April 30, 2009. The closure of the Rogerstone plant resulted in the elimination of 440 positions and approximately $20 million in severance-related costs. We also recorded $20 million in environmental remediation expenses and $3 million in other exit related costs related to the closure of this plant. We also recorded $12 million in non-cash fixed asset impairments, an $8 million write-down of parts and supplies, and a $3 million reduction to reserves associated with unfavorable contracts established as part of the Arrangement.

Cost reductions were also implemented through capacity and staff reductions at our Rugles, France and Ohle, Germany facilities with severance-related costs associated with these actions totaling $10 million in 2009.

Asia

As of March 31, 2009, Asia operated three manufacturing facilities with production balanced between foil, construction and industrial, and beverage and food can end-use applications.

Asia also experienced downturns in demand and shipments, with the largest reductions in beverage can products, followed by electronics, construction and general purpose foil products. Total shipments and net sales decreased 13% and 16%, respectively. The volume reduction had a $242 million unfavorable impact on net sales with the remaining decrease reflecting the impact of lower LME prices. Asia has begun to see signs of recovering demand, with orders for the first quarter of fiscal 2010 higher than those in the fourth quarter of fiscal 2009.

The improvement in Segment income of $34 million from fiscal 2008 to fiscal 2009 was due to the favorable impact of metal price lag, improved conversion premiums and product mix, partially offset by the

volume decreases, increases to conversion costs and foreign currency remeasurement. The conversion cost increases were primarily related to increases in energy costs as compared to the prior year period.

Other influences which may positively impact sales going forward include demand improvements within and outside of China, the impact of China's stimulus package, inventory restocking by customers, and the price gap between the Shanghai Futures Exchange (SHFE) and the LME. For the first time in five years, the metal price gap that existed between the LME prices for aluminum and the SHFE reversed in January 2009 such that the LME price is now lower than the SHFE. As the SHFE-LME gap reversed, products manufactured with LME priced aluminum are now more competitive in the region versus those produced inside China. The gap was favorable by an average of $179 per tonne in March, and continues to increase throughout April 2009.

In response to reduced demand, we eliminated 34 positions in Asia in the fourth quarter of 2009 and recorded approximately $1 million in severance-related costs related to a voluntary retirement program. Also, during the year ended March 31, 2009, we recorded an impairment charge of approximately $5 million in Novelis Korea due to the obsolescence of certain production related fixed assets.

South America

As of March 31, 2009, South America operated two rolling plants in Brazil along with two smelters, an alumina refinery, bauxite mines and power generation facilities. South America manufactures various aluminum rolled products for the beverage and food can, construction and industrial and transportation end-use markets.

The economic slowdown impacting the other three regions has not yet affected the demand for flat rolled canstock in South America, with shipments of can products increasing as compared to the prior year. Total shipments increased 5% over prior year, with rolled products shipments up 7%, but net sales increased only 1% as compared to the prior year due to lower LME prices.

Segment income for South America decreased $22 million as compared to the prior year period. Conversion costs increased due to cost inflation for energy, alumina, alloys and hardeners. Other changes reflect a $9 million net favorable impact of income and expense items associated with acquisition-related fair value adjustments, a $6 million reduction in selling, general and administrative expenses and $3 million of stock compensation expense in the prior year. These positive impacts were partially offset by an $11 million decrease in the smelter benefit as the benefit from our smelter operations in South America declines as average LME prices decrease.

On January 26, 2009, we announced that we will cease the production of alumina at our Ouro Preto facility in May 2009. The sustained decline in alumina prices has made alumina production economically infeasible. For the foreseeable future, the plant will purchase alumina through third parties. This resulted in the reduction of approximately 290 positions, including 150 employees and 140 contractors, and we recorded restructuring charges totaling $2 million related to severance in the fourth quarter of fiscal 2009. Other exit costs include less than $1 million related to the idling of the refinery. Other activities related to the facility, including electric power generation and the production of primary aluminum, will continue unaffected.

Other Costs and Expenses

Costs such as depreciation and amortization, interest expense and unrealized gains (losses) on changes in the fair value of derivatives are not utilized by our chief operating decision maker in evaluating segment performance. Additionally, many other functions are managed directly from our corporate office, which focuses on strategy development and oversees governance, policy, legal compliance, human resources and finance matters that are not allocated or managed by the regions.

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The table below reconciles total Segment income to net loss for the year ended March 31, 2009 and 2008 (in millions).

	Year Ended March 31,	
	2009	2008
	Successor	*Combined*
Total Segment income	$ 543	$ 728
Depreciation and amortization	(439)	(403)
Interest expense and amortization of debt issuance costs	(182)	(218)
Interest income	14	19
Unrealized losses on change in fair value of derivative instruments, net	(519)	(3)
Realized gains on corporate derivative instruments, net	4	13
Impairment of goodwill	(1,340)	—
Gain on extinguishment of debt	122	—
Impairment charges on long-lived assets	(1)	(1)
Minority interests’ share	12	(3)
Adjustment to eliminate proportional consolidation(A)	(226)	(43)
Restructuring charges, net	(95)	(7)
Corporate selling, general and administrative expenses	(54)	(90)
Other costs, net	5	(32)
Income tax benefit (provision)	246	(77)
Net loss	$ (1,910)	$ (117)

(A) Our financial information for our segments (including Segment income) includes the results of our non-consolidated affiliates on a proportionately consolidated basis, which is consistent with the way we manage our business segments. However, under GAAP, these non-consolidated affiliates are accounted for using the equity method of accounting. Therefore, in order to reconcile Total Segment income to net loss, the proportional Segment income of these non-consolidated affiliates is removed from Total Segment income, net of our share of their net after-tax results, which is reported as Equity in net (income) loss of non-consolidated affiliates on our condensed consolidated statements of operations. See Note 10 — Investment in and Advances to Non-Consolidated Affiliates and Related Party Transactions for further information about these non-consolidated affiliates.

Depreciation and amortization increased $36 million primarily due to the increases in bases of our property, plant and equipment and intangible assets resulting from the Arrangement in the first quarter of fiscal 2008.

Interest expense and amortization of debt issuance costs decreased primarily due to lower average interest rates on our variable rate debt. Approximately 29% of our debt was variable rate as of March 31, 2009.

Unrealized losses on the change in fair value of derivative instruments represent the mark-to-market accounting for changes in the fair value of our derivatives that do not receive hedge accounting treatment. In the year ended March 31, 2009, these unrealized losses increased primarily attributable to falling LME prices. Our principal exposure to LME prices is related to derivatives on fixed forward price contracts. We hedge these contracts by purchasing aluminum futures contracts and these contracts decrease in value in periods of declining LME prices.

We recorded a $1.34 billion impairment charge related to goodwill in fiscal 2009.

The gain on extinguishment of debt relates to the exchange of Senior Notes with a principal value of $275 million for additional term loan with a face value of $220 million and an estimated fair value of $165 million. See Liquidity and Capital Resources below for additional discussion about the accounting for this exchange.

The adjustment to eliminate proportional consolidation includes a $160 million impairment charge related to our investment in Norf. Excluding this impairment charge, the adjustment to eliminate proportional consolidation increased from $43 million in fiscal 2008 to $66 million in fiscal 2009 primarily related to our Norf joint venture due to a change in the statutory tax rate in Germany that was reflected in the prior year period. Income taxes related to our equity method investments, such as Norf, are reflected in the carrying value of the investment and not in our consolidated income tax provision.

Corporate selling, general and administrative expenses decreased primarily due to $45 million of stock compensation expenses associated with the Arrangement in fiscal 2008 and lower incentive compensation expenses in the current year.

Other costs, net for the 2009 fiscal year includes a $26 million non-cash gain on reversal of a legal accrual. Sales transaction fees of $32 million associated with the Arrangement were recorded in the 2008 fiscal year.

We have experienced significant fluctuations in income tax expense and the corresponding effective tax rate. The primary factors contributing to the effective tax rate differing from the statutory Canadian rate include:

- We recorded a non-deductible goodwill impairment charge during fiscal 2009.
- Our functional currency in Canada and Brazil is the U.S. dollar and the company holds significant U.S. dollar denominated debt in these locations. As the value of the local currencies strengthens and weakens against the dollar, unrealized gains or losses are created in those locations for tax purposes, while the underlying gains or losses are not recorded in our income statement.

  During the year ended March 31, 2009, Canadian legislation was enacted allowing us to elect to determine our Canadian taxable income in U.S. dollars. Our election was effective April 1, 2008, and such U.S. dollar taxable gains and losses no longer exist in Canada as of that date.
- We have significant net deferred tax liabilities in Brazil that are remeasured to account for currency fluctuations as the taxes are payable in local currency.
- Our income is taxed at various statutory tax rates in varying jurisdictions. Applying the corresponding amounts of income and loss to the various tax rates results in differences when compared to our Canadian statutory tax rate.
- Under Canadian law, 50% of capital gains and losses are excluded from taxable income. Prior to the year ended March 31, 2009, we had significant unrealized capital gains and losses related to currency fluctuations in Canada.
- We record increases to valuation allowances primarily related to tax losses in certain jurisdictions where we believe it is more likely than not that we will not be able to utilize those losses.

For the year ended March 31, 2009, we recorded a $246 million income tax benefit on our pre-tax loss of $2.0 billion, before our equity in net (income) loss of non-consolidated affiliates and minority interests' share, which represented an effective tax rate of 12%. Our effective tax rate differs from the benefit at the Canadian statutory rate primarily due to the following factors: (1) $415 million related to a non-deductible goodwill impairment charge, (2) a $48 million benefit for exchange remeasurement of deferred income taxes, (3) a $61 million increase in valuation allowances primarily related to tax losses in certain jurisdictions where we believe it is more likely than not that we will not be able to utilize those losses, (4) a $33 million benefit from differences between the Canadian statutory and foreign effective tax rates applied to entities in different jurisdictions and (5) a $2 million expense related to an increase in uncertain tax positions.

For the year ended March 31, 2008, we recorded a $77 million income tax provision on our pre-tax loss of $63 million, before our equity in net (income) loss of non-consolidated affiliates and minority interests' share, which represented an effective tax rate of (122)%. Our effective tax rate differs from the benefit at the Canadian statutory rate primarily due to the following factors: (1) a $62 million provision for (a) pre-tax foreign currency gains or losses with no tax effect and (b) the tax effect of U.S. dollar denominated currency

gains or losses with no pre-tax effect, (2) a $30 million increase for exchange remeasurement of deferred income taxes, (3) a $17 million benefit from the effects of enacted tax rate changes on cumulative taxable temporary differences, (4) a $7 million increase in valuation allowances primarily related to tax losses in certain jurisdictions where we believe it is more likely than not that we will not be able to utilize those losses, and (5) a $17 million increase in uncertain tax positions recorded under the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48).

Year Ended March 31, 2008 Compared With the Year Ended March 31, 2007 (Twelve Months Combined Non-GAAP for both periods)

For the year ended March 31, 2008, we realized a net loss of $117 million on net sales of $11.2 billion, as compared to the year ended March 31, 2007 when we realized a net loss of $265 million on net sales of $10.2 billion. The 11% increase in net sales was primarily due to increases in conversion premiums in all regions as well as $270 million of accretion in fair value reserves associated with the metal price ceiling contracts.

The reduction in the net loss as compared to the prior year was primarily driven by the favorable impact of purchase accounting and increases in conversion premiums, partially offset by increased depreciation and amortization expense due to the acquisition by Hindalco.

Costs of goods sold increased $618 million, or 6%, but decreased as a percentage of net sales as compared to the prior year period as a result of pricing improvements across all regions, partially offset by certain operating cost increases. Selling, general and administrative expenses decreased slightly as a result of reduced corporate costs, offset by increased stock compensation associated with the Arrangement. For the year ended March 31, 2008, we recorded income tax expense of $77 million, as compared to a $99 million income tax benefit. These items are discussed in further detail below.

Segment Review (On a combined non-GAAP basis)

The tables below show selected segment financial information (in millions, except shipments which are in kilotonnes (kt)).

Selected Operating Results Year Ended March 31, 2008 *(Combined)*	North America	Europe	Asia	South America	Eliminations	Total
Net sales	$ 4,101	$ 4,338	$ 1,818	$ 994	$ (5)	$ 11,246
Shipments (kt)						
Rolled products	1,102	1,071	491	324	—	2,988
Ingot products	64	35	39	24	—	162
Total shipments	1,166	1,106	530	348	—	3,150

Selected Operating Results Year Ended March 31, 2007 *(Predecessor)*	North America	Europe	Asia	South America	Eliminations	Total
Net sales	$ 3,721	$ 3,851	$ 1,711	$ 889	$ (12)	$ 10,160
Shipments (kt)						
Rolled products	1,135	1,071	460	285	—	2,951
Ingot products	74	15	45	28	—	162
Total shipments	1,209	1,086	505	313	—	3,113

The following table highlights changes in Segment income for the twelve months ended March 31, 2008 as compared to the twelve months ended March 31, 2009 (in millions):

Changes in Segment Income	North America	Europe	Asia	South America	Total
Segment income — year ended March 31, 2007	$ (54)	$ 276	$ 72	$ 182	$ 476
Volume	(29)	5	12	19	7
Conversion premium and product mix	47	59	9	58	173
Conversion costs(A)	(60)	(6)	(17)	(10)	(93)
Metal price lag	(31)	(61)	9	(17)	(100)
Foreign exchange	6	16	(21)	(35)	(34)
Purchase accounting	242	(8)	(6)	(9)	219
Other changes(B)	121	(8)	(6)	(27)	80
Segment income — year ended March 31, 2008	$ 242	$ 273	$ 52	$ 161	$ 728

(A) Conversion costs include expenses incurred in production such as direct and indirect labor, energy, freight, scrap usage, alloys and hardeners, coatings, alumina and melt loss. Fluctuations in this component reflect cost efficiencies during the period as well as cost inflation (deflation).

(B) Other changes include selling, general & administrative costs and research & development for all segments and certain other items which impact one or more regions, including such items as the impact of metal price ceiling contracts and stock compensation expense. Significant fluctuations in these items are discussed below.

North America

Net sales increased in the 2008 period as compared to the 2007 period primarily as a result of reduced exposure to contracts with price ceilings and contract fair value accretion. During fiscal 2008, we were unable to pass through approximately $230 million of metal purchase costs. During the comparable period in 2007, we were unable to pass through approximately $460 million, for a net favorable impact of approximately $230 million. Sales in 2008 were also favorably impacted by $270 million related to the accretion of the contract fair value reserves as discussed in Metal Price Ceilings, increases in conversion premiums and the favorable impact of contracts priced in prior periods.

These favorable changes in sales were partially offset by a reduction in demand in the 2008 period as compared to 2007 and a lower average LME. Rolled product shipments were down 3% in North America in 2008 as compared to 2007 due to reduced industrial products, light gauge and lower can volumes. The reduction in demand led to a $165 million reduction in net sales as compared to the prior year. The average LME was 1.5% lower than in the prior year, which impacted sales in North America by $88 million as compared to the prior year.

Segment income for the 2008 period was $242 million, an increase of $296 million as compared to the 2007 period. The reduction of year-over-year ceiling exposure net of derivatives losses combined with the purchase accounting on these type of contracts favorably impacted fiscal year 2008 Segment income. These favorable items were partially offset by increased conversion costs, the negative impact of metal price lag, lower volume and $11 million of stock compensation recorded as a result of the Arrangement.

Europe

Rolled product shipments were flat year over year driven by increased can volume that was offset by lower volumes in painted and general purpose products. Demand decreased due to lower construction activity in the European market. Ingot product shipment increased as a result of higher scrap sales.

Net sales increased 13% due to a strengthening of the euro against the U.S. dollar, higher conversion premiums and incremental volume of ingot products. While average LME was lower year over year, net sales

increased from contracts priced in prior periods. This contributed approximately $100 million to net sales as compared to the prior year, but had no impact on Segment income as the metal costs were hedged at prior period prices, which were comparably higher.

Segment income for the 2008 period was $273 million, as compared to $276 million in the prior year. Segment income was favorably impacted by higher conversion premiums, increased ingot sales and foreign currency benefits. These positive factors were more than offset by unfavorable metal price lag, increased conversion costs and other changes. Other changes include a $6 million negative impact of incremental stock compensation expense recorded as a result of the Arrangement.

Asia

Shipments of rolled products and net sales were up a comparable 7% and 6%, respectively. Net sales increased $132 million as a result of higher conversion premiums and increased volume, partially offset by lower average LME during the period, which reduced net sales by $25 million. Increases in rolled products was due to increased demand in the can market, partially offset by a decline in shipments in the industrial and foil stock markets as a result of continued price pressure from Chinese exports, driven by the difference in aluminum metal prices on the Shanghai Futures Exchange and the LME.

Segment income decreased $20 million for the 2008 period as compared to the 2007 period. Segment income was unfavorably impacted by conversion costs and foreign exchange, partially offset by the benefit of increased volume and price. Other changes include a $4 million of incremental stock compensation expense recorded as a result of the Arrangement.

South America

Rolled product shipments increased during the year ended March 31, 2008 over the comparable prior year period primarily due to an increase in can shipments driven by strong market demand. This was slightly offset by reductions in the industrial products market. Net sales increased primarily as a result of increased price and volume.

Segment income for South America decreased $21 million as compared to the prior year period as favorable trends in volume and conversion premiums were more than offset by higher conversion costs, metal price lag and foreign exchange associated with the strengthening of the Brazilian real. Conversion costs increased due to cost inflation for energy, freight and other operating costs.

Other changes include an unfavorable impact of $13 million related to the smelter operations, as the benefits from our smelter operations in South America decline as average LME prices decrease. Also included within Other changes is an $11 million unfavorable impact of lower average LME prices and $3 million of incremental stock compensation expense recorded as a result of the Arrangement.

Other Costs and Expenses

As discussed above, certain functions are managed directly from our corporate office and are not allocated or managed by the regions. The table below reconciles total Segment income to net loss for the year ended March 31, 2008 and 2007 (in millions), followed by a discussion of significant changes between periods.

	Year Ended March 31,	
	2008 *Combined*	2007 *Predecessor*
Total Segment income	$ 728	$ 476
Depreciation and amortization	(403)	(233)
Interest expense and amortization of debt issuance costs	(218)	(224)
Interest income	19	16
Unrealized losses on change in fair value of derivative instruments, net	(3)	(152)
Realized gains (losses) on corporate derivative instruments, net	13	(37)
Impairment charges on long-lived assets	(1)	(8)
Minority interests' share	(3)	(3)
Adjustment to eliminate proportional consolidation(A)	(43)	(36)
Restructuring charges, net	(7)	(27)
Gains on disposal of assets, net	—	(6)
Corporate selling, general and administrative expenses	(90)	(127)
Other costs, net	(32)	(3)
Income tax benefit (provision)	(77)	99
Net loss	$ (117)	$ (265)

(A) Our financial information for our segments (including Segment income) includes the results of our non-consolidated affiliates on a proportionately consolidated basis, which is consistent with the way we manage our business segments. However, under GAAP, these non-consolidated affiliates are accounted for using the equity method of accounting. Therefore, in order to reconcile Total Segment income to net loss, the proportional Segment income of these non-consolidated affiliates is removed from Total Segment income, net of our share of their net after-tax results, which is reported as Equity in net (income) loss of non-consolidated affiliates on our condensed consolidated statements of operations. See Note 9 — Investment in and Advances to Non-Consolidated Affiliates and Related Party Transactions for further information about these non-consolidated affiliates.

Depreciation and amortization increased $170 million due to our acquisition by Hindalco. As a result of the acquisition, the consideration paid by Hindalco was pushed down to us and allocated to the assets acquired and liabilities assumed. As a result, property, plant and equipment and intangible assets increased by approximately $2.3 billion. The increase in asset values, all of which is non-cash, is charged to depreciation and amortization expense in future periods based on the estimated useful lives of the individual assets.

Interest expense and amortization of debt issuance costs decreased primarily due to the elimination of penalty interest incurred in the prior year as a result of our delayed filings and lower interest rates on our variable rate debt in the current year.

Unrealized losses on the change in fair value of derivative instruments represent the mark-to-market accounting for changes in the fair value of our derivatives that do not receive hedge accounting treatment. Unrealized losses for the fiscal year ended March 31, 2008 decreased due to LME prices rising at the end of the period. Our principal exposure to LME prices is related to derivatives on fixed forward price contracts. We hedge these contracts by purchasing aluminum futures contracts and these contracts decrease in value in periods of declining LME.

Restructuring expenses decreased for the 2008 period as compared the 2007 period. During the 2007 period, we announced several restructuring programs related to our central management and administration offices in Zurich, Switzerland; our Neuhausen research and development center in Switzerland; our Goettingen facility in Germany; our facilities in Bridgnorth, U.K.; and the reorganization of our plants in Ohle and Ludenscheid, Germany, including the closing of two non-core business lines located within those facilities. Additionally, we continued to incur costs relating to the shutdown of our Borgofranco facility in Italy. We incurred aggregate restructuring charges of approximately $27 million in fiscal 2007 in connection with these programs. Through March 31, 2008, these actions were completed and no additional costs were incurred.

Corporate selling, general and administrative expenses decreased primarily through reduced spending on third party consultants at our corporate headquarters and lower long-term incentive compensation.

Included within Other costs, net for 2008 and 2007 are sales transaction fees of $32 million associated with the Arrangement.

For the year ended March 31, 2008, we recorded a $77 million income tax provision for taxes on our pre-tax loss of $63 million, before our equity in net (income) loss of non-consolidated affiliates and minority interests' share, which represented an effective tax rate of (122)%. Our effective tax rate differs from the benefit at the Canadian statutory rate due primarily to (1) a $62 million provision for (a) pre-tax foreign currency gains or losses with no tax effect and (b) the tax effect of U.S. dollar denominated currency gains or losses with no pre-tax effect, (2) a $30 million provision for exchange remeasurement of deferred income taxes, (3) a $17 million benefit from the effects of enacted tax rate changes on cumulative taxable temporary differences, partially offset by (4) a $7 million increase in valuation allowances primarily related to tax losses in certain jurisdictions where we believe it is more likely than not that we will not be able to utilize those losses and (5) a $17 million increase in uncertain tax positions recorded under the provisions of FIN 48.

For the year ended March 31, 2007, we recorded a $99 million income tax benefit on our pre-tax loss of $377 million, before our equity in net (income) loss of non-consolidated affiliates and minority interests' share, which represented an effective tax rate of 26%. Our effective tax rate is less than the benefit at the Canadian statutory rate due primarily to a $65 million benefit from differences between the Canadian statutory and foreign effective tax rates applied to entities in different jurisdictions, more than offset by (1) a $61 million increase in valuation allowances related to tax losses in certain jurisdictions where we believe it is more likely than not that we will not be able to utilize those losses, (2) an $11 million expense from expense/income items with no tax effect — net and (3) $11 million for (a) pre-tax foreign currency gains or losses with no tax effect and (b) the tax effect of U.S. dollar denominated currency gains or losses with no pre-tax effect.

LIQUIDITY AND CAPITAL RESOURCES

We believe we have adequate liquidity to meet our operational and capital requirements for the foreseeable future. Our primary sources of liquidity are available cash and cash equivalents, borrowing availability under our revolving credit facility and future cash generated by operating activities. During the first nine months of fiscal 2009, our liquidity position decreased by $426 million as the global recession led to a rapid decline in aluminum prices and end-customer demand for flat-rolled products. However, for the five month period ended May 31, 2009 our business operated with positive cash flow before financing activities despite continued low levels of demand and net cash outflows to settle derivative positions. This reflects our ongoing efforts to preserve liquidity through cost and capital spending controls and effective management of working capital. Risks associated with supplier terms, customer credit and broker hedging capacity, while still present to some degree, have been managed successfully to date with minimal negative impact on our business. We are also beginning to see improved capital market conditions. We expect our liquidity position to improve during fiscal 2010 due primarily to reduced cash outflows for metal derivatives and cash savings from previously-announced restructuring programs.

Available Liquidity

Our estimated liquidity as of May 31, 2009, March 31, 2009, January 31, 2009 and March 31, 2008 is as follows (in millions):

	May 31, 2009	March 31, 2009	January 31, 2009	March 31, 2008
Cash and cash equivalents	$ 274	$ 248	$ 190	$ 326
Overdrafts	(13)	(11)	(19)	(5)
Availability under the ABL facility	229	233	255	582
Borrowing availability limitation due to fixed charge coverage ratio	(80)	(80)	(80)	(80)
Total estimated liquidity	$ 410	$ 390	$ 346	$ 823

Our liquidity position has improved since January 31, 2009 when our estimated liquidity was $346 million as disclosed in our third quarter Form 10-Q. In February 2009, we obtained a $100 million unsecured credit facility from an affiliate of the Aditya Birla group. We anticipate that our liquidity position will remain stable through the second quarter of fiscal 2010 and begin to improve later in the year.

Borrowings under the ABL facility are generally based on 85% of eligible accounts receivable and 70 to 75% of eligible inventories. Under the ABL facility, if our excess availability, as defined under the borrowing, is less than $80 million, we are required to maintain a minimum fixed charge coverage ratio of 1 to 1. As of March 31, 2009, our fixed charge coverage ratio is less than 1 to 1, resulting in a reduction of availability under our ABL facility of $80 million.

The cash and cash equivalent balance above includes cash held in foreign countries in which we operate. These amounts are generally available on a short-term basis, subject to regulatory requirements, in the form of a dividend or inter-company loan.

Near Term Challenges

Rapidly declining aluminum prices and reductions in demand during the second half of fiscal 2009 negatively impacted the cash generated by operations and increased the effect of timing issues related to our settlement of aluminum forward contracts versus cash collection from our customers. We enter into derivative instruments to hedge forecasted purchases and sales of aluminum. Based on the aluminum price forward curve as of March 31, 2009, we forecast $499 million of cash outflows related to settlement of these derivative instruments through the end of fiscal 2010. Except for $141 million of cash outflows related to hedges of our exposure to metal price ceilings, we expect all of these outflows will be recovered through collection of customer accounts receivable, typically on a 30 — 60 day lag. Accordingly, this difference in timing places pressure on our short-term liquidity.

We have an existing beverage can sheet umbrella agreement with North American bottlers (BCS agreement). Pursuant to the BCS agreement, an agent for the bottlers directs the can fabricators to source a percentage of their requirements for beverage can body, end and tab stock from us.

Under the BCS agreement, the bottlers' agent has the right to request that we hedge the exposure to the price the bottlers will ultimately pay for aluminum. We treat this arrangement as a derivative for accounting purposes under FAS 133. Upon receiving such requests, we enter into corresponding derivative instruments indexed to the LME price of aluminum with third party brokers. We settle the positions with the brokers at maturity and net settle the economic benefit or loss arising from the pricing requests, which may not occur for up to 13 months.

As of March 31, 2009, we settled a net $95 million of derivative losses for which we had not been reimbursed under the BCS agreement. Based on the current forward curve of aluminum we anticipate a further short-term negative impact on our liquidity of approximately $70 million as a result of this arrangement. We believe that collection on these receivables is reasonably certain based on the credit worthiness of the bottlers.

Operating Activities

Free cash flow (which is a non-GAAP measure) consists of: (a) Net cash provided by (used in) operating activities; (b) less dividends and capital expenditures and (c) plus or minus net proceeds from settlement of derivative instruments (which is net of premiums paid to purchase derivative instruments). Dividends include those paid by our less than wholly-owned subsidiaries to their minority shareholders. Management believes that Free cash flow is relevant to investors as it provides a measure of the cash generated internally that is available for debt service and other value creation opportunities. However, Free cash flow does not necessarily represent cash available for discretionary activities, as certain debt service obligations must be funded out of Free cash flow. We believe the line on our condensed consolidated statements of cash flows entitled "Net cash provided by (used in) operating activities" is the most directly comparable measure to Free cash flow. Our method of calculating Free cash flow may not be consistent with that of other companies.

In our discussion of Metal Price Ceilings, we have disclosed that certain customer contracts contain a fixed aluminum (metal) price ceiling beyond which the cost of aluminum cannot be passed through to the customer, unless adjusted. During the years ended March 31, 2009, 2008 and 2007, we were unable to pass through approximately $176 million, $230 million and $460 million, respectively, of metal purchase costs associated with sales under these contracts. Net cash provided by operating activities were negatively impacted by the same amounts, adjusted for timing difference between customer receipts and vendor payments and offset partially by reduced income taxes. Based on current LME price levels, no further unfavorable revenue or cash flow impacts are expected through December 31, 2009 when these contracts expire. However, during the period of rising LME prices we entered into derivative instruments to hedge our exposure to further increases in LME. As a result of these instruments, we will continue to incur cash outflows related to these contracts even if LME remains below the ceiling price. As of March 31, 2009 and based on an aluminum price of $1,365 per tonne, the fair value of the liability associated with these derivatives was $141 million.

The following table shows the reconciliation from Net cash provided by (used in) operating activities to Free cash flow, the ending balances of cash and cash equivalents and the change between periods (in millions).

	Year Ended March 31,			Change	
	2009	2008	2007	2009 versus 2008	2008 versus 2007
	Successor	*Combined*	*Predecessor*		
Net cash provided by (used in) operating activities	$ (236)	$ 175	$ (166)	$ (411)	$ 341
Net cash provided by (used in) investing activities	(111)	(96)	141	(15)	(237)
Less: Proceeds from sales of assets	(5)	(8)	(36)	(3)	28
Free cash flow	$ (352)	$ 71	$ (61)	$ (423)	$ 132
Ending cash and cash equivalents	$ 248	$ 326	$ 128	$ (78)	$ 198

Our operations consumed cash at a higher rate during the year ended March 31, 2009 compared to the prior year period due to slowing business conditions and higher working capital levels associated with rapidly changing aluminum prices and the timing of payments made to suppliers, to brokers to settle derivative positions and ultimate settlement with our customers. Inventory levels were effectively managed despite slowing business conditions. Metal inventories as of March 31, 2009 totaled 299 kt, down 22% from March 31, 2008 levels.

We have historically maintained forfeiting and factoring arrangements in Asia and South America that provided additional liquidity in those segments. The current economic conditions have negatively impacted our ability to forfait our customer receivables as well as our suppliers' ability to provide extended payment terms.

In fiscal 2008, net cash provided by operating activities increased as a result of our reduced exposure to metal price ceiling contracts as discussed above. For the year ended March 31, 2008 our exposure to metal price ceilings decreased by approximately $230 million providing additional operating cash flow as compared to the prior year.

Net cash used in operating activities for fiscal 2008 was unfavorably impacted by one-time costs associated with or triggered by the Arrangement including: (1) $72 million paid in share-based compensation payments, (2) $42 million paid for sale transaction fees and (3) $25 million in bonus payments for the 2006 calendar year and the period from January 1, 2007 through May 15, 2007.

Dividends paid to our minority interests, primarily in our Asia operating segment, were $6 million, $8 million and $10 for fiscal 2009, 2008 and 2007, respectively.

The majority of our capital expenditures for the 2009, 2008 and 2007 years have been for projects devoted to product quality, technology, productivity enhancement and increased capacity. Capital expenditures were slightly higher in the fiscal 2008 period due, in part, to the construction of Novelis Fusiontm ingot casting lines in our European and Asian segments as well as additional planned maintenance activities, improvements to our Yeongju, Korea hot mill and other ancillary upgrades made in the first quarter of fiscal 2008. As a result of the overall economic downturn, we have reduced our capital spending, with a focus on preserving maintenance and safety in the second half of fiscal 2009.

The settlement of derivative instruments resulted in an outflow of $8 million and reduction to Free cash flow for the year ended March 31, 2009 as compared to $55 million in cash contributed in fiscal 2008 and $191 million in fiscal 2007. The net outflow for fiscal 2009 was a result of settlements of $188 million in the fourth quarter of net derivative liabilities. Much of the proceeds received in 2007 related to aluminum call options purchased in the prior year to hedge against the risk of rising aluminum prices.

In 2008, Free cash flow was used primarily to increase our overall liquidity and pay for costs associated with the Hindalco transaction. Although our total debt increased from March 31, 2007 by $82 million, this was more than offset by an increase in our cash and cash equivalents of $198 million.

Investing Activities

The following table presents information regarding our Net cash provided by (used in) investing activities (in millions).

	Year Ended March 31,			Change	
	2009	2008	2007	2009 versus 2008	2008 versus 2007
	Successor	*Combined*	*Predecessor*		
Capital expenditures	$ (145)	$ (202)	$ (119)	$ 57	$ (83)
Proceeds from sales of assets	5	8	36	(3)	(28)
Changes to investment in and advances to non-consolidated affiliates	20	25	2	(5)	23
Proceeds from related parties loans receivable, net	17	18	31	(1)	(13)
Net proceeds (outflow) from settlement of derivative instruments	(8)	55	191	(63)	(136)
Net cash provided by (used in) investing activities	$ (111)	$ (96)	$ 141	$ (15)	$ (237)

Net proceeds from settlement of derivative instruments and the magnitude of capital expenditures were discussed above in Operating Activities as both are included in our definition of Free cash flow. As noted above, we made reductions to capital expenditures in 2009 as a result of the overall economic downturn. We expect to maintain a level of capital expenditures in fiscal 2010 of between $90 and $110 million for items necessary to maintain comparable production, quality and market position levels (maintenance capital).

The majority of proceeds from asset sales in 2009 and 2008 are from the sale of land in Kingston, Ontario. Proceeds from sales of assets in 2007 includes approximately $34 million received from the sale of certain upstream assets in South America.

Proceeds from loans receivable, net during all periods are primarily comprised of payments we received related to a loan due from our non-consolidated affiliate, Aluminium Norf GmbH.

Financing Activities

The following table presents information regarding our Net cash provided by financing activities (in millions).

	Year Ended March 31,			Change	
	2009	2008	2007	2009 versus 2008	2008 versus 2007
	Successor	*Combined*	*Predecessor*		
Proceeds from issuance of common stock	$ —	$ 92	$ —	$ (92)	$ 92
Proceeds from issuance of debt	354	1,250	41	(896)	1,209
Principal repayments	(235)	(1,010)	(242)	775	(768)
Short-term borrowings, net	176	(181)	210	357	(391)
Dividends	(6)	(8)	(10)	2	2
Debt issuance costs	(3)	(39)	(10)	36	(29)
Proceeds from the exercise of stock options	—	1	29	(1)	(28)
Other	—	—	6	—	(6)
Net cash provided by (used in) financing activities	$ 286	$ 105	$ 24	$ 181	$ 81

In March 2009, we entered into a transaction in which we exchanged Senior Notes with a face value of $275 million for additional floating rate Term Loan with a face value of $220 million. The exchange was accounted for as a debt extinguishment and issuance of new debt, with the new debt recorded at its estimated fair value of $165 million.

In February 2009, to assist in maintaining adequate liquidity levels, we entered into an unsecured credit facility of $100 million (the Unsecured Credit Facility) with a scheduled maturity date of January 15, 2015 from an affiliate of the Aditya Birla group. For each advance under the credit facility, interest is payable quarterly at a rate of 13% per annum prior to the first anniversary of the advance and 14% per annum thereafter, until the earlier of repayment or maturity. As of March 31, 2009, we have drawn down $91 million on the Unsecured Credit Facility.

During 2009, we increased our short-term borrowings under our revolving credit facility to provide for general working capital requirements. As of March 31, 2009, our short-term borrowings were $264 million consisting of (1) $231 million of short-term loans under our ABL facility, (2) a $9 million short-term loan in Italy, (3) a $22 million short-term loan in Korea and (4) $2 million in bank overdrafts. As of March 31, 2009, $42 million of our ABL facility was utilized for letters of credit and we had $233 million in remaining availability under this revolving credit facility before the covenant related restriction discussed below.

As of March 31, 2009, we had an additional $92 million outstanding under letters of credit in Korea not included in our revolving credit facility. The weighted average interest rate on our total short-term borrowings was 2.75% and 4.12% as of March 31, 2009 and 2008, respectively.

As a result of our acquisition by Hindalco, we were required to refinance our existing credit facility in fiscal 2008. Additionally, we refinanced debt in Asia due to its scheduled maturity. See Note 12 — Debt to our consolidated and combined financial statements for additional information regarding our financing activities.

During the first quarter of fiscal 2008, we also amended our then existing senior secured credit facilities to increase its capacity by $150 million. We used these proceeds to reduce the outstanding balance of our then existing revolving credit facility, thus increasing our borrowing capacity. This additional capacity, along with $92 million of cash received from the issuance of additional shares indirectly to Hindalco, allowed us to fund general working capital requirements and certain costs associated with the Arrangement including the cash settlement of share-based compensation arrangements and lender fees. In July 2007, we refinanced our Credit Agreements, as discussed below.

Credit Agreements and Predecessor Financing

In connection with our spin-off from Alcan, we entered into senior secured credit facilities (Old Credit Facilities) providing for aggregate borrowings of up to $1.8 billion. The Old Credit Facilities consisted of (1) a $1.3 billion seven-year senior secured Term Loan B facility, bearing interest at London Interbank Offered Rate (LIBOR) plus 1.75% (which was subject to change based on certain leverage ratios), all of which was borrowed on January 10, 2005, and (2) a $500 million five-year multi-currency revolving credit and letters of credit facility.

On April 27, 2007, our lenders consented to the sixth amendment of our Old Credit Facilities. The amendment included increasing the Term Loan B facility by $150 million. We utilized the additional funds available under the Term Loan B facility to reduce the outstanding balance of our $500 million revolving credit facility. The additional borrowing capacity under the revolving credit facility was used to fund working capital requirements and certain costs associated with the Arrangement, including the cash settlement of share-based compensation arrangements and lender fees. Additionally, the amendment included a limited waiver of the change of control Event of Default (as defined) which effectively extended the requirement to repay the Old Credit Facilities to July 11, 2007.

On May 25, 2007, we entered into a Bank and Bridge Facilities Commitment with affiliates of UBS and ABN AMRO, to provide backstop assurance for the refinancing of our existing indebtedness following the Arrangement. The commitments from UBS and ABN AMRO, provided by the banks on a 50%-50% basis, consisted of the following: (1) a senior secured term loan of up to $1.06 billion; (2) a senior secured asset-based revolving credit facility of up to $900 million and (3) a commitment to issue up to $1.2 billion of unsecured senior notes, if necessary. The commitment contained terms and conditions customary for facilities of this nature.

On July 6, 2007, we entered into new senior secured credit facilities with a syndicate of lenders led by affiliates of UBS and ABN AMRO (Credit Agreements) providing for aggregate borrowings of up to $1.76 billion. The Credit Agreements consist of (1) a $960 million seven-year Term Loan facility (Term Loan facility) and (2) an $800 million five year multi-currency asset-based revolving credit line and letter of credit facility (ABL facility).

The proceeds from the Term Loan facility of $960 million, drawn in full at the time of closing, and an initial draw of $324 million under the ABL facility were used to pay off our old credit facility, pay for debt issuance costs of the Credit Agreements and provide for additional working capital. Mandatory minimum principal amortization payments under the Term Loan facility are $2.4 million per calendar quarter. The first minimum principal amortization payment was made on September 30, 2007. Additional mandatory prepayments are required to be made for certain collateral liquidations, asset sales, debt and preferred stock issuances, equity issuances, casualty events and excess cash flow (as defined in the Credit Agreements). Any unpaid principal is due in full on July 6, 2014.

Under the Term Loan facility, loans characterized as alternate base rate (ABR) borrowings bear interest annually at a rate equal to the alternate base rate (which is the greater of (a) the base rate in effect on a given day and (b) the federal funds effective rate in effect on a given day, plus 0.50%) plus the applicable margin.

Loans characterized as Eurocurrency borrowings bear interest at an annual rate equal to the adjusted LIBOR rate for the interest period in effect, plus the applicable margin. Generally, for both the Term Loan facility and ABL facility, interest rates reset every three months and interest is payable on a monthly, quarterly, or other periodic basis depending on the type of loan.

Borrowings under the ABL facility are generally based on 85% of eligible accounts receivable and 70 to 75% of eligible inventories. Commitment fees ranging from 0.25% to 0.375% are based on average daily amounts outstanding under the ABL facility during a fiscal quarter and are payable quarterly.

The Credit Agreements include customary affirmative and negative covenants. Under the ABL facility, if our excess availability, as defined under the borrowing, is less than $80 million, we are required to maintain a minimum fixed charge coverage ratio of 1 to 1. Substantially all of our assets are pledged as collateral under the Credit Agreements.

As discussed above, in March 2009, we issued an additional Term Loan with a face value of $220 million in exchange for $275 million of Senior Notes. The additional Term Loan was recorded at a fair value of $165 million determined using a discounted cash flow model. The difference between the fair value and the face value of the new Term Loan will be accreted over the life of the Term Loan using the effective interest method, resulting in additional non-cash interest expense.

7.25% Senior Notes

On February 3, 2005, we issued $1.4 billion aggregate principal amount of senior unsecured debt securities (Senior Notes). The Senior Notes were priced at par, bear interest at 7.25% and mature on February 15, 2015.

Under the indenture that governs the Senior Notes, we are subject to certain restrictive covenants applicable to incurring additional debt and providing additional guarantees, paying dividends beyond certain amounts and making other restricted payments, sales and transfers of assets, certain consolidations or mergers, and certain transactions with affiliates.

Pursuant to the terms of the indenture governing our Senior Notes, we were obligated, within 30 days of closing of the Arrangement, to make an offer to purchase the Senior Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date the Senior Notes were purchased. Consequently, we commenced a tender offer on May 16, 2007 to repurchase all of the outstanding Senior Notes at the prescribed price. This offer expired on July 3, 2007 with holders of approximately $1 million of principal presenting their Senior Notes pursuant to the tender offer.

As described above, in March 2009, we entered into a transaction in which we exchanged Senior Notes with a face value of $275 million for additional floating rate Term Loan with a face value of $220 million.

Korean Bank Loans

In November 2004, Novelis Korea Limited (Novelis Korea), formerly Alcan Taihan Aluminium Limited, entered into a Korean won (KRW) 40 billion ($40 million) floating rate long-term loan due November 2007. We immediately entered into an interest rate swap to fix the interest rate at 4.80%. In August 2007, we refinanced this loan with a floating rate short-term borrowing in the amount of $40 million due by August 2008. We recognized a loss on extinguishment of debt of less than $1 million in connection with this refinancing. Additionally, we immediately entered into an interest rate swap and cross currency swap for the new loan through a 3.94% fixed rate KRW 38 billion ($38 million) loan.

In December 2004, we entered into (1) a $70 million floating rate loan and (2) a KRW 25 billion ($25 million) floating rate loan, both due in December 2007. We immediately entered into an interest rate and cross currency swap on the $70 million floating rate loan through a 4.55% fixed rate KRW 73 billion ($73 million) loan and an interest rate swap on the KRW 25 billion floating rate loan to fix the interest rate at 4.45%. In October 2007, we entered into a $100 million floating rate loan due October 2010 and immediately repaid the $70 million loan. In December 2007, we repaid the KRW 25 billion loan from the proceeds of the $100 million

floating rate loan. Additionally, we immediately entered into an interest rate swap and cross currency swap for the $100 million floating rate loan through a 5.44% fixed rate KRW 92 billion ($92 million) loan.

In November 2008, we entered into a 7.47% interest rate KRW 10 billion ($7 million) bank loan due May 2009. In February 2009, we entered into a 3.94% interest rate KRW 50 billion ($37 million) bank loan due February 2010.

Interest Rate Swaps

As of March 31, 2009, we had entered into interest rate swaps to fix the variable LIBOR interest rate on $700 million of our floating rate Term Loan facility. We are still obligated to pay any applicable margin, as defined in our Credit Agreements. Interest rates swaps related to $400 million at an effective weighted average interest rate of 4.0% expire March 31, 2010. In January 2009, we entered into two interest rate swaps to fix the variable LIBOR interest rate on an additional $300 million of our floating rate Term Loan facility at a rate of 1.49%, plus any applicable margin. These interest rate swaps are effective from March 31, 2009 through March 31, 2011.

As of March 31, 2009 approximately 71% of our debt was fixed rate and approximately 29% was variable-rate.

Issuance of Additional Common Stock

On June 22, 2007, we issued 2,044,122 additional shares to AV Aluminum for $44.93 per share resulting in an additional equity contribution of $92 million. This contribution was equal in amount to certain payments made by Novelis related to change in control compensation to certain employees and directors, lender fees and other transaction costs incurred by the Company.

OFF-BALANCE SHEET ARRANGEMENTS

In accordance with SEC rules, the following qualify as off-balance sheet arrangements:

- any obligation under certain derivative instruments;
- any obligation under certain guarantees or contracts;
- a retained or contingent interest in assets transferred to an unconsolidated entity or similar entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets and
- any obligation under a material variable interest held by the registrant in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

The following discussion addresses the applicable off-balance sheet items for our Company.

Derivative Instruments

As of March 31, 2009, we have derivative financial instruments, as defined by FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (FASB 133). See Note 16 — Financial Instruments and Commodity Contracts to our accompanying consolidated financial statements.

In conducting our business, we use various derivative and non-derivative instruments to manage the risks arising from fluctuations in exchange rates, interest rates, aluminum prices and energy prices. Such instruments are used for risk management purposes only. We may be exposed to losses in the future if the counterparties to the contracts fail to perform. We are satisfied that the risk of such non-performance is remote due to our monitoring of credit exposures. Our ultimate gain or loss on these derivatives may differ from the amount recognized in the accompanying March 31, 2009 consolidated balance sheet.

The decision of whether and when to execute derivative instruments, along with the duration of the instrument, can vary from period to period depending on market conditions, the relative costs of the instruments and capacity to hedge. The duration is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored.

The current and noncurrent portions of derivative assets and the current portion of derivative liabilities are presented on the face of our accompanying consolidated balance sheets. The noncurrent portions of derivative liabilities are included in Other long-term liabilities in the accompanying consolidated balance sheets.

The fair values of our financial instruments and commodity contracts as of March 31, 2009 and March 31, 2008 are as follows (in millions):

	March 31, 2009				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/(Liabilities)
Successor					
Derivatives designated as hedging instruments:					
Currency exchange contracts	$ —	$ —	$ —	$ (11)	$ (11)
Interest rate swaps	—	—	(13)	—	(13)
Electricity swap	—	—	(6)	(12)	(18)
Total derivatives designated as hedging instruments	—	—	(19)	(23)	(42)
Derivatives not designated as hedging instruments:					
Aluminum contracts	99	41	(532)	(13)	(405)
Currency exchange contracts	20	31	(77)	(12)	(38)
Energy contracts	—	—	(12)	—	(12)
Total derivatives not designated as hedging instruments	119	72	(621)	(25)	(455)
Total derivative fair value	$ 119	$ 72	$ (640)	$ (48)	$ (497)

	March 31, 2008				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/(Liabilities)
Successor					
Derivatives designated as hedging instruments:					
Currency exchange contracts	$ —	$ —	$ —	$ (184)	$ (184)
Interest rate swaps	—	—	(3)	(12)	(15)
Electricity swap	3	11	—	—	14
Total derivatives designated as hedging instruments	3	11	(3)	(196)	(185)
Derivatives not designated as hedging instruments:					
Aluminum forward contracts	131	4	(29)	—	106
Currency exchange contracts	64	6	(116)	(5)	(51)
Energy contracts	5	—	—	—	5
Total derivatives not designated as hedging instruments	200	10	(145)	(5)	60
Total derivative fair value	$ 203	$ 21	$ (148)	$ (201)	$ (125)

Net Investment Hedges

We use cross-currency swaps to manage our exposure to fluctuating exchange rates arising from our loans to and investments in our European operations. The effective portion of gain or loss on the fair value of the derivative is included in Other comprehensive income (loss) (OCI). Prior to the Arrangement, the effective portion on the derivative was included in Change in fair value of effective portion of hedges, net. After the completion of the Acquisition, the effective portion on the derivative is included in Currency translation adjustments. The ineffective portion of gain or loss on the derivative is included in (Gain) loss on change in fair value of derivative instruments, net. We had cross-currency swaps of Euro 135 million against the U.S. dollar outstanding as of March 31, 2009.

The following table summarizes the amount of gain (loss) we recognized in OCI related to our net investment hedge derivatives (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007
	Successor	*Successor*	*Predecessor*
Currency exchange contracts	$ 169	$ (82)	$ (8)

Cash Flow Hedges

We own an interest in an electricity swap which we have designated as a cash flow hedge against our exposure to fluctuating electricity prices. The effective portion of gain or loss on the derivative is included in OCI and reclassified when settled into (Gain) loss on change in fair value of derivatives, net in our accompanying consolidated statements of operations and comprehensive loss. As of March 31, 2009, the outstanding portion of this swap includes 20,888 megawatt hours through 2017.

We use interest rate swaps to manage our exposure to changes in the benchmark LIBOR interest rate arising from our variable-rate debt. We have designated these as cash flow hedges. The effective portion of gain or loss on the derivative is included in OCI and reclassified when settled into Interest expense and amortization of debt issuance costs in our accompanying consolidated statements of operations and comprehensive loss. We had $690 million of outstanding interest rate swaps designated as cash flow hedges as of March 31, 2009.

For all derivatives designated as cash flow hedges, gains or losses representing hedge ineffectiveness are recognized in (Gain) loss on change in fair value of derivative instruments, net in our current period earnings. If at any time during the life of a cash flow hedge relationship we determine that the relationship is no longer effective, the derivative will be de-designated as a cash flow hedge. This could occur if the underlying hedged exposure is determined to no longer be probable, or if our ongoing assessment of hedge effectiveness determines that the hedge relationship no longer meets the measures we have established at the inception of the hedge. Gains or losses recognized to date in AOCI would be immediately reclassified into current period earnings, as would any subsequent changes in the fair value of any such derivative.

During the next twelve months we expect to realize $13 million in effective net losses from our cash flow hedges. The maximum period over which we have hedged our exposure to cash flow variability is through 2017.

The following table summarizes the impact on AOCI and earnings of derivative instruments designated as cash flow hedge (in millions).

	Gain (Loss) Recognized in OCI	Gain (Loss) Reclassified from AOCI into Income	Gain or (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)
	Year Ended March 31, 2009	Year Ended March 31, 2009	Year Ended March 31, 2009
	Successor	*Successor*	*Successor*
Energy contracts	$ (21)	$ 12	$ —
Interest rate swaps	$ 3	$ —	$ —

	Gain (Loss) Recognized in OCI		Gain (Loss) Reclassified from AOCI into Income		Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007
	Successor	*Predecessor*	*Successor*	*Predecessor*	*Successor*	*Predecessor*
Currency exchange contracts	$ —	$ 4	$ —	$ 1	$ —	$ —
Energy contracts	$ 23	$ 4	$ 8	$ —	$ —	$ —
Interest rate swaps	$ (15)	$ —	$ —	$ —	$ (1)	$ —

Derivative Instruments Not Designated as Hedges

We use aluminum forward contracts and options to hedge our exposure to changes in the London Metal Exchange (LME) price of aluminum. These exposures arise from firm commitments to sell aluminum in future periods at fixed or capped prices, the forecasted output of our smelter operations in South America and the forecasted metal price lag associated with firm commitments to sell aluminum in future periods at prices based on the LME. In addition, transactions with certain customers meet the definition of a derivative under FASB 133 and are recognized as assets or liabilities at fair value on the accompanying consolidated balance sheets. As of March 31, 2009, we had 294 kilotonnes (kt) of outstanding aluminum contracts not designated as hedges.

We recognize a derivative position which arises from a contractual relationship with a customer that entitles us to pass-through the economic effect of trading positions that we take with other third parties on our customers' behalf.

We use foreign exchange forward contracts and cross-currency swaps to manage our exposure to changes in exchange rates. These exposures arise from recorded assets and liabilities, firm commitments and forecasted cash flows denominated in currencies other than the functional currency of certain of our operations. As of March 31, 2009, we had outstanding currency exchange contracts with a total notional amount of $1.4 billion not designated as hedges.

We use heating oil swaps and natural gas swaps to manage our exposure to fluctuating energy prices in North America. As of March 31, 2009, we had 3.4 million gallons of heating oil swaps and 3.8 million MMBtu's of natural gas that were not designated as hedges.

While each of these derivatives is intended to be effective in helping us manage risk, they have not been designated as hedging instruments under FASB 133. The change in fair value of these derivative instruments is included in (Gain) loss on change in fair value of derivative instruments, net in the accompanying consolidated statement of operations.

The following table summarizes the gains (losses) recognized in current period earnings (in millions).

	Year Ended March 31, 2009 *Successor*	May 16, 2007 Through March 31, 2008 *Successor*	April 1, 2007 Through May 15, 2007 *Predecessor*
Derivative Instruments Not Designated as Hedges			
Aluminum contracts	$ (561)	$ 44	$ 7
Currency exchange contracts	24	(44)	10
Energy contracts	(29)	12	3
Gain (loss) recognized	(569)	12	20
Derivative Instruments Designated as Cash Flow Hedges			
Interest rate swaps	—	(1)	—
Electricity swap	13	11	—
Gain (loss) on change in fair value of derivative instruments, net	$ (556)	$ 22	$ 20

Guarantees of Indebtedness

We have issued guarantees on behalf of certain of our subsidiaries and non-consolidated affiliates, including certain of our wholly-owned subsidiaries and Aluminium Norf GmbH, which is a fifty percent (50%) owned joint venture that does not meet the requirements for consolidation under FASB Interpretation No. 46 (Revised), *Consolidation of Variable Interest* Entities (FIN 46(R)).

In the case of our wholly-owned subsidiaries, the indebtedness guaranteed is for trade accounts payable to third parties. Some of the guarantees have annual terms while others have no expiration and have termination notice requirements. Neither we nor any of our subsidiaries or non-consolidated affiliates holds any assets of any third parties as collateral to offset the potential settlement of these guarantees.

Since we consolidate wholly-owned and majority-owned subsidiaries in our consolidated financial statements, all liabilities associated with trade payables and short-term debt facilities for these entities are already included in our consolidated balance sheets.

The following table discloses information about our obligations under guarantees of indebtedness of others as of March 31, 2009 (in millions). We did not have any obligations under guarantees of indebtedness related to our majority-owned subsidiaries as of March 31, 2009.

	Maximum Potential Future Payment	Liability Carrying Value
Wholly-owned Subsidiaries	$ 50	$ 14
Aluminium Norf GmbH	13	—

We have no retained or contingent interest in assets transferred to an unconsolidated entity or similar entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets.

Other Arrangements

<u>*Forfaiting of Trade Receivables*</u>

Novelis Korea Limited forfaits trade receivables in the ordinary course of business. These trade receivables are typically outstanding for 60 to 120 days. Forfaiting is a non-recourse method to manage credit and interest rate risks. Under this method, customers contract to pay a financial institution. The institution assumes the risk of non-payment and remits the invoice value (net of a fee) to us after presentation of a proof

of delivery of goods to the customer. We do not retain a financial or legal interest in these receivables, and they are not included in our consolidated balance sheets.

Factoring of Trade Receivables

Our Brazilian operations factor, without recourse, certain trade receivables that are unencumbered by pledge restrictions. Under this method, customers are directed to make payments on invoices to a financial institution, but are not contractually required to do so. The financial institution pays us any invoices it has approved for payment (net of a fee). We do not retain financial or legal interest in these receivables, and they are not included in our consolidated balance sheets.

Summary Disclosures of Forfaited and Factored Financial Amounts

The following tables summarize our forfaiting and factoring amounts (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Receivables forfaited	$ 570	$ 507	$ 51	$ 68	$ 424
Receivables factored	$ 70	$ 75	$ —	$ 18	$ 71
Forfaiting expense	$ 5	$ 6	$ 1	$ 1	$ 5
Factoring expense	$ 1	$ 1	$ —	$ —	$ 1

	March 31, 2009	March 31, 2008
	Successor	*Successor*
Forfaited receivables outstanding	$ 71	$ 149
Factored receivables outstanding	$ —	$ —

The amount of forfaited receivables outstanding decreased as of March 31, 2009 as compared to March 31, 2008 primarily due to decline in the LME price from March 31, 2008 to March 31, 2009 which resulted in a smaller amount of receivables available for forfaiting, as well as tightening in the credit markets.

Other

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities (SPEs), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of March 31, 2009 and 2008, we were not involved in any unconsolidated SPE transactions.

CONTRACTUAL OBLIGATIONS

We have future obligations under various contracts relating to debt and interest payments, capital and operating leases, long-term purchase obligations, and postretirement benefit plans. The following table presents our estimated future payments under contractual obligations that exist as of March 31, 2009, based on undiscounted amounts (in millions). The future cash flow commitments that we may have related to derivative contracts are not estimable and are therefore not included. Furthermore, due to the difficulty in determining

the timing of settlements, the table excludes $61 million of uncertain tax positions. See Note 19 — Income Taxes to our accompanying consolidated financial statements.

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Debt(A)	$ 2,522	$ 56	$ 126	$ 22	$ 2,318
Interest on long-term debt(B)	754	159	306	200	89
Capital leases(C)	68	7	14	13	34
Operating leases(D)	96	19	30	24	23
Purchase obligations(E)	7,205	2,035	3,121	1,303	746
Unfunded pension plan benefits(F)	120	12	21	24	63
Other post-employment benefits(F)	114	7	17	21	69
Funded pension plans(F)	52	52	—	—	—
Total	$ 10,931	$ 2,347	$ 3,635	$ 1,607	$ 3,342

(A) Includes only principal payments on our Senior Notes, term loans, revolving credit facilities and notes payable to banks and others. These amounts exclude payments under capital lease obligations.

(B) Interest on our fixed rate debt is estimated using the stated interest rate. Interest on our variable-rate debt is estimated using the rate in effect as of March 31, 2009 and includes the effect of current interest rate swap agreements. Actual future interest payments may differ from these amounts based on changes in floating interest rates or other factors or events. These amounts include an estimate for unused commitment fees. Excluded from these amounts are interest related to capital lease obligations, the amortization of debt issuance and other costs related to indebtedness.

(C) Includes both principal and interest components of future minimum capital lease payments. Excluded from these amounts are insurance, taxes and maintenance associated with the property.

(D) Includes the minimum lease payments for non-cancelable leases for property and equipment used in our operations. We do not have any operating leases with contingent rents. Excluded from these amounts are insurance, taxes and maintenance associated with the properties and equipment.

(E) Includes agreements to purchase goods (including raw materials and capital expenditures) and services that are enforceable and legally binding on us, and that specify all significant terms. Some of our raw material purchase contracts have minimum annual volume requirements. In these cases, we estimate our future purchase obligations using annual minimum volumes and costs per unit that are in effect as of March 31, 2009. Due to volatility in the cost of our raw materials, actual amounts paid in the future may differ from these amounts. Excluded from these amounts are the impact of any derivative instruments and any early contract termination fees, such as those typically present in energy contracts.

(F) Obligations for postretirement benefit plans are estimated based on actuarial estimates using benefit assumptions for, among other factors, discount rates, rates of compensation increases, and healthcare cost trends. Payments for unfunded pension plan benefits and other post-employment benefits are estimated through 2016. For funded pension plans, estimating the requirements beyond fiscal 2010 is not practical, as it depends on the performance of the plans' investments, among other factors.

DIVIDENDS

On March 1, 2005, our board of directors approved the adoption of a quarterly dividend on our common shares. The following table shows information regarding dividends declared on our common shares since our inception.

Declaration Date	Record Date	Dividend/Share	Payment Date
March 1, 2005	March 11, 2005	$ 0.09	March 24, 2005
April 22, 2005	May 20, 2005	$ 0.09	June 20, 2005
July 27, 2005	August 22, 2005	$ 0.09	September 20, 2005
October 28, 2005	November 21, 2005	$ 0.09	December 20, 2005
February 23, 2006	March 8, 2006	$ 0.09	March 23, 2006
April 27, 2006	May 20, 2006	$ 0.09	June 20, 2006
August 28, 2006	September 7, 2006	$ 0.01	September 25, 2006
October 26, 2006	November 20, 2006	$ 0.01	December 20, 2006

No dividends have been declared since October 26, 2006. Future dividends are at the discretion of the board of directors and will depend on, among other things, our financial resources, cash flows generated by our business, our cash requirements, restrictions under the instruments governing our indebtedness, being in compliance with the appropriate indentures and covenants under the instruments that govern our indebtedness that would allow us to legally pay dividends and other relevant factors.

ENVIRONMENT, HEALTH AND SAFETY

We strive to be a leader in environment, health and safety (EHS). Our EHS system is aligned with ISO 14001, an international environmental management standard, and OHSAS 18001, an international occupational health and safety management standard. All of our facilities are expected to implement the necessary management systems to support ISO 14001 and OHSAS 18001 certifications. As of March 31, 2009, all of our manufacturing facilities worldwide were ISO 14001 certified, 31 facilities were OHSAS 18001 certified and 29 have dedicated quality improvement management systems.

Our capital expenditures for environmental protection and the betterment of working conditions in our facilities were $5 million in fiscal 2009. We expect these capital expenditures will be approximately $3 million and $9 million in fiscal 2010 and 2011, respectively. In addition, expenses for environmental protection (including estimated and probable environmental remediation costs as well as general environmental protection costs at our facilities) were $24 million in fiscal 2009, and are expected to be $36 million and $31 million in fiscal 2010 and 2011. Generally, expenses for environmental protection are recorded in Cost of goods sold. However, significant remediation costs that are not associated with on-going operations are recorded in Other (income) expenses, net.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements which have been prepared in accordance with GAAP. In connection with the preparation of our consolidated financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors we believe to be relevant at the time we prepared our consolidated financial statements. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1 — Business and Summary of Significant Accounting Policies to our accompanying consolidated financial statements. We believe the following

accounting policies are the most critical to aid in fully understanding and evaluating our reported financial results, as they require management to make difficult, subjective or complex judgments, and to make estimates about the effect of matters that are inherently uncertain. We have reviewed these critical accounting policies and related disclosures with the Audit Committee of our board of directors.

Derivative Financial Instruments

We use derivative instruments to manage our exposure to changes in commodity prices, foreign currency exchange rates, energy prices and interest rates. Derivative instruments we use are primarily commodity forward and option contracts, foreign currency forward contracts and interest swaps. Our operations and cash flows are subject to fluctuations due to changes in commodity prices, foreign currency exchange rates, energy prices and interest rates.

We are exposed to changes in aluminum prices through arrangements where the customer has received a fixed price commitment from us. We attempt to manage this risk by hedging future purchases of metal required for these firm commitments. In addition, we hedge a portion of our future production.

To the extent that these exposures are not fully hedged, we are exposed to gains and losses when changes occur in the market price of aluminum. Hedges of specific arrangements and future production increase or decrease the fair value by approximately $37 million for a 10% change in the market value of aluminum as of March 31, 2009.

Short-term exposures to changing foreign currency exchange rates occur due to operating cash flows denominated in foreign currencies. We manage this risk with forward currency swap contracts and currency exchange options. Our most significant foreign currency exposures relate to the euro, Brazilian real and the Korean won. We assess market conditions and determine an appropriate amount to hedge based on pre-determined policies.

To the extent that foreign currency operating cash flows are not fully hedged, we are exposed to foreign exchange gains and losses. In the event that we choose not to hedge a foreign currency cash flow, an adverse movement in rates could impact our earnings and cash flows. A 10% instantaneous appreciation of all foreign exchange rates against the U.S. dollar would reduce the fair value of our currency derivatives by approximately $15 million.

We are exposed to changes in interest rates due to our financing, investing and cash management activities. We may enter into interest rate swap contracts to protect against our exposure to changes in future interest rates, which requires deciding how much of the exposure to hedge based on our sensitivity to variable-rate fluctuations.

To the extent that we choose to hedge our interest costs, we are able to avoid the impacts of changing interest rates on our interest costs. In the event that we do not hedge a floating rate debt a movement in market interest rates could impact our interest cost. As of March 31, 2009, a 10% change in the market interest rate would increase or decrease the fair value of our interest rate hedges by $3 million. A 12.5 basis point change in market interest rates as of March 31, 2009 would increase or decrease our unhedged interest cost on floating rate debt by approximately $1 million.

The majority of our derivative contracts are valued using industry-standard models that use observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices for foreign exchange rates. See Note 17 — Fair Value of Assets and Liabilities to our accompanying consolidated financial statements for discussion on fair value of derivative instruments.

Impairment of Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. As a result of the Arrangement, we estimated fair value of goodwill using a number of factors, including the application of multiples and discounted cash flow estimates. We have allocated goodwill to our operating segments in North America, Europe and South America, which are also reporting units for purposes

of performing our goodwill impairment testing. Goodwill is not amortized; instead, it is tested for impairment annually, or more frequently if indicators of impairment exist. On an ongoing basis, absent any impairment indicators, we perform our goodwill impairment testing as of the last day of February of each year.

We test consolidated goodwill for impairment using a fair value approach at the reporting unit level. We use our operating segments as our reporting units and perform our goodwill impairment test in two steps. Step one compares the fair value of each reporting unit (operating segment) to its carrying amount. If step one indicates that an impairment potentially exists, the second step is performed to measure the amount of impairment, if any. Goodwill impairment exists when the estimated fair value of goodwill is less than its carrying value.

For purposes of our step one analysis, our estimate of fair value for each reporting unit is based on a combination of (1) quoted market prices/relationships (the market approach), (2) discounted cash flows (the income approach) and (3) a stock price build-up approach (the build-up approach). The estimated fair value for each reporting unit is within the range of fair values yielded under each approach.

Under the market approach, the fair value of each reporting unit is determined based upon comparisons to public companies engaged in similar businesses. Under the income approach, the fair value of each reporting unit is based on the present value of estimated future cash flows. The income approach is dependent on a number of significant management assumptions including markets and market share, sales volumes and prices, costs to produce, capital spending, working capital changes and the discount rate. The discount rate is commensurate with the risk inherent in the projected cash flows and reflects the rate of return required by an investor in the current economic conditions. Under the build-up approach, which is a variation of the market approach, we estimate the fair value of each reporting unit based on the estimated contribution of each of the reporting units to Hindalco’s total business enterprise value.

During the third fiscal quarter of 2009, we concluded that interim impairment testing was required due to the recent deterioration in the global economic environment and the resulting significant decrease in both the market capitalization of our parent company and the valuation of our publicly traded 7.25% Senior Notes. In the third quarter of fiscal 2009, the result of our step one test indicated a potential impairment.

For our reporting units in North America, Europe and South America, we proceeded to step two for the goodwill impairment calculation in which we determined the implied fair value of the goodwill and compared it to the carrying value of the goodwill. We allocated the fair value of the reporting unit to all of its assets and liabilities as if the reporting unit has been acquired and the fair value was the price paid to acquire each reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of the reporting unit’s goodwill. Step two was not performed for Asia as no goodwill has been allocated to this reporting unit. As a result of our step two evaluation, we recorded a $1.34 billion impairment charge in third quarter of fiscal 2009.

For impairment tests conducted in the third and fourth quarters of fiscal 2009, we used a discount rate of 12%, an increase of approximately 3% from the rate used in our prior year impairment test. An increase or decrease of 0.5% in the discount rate impacted the estimated fair value by $25-75 million, depending on the relative size of the reporting unit.

We performed our annual testing for goodwill impairment as of the last day of February 2009 and no additional goodwill impairment was identified.

Equity Investments

We invest in a number of public and privately-held companies, primarily through joint ventures and consortiums. These investments are accounted for using the equity method and include our investment in Aluminium Norf GmbH (Norf). As a result of the Arrangement, investments in and advances to affiliates as of May 16, 2007 were adjusted to reflect fair value.

We review equity investments for impairment whenever certain indicators are present suggesting that the carrying value of an investment is not recoverable. This analysis requires a significant amount of judgment to

identify events or circumstances indicating that an equity investment may be impaired. Once an impairment indicator is identified, we must determine if an impairment exists, and if so, whether the impairment is other than temporary, in which case the equity investment is written down to its estimated fair value. In connection with the impairment testing conducted in the third quarter of fiscal 2009 related to goodwill, we also evaluated our investment in Norf for impairment using the income approach. This resulted in an impairment charge of $160 million, which is reported in Equity in net (income) loss of non-consolidated affiliates on the consolidated statement of operations.

Impairment of Intangible Assets

Our other intangible assets of $787 million as of March 31, 2009 consist of tradenames, technology, customer relationships and favorable energy and supply contracts and are amortized over 3 to 20 years. As of March 31, 2009, we do not have any intangible assets with indefinite useful lives. We consider the potential impairment of these other intangibles assets in accordance with FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* For tradenames and technology, we utilize a relief-from-royalty method. All other intangible assets are assessed using the income approach. As a result of these assessments, no impairment was indicated.

Impairment of Long Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the assets contained in our financial statements may not be recoverable. When evaluating long-lived assets for potential impairment, we first compare the carrying value of the asset to the asset's estimated, future net cash flows (undiscounted and without interest charges). If the estimated future cash flows are less than the carrying value of the asset, we calculate and recognize an impairment loss. If we recognize an impairment loss, the adjusted carrying amount of the asset will be its new cost basis. For a depreciable long-lived asset, the new cost basis will be depreciated over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

Our impairment loss calculations require management to apply judgments in estimating future cash flows and asset fair values, including forecasting useful lives of the assets and selecting the discount rate that represents the risk inherent in future cash flows. We recorded impairment charges on long-lived assets of $18 million (including $17 million classified as Restructuring charges, net), $1 million and $8 million during the years ended March 31, 2009 and 2008, and the three months ended March 31, 2007, respectively. We had no impairment charges on long-lived assets during the year ended December 31, 2006.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to additional impairment losses that could be material to our results of operations.

Pension and Other Postretirement Plans

We account for our defined benefit pension plans and non-pension postretirement benefit plans in accordance with FASB Statements No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, No. 87, *Employers' Accounting for Pensions*, and No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions.* Liabilities and expense for pension plans and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the rate used to discount the future estimated liability, the long-term rate of return on plan assets, and several assumptions related to the employee workforce (salary increases, medical costs, retirement age, and mortality).

The actuarial models use an attribution approach that generally spreads the financial impact of changes to the plan and actuarial assumptions over the average remaining service lives of the employees in the plan. Changes in liability due to changes in actuarial assumptions such as discount rate, rate of compensation increases and mortality, as well as annual deviations between what was assumed and what was experienced by the plan are treated as gains or losses. Additionally, gains and losses are amortized over the group's average future service. The average future service for pension plans and other postretirement benefit plans is 12.2 and

12.7 years respectively. The principle underlying the required attribution approach is that employees render service over their average remaining service lives on a relatively smooth basis and, therefore, the accounting for benefits earned under the pension or non-pension postretirement benefits plans should follow the same relatively smooth pattern.

Our pension obligations relate to funded defined benefit pension plans we have established in the United States, Canada, Switzerland and the United Kingdom, unfunded pension benefits primarily in Germany, and unfunded lump sum indemnities payable upon retirement to employees of businesses in France, South Korea, Malaysia and Italy. Pension benefits are generally based on the employee's service and either on a flat dollar rate or on the highest average eligible compensation before retirement. Our other postretirement benefit obligations include unfunded healthcare and life insurance benefits provided to retired employees in Canada, the U.S. and Brazil.

All net actuarial gains and losses are generally amortized over the expected average remaining service life of the employees. The costs and obligations of pension and other postretirement benefits are calculated based on assumptions including the long-term rate of return on pension assets, discount rates for pension and other postretirement benefit obligations, expected service period, salary increases, retirement ages of employees and healthcare cost trend rates. These assumptions bear the risk of change as they require significant judgment and they have inherent uncertainties that management may not be able to control.

The most significant assumption used to calculate pension and other postretirement obligations is the discount rates used to determine the present value of benefits. It is based on spot rate yield curves and individual bond matching models for pension and other postretirement plans in Canada and the United States, and on published long-term high quality corporate bond indices in other countries, at the end of each fiscal year. Adjustments were made to the index rates based on the duration of the plans' obligations for each country. The weighted average discount rate used to determine the pension benefit obligation was 6.0% as of March 31, 2009, compared to 5.8% and 5.4% for March 31, 2008 and December 31, 2006, respectively. The weighted average discount rate used to determine the other postretirement benefit obligation was 6.2% as of March 31, 2009, compared to 6.1% and 5.7% for March 31, 2008 and December 31, 2006, respectively. The weighted average discount rate used to determine the net periodic benefit cost is the rate used to determine the benefit obligation in the previous year.

As of March 31, 2009, an increase in the discount rate of 0.5%, assuming inflation remains unchanged, would result in a decrease of $82 million in the pension and other postretirement obligations and in a decrease of $10 million in the net periodic benefit cost. A decrease in the discount rate of 0.5% as of March 31, 2009, assuming inflation remains unchanged, would result in an increase of $82 million in the pension and other postretirement obligations and in an increase of $10 million in the net periodic benefit cost. The calculation of the estimate of the expected return on assets and additional discussion regarding pension and other postretirement plans is described in Note 14 — Postretirement Benefit Plans to our accompanying consolidated financial statements. The weighted average expected return on assets was 6.9% for 2009, 7.3% for 2008 and 7.3% for 2006. The expected return on assets is a long-term assumption whose accuracy can only be measured over a long period based on past experience. A variation in the expected return on assets by 0.5% as of March 31, 2009 would result in a variation of approximately $3 million in the net periodic benefit cost.

Income Taxes

We account for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, deferred tax assets are also recorded with respect to net operating losses and other tax attribute carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when realization of the benefit of deferred tax assets is not deemed to be more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The ultimate recovery of certain of our deferred tax assets is dependent on the amount and timing of taxable income that we will ultimately generate in the future and other factors such as the interpretation of tax laws. This means that significant estimates and judgments are required to determine the extent that valuation allowances should be provided against deferred tax assets. We have provided valuation allowances as of March 31, 2009 aggregating $228 million against such assets based on our current assessment of future operating results and these other factors.

By their nature, tax laws are often subject to interpretation. Further complicating matters is that in those cases where a tax position is open to interpretation, differences of opinion can result in differing conclusions as to the amount of tax benefits to be recognized under FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*(FIN 48). FIN 48 utilizes a two-step approach for evaluating tax positions. Recognition (Step 1) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement (Step 2) is only addressed if Step 1 has been satisfied. Under Step 2, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon ultimate settlement. Consequently, the level of evidence and documentation necessary to support a position prior to being given recognition and measurement within the financial statements is a matter of judgment that depends on all available evidence.

As of March 31, 2009 the total amount of unrecognized benefits that, if recognized, would affect the effective income tax rate in future periods based on anticipated settlement dates is $46 million. Although management believes that the estimates and judgments discussed herein are reasonable, actual results could differ, which could result in gains or losses that could be material.

Assessment of Loss Contingencies

We have legal and other contingencies, including environmental liabilities, which could result in significant losses upon the ultimate resolution of such contingencies. Environmental liabilities that are not legal asset retirement obligations are accrued on an undiscounted basis when it is probable that a liability exists for past events.

We have provided for losses in situations where we have concluded that it is probable that a loss has been or will be incurred and the amount of the loss is reasonably estimable. A significant amount of judgment is involved in determining whether a loss is probable and reasonably estimable due to the uncertainty involved in determining the likelihood of future events and estimating the financial statement impact of such events. If further developments or resolution of a contingent matter are not consistent with our assumptions and judgments, we may need to recognize a significant charge in a future period related to an existing contingency.

RECENTLY ISSUED ACCOUNTING STANDARDS

Recently Adopted Accounting Standards

The following accounting standards have been adopted by us during the twelve months ended March 31, 2009.

During the quarter ended March 31, 2009, we adopted FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* (FASB 161). FASB 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under FASB 133 and its related interpretations and (iii) how derivative instruments and related hedged items affect an entity’s financial position, results of operations and cash flows. This standard had no impact on our consolidated financial position, results of operations and cash flows.

During the quarter ended December 31, 2008, we adopted FASB Staff Position (FSP) No. FAS 140-4 and FASB Interpretation No. 46(R)-8 (FIN 46(R)-8), *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities.* FIN 46(R)-8 calls for enhanced disclosures by

public entities about interests in variable interest entities (VIE) and provides users of the financial statements with greater transparency about an enterprise's involvement with variable interest entities. This FSP had no impact on our consolidated financial position, results of operation and cash flows.

On April 1, 2008, we adopted FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115* (FASB 159). FASB 159 permits entities to choose to measure financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the "fair value option") with changes in fair value reported in earnings each reporting period. The fair value option enables some companies to reduce the volatility in reported earnings caused by measuring related assets and liabilities differently without applying the complex hedge accounting requirements under FASB 133, to achieve similar results. We previously recorded our derivative contracts and hedging activities at fair value in accordance with FASB 133. We did not elect the fair value option for any other financial instruments or certain other financial assets and liabilities that were not previously required to be measured at fair value.

On April 1, 2008, we adopted FASB Statement No. 157, *Fair Value Measurements* (FASB 157), as it relates to financial assets and financial liabilities. On October 10, 2008, we adopted FASB Staff Position FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* (FSP FAS 157-3). The FSP clarifies the application of FASB 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP FAS 157-3 is effective for prior periods for which financial statements have not been issued. This standard had no impact on our consolidated financial position, results of operation and cash flows. See Note 17 — Fair Value of Assets and Liabilities regarding our adoption of this standard.

On April 1, 2008, we adopted FASB Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39*, (FSP FIN 39-1). FSP FIN 39-1 amends FASB Statement No. 39, *Offsetting of Amounts Related to Certain Contracts*, by permitting entities that enter into master netting arrangements as part of their derivative transactions to offset in their financial statements net derivative positions against the fair value of amounts (or amounts that approximate fair value) recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements. Our adoption of this standard did not have a material impact on our consolidated financial position, results of operations and cash flows.

Recently Issued Accounting Standards

The following new accounting standards have been issued, but have not yet been adopted by us as of March 31, 2009, as adoption is not required until future reporting periods.

In April 2009, the FASB issued FASB Staff Position No. 107-1 (FSP FAS 107-1) and APB Opinion 28-1 (APB 28-1), *Interim Disclosures about Fair Value of Financial Instruments*. FSP FAS 107-1 and APB 28-1 amends FASB 107 and APB Opinion No. 28, *Interim Financial Reporting*, to require disclosures about the fair value of financial instruments for interim reporting periods. FSP FAS 107-1 and APB 28-1 will be effective for interim reporting periods ending after June 15, 2009. As FSP FAS 107-1 and APB 28-1 only require enhanced disclosures, they will have no impact on our consolidated financial position, results of operation and cash flows.

In April 2009, the FASB issued FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP FAS 157-4). FSP FAS 157-4 provides additional guidance in accordance with FASB No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability has significantly decreased. FSP FAS 157-4 will be effective for interim and annual reporting periods ending after June 15, 2009. This standard will have no impact our consolidated financial position, results of operations and cash flows.

In April 2009, the FASB issued FASB Staff Position No. 115-2 (FSP FAS 115-2) and FASB Staff Position No. 124-2 (FSP FAS 124-2), *Recognition of Other-than-Temporary-Impairments.* FSP FAS No. 115-2 and FSP

FAS No. 124-2 amends the other-than-temporary impairment guidance in U.S. GAAP for debt and equity securities. FSP FAS No. 115-2 and FSP FAS No. 124-2 will be effective for interim and annual reporting periods ending after June 15, 2009. This standard will have no impact our consolidated financial position, results of operations and cash flows.

In December 2008, the FASB issued FSP No. 132(R)-1, *Employers' Disclosures about Pensions and Other Postretirement Benefits* (FSP No. 132(R)-1). FSP No. 132(R)-1 requires that an employer disclose the following information about the fair value of plan assets: 1) how investment allocation decisions are made, including the factors that are pertinent to understanding of investment policies and strategies; 2) the major categories of plan assets; 3) the inputs and valuation techniques used to measure the fair value of plan assets; 4) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period; and 5) significant concentrations of risk within plan assets. FSP No. 132(R)-1 will be effective for fiscal years ending after December 15, 2009, with early application permitted. At initial adoption, application of FSP No. 132(R)-1 would not be required for earlier periods that are presented for comparative purposes. This standard will have no impact on our consolidated financial position, results of operations and cash flows.

In November 2008, the Emerging Issues Task Force (EITF) issued Issue No. 08-06, *Equity Method Investment Accounting Considerations* (EITF 08-06). EITF 08-6 address questions that have arisen about the application of the equity method of accounting for investments acquired after the effective date of both FASB 141(R) and FASB Statement No. 160, *Non-controlling Interests in Consolidated Financial Statements.* EITF 08-06 clarifies how to account for certain transactions involving equity method investments. EITF 08-6 is effective on a prospective basis for fiscal years beginning after December 15, 2008, with early adoption prohibited. We have not yet commenced evaluating the potential impact, if any, of the adoption of EITF 08-6 on our consolidated financial position, results of operations and cash flows.

In April 2008, the FASB issued Staff Position No. FAS 142-3, *Determination of Useful Life of Intangible Assets*(FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB 142. FSP FAS 142-3 also requires expanded disclosure related to the determination of intangible asset useful lives. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier adoption is prohibited. We have not yet commenced evaluating the potential impact, if any, of the adoption of FSP FAS 142-3 on our consolidated financial position, results of operations and cash flows.

In December 2007, the FASB issued Statement No. 141 (Revised), *Business Combinations* (FASB 141(R)). FASB 141(R) establishes principles and requirements for how the acquirer in a business combination (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FASB 141(R) also requires acquirers to estimate the acquisition-date fair value of any contingent consideration and to recognize any subsequent changes in the fair value of contingent consideration in earnings. We will be required to apply this new standard prospectively to business combinations occurring after March 31, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. FASB 141(R) amends certain provisions of FASB 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to the effective date of FASB 141(R) would also apply the provisions of FASB 141(R). Early adoption is prohibited.

In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (FASB 160). FASB 160 establishes accounting and reporting standards that require: (i) the ownership interest in subsidiaries held by parties other than the parent to be clearly identified and presented in the consolidated balance sheet within shareholder's equity, but separate from the parent's equity; (ii) the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and (iii) changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary to be

accounted for consistently. FASB 160 applies to fiscal years beginning after December 15, 2008. Earlier adoption is prohibited. We do not believe that the adoption of FASB 160 will have a material effect on our consolidated financial position, results of operations and cash flows.

We have determined that all other recently issued accounting standards will not have a material impact on our consolidated financial position, results of operations or cash flows, or do not apply to our operations.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in commodity prices (primarily aluminum, electricity and natural gas), foreign currency exchange rates and interest rates that could impact our results of operations and financial condition. We manage our exposure to these and other market risks through regular operating and financing activities and derivative financial instruments. We use derivative financial instruments as risk management tools only, and not for speculative purposes. Except where noted, the derivative contracts are marked-to-market and the related gains and losses are included in earnings in the current accounting period.

By their nature, all derivative financial instruments involve risk, including the credit risk of non-performance by counterparties. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. Our maximum potential loss may exceed the amount recognized in the accompanying March 31, 2009 consolidated balance sheet.

The decision of whether and when to execute derivative instruments, along with the duration of the instrument, can vary from period to period depending on market conditions and the relative costs of the instruments. The duration is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored.

Commodity Price Risks

We have commodity price risk with respect to purchases of certain raw materials including aluminum, electricity and natural gas.

Aluminum

Most of our business is conducted under a conversion model, which allows us to pass through increases or decreases in the price of aluminum to our customers. Nearly all of our products have a price structure with two components: (i) a pass through aluminum price based on the LME plus local market premiums and (ii) a “conversion premium” based on the conversion cost to produce the rolled product and the competitive market conditions for that product.

In situations where we offer customers fixed prices for future delivery of our products, we may enter into derivative instruments for the metal inputs in order to protect the profit on the conversion of the product. Consequently, the gain or loss resulting from movements in the price of aluminum on these contracts would generally be offset by an equal and opposite impact on the net sales and purchases being hedged.

In addition, sales contracts representing approximately 10% of our total shipments for the year ended March 31, 2009 provide for a ceiling over which metal prices could not contractually be passed through to certain customers, unless adjusted. As a result, we were unable to pass through the complete increase in metal prices for sales under these contracts and this negatively impacts our margins when the metal price is above the ceiling price. As result of falling LME prices and based upon a March 31, 2009 aluminum price of $1,365 per tonne, there is no unfavorable revenue or cash flow impact estimated through December 31, 2009 when these contracts expire.

We employ three strategies to mitigate our risk of rising metal prices that we cannot pass through to certain customers due to metal price ceilings. First, we maximize the amount of our internally supplied metal inputs from our smelting, refining and mining operations in Brazil. Second, we rely on the output from our recycling operations which utilize used beverage cans (UBCs). Both of these sources of aluminum supply have

historically provided a benefit as these sources of metal are typically less expensive than purchasing aluminum from third party suppliers. We refer to these two sources as our internal hedges.

Beyond our internal hedges described above, our third strategy to mitigate the risk of loss or reduced profitability associated with the metal price ceilings is to purchase derivative instruments on projected aluminum volume requirements above our assumed internal hedge position. We purchased forward derivative instruments to hedge our exposure to further metal price increases.

During the fiscal year 2009, we sold short-term LME futures contracts to reduce the cash flow volatility of fluctuating metal prices associated with metal price lag. We enter into forward metal purchases simultaneous with the contracts that contain fixed metal prices. These forward metal purchases directly hedge the economic risk of future metal price fluctuation associated with these contracts. The positive or negative impact on sales under these contracts has been included in the metal price lag effect described above, without regard to the fixed forward instruments we purchased to offset this risk.

Sensitivities

We estimate that a 10% change in the three month LME price would result in a $37 million pre-tax gain (loss) related to the change in fair value of our aluminum contracts as of March 31, 2009.

Energy

We use several sources of energy in the manufacture and delivery of our aluminum rolled products. In the year ended March 31, 2009, natural gas and electricity represented approximately 89% of our energy consumption by cost. We also use fuel oil and transport fuel. The majority of energy usage occurs at our casting centers, at our smelters in South America and during the hot rolling of aluminum. Our cold rolling facilities require relatively less energy.

We purchase our natural gas on the open market, which subjects us to market pricing fluctuations. We seek to stabilize our future exposure to natural gas prices through the use of forward purchase contracts. Natural gas prices in Europe, Asia and South America have historically been more stable than in the United States. As of March 31, 2009, we have a nominal amount of forward purchases outstanding related to natural gas.

A portion of our electricity requirements are purchased pursuant to long-term contracts in the local regions in which we operate. A number of our facilities are located in regions with regulated prices, which affords relatively stable costs. In South America, we own and operate hydroelectric facilities that meet approximately 25% of our total electricity requirements in that segment. Additionally, we have entered into an electricity swap in North America to fix a portion of the cost of our electricity requirements.

We purchase a nominal amount of heating oil forward contracts to hedge against fluctuations in the price of our transport fuel.

Fluctuating energy costs worldwide, due to the changes in supply and international and geopolitical events, expose us to earnings volatility as such changes in such costs cannot immediately be recovered under existing contracts and sales agreements, and may only be mitigated in future periods under future pricing arrangements.

Sensitivities

The following table presents the estimated potential effect on the fair values of these derivative instruments as of March 31, 2009 given a 10% change in spot prices for energy contracts ($ in millions).

	Change in Rate	Change in Fair Value
Electricity	10%	$ 3
Natural Gas	10%	1
Heating Oil	10%	1

Foreign Currency Exchange Risks

Exchange rate movements, particularly the euro, the Canadian dollar, the Brazilian real and the Korean won against the U.S. dollar, have an impact on our operating results. In Europe, where we have predominantly local currency selling prices and operating costs, we benefit as the euro strengthens, but are adversely affected as the euro weakens. In Korea, where we have local currency selling prices for local sales and U.S. dollar denominated selling prices for exports, we benefit slightly as the won weakens, but are adversely affected as the won strengthens, due to a slightly higher percentage of exports compared to local sales. In Canada and Brazil, where we have predominately U.S. dollar selling prices, metal costs and local currency operating costs, we benefit as the local currencies weaken, but are adversely affected as the local currencies strengthen. Foreign currency contracts may be used to hedge the economic exposures at our foreign operations.

It is our policy to minimize functional currency exposures within each of our key regional operating segments. As such, the majority of our foreign currency exposures are from either forecasted net sales or forecasted purchase commitments in non-functional currencies. Our most significant non-U.S. dollar functional currency operating segments are Europe and Asia, which have the euro and the Korean won as their functional currencies, respectively. South America is U.S. dollar functional with Brazilian real transactional exposure.

We face translation risks related to the changes in foreign currency exchange rates. Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of Accumulated other comprehensive income (loss) in the Shareholders' equity section of the accompanying consolidated balance sheets. Net sales and expenses in our foreign operations' foreign currencies are translated into varying amounts of U.S. dollars depending upon whether the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may either positively or negatively affect our net sales and expenses from foreign operations as expressed in U.S. dollars.

Any negative impact of currency movements on the currency contracts that we have entered into to hedge foreign currency commitments to purchase or sell goods and services would be offset by an equal and opposite favorable exchange impact on the commitments being hedged. For a discussion of accounting policies and other information relating to currency contracts, see Note 1 — Business and Summary of Significant Accounting Policies and Note 16 — Financial Instruments and Commodity Contracts to our accompanying consolidated financial statements.

Sensitivities

The following table presents the estimated potential effect on the fair values of these derivative instruments as of March 31, 2009 given a 10% change in rates ($ in millions).

	Change in Exchange Rate	Change in Fair Value
Currency measured against the U.S. dollar		
Euro	10%	$ (15)
Korean won	10%	3
Brazilian real	10%	25
British pound	10%	6
Canadian dollar	10%	3
Swiss franc	10%	(19)

Loans to and investments in European operations have been hedged with EUR 135 million of cross-currency swaps. We designated these as net investment hedges. While this has no impact on our cash flows, subsequent changes in the value of currency related derivative instruments that are not designated as hedges are recognized in Gain (loss) on change in fair value of derivative instruments, net in our consolidated statement of operations.

We estimate that a 10% increase in the value of the Euro against the US Dollar would result in an $18 million potential pre-tax loss on these derivatives as of March 31, 2009.

Interest Rate Risks

As of March 31, 2009, approximately 75% of our debt obligations were at fixed rates. Due to the nature of fixed-rate debt, there would be no significant impact on our interest expense or cash flows from either a 10% increase or decrease in market rates of interest.

We are subject to interest rate risk related to our floating rate debt. For every 12.5 basis point increase in the interest rates on our outstanding variable rate debt as of March 31, 2009, which includes $452 million of term loan debt and other variable rate debt of $265 million, our annual pre-tax income would be reduced by approximately $1 million.

From time to time, we have used interest rate swaps to manage our debt cost. In Korea, we entered into interest rate swaps to fix the interest rate on various floating rate debt. See Note 12 — Debt to our accompanying consolidated financial statements for further information.

Sensitivities

The following table presents the estimated potential effect on the fair values of these derivative instruments as of March 31, 2009 given a 10% change in rates ($ in millions).

	Increase in Rate	Change in Fair Value
Interest Rate Contracts		
North America	10%	$ 3
Asia	10%	—

Item 8. ***Financial Statements and Supplementary Data***

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Management's Responsibility Report

Novelis' management is responsible for the preparation, integrity and fair presentation of the financial statements and other information used in this Annual Report on Form 10-K. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include, where appropriate, estimates based on the best judgment of management. Financial and operating data elsewhere in the Annual Report on Form 10-K are consistent with that contained in the accompanying financial statements.

Novelis' policy is to maintain systems of internal control over financial reporting and disclosure controls and procedures. Such systems are designed to provide reasonable assurance that the financial information is accurate and reliable and that Company assets are adequately accounted for and safeguarded. The Board of Directors oversees the Company's systems of internal control over financial reporting and disclosure controls and procedures through its Audit Committee, which is comprised of directors who are not employees. The Audit Committee meets regularly with representatives of the Company's independent registered public accounting firm and management, including internal audit staff, to satisfy themselves that Novelis' policy is being followed. The Audit Committee has engaged PricewaterhouseCoopers LLP as the independent registered public accounting firm.

The financial statements have been reviewed by the Audit Committee and, together with the other required information in this Annual Report on Form 10-K, approved by the Board of Directors. In addition, the financial statements have been audited by PricewaterhouseCoopers LLP whose reports are provided below.

/s/ Philip Martens
PHILIP MARTENS
President and Chief Operating Officer

/s/ Steven Fisher
STEVEN FISHER
Chief Financial Officer

June 29, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of Novelis Inc.:

In our opinion, the accompanying consolidated balance sheets as of March 31, 2009 and March 31, 2008 and the related consolidated statements of operations and comprehensive income (loss), shareholder's equity and cash flows for the year ended March 31, 2009 and the period from May 16, 2007 to March 31, 2008 present fairly, in all material respects, the financial position of Novelis Inc. and its subsidiaries (Successor) at March 31, 2009 and March 31, 2008, and the results of their operations and their cash flows for the year ended March 31, 2009 and the period from May 16, 2007 to March 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of March 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting with respect to the application of purchase accounting for an equity method investee including related income tax accounts existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2009 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Atlanta, GA
June 29, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of Novelis Inc.:

In our opinion, the accompanying consolidated statements of operations and comprehensive income (loss), shareholder's/invested equity and cash flows for the periods from April 1, 2007 to May 15, 2007, and January 1, 2007 to March 31, 2007, and the year ended December 31, 2006 present fairly, in all material respects, the results of operations and cash flows of Novelis Inc. and its subsidiaries (Predecessor) for the periods from April 1, 2007 to May 15, 2007, and January 1, 2007 to March 31, 2007, and for the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for defined benefit pension and other postretirement plans effective December 31, 2006.

/s/ PricewaterhouseCoopers LLP

Atlanta, GA
June 29, 2009

Novelis Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In millions, except per share amounts)

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Net sales	$ 10,177	$ 9,965	$ 1,281	$ 2,630	$ 9,849
Cost of goods sold (exclusive of depreciation and amortization shown below)	9,251	9,042	1,205	2,447	9,317
Selling, general and administrative expenses	319	319	95	99	410
Depreciation and amortization	439	375	28	58	233
Research and development expenses	41	46	6	8	40
Interest expense and amortization of debt issuance costs	182	191	27	54	221
Interest income	(14)	(18)	(1)	(4)	(15)
(Gain) loss on change in fair value of derivative instruments, net	556	(22)	(20)	(30)	(63)
Impairment of goodwill	1,340	—	—	—	—
Gain on extinguishment of debt	(122)	—	—	—	—
Restructuring charges, net	95	6	1	9	19
Equity in net (income) loss of non-consolidated affiliates	172	(25)	(1)	(3)	(16)
Other (income) expenses, net	86	(6)	35	47	(19)
	12,345	9,908	1,375	2,685	10,127
Income (loss) before income taxes and minority interests' share	(2,168)	57	(94)	(55)	(278)
Income tax provision (benefit)	(246)	73	4	7	(4)
Loss before minority interests' share	(1,922)	(16)	(98)	(62)	(274)
Minority interests' share	12	(4)	1	(2)	(1)
Net loss	(1,910)	(20)	(97)	(64)	(275)
Other comprehensive income (loss):					
Currency translation adjustment	(122)	59	31	11	172
Change in fair value of effective portion of hedges, net	(30)	—	(1)	7	(46)
Postretirement benefit plans:					
Change in pension and other benefits	(84)	(17)	—	—	—
Amortization of net actuarial loss	—	—	(1)	2	—
Change in minimum pension liability	—	—	—	—	16
Other comprehensive income (loss) before income tax effect	(236)	42	29	20	142
Income tax provision (benefit) related to items of other comprehensive income (loss)	(42)	(4)	(4)	5	8
Other comprehensive income (loss), net of tax	(194)	46	33	15	134
Comprehensive income (loss)	$ (2,104)	$ 26	$ (64)	$ (49)	$ (141)
Dividends per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.20

See accompanying notes to the consolidated financial statements.

Novelis Inc.

CONSOLIDATED BALANCE SHEETS
(In millions, except number of shares)

	March 31, 2009 Successor	March 31, 2008 Successor
ASSETS		
Current assets		
Cash and cash equivalents	$ 248	$ 326
Accounts receivable (net of allowances of $2 and $1 as of March 31, 2009 and 2008, respectively)		
— third parties	1,049	1,248
— related parties	25	31
Inventories	793	1,455
Prepaid expenses and other current assets	51	58
Fair value of derivative instruments	119	203
Deferred income tax assets	216	125
Total current assets	2,501	3,446
Property, plant and equipment, net	2,799	3,357
Goodwill	582	1,930
Intangible assets, net	787	888
Investment in and advances to non-consolidated affiliates	719	946
Fair value of derivative instruments, net of current portion	72	21
Deferred income tax assets	4	6
Other long-term assets		
— third parties	80	102
— related parties	23	41
Total assets	$ 7,567	$ 10,737
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Current portion of long-term debt	$ 51	$ 15
Short-term borrowings	264	115
Accounts payable		
— third parties	725	1,582
— related parties	48	55
Fair value of derivative instruments	640	148
Accrued expenses and other current liabilities	516	704
Deferred income tax liabilities	—	39
Total current liabilities	2,244	2,658
Long-term debt, net of current portion		
— third parties	2,417	2,560
— related party	91	—
Deferred income tax liabilities	469	754
Accrued postretirement benefits	495	421
Other long-term liabilities	342	672
	6,058	7,065
Commitments and contingencies		
Minority interests in equity of consolidated affiliates	90	149
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 77,459,658 shares issued and outstanding as of March 31, 2009 and 2008, respectively	—	—
Additional paid-in capital	3,497	3,497
Accumulated deficit	(1,930)	(20)
Accumulated other comprehensive income (loss)	(148)	46
Total shareholder's equity	1,419	3,523
Total liabilities and shareholder's equity	$ 7,567	$ 10,737

See accompanying notes to the consolidated financial statements.

Novelis Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
OPERATING ACTIVITIES					
Net loss	$ (1,910)	$ (20)	$ (97)	$ (64)	$ (275)
Adjustments to determine net cash provided by (used in) operating activities:					
Depreciation and amortization	439	375	28	58	233
(Gain) loss on change in fair value of derivative instruments, net	556	(22)	(20)	(30)	(63)
Non-cash Restructuring charges, net	22	—	—	8	—
Gain on extinguishment of debt	(122)	—	—	—	—
Deferred income taxes	(331)	(5)	(18)	(9)	(77)
Write-off and amortization of fair value adjustments, net	(233)	(221)	—	—	—
Impairment of goodwill	1,340	—	—	—	—
Equity in net (income) loss of non-consolidated affiliates	172	(25)	(1)	(3)	(16)
Foreign exchange remeasurement on debt	26	—	—	—	—
Gain on reversal of accrued legal claim	(26)	—	—	—	—
Minority interests' share	(12)	4	(1)	2	1
Amortization of debt issuance costs	5	10	1	2	13
Other, net	3	2	4	2	12
Changes in assets and liabilities (net of effects from acquisitions and divestitures):					
Accounts receivable	69	181	(21)	(25)	(141)
Inventories	466	208	(76)	(95)	(206)
Accounts payable	(655)	(18)	(62)	78	523
Other current assets	(6)	(8)	(7)	3	25
Other current liabilities	(63)	(68)	42	(22)	(64)
Other noncurrent assets	17	(30)	(1)	(5)	6
Other noncurrent liabilities	7	42	(1)	13	45
Net cash provided by (used in) operating activities	(236)	405	(230)	(87)	16
INVESTING ACTIVITIES					
Capital expenditures	(145)	(185)	(17)	(24)	(116)
Disposal of business, net	—	—	—	—	(7)
Proceeds from sales of assets	5	8	—	—	38
Changes to investment in and advances to non-consolidated affiliates	20	24	1	1	3
Proceeds from related party loans receivable, net	17	18	—	1	37
Net proceeds from settlement of derivative instruments	(8)	37	18	24	238
Net cash provided by (used in) investing activities	(111)	(98)	2	2	193

(Continued)

Novelis Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
FINANCING ACTIVITIES					
Proceeds from issuance of common stock	—	92	—	—	—
Proceeds from issuance of debt					
— third parties	263	1,100	150	—	41
— related parties	91	—	—	—	—
Principal repayments	(235)	(1,009)	(1)	(1)	(353)
Short-term borrowings, net	176	(241)	60	113	103
Dividends	(6)	(1)	(7)	—	(30)
Debt issuance costs	(3)	(37)	(2)	—	(11)
Proceeds from the exercise of stock options	—	—	1	27	2
Other	—	—	—	1	5
Net cash provided by (used in) financing activities	286	(96)	201	140	(243)
Net increase (decrease) in cash and cash equivalents	(61)	211	(27)	55	(34)
Effect of exchange rate changes on cash balances held in foreign currencies	(17)	13	1	—	7
Cash and cash equivalents — beginning of period	326	102	128	73	100
Cash and cash equivalents — end of period	$ 248	$ 326	$ 102	$ 128	$ 73
Supplemental disclosures of cash flow information:					
Interest paid	$ 169	$ 200	$ 13	$ 84	$ 201
Income taxes paid	65	64	9	18	68

See accompanying notes to the consolidated financial statements.

Novelis Inc.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
(In millions, except number of shares)

	Common Stock		Additional Paid-in Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Owner's Net Investment	Total
	Shares	Amount					
Predecessor							
Balance as of December 31, 2005	74,005,649	$ —	$ 425	$ 92	$ (84)	—	$ 433
Fiscal 2006 Activity:							
Net income (loss)	—	—	—	(275)	—	—	(275)
Issuance of common stock in connection with stock plans	134,686	—	2	—	—	—	2
Spin-off settlement and post-closing adjustments	—	—	(38)	—	—	—	(38)
Share-based compensation	—	—	9	—	—	—	9
Currency translation adjustment	—	—	—	—	168	—	168
Change in fair value of effective portion of hedges, net	—	—	—	—	(46)	—	(46)
Postretirement benefit plans:							
Change in minimum pension liability	—	—	—	—	12	—	12
Initial impact of adopting Financial Accounting Standards Board Statement No. 158	—	—	—	—	(55)	—	(55)
Dividends on common shares	—	—	—	(15)	—	—	(15)
Balance as of December 31, 2006	74,140,335	—	398	(198)	(5)	—	195
Activity for Three Months Ended March 31, 2007:							
Adjustment for uncertain tax positions	—	—	—	(1)	—	—	(1)
Net income (loss)	—	—	—	(64)	—	—	(64)
Issuance of common stock from the exercise of stock options	1,217,325	—	27	—	—	—	27
Share-based compensation	—	—	2	—	—	—	2
Windfall tax benefit on share-based compensation	—	—	1	—	—	—	1
Currency translation adjustment	—	—	—	—	11	—	11
Change in fair value of effective portion of hedges, net	—	—	—	—	3	—	3
Postretirement benefit plans:							
Amortization of net actuarial loss	—	—	—	—	1	—	1
Balance as of March 31, 2007	75,357,660	—	428	(263)	10	—	175

(Continued)

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Novelis Inc.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY — (Continued)
(In millions, except number of shares)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Predecessor						
Activity for April 1, 2007 through May 15, 2007:						
Net income (loss)	—	—	—	(97)	—	(97)
Issuance of common stock from the exercise of stock options	57,876	—	1	—	—	1
Conversion of share-based compensation plans from equity-based plans to liability-based plans	—	—	(7)	—	—	(7)
Currency translation adjustment, net of tax	—	—	—	—	35	35
Change in fair value of effective portion of hedges, net of tax	—	—	—	—	(1)	(1)
Postretirement benefit plans:						
Amortization of net actuarial loss	—	—	—	—	(1)	(1)
Balance as of May 15, 2007	75,415,536	$ —	$ 422	$ (360)	$ 43	$ 105
Successor						
Balance as of May 16, 2007	75,415,536	$ —	$ 3,405	$ —	$ —	$ 3,405
Activity for May 16, 2007 through March 31, 2008:						
Net income (loss)	—	—	—	(20)	—	(20)
Issuance of additional common stock	2,044,122	—	92	—	—	92
Currency translation adjustment, net of tax	—	—	—	—	59	59
Postretirement benefit plans:						
Change in pension and other benefits, net of tax	—	—	—	—	(13)	(13)
Balance as of March 31, 2008	77,459,658	—	3,497	(20)	46	3,523
Fiscal 2009 Activity:						
Net income (loss)	—	—	—	(1,910)	—	(1,910)
Currency translation adjustment, net of tax	—	—	—	—	(122)	(122)
Change in fair value of effective portion of hedges, net of tax	—	—	—	—	(19)	(19)
Postretirement benefit plans:						
Change in pension and other benefits, net of tax	—	—	—	—	(53)	(53)
Balance as of March 31, 2009	77,459,658	$ —	$ 3,497	$ (1,930)	$ (148)	$ 1,419

See accompanying notes to the consolidated financial statements.

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to "Novelis," the "Company," "we," "our," or "us" refer to Novelis Inc. and its subsidiaries unless the context specifically indicates otherwise. References herein to "Hindalco" refer to Hindalco Industries Limited. In October 2007, the Rio Tinto Group purchased all the outstanding shares of Alcan, Inc. References herein to "Alcan" refer to Rio Tinto Alcan Inc.

Organization and Description of Business

Novelis Inc., formed in Canada on September 21, 2004, and its subsidiaries, is the world's leading aluminum rolled products producer based on shipment volume. We produce aluminum sheet and light gauge products for the beverage and food can, transportation, construction and industrial, and foil products markets. As of March 31, 2009, we had operations on four continents: North America; South America; Asia; and Europe, through 32 operating plants and four research facilities in 11 countries. In addition to aluminum rolled products plants, our South American businesses include bauxite mining, alumina refining, primary aluminum smelting and power generation facilities that are integrated with our rolling plants in Brazil.

On May 18, 2004, Alcan announced its intention to transfer its rolled products businesses into a separate company and to pursue a spin-off of that company to its shareholders. The spin-off occurred on January 6, 2005, following approval by Alcan's board of directors and shareholders, and legal and regulatory approvals. Alcan shareholders received one Novelis common share for every five Alcan common shares held.

Acquisition of Novelis Common Stock and Predecessor and Successor Reporting

On May 15, 2007, the Company was acquired by Hindalco through its indirect wholly-owned subsidiary pursuant to a plan of arrangement (the Arrangement) at a price of $44.93 per share. The aggregate purchase price for all of the Company's common shares was $3.4 billion and Hindalco also assumed $2.8 billion of Novelis' debt for a total transaction value of $6.2 billion. Subsequent to completion of the Arrangement on May 15, 2007, all of our common shares were indirectly held by Hindalco.

Our acquisition by Hindalco was recorded in accordance with Staff Accounting Bulletin No. 103, *Push Down Basis of Accounting Required in Certain Limited Circumstances* (SAB 103). In the accompanying consolidated balance sheets, the consideration and related costs paid by Hindalco in connection with the acquisition have been "pushed down" to us and have been allocated to the assets acquired and liabilities assumed in accordance with Financial Accounting Standards Board (FASB) Statement No. 141, *Business Combinations* (FASB 141). Due to the impact of push down accounting, the Company's consolidated financial statements and certain note presentations separate the Company's presentation into two distinct periods to indicate the application of two different bases of accounting between the periods presented: (1) the periods up to, and including, the May 15, 2007 acquisition date (labeled "Predecessor") and (2) the periods after that date (labeled "Successor"). The accompanying consolidated financial statements include a black line division which indicates that the Predecessor and Successor reporting entities shown are not comparable.

Change in Fiscal Year End

On June 26, 2007, our board of directors approved the change of our fiscal year end to March 31 from December 31. On June 28, 2007, we filed a Transition Report on Form 10-Q for the three month period ended March 31, 2007 with the United States Securities and Exchange Commission (SEC) pursuant to Rule 13a-10 under the Securities Exchange Act of 1934 for transition period reporting. Accordingly, these consolidated financial statements present our financial position as of March 31, 2009 and 2008, and the results of our operations, cash flows and changes in shareholder's equity for the year ended March 31, 2009; the periods from May 16, 2007 through March 31, 2008 and from April 1, 2007 through May 15, 2007; the three months ended March 31, 2007 and the year ended December 31, 2006.

Consolidation Policy

Our consolidated financial statements include the assets, liabilities, revenues and expenses of all wholly-owned subsidiaries, majority-owned subsidiaries over which we exercise control, entities in which we have a controlling financial interest or are deemed to be the primary beneficiary. We eliminate all significant intercompany accounts and transactions from our financial statements.

We use the equity method to account for our investments in entities that we do not control, but where we have the ability to exercise significant influence over operating and financial policies. Consolidated net income (loss) includes our share of the net earnings (losses) of these entities. The difference between consolidation and the equity method impacts certain of our financial ratios because of the presentation of the detailed line items reported in the consolidated financial statements for consolidated entities, compared to a two-line presentation of equity method investments and net losses.

We use the cost method to account for our investments in entities that we do not control and for which we do not have the ability to exercise significant influence over operating and financial policies. These investments are recorded at the lower of their cost or fair value.

Use of Estimates and Assumptions

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The principal areas of judgment relate to (1) the fair value of derivative financial instruments; (2) impairment of goodwill; (3) impairments of long lived assets, intangible assets and equity investments; (4) actuarial assumptions related to pension and other postretirement benefit plans; (5) income tax reserves and valuation allowances and (6) assessment of loss contingencies, including environmental and litigation reserves. Future events and their effects cannot be predicted with certainty, and accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluations. Actual results could differ from the estimates we have used.

Risks and Uncertainties

We are exposed to a number of risks in the normal course of our operations that could potentially affect our financial position, results of operations, and cash flows.

Laws and regulations

We operate in an industry that is subject to a broad range of environmental, health and safety laws and regulations in the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental, health and safety protection standards and permitting requirements regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices, the remediation of environmental contamination, post-mining reclamation and working conditions for our employees. Some environmental laws, such as the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, also known as CERCLA or Superfund, and comparable state laws, impose joint and several liability for the cost of environmental remediation, natural resource damages, third party claims, and other expenses, without regard to the fault or the legality of the original conduct.

The costs of complying with these laws and regulations, including participation in assessments and remediation of contaminated sites and installation of pollution control facilities, have been, and in the future could be, significant. In addition, these laws and regulations may also result in substantial environmental liabilities associated with divested assets, third party locations and past activities. In certain instances, these costs and liabilities, as well as related action to be taken by us, could be accelerated or increased if we were to close, divest of or change the principal use of certain facilities with respect to which we may have environmental liabilities or remediation obligations. Currently, we are involved in a number of compliance efforts, remediation activities and legal proceedings concerning environmental matters, including certain activities and proceedings arising under U.S. Superfund and comparable laws in other jurisdictions where we have operations.

We have established reserves for environmental remediation activities and liabilities where appropriate. However, the cost of addressing environmental matters (including the timing of any charges related thereto) cannot be predicted with certainty, and these reserves may not ultimately be adequate, especially in light of potential changes in environmental conditions, changing interpretations of laws and regulations by regulators and courts, the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out additional compliance on certain sites not initially included in remediation in progress, our potential liability to remediate sites for which provisions have not been previously established and the adoption of more stringent environmental laws. Such future developments could result in increased environmental costs and liabilities and could require significant capital expenditures, any of which could have a material adverse effect on our financial position or results of operations or cash flows. Furthermore, the failure to comply with our obligations under the environmental laws and regulations could subject us to administrative, civil or criminal penalties, obligations to pay damages or other costs, and injunctions or other orders, including orders to cease operations. In addition, the presence of environmental contamination at our properties could adversely affect our ability to sell a property, receive full value for a property or use a property as collateral for a loan.

Some of our current and potential operations are located or could be located in or near communities that may regard such operations as having a detrimental effect on their social and economic circumstances. Environmental laws typically provide for participation in permitting decisions, site remediation decisions and other matters. Concern about environmental justice issues may affect our operations. Should such community objections be presented to government officials, the consequences of such a development may have a material adverse impact upon the profitability or, in extreme cases, the viability of an operation. In addition, such developments may adversely affect our ability to expand or enter into new operations in such location or elsewhere and may also have an effect on the cost of our environmental remediation projects.

We use a variety of hazardous materials and chemicals in our rolling processes, as well as in our smelting operations in Brazil and in connection with maintenance work on our manufacturing facilities. Because of the nature of these substances or related residues, we may be liable for certain costs, including, among others, costs for health-related claims or removal or re-treatment of such substances. Certain of our current and former facilities incorporate asbestos-containing materials, a hazardous substance that has been the subject of health-related claims for occupation exposure. In addition, although we have developed environmental, health and safety programs for our employees, including measures to reduce employee exposure to hazardous substances, and conduct regular assessments at our facilities, we are currently, and in the future may be, involved in claims and litigation filed on behalf of persons alleging injury predominantly as a result of occupational exposure to substances at our current or former facilities. It is not possible to predict the ultimate outcome of these claims and lawsuits due to the unpredictable nature of personal injury litigation. If these claims and lawsuits, individually or in the aggregate, were finally resolved against us, our financial position, results of operations and cash flows could be adversely affected.

Materials and labor

In the aluminum rolled products industry, our raw materials are subject to continuous price volatility. We may not be able to pass on the entire cost of the increases to our customers or offset fully the effects of higher raw material costs, other than metal, through productivity improvements, which may cause our profitability to decline. In addition, there is a potential time lag between changes in prices under our purchase contracts and the point when we can implement a corresponding change under our sales contracts with our customers. As a result, we could be exposed to fluctuations in raw materials prices, including metal, since, during the time lag period, we may have to temporarily bear the additional cost of the change under our purchase contracts, which could have a material adverse effect on our financial position, results of operations and cash flows. Significant price increases may result in our customers' substituting other materials, such as plastic or glass, for aluminum or switch to another aluminum rolled products producer, which could have a material adverse effect on our financial position, results of operations and cash flows.

We consume substantial amounts of energy in our rolling operations, our cast house operations and our Brazilian smelting operations. The factors that affect our energy costs and supply reliability tend to be specific to each of our facilities. A number of factors could materially adversely affect our energy position including, but not limited to: (a) increases in the cost of natural gas; (b) increases in the cost of supplied electricity or fuel oil related to transportation; (c) interruptions in energy supply due to equipment failure or other causes and (d) the inability to extend energy supply contracts upon expiration on economical terms. A significant increase in energy costs or disruption of energy supplies or supply arrangements could have a material impact on our financial position, results of operations and cash flows.

Approximately 70% of our employees are represented by labor unions under a large number of collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate our collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on our financial position, results of operations and cash flows.

Geographic markets

We are, and will continue to be, subject to financial, political, economic and business risks in connection with our global operations. We have made investments and carry on production activities in various emerging markets, including Brazil, Korea and Malaysia, and we market our products in these countries, as well as China and certain other countries in Asia. While we anticipate higher growth or attractive production opportunities from these emerging markets, they also present a higher degree of risk than more developed markets. In addition to the business risks inherent in developing and servicing new markets, economic conditions may be more volatile, legal and regulatory systems less developed and predictable, and the possibility of various types of adverse governmental action more pronounced. In addition, inflation, fluctuations in currency and interest rates, competitive factors, civil unrest and labor problems could affect our revenues, expenses and results of operations. Our operations could also be adversely affected by acts of war, terrorism or the threat of any of these events as well as government actions such as controls on imports, exports and prices, tariffs, new forms of taxation, or changes in fiscal regimes and increased government regulation in the countries in which we operate or service customers. Unexpected or uncontrollable events or circumstances in any of these markets could have a material adverse effect on our financial position, results of operations and cash flows.

Other risks and uncertainties

In addition, refer to Note 17 — Fair Value of Assets and Liabilities and Note 20 — Commitments and Contingencies for a discussion of financial instruments and commitments and contingencies.

Reclassifications

Certain reclassifications of the prior period amounts and presentation have been made to conform to the presentation adopted for the current period.

The following reclassifications and presentation changes were made to the prior periods' consolidated balance sheet and consolidated statements of operations to conform to the current period presentation. These reclassifications had no effect on total assets, total shareholder's equity, net income (loss) or cash flows as previously presented:

- The current portion of liabilities related to the Fair value of derivative instruments were reclassified from Accrued expenses and other current liabilities to a separate line item.
- Restructuring charges, net were reclassified from Other (income) expenses, net to a separate line item.
- Interest income was reclassified from Interest expense and amortization of debt issuance costs to a separate line item.
- Sale transaction fees were reclassified from a separate line item to Other (income) expense, net.

In the consolidated balance sheet as of March 31, 2008, we reclassified $6 million from Current deferred income tax assets, $2 million from Accrued expenses and other current liabilities, and $53 million from Long-term deferred income tax liabilities to Goodwill due to a misclassification on the opening balance sheet of the Successor company. The impact of this reclassification increased total assets and total liabilities by $55 million, but had no effect on total shareholder's equity, net income (loss) or cash flows as previously presented and is not considered material to the March 31, 2008 financial statements.

Revenue Recognition

We recognize sales when the revenue is realized or realizable, and has been earned. We record sales when a firm sales agreement is in place, delivery has occurred and collectibility of the fixed or determinable sales price is reasonably assured.

We recognize product revenue, net of trade discounts and allowances, in the reporting period in which the products are shipped and the title and risk of ownership pass to the customer. We generally ship our product to our customers FOB (free on board) destination point. Our standard terms of delivery are included in our contracts of sale, order confirmation documents and invoices. We sell most of our products under contracts based on a "conversion premium," which is subject to periodic adjustments based on market factors. As a result, the aluminum price risk is largely absorbed by the customer. In situations where we offer customers fixed prices for future delivery of our products, we may enter into derivative instruments for all or a portion of the cost of metal inputs to protect our profit on the conversion of the product. In addition, certain of our sales contracts provide for a ceiling over which metal prices cannot contractually be passed through to our customers, unless adjusted. We partially mitigate the risk of this metal price exposure through the purchase of derivative instruments.

We record tolling revenue when the revenue is realized or realizable, and has been earned. Tolling refers to the process by which certain customers provide metal to us for conversion to rolled product. We do not take title to the metal and, after the conversion and return shipment of the rolled product to the customer, we charge them for the value-added conversion cost and record these amounts in Net sales.

Shipping and handling amounts we bill to our customers are included in Net sales and the related shipping and handling costs we incur are included in Cost of goods sold.

Cash and Cash Equivalents

Cash and cash equivalents includes investments that are highly liquid and have maturities of three months or less when purchased. The carrying values of cash and cash equivalents approximate their fair value due to the short-term nature of these instruments.

We maintain amounts on deposit with various financial institutions, which may, at times, exceed federally insured limits. However, management periodically evaluates the credit-worthiness of those institutions, and we have not experienced any losses on such deposits.

Accounts Receivable

Our accounts receivable are geographically dispersed. We do not obtain collateral relating to our accounts receivable. We do not believe there are any significant concentrations of revenues from any particular customer or group of customers that would subject us to any significant credit risks in the collection of our accounts receivable. We report accounts receivable at the estimated net realizable amount we expect to collect from our customers.

Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts. We write-off uncollectible accounts receivable against the allowance for doubtful accounts after exhausting collection efforts.

For each of the periods presented, we performed an analysis of our historical cash collection patterns and considered the impact of any known material events in determining the allowance for doubtful accounts. In performing the analysis, the impact of any adverse changes in general economic conditions was considered, and for certain customers we reviewed a variety of factors including: past due receivables; macro-economic conditions; significant one-time events and historical experience. Specific reserves for individual accounts may be established due to a customer's inability to meet their financial obligations, such as in the case of bankruptcy filings or the deterioration in a customer's operating results or financial position. As circumstances related to customers change, we adjust our estimates of the recoverability of the accounts receivable.

Derivative Instruments

We utilize derivative instruments to manage our exposure to changes in commodity prices, foreign currency exchange rates and interest rates. The fair values of all derivative instruments are recognized as assets or liabilities at the balance sheet date. Changes in the fair value of these instruments are recognized as (Gain) loss on change in fair value of derivative instruments, net and included in our consolidated statements of operations or included in Accumulated other comprehensive income (loss) (AOCI) on our consolidated balance sheet, depending on the nature or use of the derivative and whether it qualifies for hedge accounting treatment under the provisions of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (FASB 133), as amended.

Gains and losses on derivative instruments qualifying as cash flow hedges are included, to the extent the hedges are effective, in AOCI, until the underlying transactions are recognized as gains or losses and included in our consolidated statements of operations. Gains and losses on derivative instruments used as hedges of our net investment in foreign operations are included, net of taxes, to the extent the hedges are effective, in AOCI as part of the cumulative translation adjustment (CTA). The ineffective portions of cash flow hedges and hedges of net investments in foreign operations, if any, are recognized as gains or losses and included in our consolidated statements of operations, in (Gain) loss on change in fair value of derivative instruments, net in the current period.

Inventories

We carry our inventories at the lower of their cost or market value, reduced by reserves for excess and obsolete items. We use both the "average cost" and "first-in /first-out" methods to determine cost.

Property, Plant and Equipment

We report land, buildings, leasehold improvements and machinery and equipment at cost. We report assets under capital lease obligations at the lower of their fair value or the present value of the aggregate future minimum lease payments as of the beginning of the lease term. We depreciate our assets using the straight-line method over the shorter of the estimated useful life of the assets or the lease term, excluding any lease renewals, unless the lease renewals are reasonably assured. As a result of the Arrangement, land, building, leasehold improvements and machinery and equipment as of May 16, 2007 were adjusted to reflect fair value.

The ranges of estimated useful lives are as follows:

	Years
Buildings	30 to 40
Leasehold improvements	7 to 20
Machinery and equipment	5 to 25
Furniture, fixtures and equipment	3 to 10
Equipment under capital lease obligations	6 to 15

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset, and when material, we capitalize interest on major construction and development projects while in progress.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balances are removed from the respective accounts, and the resulting net amount, less any proceeds, is included as a gain or loss in Other (income) expenses, net in our consolidated statements of operations.

We account for operating leases under the provisions of FASB Statement No. 13, *Accounting for Leases* (FASB 13), and FASB Technical Bulletin No. 85-3, *Accounting for Operating Leases with Scheduled Rent Increases.* These pronouncements require us to recognize escalating rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Goodwill

We account for goodwill under the guidance in FASB Statement No. 141, *Business Combinations* (FASB 141) and FASB Statement No. 142, *Goodwill and Other Intangible Assets* (FASB 142).

We test goodwill for impairment using a fair value approach at the reporting unit level. We use our operating segments as our reporting units. We test for impairment at least annually during the fourth quarter of each fiscal year, unless some triggering event occurs that would require an impairment assessment. In accordance with FASB 142, we concluded that events had occurred and circumstances had changed during our third quarter of fiscal 2009 requiring us to perform an interim period goodwill impairment test. See Note 3 — Impairment of Goodwill and Investment in Affiliate.

We use the present value of estimated future cash flows to establish the estimated fair value of our reporting units as of the testing dates. This approach includes many assumptions related to future growth rates, discount factors and tax rates, among other considerations. Changes in economic and operating conditions

impacting these assumptions could result in goodwill impairment in future periods. When available and as appropriate, we use comparative market multiples to corroborate the estimated fair value. If the carrying amount of a reporting unit's goodwill were to exceed its estimated fair value, we would recognize an impairment charge in Impairment of goodwill in our consolidated statements of operations.

When a business within a reporting unit is disposed of, goodwill is allocated to the gain or loss on disposition using the relative fair value methodology of FASB 142.

Long-Lived Assets and Other Intangible Assets

In accordance with FASB 142, we amortize the cost of intangible assets over their respective estimated useful lives to their estimated residual value.

Under the guidance in FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* we assess the recoverability of long-lived assets (excluding goodwill) and definite-lived intangible assets, whenever events or changes in circumstances indicate that we may not be able to recover the asset's carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset (groups) to the expected, undiscounted future net cash flows to be generated by that asset (groups), or, for identifiable intangible assets, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. The amount of impairment of identifiable intangible assets is based on the present value of estimated future cash flows. We measure the amount of impairment of other long-lived assets (excluding goodwill) as the amount by which the carrying value of the asset exceeds the fair value of the asset, which is generally determined as the present value of estimated future cash flows or as the appraised value. Impairments of long-lived assets have been included in Restructuring charges, net and Other income (expense), net in the consolidated statement of operations.

If the carrying amount of an intangible asset were to exceed its fair value, we would recognize an impairment charge in Other (income) expenses, net in our consolidated statements of operations. No impairments of other intangible assets have been identified during any of the periods presented.

We continue to amortize long-lived assets to be disposed of other than by sale. We carry long-lived assets to be disposed of by sale in our consolidated balance sheets at the lower of net book value or the fair value less cost to sell, and we cease depreciation.

Investment in and Advances to Non-Consolidated Affiliates

Management assesses the potential for other-than-temporary impairment of our equity method and cost method investments. We consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, as appropriate, including the present value of estimated future cash flows, estimates of sales proceeds, and external appraisals. If an investment is considered to be impaired and the decline in value is other than temporary, we record an appropriate write-down.

Guarantees

We account for certain guarantees in accordance with FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (FIN 45). FIN 45 requires that a guarantor recognize a liability for the fair value of obligations undertaken at the inception of a guarantee.

Financing Costs and Interest Income

We amortize financing costs and premiums, and accrete discounts, over the remaining life of the related debt using the "effective interest amortization" and straight-line methods. The related income or expense is included in Interest expense and amortization of debt issuance costs in our consolidated statements of operations. We record discounts or premiums as a direct deduction from, or addition to, the face amount of the financing.

Fair Value of Financial Instruments

FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments* (FASB 107), requires disclosures of the fair value of financial instruments. Our financial instruments include: cash and cash equivalents; certificates of deposit; accounts receivable; accounts payable; foreign currency, energy and interest rate derivative instruments; cross-currency swaps; metal option and forward contracts; related party notes receivable and payable; letters of credit; short-term borrowings and long-term debt.

The carrying amounts of cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and current related party notes receivable and payable approximate their fair value because of the short-term maturity and highly liquid nature of these instruments. The fair value of our letters of credit is deemed to be the amount of payment guaranteed on our behalf by third party financial institutions. We determine the fair value of our short-term borrowings and long-term debt based on various factors including maturity schedules, call features and current market rates. We also use quoted market prices, when available, or the present value of estimated future cash flows to determine fair value of short-term borrowings and long-term debt. When quoted market prices are not available for various types of financial instruments (such as currency, energy and interest rate derivative instruments, swaps, options and forward contracts), we use standard pricing models with market-based inputs, which take into account the present value of estimated future cash flows.

Pensions and Postretirement Benefits

We account for our pensions and other postretirement benefits in accordance with FASB Statements No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (FASB 158), No. 87, *Employers' Accounting for Pensions*, and No. 106, *Employers' Accounting for Postretirement Benefits Other than Pensions.* We adopted FASB 158 for the year ended December 31, 2006. FASB 158 requires us to recognize the funded status of our benefit plans as a net asset or liability, with an offsetting adjustment to AOCI in shareholder's equity. The funded status is calculated as the difference between the fair value of plan assets and the benefit obligation. Prior to and including the three months ended March 31, 2007, we used a December 31 measurement date for our pension and postretirement plans. As a result of our acquisition by Hindalco and the application of push down accounting, our pension and postretirement plans were remeasured as of May 16, 2007. For the years ended March 31, 2009 and 2008, we used March 31 as the measurement date.

We use standard actuarial methods and assumptions to account for our pension and other postretirement benefit plans. Pension and postretirement benefit obligations are actuarially calculated using management's best estimates of expected service periods, salary increases and retirement ages of employees. Pension and postretirement benefit expense includes the actuarially computed cost of benefits earned during the current service period, the interest cost on accrued obligations, the expected return on plan assets based on fair market value and the straight-line amortization of net actuarial gains and losses and adjustments due to plan amendments. Generally, all net actuarial gains and losses are amortized over the expected average remaining service lives of plan participants.

Our pension obligations relate to funded defined benefit pension plans in the U.S., Canada, Switzerland and the U.K., unfunded pension plans in Germany, and unfunded lump sum indemnities in France, South Korea, Malaysia and Italy. Our other postretirement obligations include unfunded healthcare and life insurance benefits provided to retired employees in Canada, the U.S. and Brazil.

Minority Interests in Consolidated Affiliates

Our consolidated financial statements include all assets, liabilities, revenues and expenses of less-than-100%-owned affiliates that we control or for which we are the primary beneficiary. We record a minority interest for the allocable portion of income or loss to which the minority interest holders are entitled based upon their ownership share of the affiliate. Distributions made to the holders of minority interests are charged to the respective minority interest balance.

We suspend allocation of losses to minority interest holders when the minority interest balance for an affiliate is reduced to zero and the minority interest holder does not have an obligation to fund such losses. As of March 31, 2009, we have no such losses. Any excess loss above the minority interest balance is recognized by us in our consolidated statements of operations until the affiliate begins earning income again, at which time the minority interest holder's share of the income is offset against the previously unrecorded losses, and only cumulative income in excess of the previously unrecorded losses will be credited and/or distributed to the minority interest holder.

Environmental Liabilities

We record accruals for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. We adjust these accruals periodically as assessment and remediation efforts progress or as additional technical or legal information become available. Accruals for environmental liabilities are stated at undiscounted amounts. Environmental liabilities are included in our consolidated balance sheets in Accrued expenses and other current liabilities and Other long-term liabilities, depending on their short- or long-term nature. Any receivables for related insurance or other third party recoveries for environmental liabilities are recorded when it is probable that a recovery will be realized and are included in our consolidated balance sheets in Prepaid expenses and other current assets.

Costs related to environmental contamination treatment and clean-up are charged to expense. Estimated future incremental operations, maintenance and management costs directly related to remediation are accrued in the period in which such costs are determined to be probable and estimable.

Litigation Reserves

FASB Statement No. 5, *Accounting for Contingencies,* requires that we accrue for loss contingencies associated with outstanding litigation, claims and assessments for which management has determined it is probable that a loss contingency exists and the amount of loss can be reasonably estimated. We expense professional fees associated with litigation claims and assessments as incurred.

Income Taxes

We provide for income taxes using the asset and liability method as required by FASB Statement No. 109, *Accounting for Income Taxes* (FASB 109). This approach recognizes the amount of income taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the consolidated financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates. Under FASB 109, a valuation allowance is required when it is more likely than not that some portion of

the deferred tax assets will not be realized. Realization is dependent on generating sufficient future taxable income.

Share-Based Compensation

On January 1, 2006, we adopted FASB Statement No. 123 (Revised), *Share-Based Payment* (FASB 123(R)), which is a revision to FASB Statement No. 123. FASB 123(R) requires the recognition of compensation expense for a share-based award over an employee's requisite service period based on the award's grant date fair value, subject to adjustment.

We adopted FASB 123(R) using the modified prospective method, which requires companies to record compensation cost beginning with the effective date based on the requirements of FASB 123(R) for all share-based payments granted after the effective date. All awards granted to employees prior to the effective date of FASB 123(R) that remain unvested at the adoption date will continue to be expensed over the remaining service period. Additionally, we determined that all of our compensation plans settled in cash are considered liability based awards. As such, liabilities for awards under these plans are required to be measured at each reporting date until the date of settlement. Various valuation methods were used to determine the fair value of these awards.

Cash flows resulting from tax benefits for deductions in excess of compensation cost recognized are classified within financing cash flows.

Foreign Currency Translation

In accordance with FASB Statement No. 52, *Foreign Currency Translation*, the assets and liabilities of foreign operations, whose functional currency is other than the U.S. dollar (located in Europe and Asia), are translated to U.S. dollars at the period end exchange rates and revenues and expenses are translated at average exchange rates for the period. Differences arising from the translation of assets and liabilities are included in the currency translation adjustment (CTA) component of accumulated other comprehensive income. If there is a reduction in our ownership in a foreign operation, the relevant portion of the CTA is recognized in Other (income) expenses, net.

For all operations, the remeasurement of monetary items denominated in currencies other than the functional currency produce transaction gains and losses. For these operations, the monetary items denominated in currencies other than the functional currency are remeasured at period exchange rates and transaction gains and losses are included in Other (income) expenses, net in our consolidated statements of operations. Non-monetary items are remeasured at historical rates.

Research and Development

We incur costs in connection with research and development programs that are expected to contribute to future earnings, and charge such costs against income as incurred. Research and development costs consist primarily of salaries and administrative costs.

Restructuring Activities

Restructuring charges, net include employee severance and benefit costs, impairments of assets, and other costs associated with exit activities. We apply the provisions of FASB Statement No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (FASB 146) relating to one-time termination benefits. Severance costs accounted for under FASB 146 are recognized when management with the proper level of authority has committed to a restructuring plan and communicated those actions to employees. Impairment losses are based upon the estimated fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. Other exit costs include environmental remediation costs and contract termination costs, primarily related to equipment and facility lease obligations. At each reporting date, we evaluate the accruals for restructuring costs to ensure the accruals are still appropriate.

Recently Adopted Accounting Standards

The following accounting standards have been adopted by us during the twelve months ended March 31, 2009.

During the quarter ended March 31, 2009, we adopted FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* (FASB 161). FASB 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under FASB 133 and its related interpretations and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. This standard had no impact on our consolidated financial position, results of operations and cash flows.

During the quarter ended December 31, 2008, we adopted FASB Staff Position (FSP) No. FAS 140-4 and FASB Interpretation No. 46(R)-8 (FIN 46(R)-8), *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities.* FIN 46(R)-8 calls for enhanced disclosures by public entities about interests in variable interest entities (VIE) and provides users of the financial statements with greater transparency about an enterprise's involvement with variable interest entities. This FSP had no impact on our consolidated financial position, results of operation and cash flows.

On April 1, 2008, we adopted FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115* (FASB 159). FASB 159 permits entities to choose to measure financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the "fair value option") with changes in fair value reported in earnings each reporting period. The fair value option enables some companies to reduce the volatility in reported earnings caused by measuring related assets and liabilities differently without applying the complex hedge accounting requirements under FASB 133, to achieve similar results. We previously recorded our derivative contracts and hedging activities at fair value in accordance with FASB 133. We did not elect the fair value option for any other financial instruments or certain other financial assets and liabilities that were not previously required to be measured at fair value.

On April 1, 2008, we adopted FASB Statement No. 157, *Fair Value Measurements* (FASB 157), as it relates to financial assets and financial liabilities. On October 10, 2008, we adopted FASB Staff Position FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* (FSP FAS 157-3). The FSP clarifies the application of FASB 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP FAS 157-3 is effective for prior periods for which financial statements have not been issued. This standard had no impact on our consolidated financial position, results of operation and cash flows. See Note 17 — Fair Value of Assets and Liabilities regarding our adoption of this standard.

On April 1, 2008, we adopted FASB Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39*, (FSP FIN 39-1). FSP FIN 39-1 amends FASB Statement No. 39, *Offsetting of Amounts Related to Certain Contracts*, by permitting entities that enter into master netting arrangements as part of their derivative transactions to offset in their financial statements net derivative positions against the fair value of amounts (or amounts that approximate fair value) recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements. Our adoption of this standard did not have a material impact on our consolidated financial position, results of operations and cash flows.

Recently Issued Accounting Standards

The following new accounting standards have been issued, but have not yet been adopted by us as of March 31, 2009, as adoption is not required until future reporting periods.

In April 2009, the FASB issued FASB Staff Position No. 107-1 (FSP FAS 107-1) and APB Opinion 28-1 (APB 28-1), *Interim Disclosures about Fair Value of Financial Instruments*. FSP FAS 107-1 and APB 28-1 amends FASB 107 and APB Opinion No. 28, *Interim Financial Reporting*, to require disclosures about the fair value of financial instruments for interim reporting periods. FSP FAS 107-1 and APB 28-1 will be effective for interim reporting periods ending after June 15, 2009. As FSP FAS 107-1 and APB 28-1 only require enhanced disclosures, they will have no impact on our consolidated financial position, results of operation and cash flows.

In April 2009, the FASB issued FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP FAS 157-4). FSP FAS 157-4 provides additional guidance in accordance with FASB No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability has significantly decreased. FSP FAS 157-4 will be effective for interim and annual reporting periods ending after June 15, 2009. This standard will have no impact our consolidated financial position, results of operations and cash flows.

In April 2009, the FASB issued FASB Staff Position No. 115-2 (FSP FAS 115-2) and FASB Staff Position No. 124-2 (FSP FAS 124-2), *Recognition of Other-than-Temporary-Impairments.* FSP FAS No. 115-2 and FSP FAS No. 124-2 amends the other-than-temporary impairment guidance in U.S. GAAP for debt and equity securities. FSP FAS No. 115-2 and FSP FAS No. 124-2 will be effective for interim and annual reporting periods ending after June 15, 2009. This standard will have no impact our consolidated financial position, results of operations and cash flows.

In December 2008, the FASB issued FSP No. 132(R)-1, *Employers' Disclosures about Pensions and Other Postretirement Benefits* (FSP No. 132(R)-1). FSP No. 132(R)-1 requires that an employer disclose the following information about the fair value of plan assets: 1) how investment allocation decisions are made, including the factors that are pertinent to understanding of investment policies and strategies; 2) the major categories of plan assets; 3) the inputs and valuation techniques used to measure the fair value of plan assets; 4) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period; and 5) significant concentrations of risk within plan assets. FSP No. 132(R)-1 will be effective for fiscal years ending after December 15, 2009, with early application permitted. At initial adoption, application of FSP No. 132(R)-1 would not be required for earlier periods that are presented for comparative purposes. This standard will have no impact on our consolidated financial position, results of operations and cash flows.

In November 2008, the Emerging Issues Task Force (EITF) issued Issue No. 08-06, *Equity Method Investment Accounting Considerations* (EITF 08-06). EITF 08-6 address questions that have arisen about the application of the equity method of accounting for investments acquired after the effective date of both FASB 141(R) and FASB Statement No. 160, *Non-controlling Interests in Consolidated Financial Statements.* EITF 08-06 clarifies how to account for certain transactions involving equity method investments. EITF 08-6 is effective on a prospective basis for fiscal years beginning after December 15, 2008, with early adoption prohibited. This standard will have no impact our consolidated financial position, results of operations and cash flows.

In April 2008, the FASB issued Staff Position No. FAS 142-3, *Determination of Useful Life of Intangible Assets*(FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB 142. FSP FAS 142-3 also requires expanded disclosure related to the determination of intangible asset useful lives. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier adoption is prohibited. We have not yet commenced evaluating the potential impact, if any, of the adoption of FSP FAS 142-3 on our consolidated financial position, results of operations and cash flows.

In December 2007, the FASB issued Statement No. 141 (Revised), *Business Combinations* (FASB 141(R)). FASB 141(R) establishes principles and requirements for how the acquirer in a business combination (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FASB 141(R) also requires acquirers to estimate the acquisition-date fair value of any contingent consideration and to recognize any subsequent changes in the fair value of contingent consideration in earnings. We will be required to apply this new standard prospectively to business combinations occurring after March 31, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. FASB 141(R) amends certain provisions of FASB 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to the effective date of FASB 141(R) would also apply the provisions of FASB 141(R). Early adoption is prohibited.

In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (FASB 160). FASB 160 establishes accounting and reporting standards that require: (i) the ownership interest in subsidiaries held by parties other than the parent to be clearly identified and presented in the consolidated balance sheet within shareholder's equity, but separate from the parent's equity; (ii) the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and (iii) changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary to be accounted for consistently. FASB 160 applies to fiscal years beginning after December 15, 2008. Earlier adoption is prohibited. We do not believe that the adoption of FASB 160 will have a material effect on our consolidated financial position, results of operations and cash flows.

We have determined that all other recently issued accounting standards will not have a material impact on our consolidated financial position, results of operations or cash flows, or do not apply to our operations.

2. LIQUIDITY

We believe we have adequate liquidity to meet our operational and capital requirements for the foreseeable future. Our primary sources of liquidity are available cash and cash equivalents, borrowing availability under our revolving credit facility and future cash generated by operating activities. During the first nine months of fiscal 2009, our liquidity position decreased significantly as the global recession led to a rapid decline in aluminum prices and end-customer demand for flat-rolled products. However, we believe aluminum prices have stabilized and that there is limited risk of further significant volume declines in fiscal 2010 due to the volume of our sales into the beverage can sheet market. We had stable liquidity in the fourth quarter of fiscal 2009 and expect to operate with positive cash flow in 2010, despite continued low levels of demand and net cash outflows to settle derivative positions. This reflects our ongoing efforts to preserve liquidity through cost and capital spending controls and effective management of working capital. Risks associated with supplier terms, customer credit and broker hedging capacity, while still present to some degree, have been managed to date with minimal negative impact on our business. Although there can be no assurances that further deterioration in global market conditions would not negatively impact our liquidity in 2010, we believe that our liquidity position will improve during fiscal 2010, due primarily to expected reduced cash outflows for metal derivatives and cash savings from previously-announced restructuring programs.

3. IMPAIRMENT OF GOODWILL AND INVESTMENT IN AFFILIATE

In accordance with FASB 142, we evaluate the carrying value of goodwill for potential impairment annually during the fourth quarter of each fiscal year or on an interim basis if an event occurs or circumstances change that indicate that the fair value of a reporting unit is likely to be below its carrying value. During the

third quarter of fiscal 2009, we concluded that interim impairment testing was required due to the recent deterioration in the global economic environment and the resulting significant decrease in both the market capitalization of our parent company and the valuation of our publicly traded 7.25% Senior Notes.

We test consolidated goodwill for impairment using a fair value approach at the reporting unit level. We use our operating segments as our reporting units and perform our goodwill impairment test in two steps. Step one compares the fair value of each reporting unit (operating segment) to its carrying amount. If step one indicates that an impairment potentially exists, the second step is performed to measure the amount of impairment, if any. Goodwill impairment exists when the estimated fair value of goodwill is less than its carrying value.

Quarter Ended December 31, 2008 Impairment Testing

For purposes of our step one analysis, our estimate of fair value of each reporting unit is based on a combination of (1) quoted market prices/relationships (the market approach), (2) discounted cash flows (the income approach) and (3) a stock price build-up approach (the build-up approach). Under the market approach, the fair value of each reporting unit was determined based upon comparisons to public companies engaged in similar businesses. Under the income approach, the fair value of each reporting unit was based on the present value of estimated future cash flows. The income approach is dependent on a number of significant management assumptions including estimated demand in each geographic market, future LME prices and the discount rate. The discount rate is commensurate with the risk inherent in the projected cash flows and reflects the rate of return required by an investor in the current economic conditions. Under the build-up approach, which is a variation of the market approach, we estimated the fair value of each reporting unit based on the estimated contribution of each of the reporting units to Hindalco's total business enterprise value. The estimated fair value for each reporting unit was within the range of fair values yielded under each approach. The result of our step one test indicated a potential impairment.

For our reporting units in North America, Europe and South America, we proceeded to step two for the goodwill impairment calculation in which we determined the implied fair value of the goodwill and compared it to the carrying value of the goodwill. We allocated the fair value of the reporting unit to all of its assets and liabilities as if the reporting unit has been acquired and the fair value was the price paid to acquire each reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of the reporting unit's goodwill. Step two was not performed for Asia as no goodwill has been allocated to this reporting unit.

As a result of our step two evaluation, we recorded a $1.34 billion impairment charge in the quarter ended December 31, 2008. We finalized our interim goodwill impairment test in the fourth quarter which resulted in no adjustment to the charge as recorded.

We also evaluated the carrying value of our investment in Aluminium Norf GmbH for impairment. This resulted in an impairment charge of $160 million, which is reported in Equity in net (income) loss of non-consolidated affiliates on the consolidated statement of operations.

Year End Impairment Testing

Our annual goodwill impairment test was performed in the fourth quarter and no additional impairment was identified. The table below summarizes goodwill by reporting unit (in millions).

Reporting Unit	March 31, 2008(A) Successor	Impairments	Other Adjustments(B)	March 31, 2009 Successor
North America	$ 1,149	$ (860)	$ (1)	$ 288
Europe	518	(330)	(7)	181
South America	263	(150)	—	113
	$ 1,930	$ (1,340)	$ (8)	$ 582

(A) See Note 1 — Business and Summary of Significant Accounting Policies (Reclassifications) for discussion of goodwill balance reclassification at March 31, 2008.

(B) Other adjustments include: (1) an adjustment in North America for final payment related to the transfer of pension plans in Canada for employees who elected to transfer their past service to Novelis during the quarter ended June 30, 2008 and (2) adjustments in Europe related to tax audits during the year ended March 31, 2009.

4. RESTRUCTURING PROGRAMS

The following table summarizes the restructuring activity by region (in millions). Restructuring charges, net on the consolidated statement of operations for the year ended March 31, 2009 of $95 million include $22 million of non-cash charges related to restructuring actions in Europe and Asia, discussed below.

	Europe	North America	Asia	South America	Corporate	Restructuring Reserves
Predecessor						
Balance as of December 31, 2006	$ 33	$ —	$ —	$ —	$ 1	$ 34
January 1, 2007 to March 31, 2007 Activity:						
Provisions (recoveries), net	9	—	—	—	—	9
Cash payments	(5)	—	—	—	(1)	(6)
Adjustments — other	(1)	—	—	—	—	(1)
Balance as of March 31, 2007	36	—	—	—	—	36
April 1, 2007 to May 15, 2007 Activity:						
Provisions (recoveries), net	1	—	—	—	—	1
Cash payments	(1)	—	—	—	—	(1)
Adjustments — other	1	—	—	—	—	1
Balance as of May 15, 2007	37	—	—	—	—	37
Successor						
May 16, 2007 to March 31, 2008 Activity:						
Provisions (recoveries), net	2	4	—	—	—	6
Cash payments	(20)	—	—	—	—	(20)
Adjustments — other	1	—	—	—	—	1
Balance as of March 31, 2008	20	4	—	—	—	24
Fiscal 2009 Activity:						
Provisions (recoveries), net	53	16	1	2	1	73
Cash payments	(8)	(5)	(1)	—	—	(14)
Adjustments — other	(4)	1	—	—	—	(3)
Balance as of March 31, 2009	$ 61	$ 16	$ —	$ 2	$ 1	$ 80

Year Ended March 31, 2009 Restructuring Activities

Europe

In March 2009, we announced the closure of our aluminum sheet mill in Rogerstone, South Wales, U.K. Operations ceased in April 2009, resulting in the elimination of 440 positions. For the year ended March 31, 2009, we recorded approximately $20 million in severance-related costs, $20 million in environmental remediation expenses and $3 million in other exit related costs. Environmental liabilities are projected to be settled through April 2011.

Also related to the Rogerstone closure, we recorded $12 million in non-cash fixed asset impairments, an $8 million write-down of parts and supplies and a $3 million reduction to reserves associated with an unfavorable contract established as part of the Arrangement. These restructuring charges are not included in the restructuring provision table above but have been reflected as reductions to the respective balance sheet account.

In March 2009, we announced a restructuring plan to streamline our operations at our Rugles facility located in Upper Normandy, France, which eliminates approximately 80 positions. The facility will continue operation of its five major processes, including continuous casting, breakdown/foilstock, rolling, grinding and finishing. For the year ended March 31, 2009, we recorded $9 million in severance-related costs.

In March 2009, we recorded $1 million in severance costs at our Ohle, Germany facility related to the elimination of 13 positions.

North America

In November 2008, we announced a Voluntary Separation Program (VSP) available to salaried employees in North America and the Corporate office aimed at reducing staff levels. This VSP supplemented a pre-existing Involuntary Severance Program (ISP). We eliminated approximately 120 positions for the year ended March 31, 2009, and recorded $16 million in severance-related costs for the VSP and ISP programs.

South America

In January 2009, we announced that we will cease production of alumina at our Ouro Preto facility in Brazil effective May 2009. The global economic crisis and the recent dramatic drop in alumina prices have made alumina production at Ouro Preto economically unfeasible. For the foreseeable future, the Ouro Preto facility will purchase alumina through third-parties. Approximately 290 positions were eliminated at Ouro Preto, including 150 employees and 140 contractors. For the year ended March 31, 2009, we recorded approximately $2 million in severance-related costs. Other exit costs include less than $1 million related to the idling of the refinery. Other activities related to the facility, including electric power generation and the production of primary aluminum, will continue unaffected.

Asia

In February 2009, we recorded approximately $1 million in severance-related costs related to a voluntary retirement program in Asia which eliminated 34 positions. Also, during the year ended March 31, 2009, we recorded an impairment charge of approximately $5 million in Novelis Korea due to the obsolescence of certain production related fixed assets. These restructuring charges are not included in the restructuring provision table above but have been reflected as reductions to the respective balance sheet account.

Year Ended March 31, 2008 Restructuring Activities

North America

In March 2008, management approved the closure of our light gauge converter products facility in Louisville, Kentucky. The closure is intended to bring the capacity of our North American operations in line with local market demand. As a result of the closure, we recognized approximately $5 million in restructuring charges during the quarter ended March 31, 2008. Our Louisville facility closed in June 2008.

Three Months Ended March 31, 2007 Restructuring Activities

Europe

In March 2007, management approved the proposed restructuring of our facilities in Bridgnorth, U.K. These proposed actions were intended to bring the capacity of our U.K. operations in line with local market demand and to reduce the cost of our U.K. operations. Certain production lines were shut down in the U.K. and volume was relocated to other European plants. For the three months ended March 31, 2007, we recognized approximately $8 million each in impairment charges on long-lived assets in the U.K. that will no longer be used and severance costs.

Year Ended December 31, 2006 Restructuring Activities

Europe

In December 2006, we announced several restructuring actions at our facilities in the U.K., Germany, France and Italy. These actions are intended to streamline the management of these operations. We incurred $2 million in severance-related costs through December 31, 2006 in connection with these programs. We incurred no additional costs related to these programs and we completed all actions by March 2008.

In August 2006, we announced a restructuring of our European central management and administration activities in Zurich, Switzerland to reduce overhead costs and streamline support functions. In addition, we exited our Neuhausen research and development center in Switzerland. Through March 31, 2008, we completed this action and incurred costs of approximately $4 million.

In July 2006, we announced restructuring actions at our Goettingen facility in Germany to reduce overhead administrative costs and streamline functions. We incurred approximately $5 million related primarily to severance costs through December 31, 2006. As of March 31, 2009, we have completed this action and have not incurred significant additional costs.

In March 2006, we announced the restructuring of our European operations, with the reorganization of our plants in Ohle and Ludenscheid, Germany, including the closing of two non-core business lines located within those facilities. In connection with the reorganization of our Ohle and Ludenscheid plants, we incurred costs of approximately $5 million during the year ended December 31, 2006. We do not anticipate future costs related to these programs to be significant and expect all obligations to be fulfilled by December 2011.

North America

In December 2006, we announced the closing of our Montreal planning office. We incurred approximately $1 million of severance-related costs through December 31, 2006. Through March 31, 2008, we completed this action and incurred no additional costs.

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following (in millions).

	March 31, 2009	March 31, 2008
	Successor	Successor
Trade accounts receivable	$ 1,002	$ 1,160
Other accounts receivable	49	89
Accounts receivable — third parties	1,051	1,249
Allowance for doubtful accounts — third parties	(2)	(1)
	1,049	1,248
Other accounts receivable — related parties	25	31
Accounts receivable, net	$ 1,074	$ 1,279

Allowance for Doubtful Accounts

The allowance for doubtful accounts is management's best estimate of probable losses inherent in the accounts receivable balance. Management determines the allowance based on known uncollectible accounts, historical experience and other currently available evidence. As of March 31, 2009 and 2008, our allowance for doubtful accounts represented approximately 0.2% and 0.1%, respectively, of gross accounts receivable.

Activity in the allowance for doubtful accounts is as follows (in millions).

	Balance at Beginning of Period	Additions Charged to Expense	Accounts Recovered/ (Written-Off)	Foreign Exchange and Other	Balance at End of Period
Predecessor					
Year Ended December 31, 2006	$ 26	$ 4	$ (4)	$ 3	$ 29
Three Months Ended March 31, 2007	$ 29	$ —	$ —	$ —	$ 29
April 1, 2007 Through May 15, 2007	$ 29	$ —	$ (2)	$ 1	$ 28
Successor					
May 16, 2007 Through March 31, 2008	$ —	$ 1	$ —	$ —	$ 1
Year Ended March 31, 2009	$ 1	$ 2	$ (1)	$ —	$ 2

Forfaiting of Trade Receivables

Novelis Korea Ltd. forfaits trade receivables in the ordinary course of business. These trade receivables are typically outstanding for 60 to 120 days. Forfaiting is a non-recourse method to manage credit and interest rate risks. Under this method, customers contract to pay a financial institution. The institution assumes the risk of non-payment and remits the invoice value (net of a fee) to us after presentation of a proof of delivery of goods to the customer. We do not retain a financial or legal interest in these receivables, and they are not included in the accompanying consolidated balance sheets. Forfaiting expenses are included in Selling, general and administrative expenses in our consolidated statements of operations.

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Factoring of Trade Receivables

Our Brazilian operations factor, without recourse, certain trade receivables that are unencumbered by pledge restrictions. Under this method, customers are directed to make payments on invoices to a financial institution, but are not contractually required to do so. The financial institution pays us any invoices it has approved for payment (net of a fee). We do not retain financial or legal interest in these receivables, and they are not included in the accompanying consolidated balance sheets. Factoring expenses are included in Selling, general and administrative expenses in our consolidated statements of operations.

Summary Disclosures of Financial Amounts

The following tables summarize amounts relating to our forfaiting and factoring activities (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Receivables forfaited	$ 570	$ 507	$ 51	$ 68	$ 424
Receivables factored	$ 70	$ 75	$ —	$ 18	$ 71
Forfaiting expense	$ 5	$ 6	$ 1	$ 1	$ 5
Factoring expense	$ 1	$ 1	$ —	$ —	$ 1

	March 31, 2009	March 31, 2008
	Successor	*Successor*
Forfaited receivables outstanding	$ 71	$ 149
Factored receivables outstanding	$ —	$ —

6. INVENTORIES

Inventories consist of the following (in millions).

	March 31, 2009	March 31, 2008
	Successor	*Successor*
Finished goods	$ 215	$ 381
Work in process	296	638
Raw materials	207	362
Supplies	86	75
	804	1,456
Allowances	(11)	(1)
Inventories	$ 793	$ 1,455

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net, consists of the following (in millions).

	As of March 31, 2009	As of March 31, 2008
	Successor	*Successor*
Land and property rights	$ 213	$ 258
Buildings	760	826
Machinery and equipment	2,495	2,460
	3,468	3,544
Accumulated depreciation and amortization	(741)	(331)
	2,727	3,213
Construction in progress	72	144
Property, plant and equipment, net	$ 2,799	$ 3,357

Due to the assignment of new fair values as a result of the Arrangement, we have no fully depreciated assets included in our consolidated balance sheet as of March 31, 2009 and 2008.

Total depreciation expense is shown in the table below (in millions). Capitalized interest related to construction of property, plant and equipment was immaterial in the periods presented.

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Depreciation expense related to property, plant and equipment	$ 398	$ 338	$ 28	$ 58	$ 231

Asset impairments

During the year ended March 31, 2009, we recorded $1 million of impairment charges, which is included in Other (income) expense, net on the consolidated statement of operations. We also recorded impairment charges totaling $17 million related to assets in Europe and Asia which have been included in Restructuring charges, net on the consolidated statement of operations (see Note 4 — Restructuring Programs).

During the period from May 16, 2007 through March 31, 2008, we recorded an impairment charge of $1 million in Novelis Italy due to the obsolescence of certain production related fixed assets.

Leases

We lease certain land, buildings and equipment under non-cancelable operating leases expiring at various dates through 2015, and we lease assets in Sierre, Switzerland including a 15-year capital lease through 2020 from Alcan. Operating leases generally have five to ten-year terms, with one or more renewal options, with terms to be negotiated at the time of renewal. Various facility leases include provisions for rent escalation to recognize increased operating costs or require us to pay certain maintenance and utility costs.

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes rent expense included in our consolidated statements of operations (in millions):

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Rent expense	$ 25	$ 27	$ 3	$ 4	$ 22

Future minimum lease payments as of March 31, 2009, for our operating and capital leases having an initial or remaining non-cancelable lease term in excess of one year are as follows (in millions). The future minimum lease payments for capital lease obligations exclude $3 million of unamortized fair value adjustments recorded as a result of the Arrangement (see Note 12 — Debt in the accompanying consolidated financial statements).

Year Ending March 31,	Operating Leases	Capital Lease Obligations
2010	$ 19	$ 7
2011	16	7
2012	14	7
2013	13	7
2014	11	6
Thereafter	23	34
Total minimum lease payments	$ 96	68
Less: interest portion on capital lease		(21)
Principal obligation on capital leases		$ 47

Assets and related accumulated amortization under capital lease obligations as of March 31, 2009 and 2008 are as follows (in millions).

	March 31, 2009	March 31, 2008
	Successor	*Successor*
Assets under capital lease obligations:		
Buildings	$ 9	$ 13
Machinery and equipment	63	55
	72	68
Accumulated amortization	(19)	(17)
	$ 53	$ 51

Sale of assets

There were no material sales of fixed assets during the year ended March 31, 2009. During March 2008, we sold land at our Kingston facility in Ontario, Canada for $5 million. No gain or loss was recognized on the sale. During the year ended December 31, 2006, we sold our rights to develop and operate two hydroelectric power plants in South America and recorded a pre-tax gain of approximately $11 million, included in *Other (income) expenses, net* in our consolidated statements of operations.

Asset Retirement Obligations

The following is a summary of our asset retirement obligation activity. The period-end balances are included in Other long-term liabilities in our consolidated balance sheets (in millions).

Predecessor	
Asset retirement obligation as of December 31, 2006	$ 13
Liability incurred	1
Liability settled	—
Accretion	—
Asset retirement obligation as of March 31, 2007	14
Liability incurred	—
Liability settled	—
Accretion	—
Asset retirement obligation as of May 15, 2007	$ 14
Successor	
Asset retirement obligation as of May 16, 2007	$ 14
Liability incurred	—
Liability settled	—
Accretion	2
Asset retirement obligation as of March 31, 2008	16
Liability incurred	—
Liability settled	—
Accretion	1
Other	(1)
Asset retirement obligation as of March 31, 2009	$ 16

8. INTANGIBLE ASSETS

The components of intangible assets were as follows (in millions).

	March 31, 2009 — *Successor*				March 31, 2008 — *Successor*			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life
Tradenames	$ 140	$ (13)	$ 127	20 years	$ 152	$ (6)	$ 146	20 years
Technology	165	(21)	144	15 years	169	(10)	159	15 years
Customer-related intangible assets	459	(43)	416	20 years	484	(21)	463	20 years
Favorable energy supply contract	124	(28)	96	9.5 years	124	(13)	111	9.5 years
Other favorable contracts	13	(9)	4	3.3 years	15	(6)	9	3.3 years
	$ 901	$ (114)	$ 787	17.2 years	$ 944	$ (56)	$ 888	17.2 years

Our favorable energy supply contract and other favorable contracts are amortized over their estimated useful lives using methods that reflect the pattern in which the economic benefits are expected to be consumed. All other intangible assets are amortized using the straight-line method.

Amortization expense related to intangible assets is as follows (in millions):

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Total Amortization expense related to intangible assets	$ 59	$ 56	$ —	$ —	$ 2
Less: Amortization expense related to intangible assets included in Cost of goods sold(A)	18	19	—	—	—
Amortization expense related to intangible assets included in Depreciation and amortization	$ 41	$ 37	$ —	$ —	$ 2

(A) Relates to amortization of favorable energy and other supply contracts.

Estimated total amortization expense related to intangible assets for each of the five succeeding fiscal years is as follows (in millions). Actual amounts may differ from these estimates due to such factors as customer turnover, raw material consumption patterns, impairments, additional intangible asset acquisitions and other events.

Fiscal Year Ending March 31,	
2010	$ 58
2011	55
2012	54
2013	54
2014	53

9. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

We have a variable interest in Logan Aluminum, Inc. (Logan) and have concluded that we are the primary beneficiary. As a result, this entity is consolidated pursuant to FASB Interpretation No. 46 (Revised), *Consolidation of Variable Interest Entities* (FIN 46(R)) in all periods presented. All significant intercompany transactions and balances have been eliminated.

Logan Organization and Operations

In 1985, Alcan purchased an interest in Logan to provide tolling services jointly with ARCO Aluminum, Inc. (ARCO). Logan produces approximately one-third of the can sheet utilized in the U.S. can sheet market. According to the joint venture agreements between Alcan and ARCO, Alcan owned 40 shares of Class A common stock and ARCO owned 60 shares of Class B common stock in Logan. Each share provides its holder with one vote, regardless of class. However, Class A shareholders have the right to select four directors, and Class B shareholders have the right to select three directors. Generally, a majority vote is required for the Logan board of directors to take action. In connection with our spin-off from Alcan in January 2005, Alcan transferred all of its rights and obligations under a joint venture agreement and subsequent ancillary agreements (collectively, the JV Agreements) to us.

Logan processes metal received from Novelis and ARCO and charges the respective partner a fee to cover expenses. Logan has no equity and relies on the regular reimbursement of costs and expenses by Novelis and ARCO to fund its operations. This reimbursement is considered a variable interest as it constitutes a form of financing of the activities of Logan. Other than these contractually required reimbursements, we do not provide other additional support to Logan. We are obligated to absorb a majority of the risk of loss; however, Logan's creditors do not have recourse to our general credit.

Primary Beneficiary

A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities and non-controlling interests at fair value. Generally, the primary beneficiary is the reporting enterprise with a variable interest in the entity that is obligated to absorb the majority (greater than 50%) of the VIE's expected loss.

Based upon a previous restructuring program, Novelis acquired the right to use the excess capacity at Logan. To utilize this capacity, we installed and have sole ownership of a cold mill at the Logan facility which enabled us have the ability to take the majority share of production and costs. These facts qualify Novelis as Logan's primary beneficiary under FIN 46(R).

Carrying Value

The following table summarizes the carrying value and classification on our consolidated balance sheets of assets and liabilities owned by the Logan joint venture and consolidated under FIN 46(R) (in millions). There are significant other assets used in the operations of Logan that are not part of the joint venture.

	March 31,	
	2009	2008
	Successor	*Successor*
Current assets	$ 64	$ 61
Total assets	$ 124	$ 106
Current liabilities	$ (35)	$ (39)
Total liabilities	$ (135)	$ (112)
Net carrying value	$ (11)	$ (6)

10. INVESTMENT IN AND ADVANCES TO NON-CONSOLIDATED AFFILIATES AND RELATED PARTY TRANSACTIONS

The following table summarizes the ownership structure and our ownership percentage of the non-consolidated affiliates in which we have an investment as of March 31, 2009, and which we account for using the equity method. We do not control our non-consolidated affiliates, but have the ability to exercise significant influence over their operating and financial policies. We have no material investments that we account for using the cost method.

Affiliate Name	Ownership Structure	Ownership Percentage
Aluminium Norf GmbH	Corporation	50%
Consorcio Candonga	Unincorporated Joint Venture	50%
MiniMRF LLC	Limited Liability Company	50%
Deutsche Aluminium Verpackung Recycling GmbH	Corporation	30%
France Aluminium Recyclage S.A.	Public Limited Company	20%

In September 2007, we completed the dissolution of EuroNorca Partners, and we received approximately $2 million upon the completion of liquidation proceedings. No gain or loss was recognized on the liquidation.

In November 2006, we sold the common and preferred shares of our 25% interest in Petrocoque S.A. Industria e Comercio (Petrocoque) to the other shareholders of Petrocoque. Prior to the sale, we accounted for Petrocoque using the equity method of accounting. The results of operations of Petrocoque through the date of sale are included in the table below.

The following table summarizes the condensed assets, liabilities and equity of our equity method affiliates (on a 100% basis, in millions) on a historical basis of accounting. The results do not include the unamortized fair value adjustments relating to our non-consolidated affiliates due to the Arrangement. As of March 31, 2009 and 2008, there were $551 million and $766 million, respectively, of unamortized fair value adjustments recorded in Investment in and advances to non-consolidated affiliates.

	March 31,	
	2009	2008
Assets:		
Current assets	$ 158	$ 192
Non-current assets	560	677
Total assets	$ 718	$ 869
Liabilities:		
Current liabilities	$ 128	$ 151
Non-current liabilities	254	359
Total liabilities	382	510
Equity:		
Novelis	168	180
Third parties	168	179
Total liabilities and equity	$ 718	$ 869

The following table summarizes the condensed results of operations of our equity method affiliates (on a 100% basis, in millions) on a historical basis of accounting. These results do not include the incremental depreciation and amortization expense that we record in our equity method accounting, which arises as a result of the amortization of fair value adjustments we made to our investments in non-consolidated affiliates due to the Arrangement. These results also do not include the $160 million impairment charge to reduce the carrying value of our investment in Aluminium Norf GmbH for the year ended March 31, 2009. (See Note 3 — Impairment of Goodwill and Investment in Affiliate.)

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
Net sales	$ 553	$ 564	$ 45	$ 127	$ 558
Costs, expenses and income taxes	511	495	43	122	521
Net income	$ 42	$ 69	$ 2	$ 5	$ 37

The table below summarizes our incremental depreciation and amortization expense on our equity method investments due to the Arrangement.

	Year Ended March 31, 2009 *Successor*	May 16, 2007 Through March 31, 2008 *Successor*
Incremental depreciation and amortization expense	$ 48	$ 39
Tax benefit(A)	(15)	(29)
Incremental depreciation and amortization expense, net	$ 33	$ 10

(A) The tax benefits for the period from May 16, 2007 through March 31, 2008 includes tax benefits associated with amortization and a statutory tax rate change recorded as part of our equity method accounting for these investments. There were no such statutory tax rate changes in the other period noted in the table above.

Included in the accompanying consolidated financial statements are transactions and balances arising from business we conduct with these non-consolidated affiliates, which we classify as related party transactions and balances. The following table describes the nature and amounts of transactions that we had with related parties (in millions).

	Year Ended March 31, 2009 *Successor*	May 16, 2007 Through March 31, 2008 *Successor*	April 1, 2007 Through May 15, 2007 *Predecessor*	Three Months Ended March 31, 2007 *Predecessor*	Year Ended December 31, 2006 *Predecessor*
Purchases of tolling services, electricity and inventories					
Aluminium Norf GmbH(A)	$ 257	$ 253	$ 21	$ 61	$ 227
Consorcio Candonga(B)	18	24	1	3	14
Petrocoque S.A. Industria e Comercio(C)	n.a.	n.a.	n.a.	n.a.	2
Total purchases from related parties	$ 275	$ 277	$ 22	$ 64	$ 243
Interest (income) expense					
Aluminium Norf GmbH(D)	$ —	$ 1	$ —	$ —	$ (1)

(A) We purchase tolling services (the conversion of customer-owned metal) from Aluminium Norf GmbH.

(B) We obtain electricity from Consorcio Candonga for our operations in South America.

(C) We purchased calcined-coke from Petrocoque for use in our smelting operations in South America. As previously discussed, we sold our interest in Petrocoque in November 2006. They are not considered a related party in periods subsequent to November 2006.

(D) We earn interest income on a loan due from Aluminium Norf GmbH.

n.a. not applicable — see (C).

The following table describes the period-end account balances that we have with these non-consolidated affiliates, shown as related party balances in the accompanying consolidated balance sheets (in millions).

	March 31, 2009	March 31, 2008
	Successor	*Successor*
Accounts receivable(A)	$ 25	$ 31
Other long-term receivables(A)	$ 23	$ 41
Accounts payable(B)	$ 48	$ 55

(A) The balances represent current and non-current portions of a loan due from Aluminium Norf GmbH.

(B) We purchase tolling services from Aluminium Norf GmbH and electricity from Consorcio Candonga.

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities are comprised of the following (in millions).

	March 31, 2009	March 31, 2008
	Successor	*Successor*
Accrued compensation and benefits	$ 103	$ 141
Accrued settlement of legal claim	—	39
Accrued interest payable	12	15
Accrued income taxes	33	37
Current portion of fair value of unfavorable sales contracts	152	242
Other current liabilities	216	230
Accrued expenses and other current liabilities	$ 516	$ 704

12. DEBT

Debt consists of the following (in millions).

	March 31, 2009				March 31, 2008		
	Interest Rates(A)	Principal	Unamortized Fair Value Adjustments(B) *Successor*	Carrying Value	Principal	Unamortized Fair Value Adjustments(B) *Successor*	Carrying Value
Long-term debt, net of current portion — third parties:							
Novelis Inc.							
7.25% Senior Notes, due February 2015	7.25%	$ 1,124	$ 47	$ 1,171	$ 1,399	$ 67	$ 1,466
Floating rate Term Loan facility, due July 2014	3.21%(C)	295	—	295	298	—	298
Novelis Corporation							
Floating rate Term Loan facility, due July 2014	3.21%(C)	867	(54)	813	655	—	655
Novelis Switzerland S.A.							
Capital lease obligation, due December 2019 (Swiss francs (CHF) 51 million)	7.50%	45	(3)	42	54	(4)	50
Capital lease obligation, due August 2011 (CHF 3 million)	2.49%	2	—	2	3	—	3
Novelis Korea Limited							
Bank loan, due October 2010	5.44%	100	—	100	100	—	100
Bank loan, due February 2010 (Korean won (KRW) 50 billion)	3.94%	37	—	37	—	—	—
Bank loan, due May 2009 (KRW 10 billion)	7.47%	7	—	7	—	—	—
Bank loans, due September 2010 through June 2011 (KRW 308 million)	3.24%(D)	—	—	—	1	—	1
Other							
Other debt, due April 2009 through December 2012	0.61%(D)	1	—	1	2	—	2
Total debt — third parties		2,478	(10)	2,468	2,512	63	2,575
Less: current portion		(59)	8	(51)	(15)	—	(15)
Long-term debt, net of current portion — third parties:		$ 2,419	$ (2)	$ 2,417	$ 2,497	$ 63	$ 2,560
Long-term debt, net of current portion — related party							
Novelis Inc.							
Unsecured credit facility — related party, due January 2015	13.00%	$ 91	$ —	$ 91	$ —	$ —	$ —

(A) Interest rates are as of March 31, 2009 and exclude the effects of accretion/amortization of fair value adjustments as a result of the Arrangement.

(B) Debt existing at the time of the Arrangement was recorded at fair value. Additional floating rate Term Loan with a face value of $220 million issued in March 2009 was recorded at a fair value of $165 million. See discussion below.

(C) Excludes the effect of related interest rate swaps and the effect of accretion of fair value.

(D) Weighted average interest rate.

Principal repayment requirements for our total debt over the next five years and thereafter (excluding unamortized fair value adjustments and using rates of exchange as of March 31, 2009 for our debt denominated in foreign currencies) are as follows (in millions).

Year Ending March 31,	Amount
2010	$ 59
2011	116
2012	16
2013	16
2014	15
Thereafter	2,347
Total	$ 2,569

7.25% Senior Notes

On February 3, 2005, we issued $1.4 billion aggregate principal amount of senior unsecured debt securities (Senior Notes). The Senior Notes were priced at par, bear interest at 7.25% and mature on February 15, 2015.

As a result of the Arrangement, the Senior Notes were recorded at their fair value of $1.474 billion based on their market price of 105.25% of $1,000 face value per bond as of May 14, 2007. The incremental fair value of $74 million is being amortized over the remaining life of the Senior Notes as an offset to interest expense using the effective interest amortization method.

Under the indenture that governs the Senior Notes, we are subject to certain restrictive covenants applicable to incurring additional debt and providing additional guarantees, paying dividends beyond certain amounts and making other restricted payments, sales and transfers of assets, certain consolidations or mergers, and certain transactions with affiliates.

In March 2009, we recognized a $122 million pre-tax gain on the extinguishment of debt as part of a debt restructuring action. We exchanged Senior Notes with a principal value of $275 million for additional floating rate Term Loan with a face value of $220 million and estimated fair value of $165 million. In accordance with EITF 96-19, *Debtor's Accounting for a Modification or Exchange of Debt Instruments,* the exchange was accounted for as a debt extinguishment and issuance of new debt, with the fair value of the Term Loan used to determine the gain on extinguishment. The carrying value of the Senior Notes used in the gain calculation includes $12 million representing the pro rata allocation of the remaining unamortized fair value adjustment that was established in connection with the Arrangement.

Credit Agreements

On July 6, 2007, we entered into new senior secured credit facilities with a syndicate of lenders led by affiliates of UBS and ABN AMRO (Credit Agreements) providing for aggregate borrowings of up to $1.76 billion. The Credit Agreements consist of (1) a $960 million seven-year Term Loan facility (Term Loan facility) and (2) an $800 million five year multi-currency asset-based revolving credit line and letter of credit facility (ABL facility).

Under the ABL facility, interest charged is dependent on the type of loan as follows: (1) any swingline loan or any loan categorized as an ABR borrowing will bear interest at an annual rate equal to the alternate

base rate (which is the greater of (a) the base rate in effect on a given day and (b) the federal funds effective rate in effect on a given day, plus 0.50%) plus the applicable margin; (2) Eurocurrency loans will bear interest at an annual rate equal to the adjusted LIBOR rate for the applicable interest period, plus the applicable margin; (3) loans designated as Canadian base rate borrowings will bear an annual interest rate equal to the Canadian base rate (CAPRIME), plus the applicable margin; (4) loans designated as bankers acceptances (BA) rate loans will bear interest at the average discount rate offered for bankers' acceptances for the applicable BA interest period, plus the applicable margin and (5) loans designated as Euro Interbank Offered Rate (EURIBOR) loans will bear interest annually at a rate equal to the adjusted EURIBOR rate for the applicable interest period, plus the applicable margin. Applicable margins under the ABL facility depend upon excess availability levels calculated on a quarterly basis.

Generally, for both the Term Loan facility and ABL facility, interest rates reset every three months and interest is payable on a monthly, quarterly, or other periodic basis depending on the type of loan.

The proceeds from the Term Loan facility of $960 million, drawn in full at the time of closing, and an initial draw of $324 million under the ABL facility were used to pay off our old senior secured credit facility, pay for debt issuance costs of the Credit Agreements and provide for additional working capital. Mandatory minimum principal amortization payments under the Term Loan facility are $2.4 million per calendar quarter. Additional mandatory prepayments are required to be made for certain collateral liquidations, asset sales, debt and preferred stock issuances, equity issuances, casualty events and excess cash flow (as defined in the Credit Agreements). Any unpaid principal is due in full on July 6, 2014.

Under the Term Loan facility, loans characterized as alternate base rate (ABR) borrowings bear interest annually at a rate equal to the alternate base rate (which is the greater of (a) the base rate in effect on a given day and (b) the federal funds effective rate in effect on a given day, plus 0.50%) plus the applicable margin. Loans characterized as Eurocurrency borrowings bear interest at an annual rate equal to the adjusted LIBOR rate for the interest period in effect, plus the applicable margin.

Borrowings under the ABL facility are generally based on 85% of eligible accounts receivable and 70% to 75% of eligible inventories. Commitment fees ranging from 0.25% to 0.375% are based on average daily amounts outstanding under the ABL facility during a fiscal quarter and are payable quarterly.

The Credit Agreements include customary affirmative and negative covenants. Under the ABL facility, if our excess availability, as defined under the borrowing, is less than $80 million, we are required to maintain a minimum fixed charge coverage ratio of 1 to 1. As of March 31, 2009, our fixed charge coverage ratio is less than 1 to 1, resulting in a reduction of availability under our ABL facility of $80 million. Substantially all of our assets are pledged as collateral under the Credit Agreements.

As discussed above, in March 2009, we issued an additional Term Loan with a face value of $220 million in exchange for $275 million of Senior Notes. The additional Term Loan was recorded at a fair value of $165 million determined using a discounted cash flow model. The difference between the fair value and the face value of the new Term Loan will be accreted over the life of the Term Loan using the effective interest method, resulting in additional non-cash interest expense.

Interest Rate Swaps

As of March 31, 2009, we had entered into interest rate swaps to fix the variable LIBOR interest rate on $700 million of our floating rate Term Loan facility. We are still obligated to pay any applicable margin, as defined in our Credit Agreements. Interest rate swaps related to $400 million at an effective weighted average interest rate of 4.0% expire March 31, 2010. In January 2009, we entered into two interest rate swaps to fix the variable LIBOR interest rate on an additional $300 million of our floating Term Loan facility at a rate of 1.49%, plus any applicable margin. These interest rate swaps are effective from March 31, 2009 through March 31, 2011.

As of March 31, 2009 approximately 71% of our debt was fixed rate and approximately 29% was variable-rate.

Unsecured Credit Facility

In February 2009, to assist in maintaining adequate liquidity levels, we entered into an unsecured credit facility of $100 million (the Unsecured Credit Facility) with a scheduled maturity date of January 15, 2015 from an affiliate of the Aditya Birla group. Any advance of the Unsecured Credit Facility is deemed to be a permanent reduction of the loan and any part of the loan which is repaid may not be re-borrowed. For each advance under the credit facility, interest is payable quarterly at a rate of 13% per annum prior to the first anniversary of the advance and 14% per annum thereafter, until the earlier of repayment or maturity.

Under the Unsecured Credit Facility, we are subject to certain negative covenants applicable to the restriction of prepayments of other indebtedness and to certain modification of our Credit Agreements and 7.25% Senior Notes.

As of March 31, 2009, we have drawn down $91 million of this facility.

Short-Term Borrowings and Lines of Credit

As of March 31, 2009, our short-term borrowings were $264 million consisting of (1) $231 million of short-term loans under our ABL facility, (2) a $9 million short-term loan in Italy, (3) a $22 million short-term loan in Korea and (4) $2 million in bank overdrafts. As of March 31, 2009, $42 million of our ABL facility was utilized for letters of credit and we had $233 million in remaining availability under this revolving credit facility before the covenant related restriction discussed above.

As of March 31, 2009, we had an additional $92 million outstanding under letters of credit in Korea not included in our revolving credit facility. The weighted average interest rate on our total short-term borrowings was 2.75% and 4.12% as of March 31, 2009 and 2008, respectively.

Korean Bank Loans

In December 2004, we entered into (1) a $70 million floating rate loan and (2) a KRW 25 billion ($25 million) floating rate loan, both due in December 2007. We immediately entered into an interest rate and cross currency swap on the $70 million floating rate loan through a 4.55% fixed rate KRW 73 billion ($73 million) loan and an interest rate swap on the KRW 25 billion floating rate loan to fix the interest rate at 4.45%. In October 2007, we entered into a $100 million floating rate loan due October 2010 and immediately repaid the $70 million loan. In December 2007, we repaid the KRW 25 billion loan from the proceeds of the $100 million floating rate loan. Additionally, we immediately entered into an interest rate swap and cross currency swap for the $100 million floating rate loan through a 5.44% fixed rate KRW 92 billion ($92 million) loan.

In November 2008, we entered into a 7.47% interest rate KRW 10 billion ($7 million) bank loan due May 2009. In February 2009, we entered into a 3.94% interest rate KRW 50 billion ($37 million) bank loan due February 2010.

Capital Lease Obligations

In December 2004, we entered into a fifteen-year capital lease obligation with Alcan for assets in Sierre, Switzerland, which has an interest rate of 7.5% and fixed quarterly payments of CHF 1.7 million, which is equivalent to $1.5 million at the exchange rate as of March 31, 2009.

In September 2005, we entered into a six-year capital lease obligation for equipment in Switzerland which has an interest rate of 2.49% and fixed monthly payments of CHF 0.1 million, which is equivalent to $0.1 million at the exchange rate as of March 31, 2009.

13. SHARE-BASED COMPENSATION

Share-Based Compensation Expense

Total share-based compensation expense for active and inactive plans for the respective periods, including amounts related to the cumulative effect of an accounting change (exclusive of income taxes) from adopting FASB Statement No. 123(R) on January 1, 2006, is presented in the table below (in millions). These amounts are included in Selling, general and administrative expenses in our consolidated statements of operations. For the year ended March 31, 2009, total compensation expense related to share-based awards was less than $1 million, and therefore are not included in the table.

	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Predecessor*	*Predecessor*	*Predecessor*
Active Plans(A):				
Recognition Awards(B)	$ 2.3	$ 1.5	$ 0.5	$ 0.5
Inactive Plans:				
Novelis 2006 Incentive Plan (stock options)	n.a.	14.5	0.9	0.7
Novelis 2006 Incentive Plan (stock appreciation rights)	n.a.	5.6	1.4	0.4
Novelis Conversion Plan of 2005	n.a.	23.8	0.3	7.3
Stock Price Appreciation Unit Plan	n.a.	(0.5)	4.4	4.5
Deferred Share Unit Plan for Non-Executive Directors	n.a.	0.2	2.2	1.8
Novelis Founders Performance Awards	n.a.	0.1	6.0	2.7
Total Shareholder Returns Performance Plan	n.a.	—	—	0.2
Inactive Plants — Total Share-Based Compensation Expense	n.a.	$ 43.7	$ 15.2	$ 17.6

(A) In June 2008, our board of directors authorized the 2009 Novelis Long-Term Incentive Plan. As of March 31, 2009, only the 2009 Novelis Long-term Incentive Plan remained active; however, there was no share-based compensation expense related to this plan in any period reflected in the table above or for the year ended March 31, 2009.

(B) One-half of the outstanding Recognition Awards vested on December 31, 2007. The remaining outstanding Recognition Awards vested on December 31, 2008. As of March 31, 2009, the Recognition Awards were inactive.

n.a. Not applicable as plan was cancelled as a result of the Arrangement

Effect of Acquisition by Hindalco

As a result of the Arrangement, all of our share-based compensation awards (except for our Recognition Awards) were accelerated to vest, cancelled and settled in cash using the $44.93 purchase price per common share paid by Hindalco in the transaction. We made aggregate cash payments (including applicable payroll-

related taxes) totaling $72 million to plan participants following consummation of the Arrangement, as follows:

	Shares/Units Settled	Cash Payments (In millions)
Novelis 2006 Incentive Plan (stock options)	825,850	$ 16
Novelis 2006 Incentive Plan (stock appreciation rights)	378,360	7
Novelis Conversion Plan of 2005	1,238,183	29
Stock Price Appreciation Unit Plan	299,873	7
Deferred Share Unit Plan for Non-Executive Directors	109,911	5
Novelis Founders Performance Awards	180,400	8
		$ 72

Compensation expense resulting from the accelerated vesting of plan awards, totaling $45 million is included in Selling, general and administrative expenses in our consolidated statement of operations for the period from April 1, 2007 through May 15, 2007. We also recorded a $7 million reduction to Additional paid-in capital during the period from April 1, 2007 through May 15, 2007 for the conversion of certain of our share-based compensation plans from equity-based to liability-based plans.

2009 Novelis Long-Term Incentive Plan

In June 2008, our board of directors authorized the Novelis Long-Term Incentive Plan FY 2009 — FY 2012 (2009 LTIP) covering the performance period from April 1, 2008 through March 31, 2012. Under the 2009 LTIP, stock appreciation rights (SARs) are to be granted to certain of our executive officers and key employees. The SARs will vest at the rate of 25% per year (every June 19th) subject to performance criteria (see below), and expire seven years from the date the plan was authorized by the board. Each SAR is to be settled in cash based on the difference between the market value of one Hindalco share on the date of grant compared to the date of exercise, converted from Indian rupees to the participant's payroll currency at the time of exercise. The amount of cash paid would be limited to (i) 2.5 times the target payout if exercised within one year of vesting or (ii) 3 times the target payout if exercised after one year of vesting. The SARs do not transfer any shareholder rights in Hindalco to a participant. SARs that do not vest as a result of failure to achieve a performance criterion will be cancelled. Generally, all vested SARs expire 90 days after termination of employment, except (1) in the case of death or disability, when any unvested SARs will vest immediately and expire within one year and (2) in the case of retirement, when, if retirement occurs more than one year from the grant date, the SARs would continue to vest and expire three years following retirement. All awards vest upon a change in control of the Company (as defined in the 2009 LTIP).

The performance criterion for vesting is based on the actual overall Novelis Operating Earnings before Interest, Depreciation, Amortization and Taxes (Operating EBITDA, as defined in the 2009 LTIP) compared to the target Operating EBITDA established and approved each fiscal year. The minimum threshold for vesting each year is 75% of each annual target Operating EBITDA, at which point 75% of the SARs for that period would vest, with an equal pro rata amount of SARs vesting through 100% achievement of the target. This performance condition has no impact on the fair value of the SARs.

In October 2008, our board of directors approved an amendment to the 2009 LTIP. The design elements of the amended 2009 LTIP are largely unchanged from the original 2009 LTIP. However, the amended 2009 LTIP now specifies that (a) the plan shall be administered by the Compensation Committee of the Board of Directors, (b) all payments shall be made in cash upon exercise (less applicable withholdings), and (c) the Compensation Committee has the authority to make adjustments in the number and price of SARs covered by the plan in order to prevent dilution or enlargement of the rights of employees that would otherwise result

from a change in the capital structure of the Company (e.g., dividends, stock splits, rights issuances, reorganizations, liquidation of assets, etc.).

In November 2008, grants totaling 21,534,619 SARs at an exercise price of 60.50 Indian Rupees ($1.23 at the December 31, 2008 exchange rate) per SAR were made to our executive officers and key employees. For the year ended March 31, 2009, there were 1,168,426 SARs forfeited.

At March 31, 2009, for outstanding SARs, the average remaining contractual term is 6.22 years and the aggregate intrinsic value is zero as the market value of a share of Hindalco stock was less than the SAR exercise price. No SARs were exercisable at March 31, 2009.

The fair value of each SAR is based on the difference between the fair value of a long call and a short call option. The fair value of each of these call options was determined using the Black-Scholes valuation method. We used historical stock price volatility data of Hindalco on the Bombay Stock Exchange to determine expected volatility assumptions. The annual expected dividend yield is based on Hindalco dividend payments of $0.04 (1.85 Indian Rupees) per year. Risk-free interest rates are based on treasury yields in India, consistent with the expected remaining lives of the SARs. Because we do not have a sufficient history of SAR exercise or cancellation, we estimated the expected remaining life of the SARs based on an extension of the "simplified method" as prescribed by Staff Accounting Bulletin No. 107, *Share-Based Payment* (SAB 107).

The fair value of each SAR under the 2009 LTIP was estimated as of March 31, 2009 using the following assumptions:

Expected volatility	47.60 - 54.49%
Weighted average volatility	50.87%
Dividend yield	3.55%
Risk-free interest rate	6.21 - 6.72%
Expected life	3.22 - 4.72 years

The fair value of the SARs is being recognized over the requisite performance and service period of each tranche, subject to the achievement of any performance criterion. No compensation expense for this performance period has been recorded in the year ended March 31, 2009 as annual performance criterion were not met. Additionally, since the performance criteria for the fiscal years 2010 to 2012 have not yet been established and therefore, no measurement periods have commenced, no expense has been recorded for those tranches in the year ended March 31, 2009.

Unrecognized compensation expense related to the non-vested SARs (assuming all future performance criteria are met except for the 2009 performance period) of $3 million is expected to be realized over a weighted average period of 4.2 years.

Recognition Awards

In September 2006, we entered into Recognition Agreements and granted Recognition Awards to certain executive officers and other key employees (Executives) to retain and reward them for continued dedication towards corporate objectives. Under the terms of these agreements, Executives who remained continuously employed by us through the vesting dates of December 31, 2007 and December 31, 2008 were entitled to receive one-half of their total Recognition Awards on each vesting date. The number of Recognition Awards payable under the agreements varied by Executive. As a result of the Arrangement, the Recognition Awards changed from an equity-based to a liability-based plan using the $44.93 per common share transaction price as the per share value. This change resulted in additional share-based compensation expense of $1.3 million during the period from April 1, 2007 through May 15, 2007.

One-half of the outstanding Recognition Awards vested on December 31, 2007, and were settled for approximately $3 million in cash in January 2008. The remaining outstanding Recognition Awards vested on December 31, 2008, and were settled for approximately $2 million in cash in January 2009.

Inactive Plans

As previously mentioned, as a result of the Arrangement, all of our share-based compensation awards (except for our Recognition Awards) were accelerated to vest, cancelled and settled in cash using the $44.93 purchase price per common share paid by Hindalco in the transaction. The following tables summarizes the activity and assumptions used to estimate fair value of the cancelled plans.

Novelis 2006 Incentive Plan

In October 2006, our shareholders approved the Novelis 2006 Incentive Plan (2006 Incentive Plan) to effectively replace the Novelis Conversion Plan of 2005 and Stock Price Appreciation Unit Plan (both described below). Under the 2006 Incentive Plan, up to an aggregate number of 7,000,000 shares of Novelis common stock were authorized to be issued in the form of stock options, stock appreciation rights (SARs), restricted shares, restricted share units, performance shares and other share-based incentives.

2006 Stock Options

In October 2006, our board of directors authorized a grant of an aggregate of 885,170 seven-year non-qualified stock options under the 2006 Incentive Plan at an exercise price of $25.53 to certain of our executive officers and key employees.

Prior to the Arrangement, the fair value of our premium and non-premium options was estimated using the following assumptions for the year ended December 31, 2006, the three months ended March 31, 2007 and the period from April 1, 2007 through May 15, 2007 *(Predecessor)*:

Expected volatility	42.20 to 46.40%
Weighted average volatility	44.30%
Dividend yield	0.16%
Risk-free interest rate	4.68 to 4.71%
Expected life	1.00 to 4.75 years

As a result of the Arrangement, 825,850 premium and non-premium options under the 2006 Incentive Plan were accelerated to vest and were settled in cash for approximately $16 million.

Stock Appreciation Rights

In October 2006, our board of directors authorized a grant of 381,090 Stock Appreciation Rights (SARs) under the 2006 Incentive Plan at an exercise price of $25.53 to certain of our executive officers and key employees.

The fair value of premium and non-premium SARs under the 2006 Incentive Plan was estimated using the following assumptions:

	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Predecessor	*Predecessor*
Expected volatility	40.70 to 44.70%	40.80 to 45.40%
Weighted average volatility	42.70%	43.10%
Dividend yield	None	0.14%
Risk-free interest rate	4.51 to 4.59%	4.67 to 4.71%
Expected life	0.57 to 4.32 years	0.83 to 4.57 years

As a result of the Arrangement, 378,360 premium and non-premium SARs were accelerated to vest and were settled in cash for approximately $7 million.

Novelis Conversion Plan of 2005

In January 2005, our board of directors adopted the Novelis Conversion Plan of 2005 (the Conversion Plan) to allow for 1,372,663 Alcan stock options held by employees of Alcan who became our employees following our spin-off from Alcan to be replaced with options to purchase 2,723,914 of our common shares.

The fair value of each option was estimated using the following assumptions for the year ended December 31, 2006, the three months ended March 31, 2007 and the period from April 1 through May 15, 2007:

Expected volatility	30.30%
Weighted-average volatility	30.30%
Dividend yield	1.56%
Risk-free interest rate	2.88 to 3.73%
Expected life	0.70 to 5.70 years

As a result of the Arrangement, 563,651 options were accelerated to vest with a total fair value of approximately $4 million and a total of 1,238,183 options were settled in cash using the $44.93 purchase price per common share paid by Hindalco in the transaction for approximately $29 million.

Stock Price Appreciation Unit Plan

Prior to the spin-off, some Alcan employees who later transferred to Novelis held Alcan stock price appreciation units (SPAUs). These units entitled them to receive cash equal to the excess of the market value of an Alcan common share on the exercise date of a SPAU over the market value of an Alcan common share on its grant date.

The fair value of each SPAU was estimated using the following assumptions:

	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Predecessor	*Predecessor*
Expected volatility	38.20 to 40.80%	36.20 to 40.30%
Weighted average volatility	39.31%	39.32%
Dividend yield	None	0.14%
Risk-free interest rate	4.51 to 4.56%	4.67 to 4.80%
Expected life	2.25 to 4.37 years	2.37 to 4.37 years

As a result of the Arrangement, 201,495 SPAUs were accelerated to vest and 299,873 SPAUs were settled in cash using the $44.93 per common share purchase price paid by Hindalco in the transaction for approximately $7 million.

Deferred Share Unit Plan for Non-Executive Directors

In January 2005, Novelis established the Deferred Share Unit Plan for Non-Executive Directors under which non-executive directors would receive 50% of their compensation payable in the form of directors' deferred share units (DDSUs) and the other 50% in the form of either cash, additional DDSUs or a combination of these two (at the election of each non-executive director).

As a result of the Arrangement, 109,911 DDSUs were settled in cash using the $44.93 purchase price per common share paid by Hindalco in the transaction for approximately $5 million.

Novelis Founders Performance Awards

In March 2005 (as amended and restated in March 2006 and February 2007), Novelis established a plan to reward certain key executives with Performance Share Units (PSUs) if Novelis common share price improvement targets were achieved within specific time periods. There were three equal tranches of PSUs, and each had a specific share price improvement target.

The share price improvement targets for the first tranche were achieved and 180,350 Performance Share Units (PSUs) were awarded on June 20, 2005. For the year ended December 31, 2005, 1,650 PSUs were forfeited and 178,700 remained outstanding. In March 2006, 46,850 PSUs were forfeited and 131,850 PSUs were ultimately paid out. The liability for the first tranche was accrued over its term, was valued on March 24, 2006, and was paid in April 2006 in the aggregate amount of approximately $3 million.

The fair value of each PSUs was estimated using the following assumptions:

	Year Ended December 31, 2006
	Predecessor
Expected volatility	37.00%
Weighted average volatility	37.00%
Dividend yield	0.14%
Risk-free interest rate	4.75%
Expected life (derived service periods)	0.93 to 1.23 years

As a result of the Arrangement, the second and third tranches (represented by 94,450 and 85,950 PSUs, respectively) were settled in cash using the $44.93 purchase price per common share paid by Hindalco in the transaction for approximately $8 million.

Total Shareholder Returns Performance Plan

Some Alcan employees who transferred to Novelis were entitled to receive cash awards under the Alcan Total Shareholder Returns Performance Plan (TSR). In January 2005, the accrued awards for all of the TSR participants were converted into 452,667 Novelis restricted share units (RSUs). In October 2005, an aggregate of $7 million was paid to employees who held RSUs that had vested on September 30, 2005. In October 2006, 120,949 RSUs and related dividends outstanding were paid to employees in the aggregate amount of $3 million.

14. POSTRETIREMENT BENEFIT PLANS

Our pension obligations relate to funded defined benefit pension plans in the U.S., Canada, Switzerland and the U.K., unfunded pension plans in Germany, and unfunded lump sum indemnities in France, South Korea, Malaysia and Italy. Our other postretirement obligations (Other Benefits, as shown in certain tables below) include unfunded healthcare and life insurance benefits provided to retired employees in Canada, the U.S. and Brazil.

Some of our employees participated in defined benefit plans that were previously managed by Alcan in the U.S., Canada, the U.K. and Switzerland. These benefits are generally based on the employee's years of service and the highest average eligible compensation before retirement.

For the period January 1, 2006 through March 31, 2009, the following occurred related to existing Alcan pension plans covering our employees:

a) In the U.K., former Alcan employees who participated in the British Alcan RILA Plan in 2005 began participating in the Novelis U.K. pension plan effective January 1, 2006. Of the approximate 575 Novelis employees who had participated in the British Alcan RILA plan, 208 employees elected to transfer their past service to the Novelis U.K. pension plan. Novelis made a payment of $7 million to the British Alcan RILA plan in November 2006 to pay the statutory withdrawal liability. In October 2007, we completed the transfer of U.K. plan assets and liabilities from Alcan to Novelis. Plan liabilities assumed exceeded plan assets received by $4 million. We made an additional contribution of approximately $2 million to the plan in February 2008.

b) In Canada, former Alcan employees who participated in the Alcan Pension Plan (Canada) began participating in the NPP (Canada) effective January 1, 2005. Of the approximate 680 employees who had participated in the Alcan plan, 420 employees elected to transfer their past service to the Novelis Plan. During the first quarter of fiscal 2009, we completed the transfer of plan assets and liabilities from Alcan to Novelis. Plan assets received exceeded plan liabilities assumed by $1 million. We recorded the $1 million difference between transferred plan assets and liabilities as an adjustment to Goodwill.

c) In the U.S., former non-union Alcan employees who participated in the Alcancorp Pension Plan had their pension liabilities transferred to the Novelis Pension Plan effective January 1, 2006. Plan liabilities exceeded plan assets received by $22 million on the transfer date.

d) In Switzerland, we have been a participating employer in the Alcan Swiss Pension Plan since January 1, 2005. Our employees are participating in this plan indefinitely (subject to Alcan approval and provided we make the required pension contributions). Effective May 16, 2007, we changed our treatment of our participation in the Alcan Swiss Pension Plan from a multi-employer plan to a single-employer plan; thus, Novelis' share of plan assets, liabilities, contributions and expenses are included in this note.

Employer Contributions to Plans

For pension plans, our policy is to fund an amount required to provide for contractual benefits attributed to service to date, and amortize unfunded actuarial liabilities typically over periods of 15 years or less. We also participate in savings plans in Canada and the U.S., as well as defined contribution pension plans in the U.S., U.K., Canada, Germany, Italy, Switzerland, Malaysia and Brazil. We contributed the following amounts to all plans, including the Alcan plans that cover our employees (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	Successor	Predecessor	Predecessor	Predecessor
Funded pension plans	$ 29	$ 35	$ 4	$ 10	$ 39
Unfunded pension plans	16	19	2	6	22
Savings and defined contribution pension plans	16	13	2	3	12
Total contributions	$ 61	$ 67	$ 8	$ 19	$ 73

During fiscal year 2010, we expect to contribute $52 million to our funded pension plans, $14 million to our unfunded pension plans and $16 million to our savings and defined contribution plans.

Investment Policy and Asset Allocation

Each of our funded pension plans is governed by an Investment Fiduciary, who establishes an investment policy appropriate for the pension plan. The Investment Fiduciary is responsible for selecting the asset allocation for each plan, monitoring investment managers, monitoring returns versus benchmarks and monitoring compliance with the investment policy. The targeted allocation ranges by asset class, and the actual allocation percentages for each class are listed in the table below.

Asset Category	Target Allocation Ranges	Allocation in Aggregate as of March 31, 2009	Allocation in Aggregate as of March 31, 2008
		Successor	Successor
Equity securities	35 - 70%	46%	50%
Debt securities	25 - 60%	46%	42%
Real estate	0 - 25%	4%	4%
Other	0 - 15%	4%	3%

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Benefit Obligations, Fair Value of Plan Assets, Funded Status and Amounts Recognized in Financial Statements

The following tables present the change in benefit obligation, change in fair value of plan assets and the funded status for pension and other benefits (in millions), including the Swiss Pension Plan effective May 16, 2007. Other Benefits in the tables below include unfunded healthcare and life insurance benefits provided to retired employees in Canada, Brazil and the U.S.

	Pension Benefits				
	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Change in benefit obligation					
Benefit obligation at beginning of period	$ 991	$ 867	$ 885	$ 877	$ 575
Service cost	38	40	6	12	42
Interest cost	57	43	6	12	44
Members' contributions	9	5	—	1	4
Benefits paid	(39)	(39)	(4)	(10)	(30)
Amendments	—	(9)	—	—	1
Transfers/mergers	48	95	—	—	209
Curtailments/ termination benefits	(2)	—	—	—	(5)
Actuarial (gains) losses	(33)	(52)	(32)	(9)	(10)
Currency (gains) losses	(124)	41	6	2	47
Benefit obligation at end of period	$ 945	$ 991	$ 867	$ 885	$ 877
Benefit obligation of funded plans	$ 787	$ 800	$ 680	$ 696	$ 690
Benefit obligation of unfunded plans	158	191	187	189	187
Benefit obligation at end of period	$ 945	$ 991	$ 867	$ 885	$ 877

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Other Benefits				
	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Benefit obligation at beginning of period	$ 171	$ 140	$ 141	$ 139	$ 122
Service cost	7	4	1	2	5
Interest cost	10	7	1	2	7
Benefits paid	(7)	(6)	(1)	(2)	(8)
Transfers/mergers	—	—	(1)	—	1
Curtailments/termination benefits	(3)	—	—	—	—
Actuarial (gains) losses	(14)	25	(2)	—	12
Currency (gains) losses	(2)	1	1	—	—
Benefit obligation at end of period	$ 162	$ 171	140	$ 141	$ 139
Benefit obligation of funded plans	$ —	$ —	$ —	$ —	$ —
Benefit obligation of unfunded plans	162	171	140	141	139
Benefit obligation at end of period	$ 162	$ 171	$ 140	$ 141	$ 139

	Pension Benefits				
	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Change in fair value of plan assets					
Fair value of plan assets at beginning of period	$ 724	$ 607	$ 578	$ 568	$ 301
Actual return on plan assets	(102)	(14)	16	6	41
Members' contributions	9	5	—	1	4
Benefits paid	(39)	(39)	(2)	(5)	(30)
Company contributions	45	54	12	3	51
Transfers/mergers	49	94	—	4	178
Currency gains (losses)	(88)	17	3	1	23
Fair value of plan assets at end of period	$ 598	$ 724	$ 607	$ 578	$ 568

	March 31,			
	2009		2008	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	Successor		Successor	
Funded status				
Funded Status at end of period:				
Assets less the benefit obligation of funded plans	$ (189)	$ —	$ (76)	$ —
Benefit obligation of unfunded plans	(158)	(162)	(191)	(171)
	$ (347)	$ (162)	$ (267)	$ (171)
As included on consolidated balance sheet				
Other long-term assets — third parties	$ —	$ —	$ 7	$ —
Accrued expenses and other current liabilities	(12)	(7)	(16)	(8)
Accrued postretirement benefits	(335)	(155)	(258)	(163)
	$ (347)	$ (162)	$ (267)	$ (171)

The postretirement amounts recognized in Accumulated other comprehensive income (loss), before tax effects, are presented in the table below (in millions).

	March 31,			
	2009		2008	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	Successor		Successor	
Net actuarial loss	$ 118	$ 9	$ 2	$ 25
Prior service cost (credit)	(7)	—	(10)	—
Total postretirement amounts recognized in Accumulated other comprehensive loss (income)	$ 111	$ 9	$ (8)	$ 25

The estimated amounts that will be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost in fiscal 2010 are $10 million for pension benefits and $1 million for other postretirement benefits, primarily related to net actuarial loss.

Accumulated Benefit Obligation in Excess of Plan Assets

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets as of March 31, 2009 and 2008 are presented in the table below (in millions).

	March 31,	
	2009	2008
	Successor	Successor
Projected benefit obligation	$ 887	$ 528
Accumulated benefit obligation	$ 784	$ 496
Fair value of plan assets	$ 549	$ 302

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Future Benefit Payments

Expected benefit payments to be made during the next ten fiscal years are listed in the table below (in millions).

	Pension Benefits	Other Benefits
2010	$ 35	$ 7
2011	36	8
2012	40	9
2013	44	10
2014	49	11
2015 through 2019	301	69
Total	$ 505	$ 114

Components of Net Periodic Benefit Cost

The components of net periodic benefit cost for the respective periods are listed in the table below (in millions).

Pension Benefits	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Net periodic benefit cost					
Service cost	$ 38	$ 40	$ 6	$ 12	$ 42
Interest cost	57	43	6	12	44
Expected return on assets	(50)	(41)	(5)	(11)	(38)
Amortization					
— actuarial losses	—	—	—	1	6
— prior service cost	(1)	—	—	—	2
Curtailment/settlement losses	(1)	—	—	—	(4)
Net periodic benefit cost	43	42	7	14	52
Proportionate share of non-consolidated affiliates' deferred pension costs, net of tax	4	4	—	—	4
Total net periodic benefit costs recognized	$ 47	$ 46	$ 7	$ 14	$ 56

Other Benefits	Year Ended March 31, 2009 (Successor)	May 16, 2007 Through March 31, 2008 (Successor)	April 1, 2007 Through May 15, 2007 (Predecessor)	Three Months Ended March 31, 2007 (Predecessor)	Year Ended December 31, 2006 (Predecessor)
Net periodic benefit cost					
Service cost	$ 7	$ 4	$ 1	$ 1	$ 5
Interest cost	10	7	1	2	7
Amortization					
— actuarial losses	2	—	—	1	1
Curtailment/termination benefits	(3)	—	—	—	—
Total net periodic benefit costs recognized	$ 16	$ 11	$ 2	$ 4	$ 13

The expected long-term rate of return on plan assets is 6.7% in fiscal 2010.

Actuarial Assumptions and Sensitivity Analysis

The weighted average assumptions used to determine benefit obligations and net periodic benefit costs for the respective periods are listed in the table below.

Pension Benefits	Year Ended March 31, 2009 (Successor)	May 16, 2007 Through March 31, 2008 (Successor)	April 1, 2007 Through May 15, 2007 (Predecessor)	Three Months Ended March 31, 2007 (Predecessor)	Year Ended December 31, 2006 (Predecessor)
Weighted average assumptions used to determine benefit obligations					
Discount rate	6.0%	5.8%	5.4%	5.3%	5.4%
Average compensation growth	3.6%	3.4%	3.8%	3.8%	3.8%
Weighted average assumptions used to determine net periodic benefit cost					
Discount rate	5.9%	5.2%	5.4%	5.4%	5.1%
Average compensation growth	3.6%	3.7%	3.8%	3.8%	3.9%
Expected return on plan assets	6.9%	7.3%	7.5%	7.5%	7.3%

Other Benefits	Year Ended March 31, 2009 (Successor)	May 16, 2007 Through March 31, 2008 (Successor)	April 1, 2007 Through May 15, 2007 (Predecessor)	Three Months Ended March 31, 2007 (Predecessor)	Year Ended December 31, 2006 (Predecessor)
Weighted average assumptions used to determine benefit obligations					
Discount rate	6.2%	6.1%	5.8%	5.7%	5.7%
Average compensation growth	3.9%	3.9%	3.9%	3.9%	3.9%
Weighted average assumptions used to determine net periodic benefit cost					
Discount rate	6.1%	5.7%	5.7%	5.7%	5.7%
Average compensation growth	3.9%	3.9%	3.9%	3.9%	3.9%

In selecting the appropriate discount rate for each plan, we generally used a country-specific, high-quality corporate bond index, adjusted to reflect the duration of the particular plan. In the U.S. and Canada, the discount rate was calculated by matching the plan's projected cash flows with similar duration high-quality corporate bonds to develop a present value, which was then interpolated to develop a single equivalent discount rate.

In estimating the expected return on assets of a pension plan, consideration is given primarily to its target allocation, the current yield on long-term bonds in the country where the plan is established, and the historical risk premium of equity or real estate over long-term bond yields in each relevant country. The approach is consistent with the principle that assets with higher risk provide a greater return over the long-term.

We provide unfunded healthcare and life insurance benefits to our retired employees in Canada, the U.S. and Brazil, for which we paid $7 million for the year ended March 31, 2009, $6 million for the period from May 16, 2007 through March 31, 2008, $1 million for the period from April 1, 2007 through May 15, 2007, $2 million for the three months ended March 31, 2007 and $8 million for the year ended December 31, 2006. The assumed healthcare cost trend used for measurement purposes is 7.5% for fiscal 2010, decreasing gradually to 5% in 2014 and remaining at that level thereafter.

A change of one percentage point in the assumed healthcare cost trend rates would have the following effects on our other benefits (in millions).

	1% Increase	1% Decrease
Sensitivity Analysis		
Effect on service and interest costs	$ 2	$ (2)
Effect on benefit obligation	$ 14	$ (12)

In addition, we provide post-employment benefits, including disability, early retirement and continuation of benefits (medical, dental, and life insurance) to our former or inactive employees, which are accounted for on the accrual basis in accordance with FASB Statement No. 112, *Employers' Accounting for Postemployment Benefits.* Other long-term liabilities on our consolidated balance sheets includes $20 million and $23 million as of March 31, 2009 and 2008, respectively, for these benefits.

15. CURRENCY LOSSES (GAINS)

The following currency losses (gains) are included in the accompanying consolidated statements of operations (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Net (gain) loss on change in fair value of currency derivative instruments(A)	$ (21)	$ 44	$ (10)	$ (5)	$ 24
Net (gain) loss on remeasurement of monetary assets and liabilities(B)	98	(2)	4	6	(8)
Net currency (gain) loss	$ 77	$ 42	$ (6)	$ 1	$ 16

(A) Included in *(Gain) loss on change in fair value of derivative instruments, net.*

(B) Included in *Other (income) expenses, net.*

The following currency gains (losses) are included in Accumulated other comprehensive income (loss) (AOCI) in the accompanying consolidated balance sheets (net of tax effect and in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008
	Successor	*Successor*
Cumulative currency translation adjustment — beginning of period	$ 59	$ —
Effect of changes in exchange rates	(122)	59
Cumulative currency translation adjustment — end of period	$ (63)	$ 59

16. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS

In conducting our business, we use various derivative and non-derivative instruments to manage the risks arising from fluctuations in exchange rates, interest rates, aluminum prices and energy prices. Such instruments are used for risk management purposes only. We may be exposed to losses in the future if the counterparties to the contracts fail to perform. We are satisfied that the risk of such non-performance is remote due to our monitoring of credit exposures. Our ultimate gain or loss on these derivatives may differ from the amount recognized in the accompanying March 31, 2009 consolidated balance sheet.

The decision of whether and when to execute derivative instruments, along with the duration of the instrument, can vary from period to period depending on market conditions, the relative costs of the instruments and capacity to hedge. The duration is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored.

The current and noncurrent portions of derivative assets and the current portion of derivative liabilities are presented on the face of our accompanying consolidated balance sheets. The noncurrent portions of derivative liabilities are included in Other long-term liabilities in the accompanying consolidated balance sheets.

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The fair values of our financial instruments and commodity contracts as of March 31, 2009 and March 31, 2008 are as follows (in millions):

	March 31, 2009				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/(Liabilities)
Successor					
Derivatives designated as hedging instruments:					
Currency exchange contracts	$ —	$ —	$ —	$ (11)	$ (11)
Interest rate swaps	—	—	(13)	—	(13)
Electricity swap	—	—	(6)	(12)	(18)
Total derivatives designated as hedging instruments	—	—	(19)	(23)	(42)
Derivatives not designated as hedging instruments:					
Aluminum contracts	99	41	(532)	(13)	(405)
Currency exchange contracts	20	31	(77)	(12)	(38)
Energy contracts	—	—	(12)	—	(12)
Total derivatives not designated as hedging instruments	119	72	(621)	(25)	(455)
Total derivative fair value	$ 119	$ 72	$ (640)	$ (48)	$ (497)

	March 31, 2008				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/(Liabilities)
Successor					
Derivatives designated as hedging instruments:					
Currency exchange contracts	$ —	$ —	$ —	$ (184)	$ (184)
Interest rate swaps	—	—	(3)	(12)	(15)
Electricity swap	3	11	—	—	14
Total derivatives designated as hedging instruments	3	11	(3)	(196)	(185)
Derivatives not designated as hedging instruments:					
Aluminum contracts	131	4	(29)	—	106
Currency exchange contracts	64	6	(116)	(5)	(51)
Energy contracts	5	—	—	—	5
Total derivatives not designated as hedging instruments	200	10	(145)	(5)	60
Total derivative fair value	$ 203	$ 21	$ (148)	$ (201)	$ (125)

Net Investment Hedges

We use cross-currency swaps to manage our exposure to fluctuating exchange rates arising from our loans to and investments in our European operations. We have designated these as net investment hedges. The effective portion of gain or loss on the fair value of the derivative is included in Other comprehensive income (loss) (OCI). Prior to the Arrangement, the effective portion on the derivative was included in Change in fair value of effective portion of hedges, net. After the completion of the Acquisition, the effective portion on the derivative is included in Currency translation adjustments. The ineffective portion of gain or loss on the derivative is included in (Gain) loss on change in fair value of derivative instruments, net. We had cross-currency swaps of Euro 135 million against the U.S. dollar outstanding as of March 31, 2009.

The following table summarizes the amount of gain (loss) we recognized in OCI related to our net investment hedge derivatives (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007
	Successor	*Successor*	*Predecessor*
Currency exchange contracts	$ 169	$ (82)	$ (8)

Cash Flow Hedges

We own an interest in an electricity swap which we have designated as a cash flow hedge against our exposure to fluctuating electricity prices. The effective portion of gain or loss on the derivative is included in OCI and reclassified into (Gain) loss on change in fair value of derivatives, net in our accompanying consolidated statements of operations and comprehensive loss. As of March 31, 2009, the outstanding portion of this swap includes 20,888 megawatt hours through 2017.

We use interest rate swaps to manage our exposure to changes in the benchmark LIBOR interest rate arising from our variable-rate debt. We have designated these as cash flow hedges. The effective portion of gain or loss on the derivative is included in OCI and reclassified into Interest expense and amortization of debt issuance costs in our accompanying consolidated statements of operations and comprehensive loss. We had $690 million of outstanding interest rate swaps designated as cash flow hedges as of March 31, 2009.

For all derivatives designated as cash flow hedges, gains or losses representing hedge ineffectiveness are recognized in (Gain) loss on change in fair value of derivative instruments, net in our current period earnings. If at any time during the life of a cash flow hedge relationship we determine that the relationship is no longer effective, the derivative will be de-designated as a cash flow hedge. This could occur if the underlying hedged exposure is determined to no longer be probable, or if our ongoing assessment of hedge effectiveness determines that the hedge relationship no longer meets the measures we have established at the inception of the hedge. Gains or losses recognized to date in AOCI would be immediately reclassified into current period earnings, as would any subsequent changes in the fair value of any such derivative.

During the next twelve months we expect to realize $13 million in effective net losses from our cash flow hedges. The maximum period over which we have hedged our exposure to cash flow variability is through 2017.

The following table summarizes the impact on AOCI and earnings of derivative instruments designated as cash flow hedge (in millions).

	Gain (Loss) Recognized in OCI	Gain (Loss) Reclassified from AOCI into Income	Gain or (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)
	Year Ended March 31, 2009	Year Ended March 31, 2009	Year Ended March 31, 2009
	Successor	*Successor*	*Successor*
Energy contracts	$ (21)	$ 12	$ —
Interest rate swaps	$ 3	$ —	$ —

	Gain (Loss) Recognized in OCI		Gain (Loss) Reclassified from AOCI into Income		Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007
	Successor	*Predecessor*	*Successor*	*Predecessor*	*Successor*	*Predecessor*
Currency exchange contracts	$ —	$ 4	$ —	$ 1	$ —	$ —
Energy contracts	$ 23	$ 4	$ 8	$ —	$ —	$ —
Interest rate swaps	$ (15)	$ —	$ —	$ —	$ (1)	$ —

Derivative Instruments Not Designated as Hedges

We use aluminum forward contracts and options to hedge our exposure to changes in the London Metal Exchange (LME) price of aluminum. These exposures arise from firm commitments to sell aluminum in future periods at fixed or capped prices, the forecasted output of our smelter operations in South America and the forecasted metal price lag associated with firm commitments to sell aluminum in future periods at prices based on the LME. In addition, transactions with certain customers meet the definition of a derivative under FASB 133 and are recognized as assets or liabilities at fair value on the accompanying consolidated balance sheets. As of March 31, 2009, we had 294 kilotonnes (kt) of outstanding aluminum contracts not designated as hedges.

We recognize a derivative position which arises from a contractual relationship with a customer that entitles us to pass-through the economic effect of trading positions that we take with other third parties on our customers' behalf.

We use foreign exchange forward contracts and cross-currency swaps to manage our exposure to changes in exchange rates. These exposures arise from recorded assets and liabilities, firm commitments and forecasted cash flows denominated in currencies other than the functional currency of certain of our operations. As of March 31, 2009, we had outstanding currency exchange contracts with a total notional amount of $1.4 billion not designated as hedges.

We use interest rate swaps to manage our exposure to fluctuating interest rates associated with variable-rate debt. As of March 31, 2009, we had $10 million of outstanding interest rate swaps that were not designated as hedges.

We use heating oil swaps and natural gas swaps to manage our exposure to fluctuating energy prices in North America. As of March 31, 2009, we had 3.4 million gallons of heating oil swaps and 3.8 million MMBtu's of natural gas that were not designated as hedges.

While each of these derivatives is intended to be effective in helping us manage risk, they have not been designated as hedging instruments under FASB 133. The change in fair value of these derivative instruments is included in (Gain) loss on change in fair value of derivative instruments, net in the accompanying consolidated statement of operations.

The following table summarizes the gains (losses) recognized in current period earnings (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007
	Successor	*Successor*	*Predecessor*
Derivative Instruments Not Designated as Hedges			
Aluminum contracts	$ (561)	$ 44	$ 7
Currency exchange contracts	21	(44)	10
Energy contracts	(29)	12	3
Gain (loss) recognized	(569)	12	20
Derivative Instruments Designated as Cash Flow Hedges			
Interest rate swaps	—	(1)	—
Electricity swap	13	11	—
Gain (loss) on change in fair value of derivative instruments, net	$ (556)	$ 22	$ 20

17. FAIR VALUE OF ASSETS AND LIABILITIES

FASB 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements and are to be applied prospectively with limited exceptions. Additionally, FASB 157 amended FASB 107, *Disclosure about Fair Value of Financial Instruments* (FASB 107), and as such, we follow FASB 157 in determination of FASB 107 fair value disclosure amounts. The disclosures required under FASB 157 and FASB 107 are included in this note.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not previously recorded at fair value.

FASB 157 Instruments

Our adoption of FASB 157 on April 1, 2008 resulted in (1) a gain of $1 million, which is included in (Gain) loss on change in fair value of derivative instruments, net in our consolidated statement of operations, (2) a $1 million decrease to the fair value of effective portion of hedges included in Accumulated other comprehensive income (loss) and (3) a $29 million increase to the foreign currency translation adjustment included in Accumulated other comprehensive income (loss). These adjustments are primarily due to the inclusion of nonperformance risk (i.e., credit spreads) in our valuation models related to certain of our cross-currency swap derivative instruments (see Note 16 — Financial Instruments and Commodity Contracts).

FASB 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. FASB 157 is the single source in GAAP for the definition of fair value, except for the fair value of leased property as defined in FASB 13, for purposes of lease classification or measurement. FASB 157 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market

participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB 157 are described as follows:

Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that we have the ability to access at the measurement date;

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 — Unobservable inputs for which there is little or no market data, which require us to develop our own assumptions based on the best information available as what market participants would use in pricing the asset or liability.

The following section describes the valuation methodologies we used to measure our various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified:

Derivative contracts

For certain of our derivative contracts whose fair values are based upon trades in liquid markets, such as aluminum forward contracts and options, valuation model inputs can generally be verified and valuation techniques do not involve significant judgment. The fair values of such financial instruments are generally classified within Level 2 of the fair value hierarchy.

The majority of our derivative contracts are valued using industry-standard models that use observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices for foreign exchange rates. We generally classify these instruments within Level 2 of the valuation hierarchy. Such derivatives include interest rate swaps, cross-currency swaps, foreign currency forward contracts and certain energy-related forward contracts (e.g., natural gas).

We classify derivative contracts that are valued based on models with significant unobservable market inputs as Level 3 of the valuation hierarchy. These derivatives include certain of our energy-related forward contracts (e.g., electricity) and certain foreign currency forward contracts. Models for these fair value measurements include inputs based on estimated future prices for periods beyond the term of the quoted prices.

FASB 157 requires that for Level 2 and 3 of the fair value hierarchy, where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations (nonperformance risk).

The following table presents our assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of March 31, 2009 (in millions).

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Successor:				
Assets — Derivative instruments	$ —	$ 191	$ —	$ 191
Liabilities — Derivative instruments	$ —	$(644)	$ (44)	$(688)

Financial instruments classified as Level 3 in the fair value hierarchy represent derivative contracts (primarily energy-related and certain foreign currency forward contracts) in which at least one significant

unobservable input is used in the valuation model. We incurred $26 million of unrealized losses related to Level 3 financial instruments that were still held as of March 31, 2009. These unrealized losses are included in (Gain) loss on change in fair value of derivative instruments, net.

The following table presents a reconciliation of fair value activity for Level 3 derivative contracts on a net basis (in millions).

	Level 3 Derivative Instruments(A)
Successor:	
Balance as of April 1, 2008	$ 11
Net realized/unrealized (losses) included in earnings(B)	(10)
Net realized/unrealized (losses) included in Other comprehensive income (loss)(C)	(33)
Net purchases, issuances and settlements	(13)
Net transfers in and/or (out) of Level 3	1
Balance as of March 31, 2009	$ (44)

(A) Represents derivative assets net of derivative liabilities.

(B) Included in (Gain) loss on change in fair value of derivative instruments, net.

(C) Included in Change in fair value of effective portion of hedges, net.

FASB 107 Instruments

The table below is a summary of fair value estimates as of March 31, 2009 and 2008, for financial instruments, as defined by FASB 107, excluding short-term financial assets and liabilities, for which carrying amounts approximate fair value, and excluding financial instruments recorded at fair value on a recurring basis (FASB 157 instruments) (in millions).

	March 31,			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Successor	*Successor*	*Successor*	*Successor*
Assets				
Long-term receivables from related parties	$ 23	$ 23	$ 41	$ 41
Liabilities				
Long-term debt				
Novelis Inc.				
7.25% Senior Notes, due February 2015	1,171	454	1,466	1,249
Floating rate Term Loan facility, due July 2014	295	200	298	298
Unsecured credit facility — related party, due January 2015	91	93	—	—
Novelis Corporation				
Floating rate Term Loan facility, due July 2014	813	584	655	655
Novelis Switzerland S.A.				
Capital lease obligation, due December 2019 (CHF 51 million)	42	36	50	43
Capital lease obligation, due August 2011 (CHF 3 million)	2	2	3	3

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	March 31,			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Successor	*Successor*	*Successor*	*Successor*
Novelis Korea Limited				
Bank loan, due October 2010	100	83	100	87
Bank loan, due February 2010 (KRW 50 billion)	37	33	—	—
Bank loan, due May 2009 (KRW 10 billion)	7	7	—	—
Bank loans, due September 2010 through June 2011 (KRW 308 million)	—	—	1	1
Other				
Other debt, due April 2009 through December 2012	1	1	2	2
Financial commitments				
Letters of credit	—	134	—	148

18. OTHER (INCOME) EXPENSES, NET

Other (income) expenses, net is comprised of the following (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Exchange (gains) losses, net	$ 98	$ (2)	$ 4	$ 6	$ (8)
Gain on reversal of accrued legal claims(A)	(26)	—	—	—	—
Brazilian tax settlement(B)	9	—	—	—	—
Impairment charges on long-lived assets	1	1	—	8	—
Loss on disposal of business	—	—	—	—	15
Gain on sale of equity interest in non-consolidated affiliate(C)	—	—	—	—	(15)
Gain on sale of rights to develop and operate hydroelectric power plants(D)	—	—	—	—	(11)
Losses on disposals of property, plant and equipment, net	—	—	—	—	5
Sale transaction fees	—	—	32	32	—
Other, net	4	(5)	(1)	1	(5)
Other (income) expenses, net	$ 86	$ (6)	$ 35	$ 47	$ (19)

(A) We recognized a $26 million gain on the reversal of a previously recorded legal accrual upon settlement in September 2008.

(B) Interest and penalty on Brazilian tax settlement. See Note 20 — Commitments and Contingencies *(Brazil Tax Matters)*.

(C) In November 2006, we sold the common and preferred shares of our 25% interest in Petrocoque to the other shareholders of Petrocoque for approximately $20 million. We recognized a pre-tax gain of approximately $15 million.

(D) During the fourth quarter of 2006, we sold our rights to develop and operate two hydroelectric power plants in South America and recorded a pre-tax gain of approximately $11 million.

19. INCOME TAXES

We are subject to Canadian and United States federal, state, and local income taxes as well as other foreign income taxes. The domestic (Canada) and foreign components of our Income (loss) before provision (benefit) for taxes on income (loss), minority interests' share and (and after removing our Equity in net (income) loss of non-consolidated affiliates) are as follows (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Domestic (Canada)	$ (15)	$ (102)	$ (45)	$ (44)	$ (100)
Foreign (all other countries)	(1,981)	134	(50)	(14)	(194)
Pre-tax income (loss) before equity in net (income) loss on non-consolidated affiliates and minority interests' share	$ (1,996)	$ 32	$ (95)	$ (58)	$ (294)

The components of the Income tax provision (benefit) are as follows (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Current provision (benefit):					
Domestic (Canada)	$ 7	$ 7	$ —	$ 1	$ 1
Foreign (all other countries)	78	71	21	15	72
Total current	85	78	21	16	73
Deferred provision (benefit):					
Domestic (Canada)	—	—	4	—	4
Foreign (all other countries)	(331)	(5)	(21)	(9)	(81)
Total deferred	(331)	(5)	(17)	(9)	(77)
Income tax provision (benefit)	$ (246)	$ 73	$ 4	$ 7	$ (4)

The reconciliation of the Canadian statutory tax rates to our effective tax rates are shown below (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	Successor	Predecessor	Predecessor	Predecessor
Pre-tax income (loss) before equity in net (income) loss on non-consolidated affiliates and minority interests' share	$ (1,996)	$ 32	$ (95)	$ (58)	$ (294)
Canadian Statutory tax rate	31%	32%	33%	33%	33%
Provision (benefit) at the Canadian statutory rate	$ (619)	$ 10	$ (31)	$ (19)	$ (97)
Increase (decrease) for taxes on income (loss) resulting from:					
Non-deductible goodwill impairment	415	—	—	—	—
Exchange translation items	(4)	39	23	6	15
Exchange remeasurement of deferred income taxes	(48)	27	3	2	3
Change in valuation allowances	61	(6)	13	23	71
Tax credits and other allowances	(8)	(1)	—	—	—
Expense (income) items not subject to tax	3	5	(9)	1	13
Enacted tax rate changes	(7)	(17)	—	—	—
Tax rate differences on foreign earnings	(33)	2	2	(6)	(15)
Uncertain tax positions	2	17	—	—	—
Other, net	(8)	(3)	3	—	6
Income tax provision (benefit)	$ (246)	$ 73	$ 4	$ 7	$ (4)
Effective tax rate	12%	228%	(4)%	(12)%	1%

Our effective tax rate differs from the Canadian statutory rate primarily due to the following factors: (1) non-deductible impairment of goodwill; (2) pre-tax foreign currency gains or losses with no tax effect and the tax effect of U.S. dollar denominated currency gains or losses with no pre-tax effect, which is shown above as exchange translation items; (3) the remeasurement of deferred income taxes due to foreign currency changes, which is shown above as exchange remeasurement of deferred income taxes; (4) changes in valuation allowances primarily related to tax losses in certain jurisdictions where we believe it is more likely than not that we will not be able to utilize those losses; (5) the effects of enacted tax rate changes on cumulative taxable temporary differences; (6) differences between the Canadian statutory and foreign effective tax rates applied to entities in different jurisdictions shown above as tax rate differences on foreign earnings and (7) increases in uncertain tax positions recorded under the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48).

In connection with our spin-off from Alcan we entered into a tax sharing and disaffiliation agreement that provides indemnification if certain factual representations are breached or if certain transactions are undertaken or certain actions are taken that have the effect of negatively affecting the tax treatment of the spin-off. It further governs the disaffiliation of the tax matters of Alcan and its subsidiaries or affiliates other than us, on the one hand, and us and our subsidiaries or affiliates, on the other hand. In this respect it allocates taxes

accrued prior to the spin-off and after the spin-off as well as transfer taxes resulting therefrom. It also allocates obligations for filing tax returns and the management of certain pending or future tax contests and creates mutual collaboration obligations with respect to tax matters.

We enjoy the benefits of favorable tax holidays in various jurisdictions; however, the net impact of these tax holidays on our income tax provision (benefit) is immaterial.

Deferred Income Taxes

Deferred income taxes recognize the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for income tax purposes, and the impact of available net operating loss (NOL) and tax credit carryforwards. These items are stated at the enacted tax rates that are expected to be in effect when taxes are actually paid or recovered.

Our deferred income tax assets and deferred income tax liabilities are as follows (in millions).

	March 31,	
	2009	2008
	Successor	*Successor*
Deferred income tax assets:		
Provisions not currently deductible for tax purposes	$ 363	$ 324
Tax losses/benefit carryforwards, net	390	311
Depreciation and Amortization	85	91
Other assets	45	47
Total deferred income tax assets	883	773
Less: valuation allowance	(228)	(160)
Net deferred income tax assets	$ 655	$ 613
Deferred income tax liabilities:		
Depreciation and amortization	$ 774	$ 940
Inventory valuation reserves	55	134
Other liabilities	75	201
Total deferred income tax liabilities	$ 904	$ 1,275
Total deferred income tax liabilities	$ 904	$ 1,275
Less: Net deferred income tax assets	655	613
Net deferred income tax liabilities	$ 249	$ 662

FASB 109 requires that we reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. After consideration of all evidence, both positive and negative, management concluded that it is more likely than not that we will not realize a portion of our deferred tax assets and that valuation allowances of $228 million and $160 million were necessary as of March 31, 2009 and 2008, respectively, as described below.

As of March 31, 2009, we had net operating loss carryforwards of approximately $354 million (tax effected) and tax credit carryforwards of $36 million, which will be available to offset future taxable income and tax liabilities, respectively. The carryforwards begin expiring in 2009 with some amounts being carried forward indefinitely. As of March 31, 2009, valuation allowances of $117 million and $17 million had been recorded against net operating loss carryforwards and tax credit carryforwards, respectively, where it appeared

more likely than not that such benefits will not be realized. The net operating loss carryforwards are predominantly in the U.S., the U.K., Canada, France, Italy, and Luxembourg.

As of March 31, 2008, we had net operating loss carryforwards of approximately $269 million (tax effected) and tax credit carryforwards of $42 million, which will be available to offset future taxable income and tax liabilities, respectively. The carryforwards began expiring in 2008 with some amounts being carried forward indefinitely. As of March 31, 2008, valuation allowances of $103 million and $21 million had been recorded against net operating loss carryforwards and tax credit carryforwards, respectively, where it appeared more likely than not that such benefit will not be realized. The net operating loss carryforwards are predominantly in the U.S., the U.K., Canada, France, and Italy.

Our valuation allowance increased $68 million (net) during the year ended March 31, 2009. Of this amount, $61 million was charged to expense.

Although realization is not assured, we believe that it is more likely than not that the remaining deferred income tax assets will be realized. In the near-term, the amount of deferred tax assets considered realizable could be reduced if we do not generate sufficient taxable income in certain jurisdictions.

We have undistributed earnings in our foreign subsidiaries. For those subsidiaries where the earnings are considered to be permanently reinvested, no provision for Canadian income taxes has been provided. Upon repatriation of those earnings, in the form of dividends or otherwise, we would be subject to both Canadian income taxes (subject to an adjustment for foreign taxes paid) and withholding taxes payable to the various foreign countries. For those subsidiaries where the earnings are not considered permanently reinvested, taxes have been provided as required. The determination of the unrecorded deferred income tax liability for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are considered to be permanently reinvested is not considered practicable.

During the year ended March 31, 2009, Canadian legislation was enacted allowing us to elect to calculate and pay our Canadian tax liability in U.S. dollars. Our election is effective April 1, 2008, and due to a full valuation allowance against our net deferred tax asset position in Canada, the election has an immaterial effect on our deferred income tax assets and liabilities as of March 31, 2009.

Tax Uncertainties

Adoption of FASB Interpretation No. 48

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes (*FIN 48) which clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. Upon adoption of FIN 48 as of January 1, 2007, we increased our reserves for uncertain tax positions by $1 million. We recognized the increase as a cumulative effect adjustment to Shareholder's equity, as an increase to our *Retained earnings* (*Accumulated deficit)*. Including this adjustment, reserves for uncertain tax positions totaled $46 million as of January 1, 2007.

As of March 31, 2009 and March 31, 2008, the total amount of unrecognized benefits that, if recognized, would affect the effective income tax rate in future periods based on anticipated settlement dates is $46 million and $44 million, respectively. Of the March 31, 2009 amount, it is reasonably possible that the expiration of the statutes of limitations or examinations by taxing authorities will result in a decrease in the unrecognized tax benefits of $25 million related to potential withholding taxes and cross-border intercompany pricing of services rendered in various jurisdictions by March 31, 2010.

Separately, we are awaiting a court ruling regarding the utilization of certain operating losses. We anticipate that it is reasonably possible that this ruling will result in a $10 million decrease in unrecognized

tax benefits by March 31, 2010 related to this matter. We have fully funded this contingent liability through a judicial deposit, which is included in Other long-term assets — third parties since January 2007.

Tax authorities are currently examining certain of our tax returns for fiscal years 2004 through 2008. We are evaluating potential adjustments and we do not anticipate that settlement of the examinations will result in a material payout. With few exceptions, tax returns for all jurisdictions for all tax years before 2003 are no longer subject to examination by taxing authorities.

During the year ended March 31, 2009, taxing authorities in Germany concluded their audit of the tax years 1999-2003. As a result of the settlement, we reduced our unrecognized tax benefits by $10 million, including cash payments to taxing authorities of $6 million and a reduction to Goodwill of $4 million.

Our continuing practice and policy is to record potential interest and penalties related to unrecognized tax benefits in our Income tax provision (benefit). As of March 31, 2009 and March 31, 2008, we had $12 million and $14 million accrued for potential interest on income taxes, respectively. For the periods from May 16, 2007 through March 31, 2008; from April 1, 2007 through May 15, 2007 and for the three months ended March 31, 2007, our Income tax provision included a charge for an additional $5 million, $0.4 million and $1 million of potential interest, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007
	Successor	*Successor*	*Predecessor*	*Predecessor*
Beginning balance	$ 61	$ 47	$ 46	$ 46
Additions based on tax positions related to the current period	1	2	—	—
Additions based on tax positions of prior years	3	7	—	1
Reductions based on tax positions of prior years	(3)	—	—	(1)
Settlements	(4)	—	—	—
Statute Lapses	(1)	—	—	—
Foreign Exchange	(6)	5	1	—
Ending Balance	$ 51	$ 61	$ 47	$ 46

Income Taxes Payable

Our consolidated balance sheets include income taxes payable of $85 million and $96 million as of March 31, 2009 and 2008, respectively. Of these amounts, $33 million and $35 million are reflected in Accrued expenses and other current liabilities as of March 31, 2009 and 2008, respectively.

20. COMMITMENTS AND CONTINGENCIES

Primary Supplier

Alcan is our primary supplier of metal inputs, including prime and sheet ingot. The table below shows our purchases from Alcan as a percentage of our total combined metal purchases.

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Purchases from Alcan as a percentage of total combined prime and sheet ingot purchases in kt(A)	37%	35%	34%	35%	35%

(A) One kilotonne (kt) is 1,000 metric tonnes. One metric tonne is equivalent to 2,204.6 pounds.

Legal Proceedings

Coca-Cola Lawsuit. A lawsuit was commenced against Novelis Corporation on February 15, 2007 by Coca-Cola Bottler's Sales and Services Company LLC (CCBSS) in Georgia state court. CCBSS is a consortium of Coca-Cola bottlers across the United States, including Coca-Cola Enterprises Inc. CCBSS alleges that Novelis Corporation breached an aluminum can stock supply agreement between the parties, and seeks monetary damages in an amount to be determined at trial and a declaration of its rights under the agreement. The agreement includes a "most favored nations" provision regarding certain pricing matters. CCBSS alleges that Novelis Corporation breached the terms of the "most favored nations" provision. The dispute will likely turn on the facts that are presented to the court by the parties and the court's finding as to how certain provisions of the agreement ought to be interpreted. If CCBSS were to prevail in this litigation, the amount of damages would likely be material. Novelis Corporation has filed its answer and the parties are proceeding with discovery.

ARCO Aluminum Complaint. On May 24, 2007, Arco Aluminum Inc. (ARCO) filed a complaint against Novelis Corporation and Novelis Inc. in the United States District Court for the Western District of Kentucky. ARCO and Novelis are partners in a joint venture rolling mill located in Logan County, Kentucky. In the complaint, ARCO alleged that its consent was required in connection with Hindalco's acquisition of Novelis. Failure to obtain consent, ARCO alleged, put us in default of the joint venture agreements, thereby triggering certain provisions in those agreements. The provisions include a reversion of the production management at the joint venture to Logan Aluminum from Novelis, and a reduction of the board of directors of the entity that manages the joint venture from seven members (four appointed by Novelis and three appointed by ARCO) to six members (three appointed by each of Novelis and ARCO).

ARCO sought a court declaration that (1) Novelis and its affiliates are prohibited from exercising any managerial authority or control over the joint venture, (2) Novelis' interest in the joint venture is limited to an economic interest only and (3) ARCO has authority to act on behalf of the joint venture. Alternatively, ARCO sought a reversion of the production management function to Logan Aluminum, and a change in the composition of the board of directors of the entity that manages the joint venture. Novelis filed its answer to the complaint on July 16, 2007.

On July 3, 2007, ARCO filed a motion for partial summary judgment with respect to one of the counts of its complaint relating to the claim that Novelis breached the joint venture agreement by not seeking ARCO's consent. On July 30, 2007, Novelis filed a motion to hold ARCO's motion for summary judgment in abeyance (pending further discovery), along with a demand for a jury. On February 14, 2008, the judge issued an order

granting our motion to hold ARCO's summary judgment motion in abeyance. Following this ruling, the joint venture continued to conduct operational, management and board activities as normal.

On June 4, 2009, ARCO and Novelis entered into a settlement agreement to address and resolve all matters at issue in the lawsuit, including the Logan Joint Venture governance issues. On June 22, 2009, the parties requested an order from the United States District Court for the Western District of Kentucky to dismiss the lawsuit with prejudice. As a result of the settlement, among other things, Novelis will retain control of the Logan board of directors, production management responsibilities will revert to Logan, and certain Novelis employees who work at Logan will become employees of Logan.

Environmental Matters

The following describes certain environmental matters relating to our business.

We are involved in proceedings under the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, also known as CERCLA or Superfund, or analogous state provisions regarding liability arising from the usage, storage, treatment or disposal of hazardous substances and wastes at a number of sites in the United States, as well as similar proceedings under the laws and regulations of the other jurisdictions in which we have operations, including Brazil and certain countries in the European Union. Many of these jurisdictions have laws that impose joint and several liability, without regard to fault or the legality of the original conduct, for the costs of environmental remediation, natural resource damages, third party claims, and other expenses. In addition, we are, from time to time, subject to environmental reviews and investigations by relevant governmental authorities.

As described further in the following paragraph, we have established procedures for regularly evaluating environmental loss contingencies, including those arising from such environmental reviews and investigations and any other environmental remediation or compliance matters. We believe we have a reasonable basis for evaluating these environmental loss contingencies, and we believe we have made reasonable estimates of the costs that are likely to be borne by us for these environmental loss contingencies. Accordingly, we have established reserves based on our reasonable estimates for the currently anticipated costs associated with these environmental matters. We estimate that the undiscounted remaining clean-up costs related to all of our known environmental matters as of March 31, 2009 will be approximately $52 million. Of this amount, $38 million is included in Other long-term liabilities, with the remaining $14 million included in Accrued expenses and other current liabilities in our consolidated balance sheet as of March 31, 2009. Management has reviewed the environmental matters, including those for which we assumed liability as a result of our spin-off from Alcan. As a result of this review, management has determined that the currently anticipated costs associated with these environmental matters will not, individually or in the aggregate, materially impair our operations or materially adversely affect our financial condition, results of operations or liquidity.

With respect to environmental loss contingencies, we record a loss contingency on whenever such contingency is probable and reasonably estimable. The evaluation model includes all asserted and unasserted claims that can be reasonably identified. Under this evaluation model, the liability and the related costs are quantified based upon the best available evidence regarding actual liability loss and cost estimates. Except for those loss contingencies where no estimate can reasonably be made, the evaluation model is fact-driven and attempts to estimate the full costs of each claim. Management reviews the status of, and estimated liability related to, pending claims and civil actions on a quarterly basis. The estimated costs in respect of such reported liabilities are not offset by amounts related to cost-sharing between parties, insurance, indemnification arrangements or contribution from other potentially responsible parties (PRPs) unless otherwise noted.

Butler Tunnel Site. Novelis Corporation was a party in a 1989 U.S. Environmental Protection Agency (EPA) lawsuit before the U.S. District Court for the Middle District of Pennsylvania involving the Butler Tunnel Superfund site, a third-party disposal site. In May 1991, the court granted summary judgment against Novelis Corporation for alleged disposal of hazardous waste. After unsuccessful appeals, Novelis Corporation paid the entire judgment plus interest.

The EPA filed a second cost recovery action against Novelis Corporation seeking recovery of expenses associated with the installation of an early warning and response system for potential future releases from the Butler Tunnel site. In January 2008, Novelis Corporation and the Department of Justice, on behalf of the EPA, entered into a consent decree whereby Novelis Corporation agreed to pay approximately $2 million in three installments in settlement of its liability with the U.S. government. This settlement has been fully paid.

Prior to the execution of the Novelis Corporation consent decree, the EPA entered into consent decrees with the other Butler Tunnel PRPs to finance and construct the early warning and response system. On October 30, 2008, the trustee for the PRPs provided a detailed analysis of the past and future costs associated with the implementation of the early warning system and advised us of their intention to file a contribution action against us.

On February 3, 2009, Butler Tunnel PRPs and Novelis Corporation entered into a settlement agreement resolving the contribution claims. On March 5, 2009, pursuant to these agreements, Novelis Corporation remitted its settlement payment of past costs in the amount of approximately $1 million. As part of the settlement, Novelis became a member of the PRP group. Accordingly, Novelis bears an allocated share of certain future costs in the approximate annual amount of $75,000 between 2009 and 2018 related to the costs to complete and maintain the early warning and response system at the Butler Tunnel site.

In December 2005, the United States Environmental Protection Agency (USEPA) issued a Notice of Violation (NOV) to the Company's subsidiary, Logan Aluminum, Inc. (Logan), alleging violations of Logan's Title V Operating Permit, which regulates emissions of air pollutants from the facility. In March 2006, the Kentucky Department of Environmental Protection (KDEP) issued a separate NOV to Logan alleging other violations of the Title V Operating Permit. In March 2009, as a result of these enforcement actions, Logan agreed to install new air pollution control equipment. Logan has also agreed to settle the USEPA NOV, including the payment of a civil penalty of $285,000. The KDEP NOV is currently subject to a Tolling Agreement with the state agency.

Brazil Tax Matters

Primarily as a result of legal proceedings with Brazil's Ministry of Treasury regarding certain taxes in South America, as of March 31, 2009 and 2008, we had cash deposits aggregating approximately $30 million and $36 million, respectively, in judicial depository accounts pending finalization of the related cases. The depository accounts are in the name of the Brazilian government and will be expended towards these legal proceedings or released to us, depending on the outcome of the legal cases. These deposits are included in Other long-term assets — third parties in our accompanying consolidated balance sheets. In addition, we are involved in several disputes with Brazil's Ministry of Treasury about various forms of manufacturing taxes and social security contributions, for which we have made no judicial deposits but for which we have established reserves ranging from $6 million to $118 million as of March 31, 2009. In total, these reserves approximate $135 million as of March 31, 2009 and are included in Other long-term liabilities in our accompanying consolidated balance sheet.

On May 28, 2009, the Brazilian government passed a law allowing taxpayers to settle certain federal tax disputes with the Brazilian tax authorities, including disputes relating to a Brazilian national tax on manufactured products, through an installment program. Pursuant to the installment plan, companies can elect to (a) pay the principal amount of the disputed tax amounts over a near-term period (e.g., 1-60 monthly

installments) and receive a 35-45% discount on the interest and 80-100% discount on the penalties owed, (b) pay the principal and interest over a medium-term period (e.g., 60-120 monthly installments) and receive a 30-35% discount on the interest and 70-80% discount on the penalties owed, or (c) pay the full amount of the disputed tax amounts, including interest and penalties, over a longer-term period (e.g., 120-180 monthly installments) and receive a 25-30% discount on the interest and 60-70% discount on the penalties owed. Novelis has already joined the installment plan. However, we will announce (a) the amount of the tax disputes that will be settled and (b) the number of installments elected once the Ministry of Treasury enacts the final installment plan regulations.

Guarantees of Indebtedness

We have issued guarantees on behalf of certain of our subsidiaries and non-consolidated affiliates, including certain of our wholly-owned subsidiaries and Aluminium Norf GmbH, which is a fifty percent (50%) owned joint venture that does not meet the requirements for consolidation under FIN 46(R).

In the case of our wholly-owned subsidiaries, the indebtedness guaranteed is for trade accounts payable to third parties. Some of the guarantees have annual terms while others have no expiration and have termination notice requirements. Neither we nor any of our subsidiaries or non-consolidated affiliates holds any assets of any third parties as collateral to offset the potential settlement of these guarantees.

Since we consolidate wholly-owned and majority-owned subsidiaries in our consolidated financial statements, all liabilities associated with trade payables and short-term debt facilities for these entities are already included in our consolidated balance sheets.

The following table discloses information about our obligations under guarantees of indebtedness as of March 31, 2009 (in millions). We did not have obligations under guarantees of indebtedness related to our majority-owned subsidiaries as of March 31, 2009.

Type of Entity	Maximum Potential Future Payment	Liability Carrying Value
Wholly-owned subsidiaries	$ 50	$ 14
Aluminium Norf GmbH	13	—

We have no retained or contingent interest in assets transferred to an unconsolidated entity or similar entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets.

21. SEGMENT, GEOGRAPHICAL AREA AND MAJOR CUSTOMER INFORMATION

Segment Information

Due in part to the regional nature of supply and demand of aluminum rolled products and in order to best serve our customers, we manage our activities on the basis of geographical areas and are organized under four operating segments: North America; Europe; Asia and South America.

As a result of the acquisition by Hindalco, and based on the way our President and Chief Operating Officer (our chief operating decision-maker) reviews the results of segment operations, we changed our segment performance measure to Segment income during the quarter ended June 30, 2007, as defined below. As a result, certain prior period amounts have been reclassified to conform to the new segment performance measure.

We measure the profitability and financial performance of our operating segments, based on Segment income, in accordance with FASB Statement No. 131, *Disclosure About the Segments of an Enterprise and Related Information.* Segment income provides a measure of our underlying segment results that is in line

with our portfolio approach to risk management. We define Segment income as earnings before (a) depreciation and amortization; (b) interest expense and amortization of debt issuance costs; (c) interest income; (d) unrealized gains (losses) on change in fair value of derivative instruments, net; (e) realized gains (losses) on corporate derivative instruments, net; (f) impairment of goodwill; (g) impairment charges on long-lived assets (other than goodwill); (h) gain on extinguishment of debt; (i) minority interests' share; (j) adjustments to reconcile our proportional share of Segment income from non-consolidated affiliates to income as determined on the equity method of accounting; (k) restructuring charges, net; (l) gains or losses on disposals of property, plant and equipment and businesses, net; (m) corporate selling, general and administrative expenses; (n) other costs, net; (o) litigation settlement , net of insurance recoveries; (p) sale transaction fees; (q) provision or benefit for taxes on income (loss) and (r) cumulative effect of accounting change, net of tax.

Net sales and expenses are measured in accordance with the policies and procedures described in Note 1 — Business and Summary of Significant Accounting Policies.

For Segment income purposes we only include the impact of the derivative gains or losses to the extent they are settled in cash (i.e., realized) during that period.

The following is a description of our operating segments:

- *North America.* Headquartered in Cleveland, Ohio, this segment manufactures aluminum sheet and light gauge products and operates 11 plants, including two fully dedicated recycling facilities, in two countries.
- *Europe.* Headquartered in Zurich, Switzerland, this segment manufactures aluminum sheet and light gauge products and operates 14 plants, including one recycling facility, in six countries.
- *Asia.* Headquartered in Seoul, South Korea, this segment manufactures aluminum sheet and light gauge products and operates three plants in two countries.
- *South America.* Headquartered in Sao Paulo, Brazil, this segment comprises bauxite mining, alumina refining, smelting operations, power generation, carbon products, aluminum sheet and light gauge products and operates four plants in Brazil.

Adjustment to Eliminate Proportional Consolidation. The financial information for our segments includes the results of our non-consolidated affiliates on a proportionately consolidated basis, which is consistent with the way we manage our business segments. However, under GAAP, these non-consolidated affiliates are accounted for using the equity method of accounting. Therefore, in order to reconcile the financial information for the segments shown in the tables below to the GAAP-based measure, we must remove our proportional share of each line item that we included in the segment amounts. See Note 10 — Investment in and Advances to Non-Consolidated Affiliates and Related Party Transactions for further information about these non-consolidated affiliates.

The tables below show selected segment financial information (in millions). The Corporate and Other column in the tables below includes functions that are managed directly from our corporate office, which focuses on strategy development and oversees governance, policy, legal compliance, human resources and finance matters. It also includes consolidating and other elimination accounts.

Selected Segment Financial Information

Selected Operating Results Year Ended March 31, 2009 *(Successor)*	North America	Europe	Asia	South America	Adjustment to Eliminate Proportional Consolidation	Corporate and Other	Total
Net sales	$ 3,930	$ 3,718	$ 1,536	$ 1,007	$ (14)	$ —	$ 10,177
Segment income (loss)	82	236	86	139	—	—	543
Write-off and amortization of fair value adjustments	218	7	—	—	—	8	233
Depreciation and amortization	166	226	50	72	(78)	3	439
Income tax provision (benefit)	(156)	(13)	(8)	(62)	(16)	9	(246)
Capital expenditures	42	76	20	25	(20)	2	145
Total assets as of March 31, 2009	$ 2,973	$ 2,750	$ 732	$ 1,296	$ (234)	$ 50	$ 7,567

Selected Operating Results May 16, 2007 Through March 31, 2008 *(Successor)*	North America	Europe	Asia	South America	Adjustment to Eliminate Proportional Consolidation	Corporate and Other	Total
Net sales	$ 3,655	$ 3,828	$ 1,602	$ 885	$ (5)	$ —	$ 9,965
Segment income (loss)	266	241	46	143	—	—	696
Write-off and amortization of fair value adjustments	242	(8)	(11)	(9)	—	7	221
Depreciation and amortization	140	176	52	62	(56)	1	375
Income tax provision (benefit)	23	(70)	1	69	34	16	73
Capital expenditures	42	98	28	28	(14)	3	185
Total assets as of March 31, 2008	$ 3,957	$ 4,355	$ 1,080	$ 1,485	$ (199)	$ 59	$ 10,737

Selected Operating Results April 1, 2007 Through May 15, 2007 *(Predecessor)*	North America	Europe	Asia	South America	Adjustment to Eliminate Proportional Consolidation	Corporate and Other	Total
Net sales	$ 446	$ 510	$ 216	$ 109	$ —	$ —	$ 1,281
Segment income (loss)	(24)	32	6	18	—	—	32
Depreciation and amortization	7	11	7	5	(3)	1	28
Income tax provision (benefit)	(19)	10	—	14	—	(1)	4
Capital expenditures	4	8	4	3	(3)	1	17

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Selected Operating Results Three Months Ended March 31, 2007 (Predecessor)	North America	Europe	Asia	South America	Adjustment to Eliminate Proportional Consolidation	Corporate and Other	Total
Net sales	$ 925	$ 1,057	$ 413	$ 235	$ —	$ —	$ 2,630
Segment income (loss)	(17)	85	16	57	—	—	141
Depreciation and amortization	16	24	14	11	(8)	1	58
Income tax provision (benefit)	(10)	6	—	11	—	—	7
Capital expenditures	9	11	3	4	(4)	1	24

Selected Operating Results Year Ended December 31, 2006 (Predecessor)	North America	Europe	Asia	South America	Adjustment to Eliminate Proportional Consolidation	Corporate and Other	Total
Net sales	$ 3,691	$ 3,620	$ 1,692	$ 863	$ (17)	$ —	$ 9,849
Segment income (loss)	20	245	82	165	—	—	512
Depreciation and amortization	70	92	55	44	(32)	4	233
Income tax provision (benefit)	(111)	29	11	63	(5)	9	(4)
Capital expenditures	39	45	21	26	(18)	3	116

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table shows the reconciliation from Total Segment income to Net income (loss) (in millions).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Total Segment income	$ 543	$ 696	$ 32	$ 141	$ 512
Depreciation and amortization	(439)	(375)	(28)	(58)	(233)
Interest expense and amortization of debt issuance costs	(182)	(191)	(27)	(54)	(221)
Interest income	14	18	1	4	15
Unrealized gains (losses) on change in fair value of derivative instruments, net(A)	(519)	(8)	5	(1)	(151)
Realized gains (losses) on corporate derivative instruments, net	4	16	(3)	(2)	(35)
Impairment of goodwill	(1,340)	—	—	—	—
Gain on extinguishment of debt	122	—	—	—	—
Impairment charges on long-lived assets	(1)	(1)	—	(8)	—
Minority interests' share	12	(4)	1	(2)	(1)
Adjustment to eliminate proportional consolidation(B)	(226)	(36)	(7)	(9)	(35)
Restructuring charges, net	(95)	(6)	(1)	(9)	(19)
Loss on disposals of assets, net	—	—	—	—	(20)
Corporate selling, general and administrative expenses	(54)	(55)	(35)	(26)	(128)
Other costs, net(C)	5	(1)	(31)	(33)	37
Income tax benefit (provision)	246	(73)	(4)	(7)	4
Net income (loss)	$ (1,910)	$ (20)	$ (97)	$ (64)	$ (275)

(A) Unrealized gains (losses) on change in fair value of derivative instruments, net represents the portion of gains (losses) that were not settled in cash during the period. Total realized and unrealized gains (losses) are shown in the table below and are included in the aggregate each period in (Gain) loss on change in fair value of derivative instruments, net on our consolidated statements of operations.

(B) Our financial information for our segments (including Segment income) includes the results of our non-consolidated affiliates on a proportionately consolidated basis, which is consistent with the way we manage our business segments. However, under GAAP, these non-consolidated affiliates are accounted for using the equity method of accounting. Therefore, in order to reconcile Total Segment income to Net income (loss), the proportional Segment income of these non-consolidated affiliates is removed from Total Segment income, net of our share of their net after-tax results, which is reported as Equity in net (income) loss of non-consolidated affiliates on our consolidated statements of operations. The adjustment to eliminate proportional consolidation for the year ended March 31, 2009 includes a $160 million impairment charge related to our investment in Norf. See Note 10 — Investment in and Advances to Non-Consolidated Affiliates and Related Party Transactions for further information about these non-consolidated affiliates.

(C) Other costs, net for the year ended March 31, 2009 include a $26 million non-cash gain on reversal of a legal accrual. Sales transaction fees of $32 million were recorded in both the three months ended March 31, 2007 and the period April 1, 2007 through May 15, 2007. In the three months ended December 31, 2006, Other costs, net includes a gain on sale of equity interest in non-consolidated affiliates and a gain on sale of rights to develop and operate hydroelectric power plants (see Note 18 — Other (Income) Expenses, net).

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
(Gains) losses on change in fair value of derivative instruments, net:					
Realized and included in Segment income	$ 41	$ (14)	$ (18)	$ (33)	$ (249)
Realized on corporate derivative instruments	(4)	(16)	3	2	35
Unrealized	519	8	(5)	1	151
(Gains) losses on change in fair value of derivative instruments, net	$ 556	$ (22)	$ (20)	$ (30)	$ (63)

Geographical Area Information

We had 32 operating facilities in 11 countries as of March 31, 2009. The tables below present Net sales and Long-lived assets by geographical area (in millions). Net sales are attributed to geographical areas based on the origin of the sale. Long-lived assets are attributed to geographical areas based on asset location and exclude investments in and advances to our non-consolidated affiliates.

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Net sales:					
United States	$ 3,685	$ 3,419	$ 427	$ 870	$ 3,474
Asia and Other Pacific	1,536	1,602	216	413	1,691
Brazil	1,006	880	109	235	847
Canada	243	236	19	55	217
Germany	2,439	2,508	212	651	2,263
United Kingdom	347	445	79	136	428
Other Europe	921	875	219	270	929
Total Net sales	$ 10,177	$ 9,965	$ 1,281	$ 2,630	$ 9,849

	March 31, 2009	March 31, 2008
	Successor	*Successor*
Long-lived assets:		
United States	$ 1,902	$ 2,566
Asia and Other Pacific	384	565
Brazil	768	967
Canada	171	514
Germany	415	247
United Kingdom	51	170
Other Europe	477	1,146
Total long-lived assets	$ 4,168	$ 6,175

Major Customer Information

All of our operating segments had Net sales to Rexam Plc (Rexam), our largest customer. The table below shows our net sales to Rexam as a percentage of total Net sales.

	Year Ended March 31, 2009	May 16, 2007 Through March 31, 2008	April 1, 2007 Through May 15, 2007	Three Months Ended March 31, 2007	Year Ended December 31, 2006
	Successor	*Successor*	*Predecessor*	*Predecessor*	*Predecessor*
Net sales to Rexam as a percentage of total net sales	17%	15%	14%	16%	14%

22. SUPPLEMENTAL CASH FLOW INFORMATION

The following table shows non-cash investing and financing activities related to the Acquisition of Novelis Common Stock.

	May 16, 2007 Through March 31, 2008
	Successor
Supplemental schedule of non-cash investing and financing activities related to the Acquisition of Novelis Common Stock:	
Property, plant and equipment	$ (1,344)
Goodwill	(1,625)
Intangible assets	(893)
Investment in and advances to non-consolidated affiliates	(776)
Debt	66

23. QUARTERLY RESULTS

During the fourth quarter of fiscal 2009, we identified errors in our interim financial statements included in previously filed fiscal 2009 Form 10-Qs. We deemed the correction of these errors to be both quantitatively and qualitatively immaterial after consideration of SEC Staff Accounting Bulleting (SAB) No. 99, *Materiality,* as well as SEC SAB No. 108, *Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements* (SAB 108). These adjustments will be reflected when the affected periods are presented in future interim reports. The following summarizes these immaterial errors:

- We identified that a customer sales contract included certain terms which, when elected by the customer, result in the recognition of a derivative under FASB 133. As changes in the valuation of the derivative associated with this arrangement were not previously recognized in our financial statements, the amounts previously reported in (Gain) loss on change in fair value of derivative instruments, net were misstated for the quarters ended June 30, 2008, September 30, 2008 and December 31, 2008 by $1 million, $(4) million and $(8) million, respectively. This error increased (decreased) previously reported net income (loss) by $(1) million, $2 million and $5 million for the quarters ended June 30, 2008, September 30, 2008 and December 31, 2008, respectively.
- We determined that there was an error in our valuation of certain of our cross-currency swap derivative instruments. As a result, the amounts previously reported in (Gain) loss on change in fair value of derivative instruments, net were misstated for the quarters ended September 30, 2008 and December 31, 2008 by $4 million and $(1) million, respectively. This error increased (decreased) previously reported net income (loss) by $(3) million and $1 million for the quarters ended September 30, 2008 and December 31, 2008, respectively.

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below presents select operating results (in millions) and dividends per common share information by period. Certain reclassifications of prior period quarterly amounts have been made to conform to the presentation adopted for the current year as discussed in Note 1. Also, the quarterly results below reflect the correction of the aforementioned errors.

	(Unaudited) Quarter Ended			
	June 30, 2008(A)	September 30, 2008(A)	December 31, 2008(A)	March 31, 2009
	Successor	*Successor*	*Successor*	*Successor*
Net sales	$ 3,103	$ 2,959	$ 2,176	$ 1,939
Cost of goods sold (exclusive of depreciation and amortization shown below)	2,831	2,791	2,023	1,606
Selling, general and administrative expenses	84	89	73	73
Depreciation and amortization	116	107	107	109
Research and development expenses	12	10	11	8
Interest expense and amortization of debt issuance costs	45	46	47	44
Interest income	(5)	(5)	(3)	(1)
(Gain) loss on change in fair value of derivative instruments, net	(65)	185	396	40
Impairment of goodwill	—	—	1,340	—
(Gain) loss on extinguishment of debt	—	—	—	(122)
Restructuring charges, net	(1)	—	15	81
Equity in net (income) loss of non-consolidated affiliates	2	(2)	166	6
Other (income) expenses, net	23	10	20	33
Income tax provision (benefit)	35	(168)	(196)	83
Minority interests' share	2	—	(9)	(5)
Net income (loss)	$ 24	$ (104)	$ (1,814)	$ (16)
Dividends per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

(A) As revised

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Quarter Ended March 31, 2007	April 1. 2007 Through May 15, 2007	May 16, 2007 Through June 30, 2007(B)	Quarter Ended September 30, 2007(B)	Quarter Ended December 31, 2007(B)	Quarter Ended March 31, 2008(B)
	Predecessor	*Predecessor*	*Successor*	*Successor*	*Successor*	*Successor*
Net sales	$ 2,630	$ 1,281	$ 1,547	$ 2,821	$ 2,735	$ 2,862
Cost of goods sold (exclusive of depreciation and amortization shown below)	2,447	1,205	1,436	2,555	2,474	2,577
Selling, general and administrative expenses	99	95	42	88	99	90
Depreciation and amortization	58	28	53	103	108	111
Research and development expenses	8	6	13	10	11	12
Interest expense and amortization of debt issuance costs	54	27	28	60	53	50
Interest income	(4)	(1)	(3)	(4)	(6)	(5)
(Gain) loss on change in fair value of derivative instruments , net	(30)	(20)	(14)	30	56	(94)
Restructuring charges, net	9	1	1	—	1	4
Equity in net (income) loss of non-consolidated affiliates	(3)	(1)	1	(20)	3	(9)
Other (income) expenses, net	47	35	10	(2)	(17)	3
Provision (benefit) for taxes on income (loss)	7	4	27	20	26	—
Minority interests' share	2	(1)	(2)	—	—	6
Net income (loss)	$ (64)	$ (97)	$ (45)	$ (19)	$ (73)	$ 117
Dividends per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

(B) Unaudited.

24. SUPPLEMENTAL GUARANTOR INFORMATION

In connection with the issuance of our Senior Notes, certain of our wholly-owned subsidiaries provided guarantees of the Senior Notes. These guarantees are full and unconditional as well as joint and several. The guarantor subsidiaries (the Guarantors) comprise the majority of our businesses in Canada, the U.S., the U.K., Brazil and Switzerland, as well as certain businesses in Germany. Certain Guarantors may be subject to restrictions on their ability to distribute earnings to Novelis Inc. (the Parent). The remaining subsidiaries (the Non-Guarantors) of the Parent are not guarantors of the Senior Notes.

The following information presents consolidating statements of operations, consolidating balance sheets and condensed consolidating statements of cash flows of the Parent, the Guarantors and the Non-Guarantors. Investments include investment in and advances to non-consolidated affiliates as well as investments in net assets of divisions included in the Parent, and have been presented using the equity method of accounting.

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONSOLIDATING STATEMENT OF OPERATIONS
(In millions)

	Year Ended March 31, 2009 — *Successor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 1,186	$ 8,421	$ 2,647	$ (2,077)	$ 10,177
Cost of goods sold (exclusive of depreciation and amortization shown below)	1,182	7,679	2,467	(2,077)	9,251
Selling, general and administrative expenses	9	242	68	—	319
Depreciation and amortization	16	328	95	—	439
Research and development expenses	29	10	2	—	41
Interest expense and amortization of debt issuance costs	114	134	23	(89)	182
Interest income	(78)	(15)	(10)	89	(14)
(Gain) loss on change in fair value of derivative instruments, net	5	511	40	—	556
Impairment of goodwill	—	1,340	—	—	1,340
Gain on extinguishment of debt, net	(67)	(55)	—	—	(122)
Restructuring charges, net	5	74	16	—	95
Equity in net (income) loss of non-consolidated affiliates	1,890	172	—	(1,890)	172
Other (income) expenses, net	(14)	11	89	—	86
	3,091	10,431	2,790	(3,967)	12,345
Income (loss) before income taxes and minority interests' share	(1,905)	(2,010)	(143)	1,890	(2,168)
Income tax provision (benefit)	5	(237)	(14)	—	(246)
Income (loss) before minority interests' share	(1,910)	(1,773)	(129)	1,890	(1,922)
Minority interests' share	—	—	12	—	12
Net loss	$ (1,910)	$ (1,773)	$ (117)	$ 1,890	$ (1,910)

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONSOLIDATING STATEMENTS OF OPERATIONS
(In millions)

	May 16, 2007 Through March 31, 2008 — *Successor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 1,300	$ 8,266	$ 2,701	$ (2,302)	$ 9,965
Cost of goods sold (exclusive of depreciation and amortization shown below)	1,294	7,504	2,546	(2,302)	9,042
Selling, general and administrative expenses	40	210	69	—	319
Depreciation and amortization	19	294	62	—	375
Research and development expenses	27	17	2	—	46
Interest expense and amortization of debt issuance costs	124	135	34	(102)	191
Interest income	(90)	(17)	(13)	102	(18)
(Gain) loss on change in fair value of derivative instruments, net	8	(13)	(17)	—	(22)
Restructuring charges, net	—	2	4	—	6
Equity in net (income) loss of non-consolidated affiliates	(83)	(25)	—	83	(25)
Other (income) expenses, net	(33)	6	21	—	(6)
	1,306	8,113	2,708	(2,219)	9,908
Income (loss) before income taxes and minority interests' share	(6)	153	(7)	(83)	57
Income tax provision (benefit)	14	53	6	—	73
Income (loss) before minority interests' share	(20)	100	(13)	(83)	(16)
Minority interests' share	—	—	(4)	—	(4)
Net loss	$ (20)	$ 100	$ (17)	$ (83)	$ (20)

NOVELIS INC.

CONSOLIDATING STATEMENTS OF OPERATIONS
(In millions)

	April 1, 2007 Through May 15, 2007 — *Predecessor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 129	$ 1,020	$ 359	$ (227)	$ 1,281
Cost of goods sold (exclusive of depreciation and amortization shown below)	131	961	340	(227)	1,205
Selling, general and administrative expenses	29	51	15	—	95
Depreciation and amortization	2	18	8	—	28
Research and development expenses	5	1	—	—	6
Interest expense and amortization of debt issuance costs	12	21	4	(10)	27
Interest income	(9)	(1)	(1)	10	(1)
(Gain) loss on change in fair value of derivative instruments, net	(2)	(19)	1	—	(20)
Restructuring charges, net	—	1	—	—	1
Equity in net (income) loss of non-consolidated affiliates	29	(1)	—	(29)	(1)
Other (income) expenses, net	29	8	(2)	—	35
	226	1,040	365	(256)	1,375
Income (loss) before income taxes and minority interests' share	(97)	(20)	(6)	29	(94)
Income tax provision (benefit)	—	3	1	—	4
Income (loss) before minority interests' share	(97)	(23)	(7)	29	(98)
Minority interests' share	—	—	1	—	1
Net loss	$ (97)	$ (23)	$ (6)	$ 29	$ (97)

NOVELIS INC.

CONSOLIDATING STATEMENTS OF OPERATIONS
(In millions)

	Three Months Ended March 31, 2007 — *Predecessor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 378	$ 2,228	$ 723	$ (699)	$ 2,630
Cost of goods sold (exclusive of depreciation and amortization shown below)	377	2,094	675	(699)	2,447
Selling, general and administrative expenses	10	69	20	—	99
Depreciation and amortization	3	38	17	—	58
Research and development expenses	5	2	1	—	8
Interest expense and amortization of debt issuance costs	32	42	7	(27)	54
Interest income	(25)	(3)	(3)	27	(4)
(Gain) loss on change in fair value of derivative instruments , net	2	(29)	(3)	—	(30)
Restructuring charges, net	—	9	—	—	9
Equity in net (income) loss of non-consolidated affiliates	11	(3)	—	(11)	(3)
Other (income) expenses, net	27	17	3	—	47
	442	2,236	717	(710)	2,685
Income (loss) before income taxes and minority interests' share	(64)	(8)	6	11	(55)
Income tax provision (benefit)	—	5	2	—	7
Income (loss) before minority interests' share	(64)	(13)	4	11	(62)
Minority interests' share	—	—	(2)	—	(2)
Net income (loss)	$ (64)	$ (13)	$ 2	$ 11	$ (64)

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONSOLIDATING STATEMENTS OF OPERATIONS
(In millions)

	Year Ended December 31, 2006 — *Predecessor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 1,572	$ 8,340	$ 2,822	$ (2,885)	$ 9,849
Cost of goods sold (exclusive of depreciation and amortization shown below)	1,522	8,010	2,670	(2,885)	9,317
Selling, general and administrative expenses	72	269	69	—	410
Depreciation and amortization	15	153	65	—	233
Research and development expenses	28	12	—	—	40
Interest expense and amortization of debt issuance costs	145	152	31	(107)	221
Interest income	(97)	(12)	(13)	107	(15)
(Gain) loss on change in fair value of derivative instruments , net	49	(128)	16	—	(63)
Restructuring charges, net	—	16	3	—	19
Equity in net (income) loss of non-consolidated affiliates	115	(16)	—	(115)	(16)
Other (income) expenses, net	(11)	4	(12)	—	(19)
	1,838	8,460	2,829	(3,000)	10,127
Income (loss) before income taxes and minority interests' share	(266)	(120)	(7)	115	(278)
Income tax provision (benefit)	9	(28)	15	—	(4)
Income (loss) before minority interests' share	(275)	(92)	(22)	115	(274)
Minority interests' share	—	—	(1)	—	(1)
Net income (loss)	$ (275)	$ (92)	$ (23)	$ 115	$ (275)

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONSOLIDATING BALANCE SHEET
(In millions)

	As of March 31, 2009 — *Successor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ 3	$ 175	$ 70	$ —	$ 248
Accounts receivable, net of allowances					
— third parties	21	761	267	—	1,049
— related parties	411	183	32	(601)	25
Inventories	31	523	239	—	793
Prepaid expenses and other current assets	4	31	16	—	51
Fair value of derivative instruments	—	145	7	(33)	119
Deferred income tax assets	—	192	24	—	216
Total current assets	470	2,010	655	(634)	2,501
Property, plant and equipment, net	162	2,146	491	—	2,799
Goodwill	—	570	12	—	582
Intangible assets, net	—	787	—	—	787
Investments in and advances to non-consolidated affiliates	1,647	719	—	(1,647)	719
Fair value of derivative instruments, net of current portion	—	46	28	(2)	72
Deferred income tax assets	1	3	—	—	4
Other long-term assets	1,028	207	96	(1,228)	103
Total assets	$ 3,308	$ 6,488	$ 1,282	$ (3,511)	$ 7,567
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Current portion of long-term debt	$ 3	$ 4	$ 44	$ —	$ 51
Short-term borrowings					
— third parties	—	231	33	—	264
— related parties	7	330	22	(359)	—
Accounts payable					
— third parties	33	458	234	—	725
— related parties	41	157	90	(240)	48
Fair value of derivative instruments	7	540	126	(33)	640
Accrued expenses and other current liabilities	34	395	90	(3)	516
Deferred income tax liabilities	—	—	—	—	—
Total current liabilities	125	2,115	639	(635)	2,244
Long-term debt, net of current portion					
— third parties	1,464	852	101	—	2,417
— related parties	223	976	120	(1,228)	91
Deferred income tax liabilities	—	459	10	—	469
Accrued postretirement benefits	27	346	122	—	495
Other long-term liabilities	50	288	5	(1)	342
	1,889	5,036	997	(1,864)	6,058
Commitments and contingencies					
Minority interests in equity of consolidated affiliates	—	—	90	—	90
Shareholder's equity					
Common stock	—	—	—	—	—
Additional paid-in capital	3,497	—	—	—	3,497
Retained earnings/(accumulated deficit)/owner's net investment	(1,930)	1,533	325	(1,858)	(1,930)
Accumulated other comprehensive income (loss)	(148)	(81)	(130)	211	(148)
Total shareholder's equity	1,419	1,452	195	(1,647)	1,419
Total liabilities and shareholder's equity	$ 3,308	$ 6,488	$ 1,282	$ (3,511)	$ 7,567

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONSOLIDATING BALANCE SHEET
(In millions)

	As of March 31, 2008 — *Successor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ 12	$ 177	$ 137	$ —	$ 326
Accounts receivable, net of allowances					
— third parties	38	819	391	—	1,248
— related parties	519	288	34	(810)	31
Inventories	58	992	405	—	1,455
Prepaid expenses and other current assets	4	34	20	—	58
Fair value of derivative instruments	—	187	29	(13)	203
Deferred income tax assets	—	121	4	—	125
Total current assets	631	2,618	1,020	(823)	3,446
Property, plant and equipment, net	178	2,455	724	—	3,357
Goodwill	—	1,741	189	—	1,930
Intangible assets, net	—	888	—	—	888
Investments in and advances to non-consolidated affiliates	3,629	945	1	(3,629)	946
Fair value of derivative instruments, net of current portion	—	18	3	—	21
Deferred income tax assets	4	—	2	—	6
Other long-term assets	1,329	159	135	(1,480)	143
Total assets	$ 5,771	$ 8,824	$ 2,074	$ (5,932)	$ 10,737
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Current portion of long-term debt	$ 3	$ 11	$ 1	$ —	$ 15
Short-term borrowings					
— third parties	—	70	45	—	115
— related parties	5	370	25	(400)	—
Accounts payable					
— third parties	84	925	573	—	1,582
— related parties	109	234	88	(376)	55
Fair value of derivative instruments	—	146	15	(13)	148
Accrued expenses and other current liabilities	40	555	113	(4)	704
Deferred income tax liabilities	—	39	—	—	39
Total current liabilities	241	2,350	860	(793)	2,658
Long-term debt, net of current portion					
— third parties	1,761	698	101	—	2,560
— related parties	—	1,206	304	(1,510)	—
Deferred income tax liabilities	1	733	20	—	754
Accrued postretirement benefits	23	297	101	—	421
Other long-term liabilities	222	431	19	—	672
	2,248	5,715	1,405	(2,303)	7,065
Commitments and contingencies					
Minority interests in equity of consolidated affiliates	—	—	149	—	149
Shareholder's equity					
Common stock	—	—	—	—	—
Additional paid-in capital	3,497	—	—	—	3,497
Retained earnings/(accumulated deficit)/owner's net investment	(20)	3,075	564	(3,639)	(20)
Accumulated other comprehensive income (loss)	46	34	(44)	10	46
Total shareholder's equity	3,523	3,109	520	(3,629)	3,523
Total liabilities and shareholder's equity	$ 5,771	$ 8,824	$ 2,074	$ (5,932)	$ 10,737

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions)

	Year Ended March 31, 2009 — *Successor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
OPERATING ACTIVITIES					
Net cash provided by (used in) operating activities	$ 87	$ (139)	$ 39	$ (223)	$ (236)
INVESTING ACTIVITIES					
Capital expenditures	(8)	(100)	(37)	—	(145)
Proceeds from sales of assets	2	2	1	—	5
Changes to investment in and advances to non-consolidated affiliates	—	20	—	—	20
Proceeds from loans receivable, net — related parties	—	17	—	—	17
Net proceeds from settlement of derivative instruments	2	(77)	67	—	(8)
Net cash provided by (used in) investing activities	(4)	(138)	31	—	(111)
FINANCING ACTIVITIES					
Proceeds from issuance of debt					
— third parties	—	220	43	—	263
— related parties	91	—	—	—	91
Principal repayments					
— third parties	(223)	(11)	(1)	—	(235)
— related parties	41	(89)	(152)	200	—
Short-term borrowings, net					
— third parties	—	185	(9)	—	176
— related parties	2	(25)	—	23	—
Dividends					
— minority interests	—	—	(6)	—	(6)
Debt issuance costs	(3)	—	—	—	(3)
Net cash provided by (used in) financing activities	(92)	280	(125)	223	286
Net increase in cash and cash equivalents	(9)	3	(55)	—	(61)
Effect of exchange rate changes on cash balances held in foreign currencies	—	(5)	(12)	—	(17)
Cash and cash equivalents — beginning of period	12	177	137	—	326
Cash and cash equivalents — end of period	$ 3	$ 175	$ 70	$ —	$ 248

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions)

	May 16, 2007 Through March 31, 2008 — *Successor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
OPERATING ACTIVITIES					
Net cash provided by (used in) operating activities	$ 88	$ 363	$ 144	$ (190)	$ 405
INVESTING ACTIVITIES					
Capital expenditures	(11)	(143)	(31)	—	(185)
Proceeds from sales of assets	5	2	1	—	8
Changes to investment in and advances to non-consolidated affiliates	(40)	25	(1)	40	24
Proceeds from loans receivable, net — related parties	—	18	—	—	18
Net proceeds from settlement of derivative instruments	12	32	(7)	—	37
Net cash provided by (used in) investing activities	(34)	(66)	(38)	40	(98)
FINANCING ACTIVITIES					
Proceeds from issuance of common stock	92	40	—	(40)	92
Proceeds from issuance of debt	300	659	141	—	1,100
Principal repayments					
— third parties	(261)	(608)	(140)	—	(1,009)
— related parties	—	(189)	31	158	—
Short-term borrowings, net					
— third parties	(45)	(188)	(8)	—	(241)
— related parties	(99)	81	(14)	32	—
Dividends					
— minority interests	—	—	(1)	—	(1)
Debt issuance costs	(37)	—	—	—	(37)
Net cash provided by (used in) financing activities	(50)	(205)	9	150	(96)
Net increase in cash and cash equivalents	4	92	115	—	211
Effect of exchange rate changes on cash balances held in foreign currencies	—	11	2	—	13
Cash and cash equivalents — beginning of period	8	74	20	—	102
Cash and cash equivalents — end of period	$ 12	$ 177	$ 137	$ —	$ 326

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions)

	April 1, 2007 Through May 15, 2007 — *Predecessor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
OPERATING ACTIVITIES					
Net cash used in operating activities	$ (21)	$ (181)	$ (28)	$ —	$ (230)
INVESTING ACTIVITIES					
Capital expenditures	(1)	(10)	(6)	—	(17)
Changes to investment in and advances to non-consolidated affiliates	—	1	—	—	1
Net proceeds from settlement of derivative instruments	(5)	23	—	—	18
Net cash provided by (used in) investing activities	(6)	14	(6)	—	2
FINANCING ACTIVITIES					
Proceeds from issuance of debt	—	150	—	—	150
Principal repayments	—	(1)	—	—	(1)
Short-term borrowings, net					
— third parties	45	9	6	—	60
— related parties	(15)	11	4	—	—
Dividends					
— minority interests	—	—	(7)	—	(7)
Debt issuance costs	(2)	—	—	—	(2)
Proceeds from the exercise of stock options	1	—	—	—	1
Net cash provided by financing activities	29	169	3	—	201
Net increase (decrease) in cash and cash equivalents	2	2	(31)	—	(27)
Effect of exchange rate changes on cash balances held in foreign currencies	—	1	—	—	1
Cash and cash equivalents — beginning of period	6	71	51	—	128
Cash and cash equivalents — end of period	$ 8	$ 74	$ 20	$ —	$ 102

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions)

	Three Months Ended March 31, 2007 — *Predecessor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
OPERATING ACTIVITIES					
Net cash provided by (used in) operating activities	$ (30)	$ (55)	$ 50	$ (52)	$ (87)
INVESTING ACTIVITIES					
Capital expenditures	(2)	(16)	(6)	—	(24)
Changes to investment in and advances to non-consolidated affiliates	—	1	—	—	1
Proceeds from loans receivable, net — related parties	—	1	—	—	1
Net proceeds from settlement of derivative instruments	—	24	—	—	24
Net cash provided by (used in) investing activities	(2)	10	(6)	—	2
FINANCING ACTIVITIES					
Principal repayments	—	(1)	—	—	(1)
Short-term borrowings, net					
— third parties	—	113	—	—	113
— related parties	7	5	(12)	—	—
Dividends					
— common shareholders	—	(38)	(14)	52	—
Proceeds from the exercise of employee stock options	27	—	—	—	27
Windfall tax benefit on share-based compensation	1	—	—	—	1
Net cash provided by (used in) financing activities	35	79	(26)	52	140
Net increase in cash and cash equivalents	3	34	18	—	55
Cash and cash equivalents — beginning of period	3	37	33	—	73
Cash and cash equivalents — end of period	$ 6	$ 71	$ 51	$ —	$ 128

Novelis Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOVELIS INC.

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions)

	Year Ended December 31, 2006 — *Predecessor*				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
OPERATING ACTIVITIES					
Net cash provided by (used in) operating activities	$ 104	$ (9)	$ 87	$ (166)	$ 16
INVESTING ACTIVITIES					
Capital expenditures	(8)	(72)	(36)	—	(116)
Disposal of business, net	(7)	—	—	—	(7)
Proceeds from sales of assets	—	38	—	—	38
Changes to investment in and advances to non-consolidated affiliates	—	3	—	—	3
Proceeds from (advances on) loans receivable, net — related parties	48	(60)	(28)	77	37
Premiums paid to purchase derivative instruments	—	(4)	—	—	(4)
Net proceeds from settlement of derivative instruments	(34)	283	(7)	—	242
Net cash provided by (used in) investing activities	(1)	188	(71)	77	193
FINANCING ACTIVITIES					
Proceeds from issuance of debt					
— third parties	—	—	41	—	41
— related parties	—	1,300	460	(1,760)	—
Principal repayments					
— third parties	(83)	(147)	(123)	—	(353)
— related parties	—	(1,247)	(397)	1,644	—
Short-term borrowings, net					
— third parties	—	103	—	—	103
Dividends					
— preference shares	—	(12)	—	12	—
— common shareholders	(15)	(175)	(18)	193	(15)
— minority interests	—	—	(15)	—	(15)
Net receipts from Alcan	5	—	—	—	5
Debt issuance costs	(11)	—	—	—	(11)
Proceeds from the exercise of stock options	2	—	—	—	2
Net cash used in financing activities	(102)	(178)	(52)	89	(243)
Net increase (decrease) in cash and cash equivalents	1	1	(36)	—	(34)
Effect of exchange rate changes on cash balances held in foreign currencies	—	2	5	—	7
Cash and cash equivalents — beginning of period	2	34	64	—	100
Cash and cash equivalents — end of period	$ 3	$ 37	$ 33	$ —	$ 73

Item 9. ***Changes In and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A(T). ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to provide reasonable assurance that the information required to be disclosed in reports filed or submitted under the United States Securities Exchange Act of 1934, as amended (Exchange Act), is (1) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and (2) accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the preparation of this Annual Report on Form 10-K for the fiscal year ended March 31, 2009, members of management, at the direction (and with the participation) of our Principal Executive Officer and Principal Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), as of March 31, 2009. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of March 31, 2009, because of the material weakness in our internal control over financial reporting discussed below. Notwithstanding the material weakness described below, our management has concluded that the Company's consolidated financial statements included in this report are fairly stated, in all material respects, in accordance with generally accepted accounting principles in the United States of America (GAAP).

Remediation of Previously Disclosed Material Weakness

In July 2008, we identified non-cash errors relating to our purchase accounting for an equity method investee including related income tax accounts. As a result of our identification of these errors, our Audit Committee and management concluded on August 1, 2008, that our previously issued consolidated financial statements for our fiscal year ended March 31, 2008, should no longer be relied upon. Upon conducting a review of these accounting errors, management determined that as of March 31, 2008, we had a material weakness with respect to the application of purchase accounting for an equity method investee including the related income tax accounts. This material weakness was disclosed in our amended Annual Report on Form 10-K for the fiscal year ended March 31, 2008, our quarterly report on Form 10-Q for the period ended September 30, 2008, and our quarterly report on form 10-Q for the period ended December 31, 2008. As noted in Management's Report on Internal Control over Financial Reporting, this material weakness still exists as of March 31, 2009.

Our plan for remediating this material weakness included the following:

1. We conducted a full review of the purchase accounting for the Hindalco acquisition, including a review of the valuation approach, as well as the related accounting for equity method investees and related income tax accounts. This review was conducted by the Principal Financial Officer, corporate and regional financial officers, corporate and regional tax personnel, and the company's external valuation expert. This aspect of our remediation plan has been completed.

2. Management is re-evaluating all accounting and financial reporting controls for purchase accounting and equity method investees, including related income tax accounts. This aspect of our remediation plan has been completed.

3. Training sessions are being conducted for key financial and tax personnel regarding equity method accounting and related income tax accounting matters. This aspect of our remediation plan has been completed.

4. Management is transitioning certain purchase accounting responsibilities to our regional financial personnel, including tax personnel, and developing procedures to monitor the ongoing activity of this entity. This aspect of our remediation plan has not yet been completed.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of financial statements in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2009. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework*. Management has concluded that we did not maintain effective internal control over financial reporting as of March 31, 2009, based on the criteria in *Internal Control-Integrated Framework* issued by COSO.

A material weakness is a control deficiency, or a combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. As of March 31, 2009, we did not maintain effective controls over the application of purchase accounting for an equity method investee including related income tax accounts. Specifically, our controls did not ensure the accuracy and validity of our purchase accounting adjustments for an equity method investee. This control deficiency could result in a material misstatement of our Investment in and advances to non-consolidated affiliates and Equity in net (income) loss of non-consolidated affiliates in the accompanying consolidated financial statements that would result in a material misstatement of the Company's annual or interim consolidated financial statements that would not be prevented or detected. Accordingly management has determined that this control deficiency constitutes a material weakness.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Item 9B. ***Other Information***

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Our Directors

Our Board of Directors is currently comprised of 5 directors. Our directors' terms will expire at each annual shareholders meeting provided that if an election of directors is not held at an annual meeting of the shareholders, the directors then in office shall continue in office or until their successors shall be elected. Biographical details for each of our directors are set forth below.

Name	Director Since	Age	Position
Kumar Mangalam Birla	May 15, 2007	42	Chairman of the Board
Askaran Agarwala(B)	May 15, 2007	75	Director
D. Bhattacharya(A)(B)	May 15, 2007	60	Director and Vice Chairman of the Board
Clarence J. Chandran(A)(B)	January 6, 2005	60	Director
Donald A. Stewart(A)	May 15, 2007	62	Director

(A) Member of our Audit Committee.

(B) Member of our Compensation Committee.

Kumar Mangalam Birla was elected as the Chairman of the Board of Directors of Novelis on May 15, 2007. Mr. Birla is the Chairman of the Aditya Birla Group, which is among India's largest business houses, and includes such companies as Grasim, Hindalco, UltraTech Cement, Aditya Birla Nuvo and Idea Cellular and globally — Novelis, Minacs, Aditya Birla Chemicals (Thailand) Limited and Birla Sun Life Insurance Company Limited. Mr. Birla serves as Chairman of all of the Aditya Birla Group's blue-chip companies in India. He also serves as director on the board of the Group's international companies spanning Thailand, Indonesia, Philippines, Egypt, and Canada. Additionally, Mr. Birla serves on the board of the G.D. Birla Medical Research & Education Foundation, and is a Chancellor of Birla Institute of Technology & Science, Pilani. He is a member of the London Business School's Asia Pacific Advisory Board. He is also a member and Chairman of the Staff Sub-Committee of Central Board of Reserve Bank of India.

Askaran Agarwala is a Director and Former President of Hindalco and currently Chairman of the Business Review Council of the Aditya Birla Group. Mr. Agarwala serves on the Compensation Committee of the Novelis Board of Directors. Mr. Agarwala also serves as a director of several other companies including Udyog Services Ltd., Bihar Caustic & Chemicals Ltd., Tanfac Industries Ltd., and Aditya Birla Insurance Advisory Services Limited. He is a Trustee of G.D. Birla Medical Research and Education Foundation, Vaibhav Medical and Education Foundation, Aditya Vikram Birla Memorial Trust and Sarla Basant Birla Memorial Trust. Mr. Agarwala has held the post of President of Aluminum Association of India in the past.

D. Bhattacharya is Vice Chairman of Novelis and serves on the Audit and Compensation Committees of the Novelis Board of Directors. Mr. Bhattacharya is Managing Director of Hindalco and serves as a Director of Aditya Birla Management Corporation Private Limited. He is the Chairman of Utkal Alumina International Limited and of Aditya Birla Minerals Limited in Australia. Mr. Bhattacharya also serves as a Director of Birla Management Centre Services Limited, Dahej Harbour and Infrastructure Limited, Minerals & Minerals Limited and Aditya Birla Power Company Limited and Pidilite Industries Limited. Other positions held by Mr. Bhattacharya include Hon. President — Aluminium Association of India (AAI); Director — The Fertiliser Association of India (FAI).

Clarence J. Chandran has been a director of the Company since 2005. Mr. Chandran serves on the Compensation and Audit Committees of the Novelis Board of Directors, and acts as the Chairman of the Compensation Committee. Mr. Chandran serves as Chairman of the Chandran Family Foundation Inc. (healthcare research and education). He is a director of Marfort Deep Sea Technologies Inc. and is a past director of Alcan Inc. and MDS Inc. He retired as President, Business Process Services, of CGI Group Inc.

(information technology) in 2004 and retired as Chief Operating Officer of Nortel Networks Corporation (communications) in 2001. Mr. Chandran is a member of the Duke University Board of Visitors.

Donald A. Stewart is Chief Executive Officer and a Director of Sun Life Financial Inc. and Sun Life Assurance Company of Canada. Mr. Stewart serves on the Audit Committee of the Novelis Board of Directors and serves as its Chairman. From 1987 to 1992, Mr. Stewart held overall responsibility for Sun Life's information technology function. He was appointed Chief Executive Officer of Sun Life Trust Company in September 1992. In 1996, he was appointed President and Chief Operating Officer, and in 1998 Chief Executive Officer of Sun Life. Mr. Stewart also serves a director of the American Council of Life Insurers and the Canadian Life and Health Insurance Association.

Our Executive Officers

The following table sets forth information for persons currently serving as executive officers of our company. Biographical details for each of our executive officers are also set forth below.

Name	Age	Position
Philip Martens	49	President and Chief Operating Officer
Steven Fisher	38	Senior Vice President and Chief Financial Officer
Brock Shealy	48	Senior Vice President, General Counsel, Compliance Officer and Global IT Leader
Jean-Marc Germain	43	Senior Vice President and President of Novelis North America
Antonio Tadeu Coelho Nardocci	51	Senior Vice President and President of Novelis Europe
Thomas Walpole	54	Senior Vice President and President of Novelis Asia
Alexandre Almeida	45	Senior Vice President and President of Novelis South America
Robert Virtue	57	Vice President, Human Resources
Robert Nelson	52	Vice President, Controller and Chief Accounting Officer
Brenda Pulley	51	Vice President, Corporate Affairs and Communications
Nick Madden	52	Vice President, Global Procurement Metal Management
Randal Miller	46	Vice President, Treasurer
Christopher Courts	32	Assistant General Counsel and Corporate Secretary

Philip Martens was appointed President and Chief Operating Officer effective May 8, 2009. Mr. Martens most recently served as Senior Vice President and President, Light Vehicle Systems, ArvinMeritor Inc. from September 2006 to January 2009 He was also President and CEO designate, Arvin Innovation. Prior to that, he served as President and Chief Operating Officer of Plastech Engineered Products from 2005 to 2006. From 1987 to 2005, he held various engineering and leadership positions at Ford Motor Company, most recently serving as Group Vice President of Product Creation. Mr. Martens holds a degree in mechanical engineering from Virginia Polytechnic Institute and State University and an M.B.A. from the University of Michigan. In 2003, Martens received a Doctorate in Automotive Engineering from Lawrence Technological University for his extensive contributions to the global automotive industry.

Steven Fisher is our Senior Vice President and Chief Financial Officer. Mr. Fisher joined Novelis in February 2006 as Vice President, Strategic Planning and Corporate Development. He was appointed Chief Financial Officer in May 2007 following the acquisition of Novelis by Hindalco. Mr. Fisher served as Vice President and Controller for TXU Energy, the non-regulated subsidiary of TXU Corp. from July 2005 to February 2006. Prior to joining TXU Energy, Mr. Fisher served in various senior finance roles at Aquila, Inc., an international electric and gas utility and energy trading company, including Vice President, Controller and

Strategic Planning, from 2001 to 2005. He is also a member of the board of directors of Lionbridge Technologies. Mr. Fisher is a graduate of the University of Iowa in 1993, where he earned a B.B.A. in Finance and Accounting. He is a Certified Public Accountant.

Brock Shealy is our Senior Vice President, General Counsel, Compliance Officer and Global IT Leader. Mr. Shealy has served several roles in our legal and IT departments from November 2005 to present, including Associate General Counsel and Global IT Leader, Director of Compliance and Global IT, and Corporate Compliance Officer. He was appointed General Counsel, Compliance Officer and Global IT Leader in March 2009. Prior to joining Novelis, Mr. Shealy served in various senior management roles at Aquila, Inc., an electricity and natural gas distribution utility and power generator, from 1999 to October 2005. Most recently, he was the Senior Vice President and Corporate Compliance Officer. His other service with Aquila included Chief Administrative Officer of European energy merchant operations; Vice President-Human Resources, for the merchant services subsidiary; and Director-Employee and Labor Relations. Mr. Shealy has a bachelor's degree in Psychology from Drury College and J.D. from the University of Missouri-Kansas City School of Law.

Jean-Marc Germain is a Senior Vice President and the President of our North American operations. Mr. Germain was Vice President Global Can for Novelis Inc. from January 2007 until May 2008 when he was appointed Senior Vice President and the President of our North American operations. He was previously Vice President and General Manager of Light Gauge Products for Novelis North America from September 2004 to December 2006, and prior to that Mr. Germain held a number of senior positions with Alcan Inc. and Pechiney S.A., which he joined in 1998. From January 2004 to August 2004 he served as co-lead of the Integration Leadership Team for the Alcan and Pechiney merger, which occurred in 2004. Prior to that, he served as Senior Vice President & General Manager Foil, Strip and Specialties Division for Pechiney from September 2001 to December 2003. Before his time at Alcan and Pechiney, Mr. Germain held a number of international posts for GE Capital and Bain & Company. Mr. Germain is a graduate from École Polytechnique in Paris, France.

Antonio Tadeu Coelho Nardocci is a Senior Vice President and President of our European operations. He formerly served as Senior Vice President, Strategy, Innovation and Technology from August 2008 to June 2009 and as the Senior Vice President and President of our South American operations from February 2005 to August 2008. Mr. Nardocci joined Alcan in 1980 and was the President of Rolled Products South America from March 2002 until January 2005. Prior to that, he was a Vice President of Rolled Products operations in Southeast Asia and Managing Director of the Aluminium Company of Malaysia in Kuala Lumpur, Malaysia. Mr. Nardocci graduated from the University of São Paulo in Brazil with a degree in metallurgy. Mr. Nardocci is a member of the executive board of the Brazilian Aluminium Association.

Thomas Walpole is a Senior Vice President and the President of our Asian operations. Mr. Walpole was our Vice President and General Manager, Can Products Business Unit from January 2005 until February 2006. Mr. Walpole joined Alcan in 1979 and has held various senior management roles. Mr. Walpole held international positions within Alcan in Europe and Asia until 2004. He began as Vice President, Sales, Marketing & Business Development for Alcan Taihan Aluminum Ltd. and most recently was President of the Litho/Can and Painted Products for the European region. Mr. Walpole graduated from State University of New York at Oswego with a B.S. in Accounting, and holds an M.B.A. from Case Western Reserve University.

Alexandre Almeida is a Senior Vice President and President of our South American operations. Prior to this appointment in August 2008, Mr. Almeida had served as Chief Financial Officer of Novelis South America beginning in January 2005. Formerly, he was Managing Director of Alcan Composites Brasil Ltda. from 2003 to 2005, and was previously Chief Operating Officer and Chief Financial Officer for Líder Taxi Aereo S.A., a general aviation service provider in Brazil. Mr. Almeida holds a degree in Metallurgical Engineering and a Masters Degree in Computer Science from Universidade Federal de Minas Gerais, and also a postgraduate degree in Finance Administration from João Pinheiro Foundation.

Robert Virtue is our Vice President, Human Resources. Mr. Virtue has served several roles in our human resources department from January 2005 through May 2006 and October 2006 to the present, including Vice President, Compensation and Benefits; Acting Vice President, Human Resources and Director of Compensation

and Benefits. He was appointed Vice President, Human Resources in May 2007. Prior to Novelis, he was Vice President, Executive Compensation with Wal-Mart from May 2006 through October 2006. He was Director Compensation and Benefits for American Retail Group from 1997 through January 2005. Mr. Virtue also spent 15 years with British Petroleum PLC in a variety of domestic and international human resources roles with assignments in chemicals, coal, refining, transportation, marketing and corporate functions. Mr. Virtue earned a B.S. in Business from Boston University and an M.B.A. from Indiana University.

Robert Nelson is our Vice President, Controller and Chief Accounting Officer. Mr. Nelson served as the Acting Controller of Novelis Inc. beginning in July 2008 and was appointed Vice President, Controller and Chief Accounting Officer in November 2008. Previously, he worked for 22 years at Georgia Pacific, one of the world's leading manufacturers of tissue, pulp, paper, packaging, and building products. Mr. Nelson served in a variety of corporate and operational financial roles at Georgia Pacific, most recently as Vice President and Controller from 2004 to 2006. Prior to that, he was Vice President Finance, Consumer Products & Packaging. Mr. Nelson earned a B.S. in Accounting from the University of Illinois — Urbana — Champaign, and is a Certified Public Accountant in the State of Georgia.

Brenda Pulley is our Vice President, Corporate Affairs and Communications. She has global responsibility for our organization's corporate affairs and communication efforts, which include branding, strategic internal and external communications and government relations. Prior to our spin-off from Alcan, Ms. Pulley was Vice President, Corporate Affairs and Government Relations of Alcan from September 2000 to 2004. She has served as Legislative Assistant to Congressman Ike Skelton of Missouri and to the U.S. House of Representatives Subcommittee on Small Business, specializing in energy, environment, and international trade issues. She also served as Executive Director for the National Association of Chemical Recyclers, and as Director, Federal Government Relations for Safety-Kleen Corp. Ms. Pulley currently serves on the Board of Directors for Keep America Beautiful. Ms. Pulley earned her B.S. majoring in Social Science, with a minor in Communications from Central Missouri State University.

Nick Madden is our Vice President of Global Procurement and Metal Management. Prior to this role, which he assumed in October 2006, Mr. Madden served as President of Novelis Europe's Can, Litho and Recycling business unit beginning in October 2004. He was Vice President of Metal Management and Procurement for Alcan's Rolled Products division in Europe from December 2000 until September 2004 and was also responsible for the secondary recycling business. Mr. Madden holds a B.Sc. (Hons) degree in Economics and Social Studies from University College in Cardiff, Wales.

Randal Miller is our Vice President, Treasurer. Prior to joining Novelis in July 2008, Mr. Miller served as Vice President and Treasurer of Transocean Offshore Deepwater Drilling from May 2006 to November 2007 where he was responsible for all treasury, banking, capital markets and insurance risk management activities for Transocean and its subsidiaries. From 2001 to 2006, Mr. Miller served as Vice President Finance, Treasurer of Aquila, Inc. Mr. Miller earned his B.S.B.A from Iowa State University and M.B.A from the University of Missouri — Kansas City.

Christopher Courts is our Assistant General Counsel and Corporate Secretary. Mr. Courts joined Novelis in April 2005, and has served as Corporate Counsel and most recently Assistant General Counsel. He was appointed Assistant General Counsel and Corporate Secretary in March 2009. Prior to joining Novelis, Mr. Courts was Senior Corporate Counsel at Aquila, Inc., from 2003 to April 2005. He previously worked as an associate for the law firm of Blackwell Sanders Peper Martin LLP. Mr. Courts has a B.B.A. in Finance from the University of Iowa and a J.D. from the University of Iowa College of Law.

Board of Directors and Corporate Governance Matters

We are committed to our corporate governance practices, which we believe are essential to our success and to the enhancement of shareholder value. Our Senior Notes are publicly traded in the U.S., and, accordingly, we make required filings with U.S. securities regulators. We make these filings available on our website at www.novelis.com as soon as reasonably practicable after they are electronically filed. We are subject to a variety of corporate governance and disclosure requirements. Our corporate governance practices meet applicable regulatory requirements to ensure transparency and effective governance of the Company.

Our Board of Directors annually reviews corporate governance practices in light of developing requirements in this field. As new provisions come into effect, our Board of Directors will reassess our corporate governance practices and implement changes as and when appropriate. The following is an overview of our corporate governance practices.

Novelis Board of Directors

Our Board of Directors has the responsibility for stewardship of Novelis Inc., including the responsibility to ensure that we are managed in the interest of our sole shareholder, while taking into account the interests of other stakeholders. Our Board of Directors supervises the management of our business and affairs and discharges its duties and obligations in accordance with the provisions of: (1) our articles of incorporation and bylaws; (2) the charters of its committees and (3) other applicable legislation and company policies.

Our corporate governance practices require that, in addition to certain statutory duties, the following matters be subject to our Board of Directors' approval: (1) capital expenditure budgets and significant investments and divestments; (2) our strategic and value-maximizing plans; (3) the number of directors within the limits provided by our by-laws and (4) any matter which may have the potential for substantial impact on our Company. Our Board of Directors reviews the composition and size of our Board of Directors once a year. Senior management makes regular presentations to our Board of Directors on the main areas of our business.

Corporate Governance

Holders of our Senior Notes and other interested parties may communicate with the Board of Directors, a committee or an individual director by writing to Novelis Inc., 3399 Peachtree Road NE, Suite 1500, Atlanta, GA 30326, Attention: Corporate Secretary — Board Communication. All such communications will be compiled by the Corporate Secretary and submitted to the appropriate director or board committee. The Corporate Secretary will reply or take other actions in accordance with instructions from the applicable board contact.

Committees of Our Board of Directors

Our Board of Directors has established two standing committees: the Audit Committee and the Compensation Committee. Each committee is governed by its own charter.

According to their authority as set out in their charters, our Board of Directors and each of its committees may engage outside advisors at the expense of Novelis.

Audit Committee and Financial Experts

Our Board of Directors has a separately-designated standing Audit Committee. Messrs. Stewart, Bhattacharya and Chandran are the members of the Audit Committee. Mr. Stewart, an independent director, has been identified as an "audit committee financial expert" as that term is defined in the rules and regulations of the SEC.

Our Audit Committee's main objective is to assist our Board of Directors in fulfilling its oversight responsibilities for the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications and independence of our independent registered public accounting firm and the performance of both our internal audit function and our independent registered public accounting firm. Under the Audit Committee charter, the Audit Committee is responsible for, among other matters:

- evaluating and compensating our independent registered public accounting firm;
- making recommendations to the Board of Directors and shareholders relating to the appointment, retention and termination of our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their qualifications and independence from management;

- reviewing with our independent registered public accounting firm the scope and results of their audit;
- pre-approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- review areas of potential significant financial risk and the steps taken to monitor and manage such exposures;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC and
- reviewing and monitoring our accounting principles, accounting policies and disclosure, internal control over financial reporting and disclosure controls and procedures.

Compensation Committee

Our Compensation Committee establishes our general compensation philosophy and oversees the development and implementation of compensation policies and programs. It also reviews and approves the level of and/or changes in the compensation of individual executive officers taking into consideration individual performance and competitive compensation practices. The committee's specific roles and responsibilities are set out in its charter. Our Compensation Committee periodically reviews the effectiveness of our overall management organization structure and succession planning for senior management, reviews recommendations for the appointment of executive officers, and reviews annually the development process for high potential employees.

Code of Conduct and Guidelines for Ethical Behavior

Novelis has adopted a Code of Conduct for the Board of Directors and Senior Managers and maintains a Code of Ethics for Senior Financial Officers that applies to our senior financial officers including our principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions. We also maintain a Code of Conduct that governs all of our employees. Copies of the Code of Conduct for the Board of Directors and Senior Managers and the Code of Ethics for Senior Financial Officers are available on our website at www.novelis.com. We will promptly disclose any future amendments to these codes on our website as well as any waivers from these codes for executive officers and directors. Copies of these codes are also available in print from our Corporate Secretary upon request.

Item 11. ***Executive Compensation***

The following discussion of executive compensation contains descriptions of various employee benefit plans and employment-related agreements. These descriptions are qualified in their entirety by reference to the full text or detailed descriptions of the plans and agreements, which are filed as exhibits to, or incorporated by reference into, this Annual Report on Form 10-K.

Compensation Discussion and Analysis

Introduction

This section provides a discussion of the background and objectives of our compensation programs for senior management, as well as a discussion of all material elements of the compensation of each of the named executive officers for the fiscal year ended March 31, 2009 identified in the following table. The named executive officers are determined in accordance with SEC rules and include (1) the persons that served as our

principal executive officer and principal financial officer during any part of fiscal 2009 and (2) the three other highest paid executive officers that were employed on March 31, 2009.

Name	Title
Martha Finn Brooks	Former President and Chief Operating Officer
Steven Fisher	Senior Vice President and Chief Financial Officer
Arnaud de Weert	Former President of Novelis Europe
Jean-Marc Germain	Senior Vice President and President of Novelis North America
Thomas Walpole	Senior Vice President and President of Novelis Asia

Compensation Committee and Role of Management

The Compensation Committee of our board of directors (the Committee) has the responsibility for approving the compensation programs for our named executive officers and making decisions regarding specific compensation to be paid or awarded to them. The Committee acts pursuant to a charter approved by our board, which is reviewed annually.

Our Vice President Human Resources serves as the management liaison officer for the Committee. Our human resources and legal departments provide assistance to the Committee in connection with administration of the Committee's responsibilities.

Our named executive officers have no direct role in setting their own compensation. The Committee, however, normally meets with our President and Chief Operating Officer to evaluate performance against pre-established goals and the President and Chief Operating Officer makes recommendations to the board regarding budgets, which affect certain goals. Our President and Chief Operating Officer also makes recommendations regarding compensation matters related to other named executive officers and provide input regarding executive compensation programs and policies generally.

Management also assists the Committee by providing information needed or requested by the Committee (such as our performance against budget and objectives, historic compensation, compensation expense, our policies and programs, and peer companies) and by providing input and advice regarding compensation programs and policies and their impact on the Company and its executives.

Objectives and Design of Our Compensation Program

Our executive compensation program is designed to attract, retain, and reward talented executives who can contribute to our long-term success and thereby build value for our shareholder. The program is organized around three fundamental principles:

- *Provide Total Direct Compensation Opportunities That Are Competitive with Similar Positions at Comparable Companies:* To enable us to attract, motivate and retain qualified executives, total direct compensation opportunities for each executive (base pay, annual short-term incentives and long-term incentives) are targeted at levels to be competitive with similar positions at comparable companies. The Committee strives to create a total direct compensation package that is at the median of the peer companies described below.
- *A Substantial Portion of Total Direct Compensation Should Be at Risk Because It Is Performance-Based:* We believe executives should be rewarded for their performance. Consequently, a substantial portion of an executive's total direct compensation should be at risk, with amounts actually paid dependent on performance against pre-established objectives for the individual and us. The proportion of an individual's total direct compensation that is based upon these performance objectives should increase as the individual's business responsibilities increase.
- *A Substantial Portion of Total Direct Compensation Should be Delivered in the Form of Long-Term Performance Based Awards:* We believe a long-term stake in the sustained performance of Novelis effectively aligns executive and shareholder interests and provides motivation for enhancing shareholder value. As a result, we may provide long-term performance based awards, which are generally paid in cash.

The Committee recognizes that the engagement of strong talent in critical functions may entail recruiting new executives at times and involve negotiations with individual candidates. As a result, the Committee may determine in a particular situation that it is in our best interests to negotiate compensation packages that deviate from the principles set forth above.

In fiscal 2009, the Committee and the board, elected not to use the services of a compensation consultant, but instead chose to evaluate our compensation programs based on generally available market data including the following:

1. Compensation information derived from SEC filings for the named executive officers of the following peer group of companies: Air Products, Ashland Inc., Ball Corporation, Bemis, Coca Cola Enterprises Inc., Commercial Metals Company, Crown Holdings, Cummins Inc., Eastman Chemical, Ecolab Inc., MeadWestvaco, Monsanto, Newell Rubbermaid, Nucor Corp., Owens Illinois, Pactiv Corp., Parker-Hannifin, PPG Industries, Praxair Inc., Rohm and Haas, Smurfit-Stone Container, Temple-Inland and Worthington Industries.

2. Market data provided by Hay Group (a global human resource consulting firm). This comprised of companies of size US$1Bn+ in revenues in the sectors of Manufacturing and Materials. This information was provided for all levels of the organization.

3. Data from several compensation surveys published by leading global human resources consulting firms.

Elements of Our Compensation Program

Our compensation program consists of the following key elements:

- Base Pay
- Short-Term (Annual) Incentives
- Long-Term Incentives
- Employee Benefits

The Committee periodically compares the competitiveness of these key elements to that of companies in our peer group and to the market data provided by the Hay Group and other human resources consulting firms. Our general goal is to be at or near the 50th percentile among our peer group. In fiscal 2009, this review revealed that the total direct compensation opportunity for our executive officers was at our target, without significant variation by position and by element of compensation.

Base Pay. Based on market practices, the Committee believes it is appropriate that some portion of total direct compensation (generally 20% to 40%) be provided in a form that is fixed and liquid. Base salary for our named executive officers is generally reviewed by the Committee in the first quarter of each fiscal year and any increases are effective on July 1. In setting base salary, the Committee is mindful of its overall goal for allocation of total compensation to this element and the median base salary for comparable positions at companies in our peer group and as confirmed by additional market data.

Short-Term (Annual) Incentives. We believe having an annual incentive opportunity is necessary to attract, retain and reward key management. Our general philosophy is that annual cash incentives should be tied to both company-wide and business unit goals as well as individual performance. Annual incentives should be consistent with the strategic goals set by the board, and the performance benchmarks should be sufficiently ambitious so as to provide meaningful incentive to our executive officers. In the normal circumstances, we would expect that approximately 20% of an executive officer’s total direct compensation opportunity would be attributable to short-term incentives.

Annual Incentive Plan — 2008 — 2009

Our Committee and board, after input from management, approved the Annual Incentive Plan (AIP) — 2008 — 2009 to provide short-term incentives for the period from April 1, 2008 through March 31, 2009. The performance benchmarks for the year were tied to three key components: (1) Operating Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) performance; (2) Operating free cash flow performance; and (3) satisfaction of certain Environment, Health and Safety (EHS) targets. The specific weightings among these three components were 45% for operating EBITDA performance, 45% for operating free cash flow performance and 10% for EHS targets. For Ms. Brooks and Mr. Fisher, the incentive benchmarks are tied to company-wide performance. For the other named executive officers, the incentive benchmarks are based on the company-wide performance as well as the performance of the specific region for which they are responsible.

The potential payout attributable to operating EBITDA could have ranged from: (1) 0% of target if fiscal 2009 performance did not exceed the performance threshold; (2) 100% of target if fiscal 2009 results met the business plan target; and (3) up to a maximum of 200% of target if fiscal 2009 results met or exceeded the high end business plan target. The potential payout attributable to operating free cash flow could have ranged from: (1) 0% of target if fiscal 2009 performance did not exceed the performance threshold; (2) 100% of target if fiscal 2009 results met the business plan target; and (3) up to 200% of target if fiscal 2009 results met or exceeded the high end business plan target. The potential payout attributable to EHS objectives also ranged from 0% to 200% of target and was measured against continuous improvement targets for recordable cases and lost time injuries and illness as well as the completion of strategic EHS initiatives.

The table below summarizes the targets and payments for the fiscal 2009 short-term incentive plan covering the period from April 1, 2008 through March 31, 2009:

Name	Fiscal 2009 Target	Fiscal 2009 Actual
Martha Finn Brooks	$ 825,000	$ 113,850
Steven Fisher	$ 337,500	$ 46,575
Arnaud de Weert	$ 367,031	$ 160,457
Jean-Marc Germain	$ 195,000	$ 15,422
Thomas Walpole	$ 156,750	$ 26,177

Long-Term Incentives. The Committee believes that a substantial portion of each executive’s total direct compensation opportunity (generally 40% to 60%) should be based on long-term performance. The awards should align the interests of our executives and our shareholder. The opportunity to receive long-term incentive compensation by an executive in a given year is generally determined by reference to the market for long-term incentive compensation among our peer group companies group and as confirmed by additional market data. The Committee is also mindful of long-term incentive awards made in prior years and takes such awards into account in determining the amount of current-year awards.

Long-Term Incentive Plan— FY 2008 — FY 2010 (2008 LTIP)

The Committee determined for fiscal 2008, fiscal 2009 and fiscal 2010 to issue awards that are cash-based awards, 80% of which is based on economic profit performance and 20% of which is based on EBITDA performance related to innovation projects, which currently provides the best link between the interests of executives and our shareholder. For future long-term awards, the Committee will consider all types of awards and will determine at the time of each award the appropriate form of award and performance measures to use.

The Committee met during the first quarter of fiscal year 2010 to evaluate and approve fiscal 2009 payout for the 2008 LTIP. The Committee determined that no awards were earned for the period because the performance requirements were not achieved.

Name	2008-2010 LTIP Approved Grant	Eligible for Payout Based on 2009 Results	2009 LTIP Approved Level	2009 LTIP Approved Payout
Martha Finn Brooks	$ 2,100,000	$ 210,000	—%	$ —
Steven Fisher	$ 450,000	$ 45,000	—%	$ —
Arnaud de Weert	$ 450,000	$ 45,000	—%	$ —
Jean-Marc Germain	$ 450,000	$ 45,000	—%	$ —
Thomas Walpole	$ 325,000	$ 32,500	—%	$ —

Long-term Incentive Plan— FY 2009 — FY 2012 (2009 LTIP)

On June 19, 2008, the board of directors approved the Novelis Long-Term Incentive Plan for Fiscal Years 2009 — 2012 (2009 LTIP). The 2009 LTIP has been designed to provide a direct line of sight for participants to company performance as measured by the increase in the price of Hindalco shares.

Awards under the 2009 LTIP consist of stock appreciation rights (SARs), with the value of one SAR being equivalent to the increase in value of one Hindalco share. The SARs will vest 25% each year for four years, subject to performance criteria being fulfilled. The performance criterion will be based on Operating EBIDTA performance for Novelis each year. The vesting threshold will be 75% performance versus target each year, at which point 75% of SARs due that year, would vest. There would be a straight line vesting up to 100% of performance. After the SARs have vested, they can be exercised at times decided by the employee. The value realized is dependent on the stock price of Hindalco at the time of exercise; however, the value will be restricted to a maximum of 2.5 times the target opportunity if the SARs are exercised within one year of vesting. The maximum will be 3 times for SARs exercised more than one year after vesting.

In the event a participant resigns, unvested SARs will lapse and vested SARs must be exercised within 90 days. If an employee retires more than one year from the date of grant, SARs will continue to vest and must be exercised no later than the third anniversary of retirement. In the event of death or disability, there will be immediate vesting of all SARs with one year to exercise. Upon a change in control, there would be immediate vesting and cash-out of SARs.

The following grants were made to our executives based on the 2009 LTIP Plan. Operating EBITDA for fiscal year 2009 performance did not achieve the threshold, so no SARS were vested for fiscal year 2009.

Name	2009-2012 LTIP Approved Grant	Number of SARs Granted	Number of SARs Vesting Based on FY 2009	Number of SARs Forfeited/ Canceled
Martha Finn Brooks(A)	$ 2,231,000	3,919,938	—	979,984
Steven Fisher	$ 500,000	878,516	—	219,629
Arnaud de Weert	$ 500,000	878,516	—	219,629
Jean-Marc Germain	$ 500,000	878,516	—	219,629
Thomas Walpole	$ 350,000	614,961	—	153,740

(A) Ms Brooks terminated her services with the Company effective May 8, 2009 and an additional 2,939,954 SARs granted to her were forfeited/cancelled.

Recognition Agreements

On September 25, 2006, we entered into recognition agreements with all of our executives. These agreements provided that the executive would receive a fixed number of our common shares if he or she remained employed through December 31, 2007 and December 31, 2008. Payment for the final installment of recognition shares vesting on December 31, 2008 was made in January 2009 in the amounts shown below and the Recognition Agreements expired.

Name	Recognition Shares	Consideration Received
Martha Finn Brooks	14,200	$ 638,006
Steven Fisher	2,850	$ 128,051
Arnaud de Weert	4,100	$ 184,213
Jean-Marc Germain	2,700	$ 121,311
Thomas Walpole	3,500	$ 157,255

Employee Benefits

- *U.S. Pension Plan:*

  Effective January 1, 2006, we adopted the Novelis Pension Plan and the Novelis Supplemental Executive Retirement Plan (the Novelis SERP), which provide benefits identical to the benefits provided under the Alcancorp plans. Executives who were participants in the Alcancorp Pension Plan participate in the Novelis Pension Plan and Novelis SERP (collectively referred to as the U.S. Pension Plan). Executives who were not participants in the Alcancorp Pension Plan or who were hired on or after January 1, 2005 do not participate in the U.S. Pension Plan. Ms. Brooks and Messrs. Germain and Walpole are all participants in the U.S. Pension Plan.

  Additional Pension Benefits: In addition to her participation in the U.S. Pension Plan described above, Ms. Brooks will receive from us a supplemental pension equal to the excess, if any, of the pension she would have received from her employer prior to joining Alcan had she been covered by her prior employer's pension plan until her separation or retirement from Novelis, over the sum of her pension from the U.S. Pension Plan and the pension rights actually accrued with her previous employer.

- *Swiss Pension Schemes:* Since our spin-off from Alcan, we continued to participate in Alcan's two pension schemes in Switzerland: (1) the Pensionskasse Alcan Schweiz (a defined benefit plan) and (2) the Erganzungskasse Alcan Schweiz (a defined contribution plan). The defined benefit plan is computed based on a participant's final annual earnings (up to a limit and less a coordination amount) and service up to 45 years. The defined contribution plan only recognizes earnings in excess of the defined benefit earnings limit. Mr. de Weert was the only named executive officer eligible for the Swiss pension schemes in 2008.

- *Savings Plan and Non-Qualified Defined Contribution Plan*: All U.S. based executives are eligible to participate in our tax qualified savings plan. We match up to 4.5% of pay (up to the IRS compensation limit; $245,000 for calendar year 2009) for participants who contribute 6% of pay or more to the savings plan. In addition, U.S. based executives hired on or after January 1, 2005 are eligible to share in our discretionary contributions. Discretionary contributions are first made to the qualified plan (up to the IRS compensation limit) and any excess amounts are made to our non-qualified defined contribution plan. For fiscal 2009, we made a discretionary contribution equal to 5% of pay. Mr. Fisher was the only named executive officer eligible for a discretionary contribution for the period.

- *Perquisites:* As noted in our Summary Compensation Table, we provide our officers with certain perquisites consistent with market practice. We do not view perquisites as a significant element of our comprehensive compensation structure.

- *Health & Welfare Benefits:* Executives are entitled to participate in our employee benefit plans (including medical, dental, disability, and life insurance benefits) on the same basis as other employees.

Employment-Related Agreements

Each of our named executive officers during fiscal 2009 was covered by an employment or letter agreement setting forth the general terms of his or her employment as well as various other employment related agreements. See Employment-Related Agreements and Certain Employee Benefit Plans below for a discussion of these agreements.

Timing of Compensation Decisions

The Committee develops an annual agenda to assist it in fulfilling its responsibilities. Generally, in the first quarter of each fiscal year, the Committee (1) reviews prior year performance and authorizes the distribution of short-term incentive and long-term incentive pay-outs, if any, for the prior year, (2) establishes performance criteria for the current year short-term incentive program, (3) reviews base pay and annual short-term incentive targets for executives, and (4) recommends to the board of directors the form of award and performance criteria for the current cycle of the long-term incentive program.

Long-term incentive awards are generally considered and approved by the Committee during the first quarter of each fiscal year, although the Committee may deviate from this practice when appropriate under the circumstances.

Compensation Committee Report

The Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on the Committee's review of and discussions with management, the Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

The foregoing report is provided by the following directors, who constitute the Committee:

Mr. Clarence J. Chandran, Chairman
Mr. Debnarayan Bhattacharya
Mr. Askaran Agarwala

Summary Compensation Table

The table below sets forth information regarding compensation for our named executive officers for the fiscal year ended March 31, 2009, the fiscal year ended March 31, 2008 and the three month transition period ended March 31, 2007.

Name and Principal Position	Year	Salary	Bonus	Stock Awards(A)	Option Awards	Non-Equity Incentive Plan Compensation(B)	Change in Pension Value(C)	All Other Compensation(D)	Total
Martha Finn Brooks,	2009	$731,250	$ —	$ 211,104	$ —	$ 113,850	$344,054	$ 90,666	$ 1,490,924
President and	2008	672,572	—	896,739	10,466,761	1,096,223	97,640	92,991	13,322,926
Chief Operating Officer	J-M 2007	163,750	—	1,692,965	264,377	147,375	97,363	12,707	2,378,537
Steven Fisher,	2009	$425,000	$ —	$ 42,370	$ —	$ 46,575	$ —	$ 67,657	$ 581,602
Senior Vice President and Chief Financial Officer	2008	334,538	40,000	171,780	386,927	361,175	—	63,732	1,358,152
Arnaud de Weert,	2009	$625,745	$ —	$ 60,953	$ —	$ 160,457	$ 17,205	$ 108,161	$ 972,521
Senior Vice President	2008	674,280	—	247,123	670,448	601,043	24,801	114,236	2,331,931
and President of Novelis Europe	J-M 2007	158,000	—	29,202	140,621	98,750	4,219	20,203	450,995
Jean-Marc Germain,	2009	$318,625	$ —	$ 40,140	$ —	$ 15,422	$ 24,847	$ 126,681	$ 525,715
Senior Vice President and President of Novelis North America									
Thomas Walpole,	2009	$281,250	$ —	$ 52,033	$ —	$ 26,177	$221,833	$ 539,251	$ 1,120,544
Senior Vice President	2008	270,000	—	217,752	981,865	210,890	59,765	607,032	2,347,304
and President of Novelis Asia	J-M 2007	66,458	—	289,674	278,790	34,406	73,616	3,866	746,810

(A) For the year ended March 31, 2009, these stock awards represent awards under our Recognition agreements.

(B) For the year ended March 31, 2009, these represent awards earned under the Novelis Annual Incentive Plan (AIP).

(C) Represents the aggregate change in actuarial present value of the named executive officer's accumulated benefit under our qualified and non-qualified defined benefit pension plans during fiscal 2009. Assumptions used in the calculation of these amounts are included in Note 14 to our audited consolidated financial statements for the year ended March 31, 2009.

(D) The amounts shown in the All Other Compensation Column reflect the values from the table below.

Name	Severance Related Payments	Company Contribution to Defined Contribution Plans(A)	Group Life Insurance	Relocation and Hosing Related Payments	Child Tuition Reimbursement	Other Perquisites and Personal Benefits	Total
Martha Finn Brooks	$ —	$ 8,075	$ 2,106	$ —	$ 51,420	$ 29,065(B)	$ 90,666
Steven Fisher	$ —	$ 40,647	$ 457	$ —	$ —	$ 26,553(B)	$ 67,657
Arnaud de Weert	$ —	$ 83,563	$ —	$ —	$ —	$ 24,598(C)	$ 108,161
Jean-Marc Germain	$ —	$ 9,705	$ 470	$ —	$ 98,042	$ 18,464(B)	$ 126,681
Thomas Walpole	$ —	$ 8,916	$ 1,024	$ 527,309(D)	$ —	$ 2,002(E)	$ 539,251

(A) Represents matching contribution (and discretionary contributions in the case of Mr. Fisher) made to our tax qualified and non-qualified defined contribution plans.

(B) Includes executive flex allowance, car allowance, tax advice and home security, each of which individually had an aggregate incremental cost less than $25,000.

(C) Includes executive flex allowance and car allowance, each of which individually had an aggregate incremental cost less than $25,000.

(D) Includes: (i) an Expatriate Premium of $153,346; (ii) Employer paid Korean Tax Deposit of $166,492; (iii) Employer provided housing of $119,544; (iv) Employer paid car/driver for Korean assignment of $64,091; (v) travel reimbursement of $23,543 and (vi) club dues of $293.

(E) Includes car allowance and tax advice, each of which individually had an aggregate incremental cost less than $25,000.

Grants of Plan-Based Awards in Fiscal 2009

The table below sets forth information regarding grants of plan-based awards made to our named executive officers for the year ended March 31, 2009.

		Estimated Future Payout Under Non-Equity Incentive Plan Awards(A)			Estimated Future Payout Under Equity Incentive Plan Awards(B)		
Name	Grant Date	Threshold	Target	Maximum	Threshold	Target ($)	Maximum
Martha Finn Brooks	11/19/2008	$ —	$ 825,000	$ 1,650,000	$ —	$ 2,231,000	$ 6,693,000
Steven Fisher	11/19/2008	$ —	$ 337,500	$ 675,000	$ —	$ 500,000	$ 1,500,000
Arnaud de Weert	11/19/2008	$ —	$ 367,031	$ 734,062	$ —	$ 500,000	$ 1,500,000
Jean-Marc Germain	11/19/2008	$ —	$ 195,000	$ 390,000	$ —	$ 500,000	$ 1,500,000
Thomas Walpole	11/19/2008	$ —	$ 156,750	$ 313,500	$ —	$ 350,000	$ 1,050,000

(A) This grant was made under the Novelis Annual Incentive Plan (AIP) for the year ended March 31, 2009.

(B) This grant was made under the 2009 LTIP in the form of SARs.

Employment-Related Agreements and Certain Employee Benefit Plans

Each of our named executive officers was subject to an employment or letter agreement during fiscal 2009. The terms of each such agreement is summarized below.

Agreement with Martha Finn Brooks

We entered into an employment agreement with Ms. Brooks dated November 8, 2004. Pursuant to this agreement, she served as our President and Chief Operating Officer with a base salary of $750,000 in fiscal 2009. Ms. Brooks was eligible for all of our executive long-term and short-term incentive plans and is entitled to certain executive perquisites. She was also eligible for our broad-based employee benefit and health plans. We also agreed to reimburse Ms. Brooks for certain expenses that she may incur in connection with private school tuition costs for her children in grades one through twelve. As part of her May 2, 2002 employment agreement with Alcan, we guaranteed that the total combined qualified and non-qualified pension benefits Ms. Brooks receives under the Novelis, Alcan and Cummins (her former employer) pension plans will not be less than the pension benefit that she would have received if she remained covered by the Cummins Pension Plan from October 16, 1986, until her retirement/termination with us.

On May 8, 2009, we entered into a separation and release agreement with Ms. Brooks, regarding the terms of her departure from the Company. The Agreement became effective on May 15, 2009, seven days from the date of execution.

Pursuant to the Agreement, Ms. Brooks will receive a goodwill incentive consisting of 1,000,000 stock appreciation rights of Hindalco common stock ("SARs") at an exercise price of INR 60.50. Each SAR shall be equivalent to one Hindalco share. The SARs, which vested on May 8, 2009, may be exercised, in whole or in part, at any time during a three year exercise period commencing May 8, 2009. Any unexercised SARs shall lapse at the end of the exercise period. The value of one SAR will be the increase in the price of one Hindalco share from the exercise price subject to a maximum price of INR 143.75. The value shall be paid in cash to Ms. Brooks within two weeks of each exercise. Additionally, we agreed to indemnify Ms. Brooks under our director and officer insurance policies and released her from future claims relating to her employment with Novelis.

Ms. Brooks was granted the goodwill incentive, in part, as an acknowledgement that she voluntarily delayed her retirement with the Company (a) until her successor could be identified and (b) to facilitate an efficient leadership transition. Additionally, as further consideration for the goodwill incentive, Ms. Brooks: provided a release to Novelis waiving any and all claims she may have against us; agreed to provide continued cooperation with any pending or future litigation, proceeding or hearing; and agreed to not disclose any proprietary information obtained while working at Novelis. Ms. Brooks also agreed to provide general consulting services to Novelis for up to 10 hours a month for a period of six months. Should she provide more than 10 hours of consulting per month, Ms. Brooks will be paid at an hourly rate of $625 subject to a maximum of $5,000 per day.

Agreement with Philip Martens

On April 16, 2009, the board of directors appointed Philip Martens to succeed Ms. Brooks as President and Chief Operating Officer, effective May 8, 2009. On that date, the board ratified the employment agreement between Mr. Martens and the Company dated April 11, 2009. Pursuant to this employment agreement, Mr. Martens will receive an annual base salary of $700,000, an annual short term target bonus percentage of 90% of his base salary (i.e., $630,000), and an annualized long term incentive target opportunity of $2,000,000. However, during his first year of employment, Mr. Martens will receive not less than 50% of the target of his annual short term target bonus for the fiscal year ended March 31, 2010 (i.e., $315,000).

Mr. Martens will receive benefits and perquisites customarily provided to our executives. He will be entitled to receive two years annual base salary and target short term incentive opportunity (less any other severance payments) as severance pay if he is terminated involuntarily except for cause, death, disability, or retirement. Other severance benefits described in his employment agreement include a lump sum payment to

assist him with post-employment medical continuation coverage, life insurance benefits, and retirement benefits.

As part of the employment agreement, Mr. Martens agreed to a non-competition provision, prohibiting him from competing with the Company during his employment and for a period of 24 months thereafter. He also agreed to not solicit (a) the Company's customers and suppliers or (b) its employees during his employment and for a period of 24 months thereafter.

His employment agreement also states that Mr. Martens' will receive an agreement providing employment protection in the event of a change in control of the Company. Accordingly, the Company and Mr. Martens' entered into a Change in Control Agreement dated as of April 16, 2009 (the "CIC Agreement"). The CIC Agreement will terminate upon the earlier of (i) April 15, 2011, unless a change in control event occurs on or before such date, or (ii) 24 months following the date of a change in control event. Pursuant to the CIC Agreement, he will be entitled to the following payments if the Company terminates his employment other than for cause, or if he resigns for good reason, within 24 months after a change in control event:

- a lump sum cash amount equal to two times the sum of (1) his annual base salary plus (2) his target short term incentive opportunity for the calendar year in which the change in control occurs; the lump sum cash amount will be reduced by the amount of severance payments, if any, paid or payable to him other than pursuant to the CIC Agreement to avoid duplication of payments;
- other benefits described in the CIC Agreement including a lump sum payment to assist him with post-employment medical continuation coverage, life insurance benefits, and retirement benefits; and
- a "gross-up" reimbursement for any excise tax liability imposed by Section 4999 of the Internal Revenue Code.

Such payments shall not be made if his employment terminates because of death, disability, or retirement.

Agreement with Steven Fisher

We entered into an employment agreement with Mr. Fisher dated January 17, 2006. He currently serves as our Senior Vice President and Chief Financial Officer (effective May 16, 2007) with a base salary of $450,000 in fiscal 2009. Mr. Fisher is eligible for all of our executive long-term and short-term incentive plans and is entitled to certain executive perquisites. He is also eligible for our broad-based employee benefit and health plans.

Agreement with Arnaud de Weert

Mr. de Weert became our Senior Vice President and President of Novelis Europe effective May 1, 2006. Pursuant to his employment agreement, he was entitled to a base salary of $587,250 in fiscal 2009 (435,000 Euros converted to U.S. Dollars at the March 31, 2009 exchange rate of 1.35 U.S. Dollars per Euro) and was eligible for short-term and long-term incentives. Mr. de Weert also participated in our broad-based employee benefit programs and received other executive perquisites. We also agreed to reimburse Mr. de Weert for certain expenses that he may have incurred in connection with his relocation to Zurich. Mr. de Weert's agreement also provided for a minimum of twelve months severance upon his involuntary termination of employment.

On June 8, 2009, the Company announced that Antonio Tadeu Coelho Nardocci was named President, Novelis Europe, effective immediately. Mr. Nardocci succeeds Arnaud de Weert, who is leaving the company on August 31, 2009 to pursue new opportunities.

Agreement with Jean-Marc Germain

We entered into an employment agreement with Mr. Germain dated April 28, 2008. He currently serves as our Senior Vice President and President of Novelis North America (effective May 15, 2008) with a base salary of $325,000 in fiscal 2009. Mr. Germain is eligible for all of our executive long-term and short-term incentive plans and is entitled to certain executive perquisites. Mr. Germain's agreement provides for eighteen

months severance upon his involuntary termination except for cause. He is also eligible for certain tuition reimbursements for the education of his children through the end of the 2009 — 2010 school year. He is also eligible for our broad-based employee benefit and health plans.

Agreement with Thomas Walpole

We entered into an employment agreement with Mr. Walpole effective as of February 1, 2007, pursuant to which he serves as our Senior Vice President and President of Novelis Asia with a base salary of $285,000 in fiscal 2009. Under his agreement, Mr. Walpole is entitled to an expatriate premium and relocation allowance, each in amount equal to 10% of his base salary (net after tax). Mr. Walpole is also eligible for our executive long-term and short-term incentive plans and certain executive perquisites as well as our broad-based employee benefit and health plans. During the term of his Korean assignment, Mr. Walpole is provided with a fully furnished home which is paid for by Novelis Korea Limited and is entitled to be reimbursed for one personal trip to the United States during the year for himself and his family members.

Change in Control Agreements

We entered into change in control agreements on September 26, 2006 with all of our named executive officers, except for Mr. Germain. These agreements expired on May 15, 2009. We entered into new, and similar, agreements with Messrs. Fisher, Germain and Walpole on June 25, 2009.

Long-term Incentive Plan (LTIP) — FY 2009 — FY 2012

On June 19, 2008, the board of directors approved the Novelis Long-Term Incentive Plan for Fiscal Years 2009 — 2012 (2009 LTIP). The 2009 LTIP has been designed to provide a clear line of sight for participants to company performance as measured by the increase in the price of Hindalco shares.

Awards under the 2009 LTIP will consist of stock appreciation rights (SARs), with the value of one SAR equivalent to the increase in value of one Hindalco share. The SARs will vest 25% each year for four years, subject to performance criteria being fulfilled. The performance criterion will be based on Operating EBIDTA performance for Novelis each year. The vesting threshold will be 75% performance versus target each year, at which point 75% of SARs due that year, would vest. There would be a straight line vesting up to 100% of performance. After the SARs have vested, they can be exercised anytime by the employee. The upside so realized would be dependent on the stock price of Hindalco at the time of exercise; however, the upside would be restricted to a maximum of 2.5 times the proportionate target opportunity if the SARs are exercised within one year of vesting. The maximum will be 3 times for SARs exercised more than one year after vesting.

In the event a participant resigns, unvested SARs will lapse and vested SARs must be exercised within 90 days. If an employee retires more than one year from the date of grant, SARs will continue to vest and must be exercised no later than the third anniversary of retirement. In the event of death or disability, there will be immediate vesting of all SARs with one year to exercise. Upon a change in control, there would be immediate vesting and cash-out of SARs.

The following table presents the 2009 LTIP target amounts for our principal executive officer, principal financial officer, and our named executive officers.

Name	LTIP Target
Martha Finn Brooks	$ 2,231,000
Steven Fisher	$ 500,000
Arnaud de Weert	$ 500,000
Jean-Marc Germain	$ 500,000
Thomas Walpole	$ 350,000

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Option Exercises and Stock Vested in 2009

The table below sets forth the information regarding stock options that were exercised or were cancelled and paid out during fiscal 2009 and stock awards that vested and were paid out during fiscal 2009.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise or Cancellation	Value Realized on Exercise or Cancellation	Number of Shares Acquired on Vesting or Cancellation(A)	Value Realized on Vesting or Cancellation
Martha Finn Brooks	—	$ —	14,200	$ 638,006
Steven Fisher	—	$ —	2,850	$ 128,051
Arnaud de Weert	—	$ —	4,100	$ 184,213
Jean-Marc Germain	—	$ —	2,700	$ 121,311
Thomas Walpole	—	$ —	3,500	$ 157,255

(A) Represents values for Recognition Awards.

Outstanding Equity Awards as of March 31, 2009

	SAR Awards			
Name	Number of Securities Underlying Unexercised SARs Exercisable	Number of Securities Underlying Unexercised SARs Unexercisable	SAR Exercise Price(A)	SAR Expiration Date
Martha Finn Brooks	—	2,939,954(B)	$ 1.16	June 19, 2015
Steven Fisher	—	658,887	$ 1.16	June 19, 2015
Arnaud de Weert	—	658,887	$ 1.16	June 19, 2015
Jean-Marc Germain	—	658,887	$ 1.16	June 19, 2015
Thomas Walpole	—	461,221	$ 1.16	June 19, 2015

(A) SARs issued are payable in cash based on the stock performance of Hindalco Industries Limited, listed on the National Stock Exchange in Mumbai, India. Novelis is a subsidiary of Hindalco Industries Limited. The Exercise price of 60.5 Indian Rupees converted to US$ based on an exchange rate of 1US$=INR 52.17 which was the closing exchange rate on March 31, 2009.

(B) Ms Brooks terminated her services with the Company effective May 8, 2009 and an additional 2,939,954 SARs granted to her were forfeited / cancelled.

Pension Benefits in Fiscal 2009

The table below sets forth information regarding the present value as of March 31, 2009 of the accumulated benefits of our named executive officers under our defined benefit pension plans (both qualified and non-qualified). U.S. executives who were hired on or after January 1, 2005 are not eligible to participate in our defined benefit pension plans.

Name	Plan Name(A)	Number of Years Credited Service	Present Value of Accumulated Benefit(B)	Payments During Last Fiscal Year
Martha Finn Brooks	Novelis Pension Plan	6.667	$ 125,445	$ —
	Novelis SERP	6.667	744,392(C)	—
Steven Fisher	Not eligible	—	$ —	$ —
Arnaud de Weert	Pensionskasse Alcan Schweiz	2.917	$ 55,659	$ —
Jean-Marc Germain	Novelis Pension Plan	2.25	$ 27,726	$ —
	Novelis SERP	2.25	19,814	—
Thomas Walpole	Novelis Pension Plan	29.833	$ 766,967	$ —
	Novelis SERP	29.833	592,814	—

(A) See Compensation Discussion and Analysis — Elements of Our Compensation, Employee Benefits for a discussion of these plans.

(B) See Note 15 to our audited consolidated financial statements for the year ended March 31, 2009, for a discussion of the assumptions used in the calculation of these amounts.

(C) Includes an amount of $126,589 as the present value of accumulated benefit under the Cummins Minimum Pension Guarantee as outlined as part of Ms. Brooks' employment agreement.

The following table shows estimated retirement benefits, expressed as a percentage of eligible earnings, payable upon normal retirement at age 65:

	Years of Service					
	10	15	20	25	30	35
U.S. Pension Plan	17%	25%	34%	42%	51%	59%
Swiss Pension Scheme	18%	27%	36%	45%	54%	63%

Potential Payments Upon Termination or Change in Control

This section provides an estimate of the payments and benefits that would be paid to certain of our named executive officers, at March 31, 2009, upon voluntary or involuntary termination of employment. This section, however, does not reflect any payments or benefits that would be paid to our salaried employees generally, including for example accrued salary and vacation pay; regular pension benefits under our qualified and non-qualified defined benefit plans; normal distribution of account balances under our qualified and non-qualified defined contribution plans; or normal retirement, death or disability benefits.

	Martha Finn Brooks(A)				
Type of Payment	Voluntary Termination by Executive	Termination by us for Cause	Termination by us Without Cause	Termination by us Without Cause or by Executive for Good Reason in Connection with Change in Control	Death or Disability
Short-Term Incentive Pay(B)	$ 825,000	$ —	$ 825,000	$ 825,000	$ 825,000
Long-Term Incentive Plan(C)	—	—	—	—	—
Severance	—	—	1,500,000(D)	3,150,000(E)	—
Retirement plans	—	—	—	390,861(F)	—
Lump sum cash payment for continuation of health coverage	—	—	—	49,948(G)	—
Continued group life insurance coverage	—	—	—	4,997(H)	—
Total	$ 825,000	$ —	$ 2,325,000	$ 4,420,806	$ 825,000

(A) In addition to the estimated payments set forth in this table, the executive would be eligible for payments or benefits that would be paid to our salaried employees generally upon termination of employment (including, for example, earned but unpaid base salary and accrued vacation (approximately $57,692 at March 31, 2009). Ms. Brooks was not eligible for retirement on March 31, 2009.

(B) These amounts represent 100% of the executive's target short-term incentive opportunity for the period April 1, 2008 through March 31, 2009.

(C) These amounts represent the amount of Long-Term Incentive Plan (LTIP) that would have been earned as of March 31, 2009.

(D) This amount is equal to 200% of executive's annual base salary and would be paid pursuant to the executive's Employment Agreement.

(E) This amount is equal to two times the sum of executive's base salary and target short-term incentive and would be paid pursuant to the executive's Change in Control Agreement.

(F) This amount is equal to the present value of two additional years of benefit accrual under our qualified and non-qualified retirement plans and is payable pursuant to the executive's Change in Control Agreement. See the Pension Benefits table for pension benefits accrued as of March 31, 2009.

(G) Pursuant to the executive's Change in Control Agreement, this amount is intended to assist the executive in paying post-employment health coverage and is equal to 24 months times the COBRA premium rate in effect at March 31, 2009, grossed up for applicable taxes using an assumed tax rate of 40%.

(H) The executive's Change in Control Agreement provides that the executive will be entitled to two additional years of coverage under our group life insurance plan.

	Steven Fisher(A)				
Type of Payment	Voluntary Termination by Executive	Termination by us for Cause	Termination by us Without Cause	Termination by us Without Cause or by Executive for Good Reason in Connection with Change in Control	Death or Disability
Short-Term Incentive Pay(B)	$ 337,500	$ —	$ 337,500	$ 337,500	$ 337,500
Long-Term Incentive Plan(C)	—	—	—	—	—
Severance	—	—	56,250(D)	1,575,000(E)	—
Retirement plans	—	—	—	100,800(F)	—
Lump sum cash payment for continuation of health coverage	—	—	—	49,948(G)	—
Continued group life insurance coverage	—	—	—	1,432(H)	—
Total	$ 337,500	$ —	$ 393,750	$ 2,064,680	$ 337,500

(A) In addition to the estimated payments set forth in this table, the executive would be eligible for payments or benefits that would be paid to our salaried employees generally upon termination of employment (including, for example, earned but unpaid base salary and accrued vacation (approximately $34,615 at March 31, 2009). Mr. Fisher was not eligible for retirement on March 31, 2009.

(B) These amounts represent 100% of the executive's target short-term incentive opportunity for the period April 1, 2008 through March 31, 2009.

(C) These amounts represent the amount of Long-Term Incentive Plan (LTIP) that would have been earned as of March 31, 2009.

(D) This amount is equal to the benefit payable under the Novelis Severance Pay Plan.

(E) This amount is equal to two times the sum of executive's base salary and target short-term incentive and would be paid pursuant to the executive's Change in Control Agreement.

(F) This amount is equal to the present value of two additional years of benefit accrual under our qualified and non-qualified retirement plans and is payable pursuant to the executive's Change in Control Agreement.

(G) Pursuant to the executive's Change in Control Agreement, this amount is intended to assist the executive in paying post-employment health coverage and is equal to 24 months times the COBRA premium rate in effect at March 31, 2009, grossed up for applicable taxes using an assumed tax rate of 40%.

(H) The executive's Change in Control Agreement provides that the executive will be entitled to two additional years of coverage under our group life insurance plan.

Type of Payment	Arnaud de Weert(A) Voluntary Termination by Executive	Termination by us for Cause	Termination by us Without Cause	Termination by us Without Cause or by Executive for Good Reason in Connection with Change in Control	Death or Disability
Short-Term Incentive Pay(B)	$ 367,031	$ —	$ 367,031	$ 367,031	$ 367,031
Long-Term Incentive Plan(C)	—	—	—	—	—
Severance	—	—	685,125(D)	1,908,563(E)	—
Retirement plans	—	—	—	213,793(F)	—
Total	$ 367,031	$ —	$ 1,052,156	$ 2,489,387	$ 367,031

(A) In addition to the estimated payments set forth in this table, the executive would be eligible for payments or benefits that would be paid to our salaried employees generally upon termination of employment (including, for example, earned but unpaid base salary and accrued vacation (approximately $45,173 at March 31, 2009). Mr. de Weert was not eligible for retirement on March 31, 2009.

(B) These amounts represent 100% of the executive's target short-term incentive opportunity for the period April 1, 2008 through March 31, 2009.

(C) These amounts represent the amount of Long-Term Incentive Plan (LTIP) that would have been earned as of March 31, 2009.

(D) This amount is equal to 14 months of executive's annual base salary and would be paid pursuant to the executive's Employment Agreement.

(E) This amount is equal to two times the sum of executive's base salary and target short-term incentive and would be paid pursuant to the executive's Change in Control Agreement.

(F) This amount is equal to the present value of two additional years of benefit accrual under our qualified and non-qualified retirement plans and is payable pursuant to the executive's Change in Control Agreement. See the Pension Benefits table for pension benefits accrued as of March 31, 2009.

Type of Payment	Jean-Marc Germain(A) Voluntary Termination by Executive	Termination by us for Cause	Termination by us Without Cause	Termination by us Without Cause or by Executive for Good Reason in Connection with Change in Control	Death or Disability
Short-Term Incentive Pay(B)	$ 195,000	$ —	$ 195,000	$ —	$ 195,000
Long-Term Incentive Plan(C)	—	—	—	—	—
Severance	—	—	780,000(D)	—	—
Retirement plans	—	—	—	—	—
Continued group life insurance coverage	—	—	—	—	—
Total	$ 195,000	$ —	$ 975,000	$ —	$ 195,000

(A) In addition to the estimated payments set forth in this table, the executive would be eligible for payments or benefits that would be paid to our salaried employees generally upon termination of employment (including, for example, earned but unpaid base salary and accrued vacation (approximately $25,000 at March 31, 2009). Mr. Germain was not eligible for retirement on March 31, 2009.

(B) These amounts represent 100% of the executive's target short-term incentive opportunity for the period April 1, 2008 through March 31, 2009.

(C) These amounts represent the amount of Long-Term Incentive Plan (LTIP) that would have been earned as of March 31, 2009.

(D) This amount is equal to 18 months of executive's annual base salary and target bonus and would be paid pursuant to the executive's Employment Agreement.

	Thomas Walpole(A)				
Type of Payment	Voluntary Termination by Executive	Termination by us for Cause	Termination by us Without Cause	Termination by us Without Cause or by Executive for Good Reason in Connection with Change in Control	Retirement Death or Disability
Short-Term Incentive Pay(B)	$ 156,750	$ —	$ 156,750	$ 156,750	$ 156,750
Long-Term Incentive Plan(C)	—	—	—	—	—
Severance	—	—	486,875(D)	883,500(E)	—
Retirement plans	—	—	—	270,619(F)	—
Continued group life insurance coverage	—	—	—	2,352(G)	—
Total	$ 156,750	$ —	$ 643,625	$ 1,313,221	$ 156,750

(A) In addition to the estimated payments set forth in this table, the executive would be eligible for payments or benefits that would be paid to our salaried employees generally upon termination of employment (including, for example, earned but unpaid base salary and accrued vacation (approximately $21,923 at March 31, 2009). Mr. Walpole was eligible for retirement on March 31, 2009.

(B) These amounts represent 100% of the executive's target short-term incentive opportunity for the period April 1, 2008 through March 31, 2009.

(C) These amounts represent the amount of Long-Term Incentive Plan (LTIP) that would have been earned as of March 31, 2009.

(D) This amount is equal to the benefit payable under the Novelis Severance Pay Plan.

(E) This amount is equal to two times the sum of executive's base salary and target short-term incentive and would be paid pursuant to the executive's Change in Control Agreement.

(F) This amount is equal to the present value of two additional years of benefit accrual under our qualified and non-qualified retirement plans and is payable pursuant to the executive's Change in Control Agreement. See the Pension Benefits table for pension benefits accrued as of March 31, 2009.

(G) The executive's Change in Control Agreement provides that the executive will be entitled to two additional years of coverage under our group life insurance plan.

Director Compensation — for Directors for the Period April 1, 2008 through March 31, 2009

The Chair of our board of directors is entitled to receive cash compensation equal to $250,000 per year, and the Chair of our Audit Committee is entitled to receive $175,000 per year. Each of our other directors is entitled to receive compensation equal to $150,000 per year, plus an additional $5,000 if he is a member of our Audit Committee. Directors' fees are paid in quarterly installments.

On July 8, 2008, our Chairman of the board, Mr. Birla, informed the company that due to current and foreseeable business conditions, he was foregoing the payment of his Novelis director fees until further notice. On November 5, 2008, Mr. Stewart informed the board that he was also foregoing his Novelis director fees with effective date of July 1, 2008 until further notice. All directors, however, will continue to receive reimbursement for out-of-pocket expenses associated with attending board and committee meetings. The table

below sets forth the total compensation received by our non-employee directors for the year ended March 31, 2009.

Name	Fees Earned or Paid in Cash
Kumar Mangalam Birla	$ 62,500
D. Bhattacharya	$ 155,000
Askaran K. Agarwala	$ 150,000
Clarence J. Chandran	$ 155,000
Donald A. Stewart	$ —

Compensation Committee Interlocks and Insider Participation

In fiscal 2009, only Independent Directors served on the Committee. Clarence J. Chandran was the Chairman of the Committee. The other Committee members during all or part of the year were Mr. D. Bhattacharya and Mr. Askaran Agarwala. No member of our Committee had any relationship with us requiring disclosure under Item 404 of SEC Regulation S-K. During fiscal 2008, none of our executive officers served as:

- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served on our Committee;
- a director of another entity, one of whose executive officers served on our Committee; or
- a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of our directors.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

On May 15, 2007, the Company was acquired by Hindalco through its indirect wholly-owned subsidiary AV Metals Inc. (Acquisition Sub) pursuant to a plan of arrangement (the Arrangement) entered into on February 10, 2007 and approved by the Ontario Superior Court of Justice on May 14, 2007.

Subsequent to completion of the Arrangement on May 15, 2007, all of our common shares were indirectly held by Hindalco.

Item 13. ***Certain Relationships and Related Transactions and Director Independence***

In accordance with our Audit Committee charter, our Audit Committee is responsible for reviewing the terms of our Code of Conduct for the Board of Directors and Senior Managers, which includes disclosure requirements applicable to our senior managers and our directors relating to conflicts of interest. Accordingly, the Audit Committee is responsible for reviewing and approving the terms and conditions of all transactions that involve the Company, one of our directors or executive officers or any of their immediate family members. On February 11, 2009, the Board of Directors authorized us to enter into an unsecured credit facility of $100 million with a scheduled maturity date of January 15, 2015 from a company affiliated with the Aditya Birla group. Our Chairman, Kumar Mangalam Birla, also serves as Chairman of the Aditya Birla group; thus, we consider the unsecured credit facility to be a related party transaction. We have not entered into any other related party transactions since March 31, 2008 that meet the requirements for disclosure in this Annual Report on Form 10-K.

See Item 10. “Directors, Executive Officers and Corporate Governance — Board of Directors and Corporate Governance Matters” for additional information regarding the independence of our Board of Directors.

We maintain various policies and procedures that govern related party transactions. Pursuant to our Code of Conduct for the Board of Directors and Senior Managers, senior managers and directors of the Company

(a) must avoid any action that creates or appears to create, a conflict of interest between their own interest and the interest of the Company, (b) cannot usurp corporate opportunities, and (c) must deal fairly with third parties. This policy is available on our website at www.novelis.com. In addition, we have enacted procedures to monitor related party transactions by (x) identifying possible related parties through questions in our director and officer questionnaires, (y) determining whether we receive payments from or make payments to any of the identified related parties, and (z) if we determine payments are made or received, researching the nature of the interactions between the Company and the related parties and ensuring that the related person does not have an interest in the transaction with the related party.

Item 14. ***Principal Accountant Fees and Services***

PricewaterhouseCoopers LLP has served as our independent registered public accounting firm since our spin-off from Alcan on January 6, 2005. The following table shows fees and expenses paid to PricewaterhouseCoopers LLP for services rendered:

- for the year ended March 31, 2009 and
- for the periods from (a) January 1, 2007 through March 31, 2007; (b) April 1, 2007 through May 15, 2007; and (c) May 16, 2007 through March 31, 2008

	Year Ended March 31, 2009	For the Periods January 1, 2007- March 31, 2007; April 1, 2007- May 15, 2007; and May 16, 2007- March 31, 2008
Audit fees(1)	$ 6,381,200	$ 8,203,000
Audit-Related Fees(2)	40,300	176,000
Tax Fees(3)	1,092,100	602,000
All Other Fees(4)	41,500	4,500
Total	$ 7,555,100	$ 8,985,500

(1) Represent fees for professional services rendered and expenses incurred for the audit of the Company's annual financial statements, review of financial statements included in the Company's Form 10-Qs and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements for those fiscal periods.

(2) Represent fees for assurance related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees". These services include employee benefit plan audits and consultations concerning anticipated transactions.

(3) Represent fees for services related to transfer pricing studies and review of our U.S. tax returns.

(4) Represent fees for an on-line research tool and review of an accounting system implementation.

Pre-Approval of Audit and Permissible Non-Audit Services

The charter of the Audit Committee provides that the Committee is responsible for the pre-approval of all audit and permissible non-audit services to be performed by the independent auditors. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. The policy gives detailed guidance to management as to the specific services that are eligible for general pre-approval and provides specific cost limits for certain services on an annual basis. Pursuant to the policy and the Audit Committee charter, the Audit Committee has granted to its chairman the authority to address any requests for pre-approval of individual services.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

1. Financial Statement Schedules

None.

2. Exhibits

Exhibit No.	Description
2.1	Arrangement Agreement by and among Hindalco Industries Limited, AV Aluminum Inc. and Novelis Inc., dated as of February 10, 2007 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on February 13, 2007 (File No. 001-32312))
3.1	Restated Certificate and Articles of Incorporation of Novelis Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on January 7, 2005 (File No. 001-32312))
3.2	Novelis Inc. Amended and Restated Bylaws, adopted as of July 24, 2008 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on July 25, 2008 (File No. 001-32312))
4.1	Shareholder Rights Agreement between Novelis Inc. and CIBC Mellon Trust Company (incorporated by reference to Exhibit 4.1 to our Annual Report on Form 10-K filed on March 30, 2005 (File No. 001-32312))
4.2	First Amendment to the Shareholder Rights Agreement between Novelis Inc. and CIBC Mellon Trust Company, dated as of February 10, 2007 (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed February 13, 2007 (File No. 001-32312))
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4.5	Form of Note for 71/4% Senior Notes due 2015 (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-4 filed on August 3, 2005 (File No. 333-127139))
4.6	Supplemental Indenture, between the Company, Novelis Finances USA LLC, Novelis South America Holdings LLC, Aluminum Upstream Holdings LLC and the Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit 4.6 to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-4 Registration Statement filed on December 1, 2006 (File No. 333-127139))
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10.2	$960 million term loan facility (“Term Loan Facility”) dated as of July 6, 2007 among Novelis Inc., Novelis Corporation as U.S. Borrower, AV Aluminum Inc., as Holdings, and the other guarantors party thereto, with the lenders party thereto, UBS AG, Stamford Branch, as administrative agent and as collateral agent, UBS Securities LLC, as syndication agent, ABN AMRO Incorporated, as documentation agent, and UBS Securities LLC and ABN AMRO Incorporated as joint lead arrangers and joint book managers (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 9, 2007) (File No. 001-32312))
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10.4	Security Agreement made by Novelis Inc., as Canadian Borrower, Novelis Corporation, as U.S. Borrower and the guarantors from time to time party thereto in favor of UBS AG, Stamford branch, as collateral agent dated as of July 6, 2007 (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on November 9, 2007) (File No. 001-32312))
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10.10*	Employment Agreement of Martha Finn Brooks (incorporated by reference to Exhibit 10.33 to our Registration Statement on Form 10-12B filed by Novelis Inc. on December 22, 2004 (File No. 001-32312))

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32.1	Section 906 Certification of Principal Executive Officer
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* Indicates a management contract or compensatory plan or arrangement.

** Confidential treatment requested for certain portions of this Exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVELIS INC.

By: /s/ Philip Martens
Name: Philip Martens
Title: President and Chief Operating Officer

Date: June 29, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Philip Martens Philip Martens	(Principal Executive Officer)	Date: June 29, 2009
/s/ Steven Fisher Steven Fisher	(Principal Financial Officer)	Date: June 29, 2009
/s/ Robert Nelson Robert Nelson	(Principal Accounting Officer)	Date: June 29, 2009
/s/ Kumar Mangalam Birla Kumar Mangalam Birla	(Chairman of the Board of Directors)	Date: June 29, 2009
/s/ Askaran Agarwala Askaran Agarwala	(Director)	Date: June 29, 2009
/s/ Debnarayan Bhattacharya Debnarayan Bhattacharya	(Director)	Date: June 29, 2009
/s/ Clarence J. Chandran Clarence J. Chandran	(Director)	Date: June 29, 2009
/s/ Donald A. Stewart Donald A. Stewart	(Director)	Date: June 29, 2009

EXHIBIT INDEX

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3.1	Restated Certificate and Articles of Incorporation of Novelis Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on January 7, 2005 (File No. 001-32312))
3.2	Novelis Inc. Amended and Restated Bylaws, adopted as of July 24, 2008 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on July 25, 2008 (File No. 001-32312))
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Exhibit 4.7

SUPPLEMENTAL INDENTURE

This Supplemental Indenture, dated as of May 14, 2007 (this "SUPPLEMENTAL INDENTURE" or "GUARANTEE"), among Novelis No. 1 Limited Partnership (the "SUBSIDIARY GUARANTOR"), Novelis Inc. (together with its successors and assigns, the "COMPANY" or the "ISSUER"), each other then existing Guarantor under this Indenture referred to below (the "SUBSIDIARY GUARANTORS"), and The Bank of New York Trust Company, N.A., as Trustee under this Indenture referred to below.

WITNESSETH:

WHEREAS, the Issuer, the Subsidiary Guarantors and the Trustee have heretofore executed and delivered an Indenture, dated as of February 3, 2005 (as amended, supplemented, waived or otherwise modified, the "INDENTURE"), providing for the issuance of Notes of the Issuer (the "NOTES");

WHEREAS, Section 4.18 of this Indenture provides that the Company is required to cause each Subsidiary Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the Subsidiary Guarantor will unconditionally Guarantee, on a joint and several basis with the other Subsidiary Guarantors, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior basis; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture to amend or supplement this Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Subsidiary Guarantor, the Issuer, the other Subsidiary Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Supplemental Indenture, terms defined in this Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "HOLDERS" in this Guarantee shall refer to the term "HOLDERS" as defined in this Indenture and the Trustee acting on behalf or for the benefit of such Holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1 Agreement to be Bound. The Subsidiary Guarantor hereby becomes a party to this Indenture as a Subsidiary Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under this Indenture. The Subsidiary Guarantor agrees to be bound by all of the provisions of this Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under this Indenture.

SECTION 2.2 Guarantee. The Subsidiary Guarantor agrees, on a joint and several basis with all the existing Subsidiary Guarantors, to fully, unconditionally and irrevocably Guarantee to each Holder and the Trustee the Obligations on a senior basis as provided in Article Ten of this Indenture, (a) the due and punctual payment of the principal of, premium, if any, and interest and Special Interest, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, if any, and, to the extent permitted by law, interest and Special Interest, if any, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the New Subsidiary Guarantors to the Holders, in their capacities as such, of Notes and to the Trustee pursuant to the Guarantee and the Indenture are expressly set forth in the Indenture, including Article 10 and Schedule A thereto, and reference is hereby made to the Indenture for the precise terms and any limitations of the Guarantee. This Guarantee is subject to release as and to the extent set forth in Sections 8.02, 8.03 and 10.05 of the Indenture. Each Holder of a Note, by accepting the same agrees to and shall be bound by such provisions. Capitalized terms used herein and not defined are used herein as so defined in the Indenture.

ARTICLE III

MISCELLANEOUS

SECTION 3.1 Notices. All notices and other communications to the Subsidiary Guarantor shall be given as provided in this Indenture to the Subsidiary Guarantor, at its address set forth below, with a copy to the Issuer as provided in this Indenture for notices to the Issuer.

SECTION 3.2 Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or this Indenture or any provision herein or therein contained.

SECTION 3.3 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.4 Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions; and the invalidity of a particular provision in a particular jurisdictions shall not invalidate such provision in any other jurisdiction.

SECTION 3.5 Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, this Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of this Indenture for all purposes, and every Holder heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.6 Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement.

SECTION 3.7 Headings. The headings of the Articles and the sections in this Supplemental Indenture are for convenience of reference only, are not part of this Supplemental Indenture and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[Signature page follows]

NOVELIS INC.

By: /s/ Orville Lunking
Name: Orville Lunking
Title: Vice President and Treasurer

NEW SUBSIDIARY GUARANTOR:

Novelis No. 1 Limited Partnership

By: 4260848 CANADA INC.,
its General Partner

By: /s/ Orville Lunking
Name: Orville Lunking
Title: Attorney-in-Fact

TRUSTEE

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By: /s/ Stefan Victory
Name: STEFAN VICTORY
Title: VICE PRESIDENT

Exhibit 4.8

SUPPLEMENTAL INDENTURE

This Supplemental Indenture, dated as of January 29, 2008 (this "SUPPLEMENTAL INDENTURE" or "GUARANTEE"), among Novelis Luxembourg SA (the "SUBSIDIARY GUARANTOR"), Novelis Inc. (together with its successors and assigns, the "COMPANY" or the "ISSUER"), each other then existing Guarantor under this Indenture referred to below (the "SUBSIDIARY GUARANTORS"), and The Bank of New York Trust Company, N.A., as Trustee under this Indenture referred to below.

WITNESSETH:

WHEREAS, the Issuer, the Subsidiary Guarantors and the Trustee have heretofore executed and delivered an Indenture, dated as of February 3, 2005 (as amended, supplemented, waived or otherwise modified, the "INDENTURE"), providing for the issuance of Notes of the Issuer (the "NOTES");

WHEREAS, Section 4.18 of this Indenture provides that the Company is required to cause each Subsidiary Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the Subsidiary Guarantor will unconditionally Guarantee, on a joint and several basis with the other Subsidiary Guarantors, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior basis; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture to amend or supplement this Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Subsidiary Guarantor, the Issuer, the other Subsidiary Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Supplemental Indenture, terms defined in this Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "HOLDERS" in this Guarantee shall refer to the term "HOLDERS" as defined in this Indenture and the Trustee acting on behalf or for the benefit of such Holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1 Agreement to be Bound. The Subsidiary Guarantor hereby becomes a party to this Indenture as a Subsidiary Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under this Indenture. The Subsidiary Guarantor agrees to be bound by all of the provisions of this Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under this Indenture.

SECTION 2.2 Guarantee. The Subsidiary Guarantor agrees, on a joint and several basis with all the existing Subsidiary Guarantors, to fully, unconditionally and irrevocably Guarantee to each Holder and the Trustee the Obligations on a senior basis as provided in Article Ten of this Indenture, (a) the due and punctual payment of the principal of, premium, if any, and interest and Special Interest, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, if any, and, to the extent permitted by law, interest and Special Interest, if any, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the New Subsidiary Guarantors to the Holders, in their capacities as such, of Notes and to the Trustee pursuant to the Guarantee and the Indenture are expressly set forth in the Indenture, including Article 10 and Schedule A thereto, and reference is hereby made to the Indenture for the precise terms and any limitations of the Guarantee. This Guarantee is subject to release as and to the extent set forth in Sections 8.02, 8.03 and 10.05 of the Indenture. Each Holder of a Note, by accepting the same agrees to and shall be bound by such provisions. Capitalized terms used herein and not defined are used herein as so defined in the Indenture.

ARTICLE III

MISCELLANEOUS

SECTION 3.1 Notices. All notices and other communications to the Subsidiary Guarantor shall be given as provided in this Indenture to the Subsidiary Guarantor, at its address set forth below, with a copy to the Issuer as provided in this Indenture for notices to the Issuer.

SECTION 3.2 Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or this Indenture or any provision herein or therein contained.

SECTION 3.3 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.4 Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions; and the invalidity of a particular provision in a particular jurisdictions shall not invalidate such provision in any other jurisdiction.

SECTION 3.5 Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, this Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of this Indenture for all purposes, and every Holder heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.6 Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement.

SECTION 3.7 Headings. The headings of the Articles and the sections in this Supplemental Indenture are for convenience of reference only, are not part of this Supplemental Indenture and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[Signature page follows]

NOVELIS INC.

By: /s/ Halet Murphy
Name: Halet Murphy
Title: Assistant Treasurer

NEW SUBSIDIARY GUARANTOR:

NOVELIS LUXEMBOURG SA

By: /s/ Halet Murphy
Name: Halet Murphy
Title: Attorney in Fact

TRUSTEE

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By: /s/ Stefan Victory
Name: STEFAN VICTORY
Title: VICE PRESIDENT

Exhibit 4.9

SUPPLEMENTAL INDENTURE

This Supplemental Indenture, dated as of June 26, 2008 (this "SUPPLEMENTAL INDENTURE" or "GUARANTEE"), among Bellona-Trading Internacional, Sociedade Unipessoal, LDA. (the "SUBSIDIARY GUARANTOR"), Novelis Inc. (together with its successors and assigns, the "COMPANY" or the "ISSUER"), and The Bank of New York Trust Company, N.A., as Trustee under this Indenture referred to below.

WITNESSETH:

WHEREAS, the Issuer, certain of its affiliates as Subsidiary Guarantors (the "SUBSIDIARY GUARANTORS") and the Trustee have heretofore executed and delivered an Indenture, dated as of February 3, 2005 (as amended, supplemented, waived or otherwise modified, the "INDENTURE"), providing for the issuance of Notes of the Issuer (the "NOTES");

WHEREAS, Section 4.18 of this Indenture provides that the Company is required to cause each new Subsidiary Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary Guarantor will unconditionally Guarantee, on a joint and several basis with the other Subsidiary Guarantors, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior basis; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture to amend or supplement this Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Subsidiary Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Supplemental Indenture, terms defined in this Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "HOLDERS" in this Guarantee shall refer to the term "HOLDERS" as defined in this Indenture and the Trustee acting on behalf or for the benefit of such Holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1 Agreement to be Bound. The Subsidiary Guarantor hereby becomes a party to this Indenture as a Subsidiary Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under this Indenture. The Subsidiary Guarantor agrees to be bound by all of the provisions of this Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under this Indenture.

SECTION 2.2 Guarantee. The Subsidiary Guarantor agrees, on a joint and several basis with all the existing Subsidiary Guarantors, to fully, unconditionally and irrevocably guarantee to each Holder and the Trustee the Obligations on a senior basis as provided in Article Ten of this Indenture, (a) the due and punctual payment of the principal of, premium, if any, and interest and Special Interest, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, if any, and, to the extent permitted by law, interest and Special Interest, if any, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the New Subsidiary Guarantors to the Holders, in their capacities as such, of Notes and to the Trustee pursuant to the Guarantee and the Indenture are expressly set forth in the Indenture, including Article 10 and Schedule A thereto, and reference is hereby made to the Indenture for the precise terms and any limitations of the Guarantee. This Guarantee is subject to release as and to the extent set forth in Sections 8.02, 8.03 and 10.05 of the Indenture. Each Holder of a Note, by accepting the same agrees to and shall be bound by such provisions. Capitalized terms used herein and not defined are used herein as so defined in the Indenture.

ARTICLE III

MISCELLANEOUS

SECTION 3.1 Notices. All notices and other communications to the Subsidiary Guarantor shall be given as provided in this Indenture to the Subsidiary Guarantor, at its address set forth below, with a copy to the Issuer as provided in this Indenture for notices to the Issuer.

SECTION 3.2 Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or this Indenture or any provision herein or therein contained.

SECTION 3.3 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.4 Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions; and the invalidity of a particular provision in a particular jurisdictions shall not invalidate such provision in any other jurisdiction.

SECTION 3.5 Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, this Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of this Indenture for all purposes, and every Holder heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.6 Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement.

SECTION 3.7 Headings. The headings of the Articles and the sections in this Supplemental Indenture are for convenience of reference only, are not part of this Supplemental Indenture and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[Signature page follows]

NOVELIS INC.

By: /s/ Leslie J. Parrette, Jr.
Name: Leslie J. Parrette, Jr.
Title: General Counsel, Compliance Officer and Secretary

NEW SUBSIDIARY GUARANTOR:

BELLONA-TRADING INTERNACIONAL,
SOCIEDADE UNIPESSOAL, LDA.

By: /s/ N. G. Madden
Name: N. G. Madden
Title: Manager

TRUSTEE:

THE BANK OF NEW YORK TRUST COMPANY, N.A.

By: /s/ Stefan Victory
Name: Stefan Victory
Title: Vice President

SUPPLEMENTAL INDENTURE

This Supplemental Indenture, dated as of July 10, 2008 (this "SUPPLEMENTAL INDENTURE" or "GUARANTEE"), among Novelis Services Limited (the "SUBSIDIARY GUARANTOR"), Novelis Inc. (together with its successors and assigns, the "COMPANY" or the "ISSUER"), and The Bank of New York Mellon Trust Company N.A. (formerly the Bank of New York Trust Company, N.A.), as Trustee under this Indenture referred to below.

WITNESSETH:

WHEREAS, the Issuer, certain of its affiliates as Subsidiary Guarantors (the "SUBSIDIARY GUARANTORS") and the Trustee have heretofore executed and delivered an Indenture, dated as of February 3, 2005 (as amended, supplemented, waived or otherwise modified, the "INDENTURE"), providing for the issuance of Notes of the Issuer (the "NOTES");

WHEREAS, Section 4.18 of this Indenture provides that the Company is required to cause each new Subsidiary Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary Guarantor will unconditionally Guarantee, on a joint and several basis with the other Subsidiary Guarantors, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior basis; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture to amend or supplement this Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Subsidiary Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Supplemental Indenture, terms defined in this Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "HOLDERS" in this Guarantee shall refer to the term "HOLDERS" as defined in this Indenture and the Trustee acting on behalf or for the benefit of such Holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1 Agreement to be Bound. The Subsidiary Guarantor hereby becomes a party to this Indenture as a Subsidiary Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under this Indenture. The Subsidiary Guarantor agrees to be bound by all of the provisions of this Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under this Indenture.

SECTION 2.2 Guarantee. The Subsidiary Guarantor agrees, on a joint and several basis with all the existing Subsidiary Guarantors, to fully, unconditionally and irrevocably guarantee to each Holder and the Trustee the Obligations on a senior basis as provided in Article Ten of this Indenture, (a) the due and punctual payment of the principal of, premium, if any, and interest and Special Interest, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, if any, and, to the extent permitted by law, interest and Special Interest, if any, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the New Subsidiary Guarantors to the Holders, in their capacities as such, of Notes and to the Trustee pursuant to the Guarantee and the Indenture are expressly set forth in the Indenture, including Article 10 and Schedule A thereto, and reference is hereby made to the Indenture for the precise terms and any limitations of the Guarantee. This Guarantee is subject to release as and to the extent set forth in Sections 8.02, 8.03 and 10.05 of the Indenture. Each Holder of a Note, by accepting the same agrees to and shall be bound by such provisions. Capitalized terms used herein and not defined are used herein as so defined in the Indenture.

ARTICLE III

MISCELLANEOUS

SECTION 3.1 Notices. All notices and other communications to the Subsidiary Guarantor shall be given as provided in this Indenture to the Subsidiary Guarantor, at its address set forth below, with a copy to the Issuer as provided in this Indenture for notices to the Issuer.

SECTION 3.2 Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or this Indenture or any provision herein or therein contained.

SECTION 3.3 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.4 Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions; and the invalidity of a particular provision in a particular jurisdictions shall not invalidate such provision in any other jurisdiction.

SECTION 3.5 Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, this Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of this Indenture for all purposes, and every Holder heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.6 Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement.

SECTION 3.7 Headings. The headings of the Articles and the sections in this Supplemental Indenture are for convenience of reference only, are not part of this Supplemental Indenture and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[Signature page follows]

NOVELIS INC.

By: /s/ Leslie J. Parrette, Jr.
Name: Leslie J. Parrette, Jr.
Title: General Counsel, Compliance Officer and Secretary

NEW SUBSIDIARY GUARANTOR:

NOVELIS SERVICES LIMITED

By: /s/ JD Gunningham
Name: JD GUNNINGHAM
Title: Director

TRUSTEE:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ Van K. Brown
Name: VAN K. BROWN
Title: Vice President

SUPPLEMENTAL INDENTURE

This Supplemental Indenture, dated as of September 16, 2008 (this "SUPPLEMENTAL INDENTURE" or "GUARANTEE"), among Novelis PAE SAS (the "SUBSIDIARY GUARANTOR"), Novelis Inc. (together with its successors and assigns, the "COMPANY" or the "ISSUER"), and The Bank of New York Mellon Trust Company N.A. (formerly the Bank of New York Trust Company, N.A.), as Trustee under this Indenture referred to below.

WITNESSETH:

WHEREAS, the Issuer, certain of its affiliates as Subsidiary Guarantors (the "SUBSIDIARY GUARANTORS") and the Trustee have heretofore executed and delivered an Indenture, dated as of February 3, 2005 (as amended, supplemented, waived or otherwise modified, the "INDENTURE"), providing for the issuance of Notes of the Issuer (the "NOTES");

WHEREAS, Section 4.18 of this Indenture provides that the Company is required to cause each new Subsidiary Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary Guarantor will unconditionally Guarantee, on a joint and several basis with the other Subsidiary Guarantors, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior basis; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture to amend or supplement this Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Subsidiary Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Supplemental Indenture, terms defined in this Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "HOLDERS" in this Guarantee shall refer to the term "HOLDERS" as defined in this Indenture and the Trustee acting on behalf or for the benefit of such Holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

SECTION 2.1 Agreement to be Bound. The Subsidiary Guarantor hereby becomes a party to this Indenture as a Subsidiary Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under this Indenture. The Subsidiary Guarantor agrees to be bound by all of the provisions of this Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under this Indenture.

SECTION 2.2 Guarantee. The Subsidiary Guarantor agrees, on a joint and several basis with all the existing Subsidiary Guarantors, to fully, unconditionally and irrevocably guarantee to each Holder and the Trustee the Obligations on a senior basis as provided in Article Ten of this Indenture, (a) the due and punctual payment of the principal of, premium, if any, and interest and Special Interest, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, if any, and, to the extent permitted by law, interest and Special Interest, if any, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the New Subsidiary Guarantors to the Holders, in their capacities as such, of Notes and to the Trustee pursuant to the Guarantee and the Indenture are expressly set forth in the Indenture, including Article 10 and Schedule A thereto, and reference is hereby made to the Indenture for the precise terms and any limitations of the Guarantee. This Guarantee is subject to release as and to the extent set forth in Sections 8.02, 8.03 and 10.05 of the Indenture. Each Holder of a Note, by accepting the same agrees to and shall be bound by such provisions. Capitalized terms used herein and not defined are used herein as so defined in the Indenture.

ARTICLE III

MISCELLANEOUS

SECTION 3.1 Notices. All notices and other communications to the Subsidiary Guarantor shall be given as provided in this Indenture to the Subsidiary Guarantor, at its address set forth below, with a copy to the Issuer as provided in this Indenture for notices to the Issuer.

SECTION 3.2 Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or this Indenture or any provision herein or therein contained.

SECTION 3.3 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.4 Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions; and the invalidity of a particular provision in a particular jurisdictions shall not invalidate such provision in any other jurisdiction.

SECTION 3.5 Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, this Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of this Indenture for all purposes, and every Holder heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.6 Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement.

SECTION 3.7 Headings. The headings of the Articles and the sections in this Supplemental Indenture are for convenience of reference only, are not part of this Supplemental Indenture and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[Signature page follows]

NOVELIS INC.

By: /s/ Leslie J. Parrette, Jr.
Name: Leslie J. Parrette, Jr.
Title: General Counsel, Compliance Officer and Secretary

NEW SUBSIDIARY GUARANTOR:

NOVELIS PAE SAS

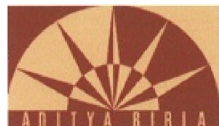
By: /s/ Philippe Charlier
Name: Philippe Charlier
Title: President

TRUSTEE:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ Stefan Victory
Name: Stefan Victory
Title: Vice President

Exhibit 10.36



DEBU BHATTACHARYA
VICE-CHAIRMAN

April 11, 2009 &nbs p; **Personal & Confidential**

Mr. Philip Martens
747 Country Club Road
Ann Arbor Michigan 48105

Dear Mr. Martens,

I am pleased to offer you an assignment in the Novelis corporate headquarters, as President & Chief Operating Officer. This position will initially be based in Atlanta, Georgia but can be relocated to any other location based on business needs. You report to Mr. Debu Bhattacharya, MD Hindalco Industries Ltd. and Vice Chairman of Novelis Inc. The initial terms and conditions applicable to your appointment to this position are as follows:

1. Position Title

   President & Chief Operating Officer with Novelis Inc.

2. Starting Date

   The effective date of this position will be April 16, 2009 or an earlier date mutually agreeable between us.

3. Base Salary

   The position of President & Chief Operating Officer will have an initial base salary of $700,000 annually. Currently Novelis has two pay periods per month. Your next salary review will be in July 2010.

4. Annual Incentive Plan

   In addition to base salary, this position also includes participation in Novelis' annual incentive plan. The target payout for your position will be 90% of your base salary annually i.e. $630,000. The performance measures for this plan are based on Novelis business performance objectives. The performance measures, as of today, are EBITDA, free cash flow and EHS. Depending on the level of the results, the actual bonus for the year pro-rated for service could be as high as two times target or as low as zero. However, for the first year ending March 2010, 50% of the target amount is guaranteed.

Aditya Birla Novelis
Aditya Birla Centre, S.K.Ahire Marg, Worli, Bombay — 400 030
Telephone: +91 22 66525499 Fax: +91 22 66525802

Please note that you are eligible for AIP, only after completing a full performance year. For details of the AIP Plan, please refer to the relevant employee communication document issued by Novelis.

5. Long Term Incentive Plan (LTIP)

You will be eligible to participate in the Novelis LTIP. The target opportunity for your level is $2,000,000 annualized. We anticipate making a LTIP grant for FY 2010 in the form of stock appreciation rights (SARs) based on Hindalco common shares. It is also anticipated that the SARs will vest over a period of four years at the rate of 25% per year, subject to meeting performance requirements linked to Operating EBITDA results.

The cash payout per SAR, shall be limited to 2.5 times the target opportunity per SAR if exercised within one year of vesting or 3 times the target opportunity per SAR if exercised after first year of vesting.

6. Benefits

Novelis provides a wide range of benefits which are described in the attached Novelis Benefits Overview as well as an annual company paid executive physical examination. Benefits include:

- Savings and Retirement
- Life insurance.
- Medical and prescription drug plan for you and your eligible dependents.
- Dental coverage for you and your eligible dependents.
- Short-Term Disability.
- Long-Term Disability.
- Business Travel and Accident Insurance.
- Flex Perks — You will receive an annual stipend of $11,500, minus required deductions, paid to you over 12 months. This amount is intended for your personal use for club memberships, tax preparation services, professional financial services, or as you may choose. The company does not otherwise pay club dues and/or other services.

7. Relocation

The company will pay for the following for your relocation to Atlanta, Georgia:

(a) Miscellaneous relocation allowance in the net amount of $60,000.

(b) For the first four months up to $3000 per month towards single accommodation or family accommodation of up to $5000 per month.

(c) Return trips (for you or your spouse) in economy class twice per month during the first four months.

(d) Closing costs associated with sale of home — 50% of costs including realtors' cost/loss on sale will be reimbursed at actuals up to a maximum of $50,000.

(e) Relocation of household goods to the Atlanta area will be reimbursed at actuals up to two containers by land/sea.

(f) Federal and state income tax preparation for the year of your move.

8. Vacation Entitlement

You will be entitled to 20 days of vacation for the calendar year 2009. Thereafter, your vacation entitlement will be governed by Novelis' vacation policy but will be no less than 25 days annually. You will also be entitled to the paid holidays in Novelis' 2009 published holiday schedule for the Atlanta office which includes nine (9) scheduled holidays and two (2) personal days.

9. Company Vehicle

You will be eligible to participate in the company leased vehicle program. The company will pay the lease cost for a vehicle of your choosing to a maximum of $37,000 capitalized cost. Fuel, maintenance, registration and insurance expenses are paid by the company. In accordance with IRS regulations, use of a company provided vehicle for personal use is a taxable benefit to you. Alternatively, you may elect to receive an additional $1,000 a month gross pay should you decide not to have a company vehicle.

10. Change in Control

Novelis will provide you with a separate Agreement that provides protection in the event of a Change in Control.

11. Severance and Other Termination Benefits

You shall be entitled to severance and other benefits if the Company terminates your employment other than for Cause or you terminate your employment for Good Reason defined as follows:

"Cause" means only (i) your conviction of any crime (whether or not involving the Company) constituting a felony in the applicable jurisdiction; (ii) willful and material violation of the Company's policies, including, but not limited to, those relating to sexual harassment and confidential information; (iii) willful misconduct in the performance of your duties for the Company; or (iv) willful failure or refusal to perform your material duties and responsibilities which is not remedied within ten (10) days after written demand from the board of directors to remedy such failure or refusal.

"Good Reason" means any of the following if it shall occur without your express written consent: (i) a material reduction in your position, duties, reporting relationships, responsibilities, authority, or status with the Company; (ii) a reduction in your base salary and target short term and long term incentive opportunities in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement; or (iii) any failure of the Company to comply with its obligations under this Agreement, in each case which is not remedied within ten (10) days after written demand by you to remedy such reduction or failure.

Your right to receive severance and benefits shall be subject to the terms and conditions of the Company's release from and waiver by you of claims, non-compete agreement and non-solicitation agreement for executive employees. No payments or benefits shall be paid unless you execute such release and waiver of claims, non-compete agreement and non-solicitation agreement. The release shall not release your right to receive indemnification and defense from the Company for any claims arising out of the performance of your duties on behalf of the Company. Termination of employment due to Cause, Death, Disability or Retirement at any time shall not give rise to any rights to compensation.

(a) Severance Pay. The Company shall pay a lump sum cash amount equal to: [A x (B + C)] - D, where

"A" equals a multiplier of 2.0;

"B" equals your annual base salary (including all amounts of such base salary that are voluntarily deferred under any qualified and non-qualified plans of the Company) determined at the rate in effect as of the date of such termination of employment;

"C" equals your target short term incentive opportunity for the calendar year in which the termination occurs; and

"D" equals the amount of severance payments, if any, paid or payable to you by the Company other than pursuant to this Agreement; it being expressly understood that the purpose of this deduction is to avoid any duplication of payments to you.

(b) Other Benefits.

(i) If you are not eligible for retiree medical benefits and are covered under the Company's group health plan at the time of your termination of employment, the Company shall pay an additional lump sum cash amount for the purpose of assisting you with the cost of post-employment medical continuation coverage equal to: (C x M) / (1 — T), where

"C" equals the full monthly COBRA premium charged for coverage under the Company's group medical plan at your then current level of coverage;

“M” equals twelve (12) months; and

“T” equals an assumed tax rate of 40%.

(ii) To the extent available, you shall be entitled to continue coverage under the Company’s group life plan for a period of twelve (12) months at your pre-termination level of coverage.

(iii) You shall be entitled to twelve (12) months of additional credit for benefit accrual and contribution allocation purposes including credit for age, service and earnings prorated over twelve (12) months under the Company’s tax-qualified and non-qualified pension, savings or other retirement plans; provided that if applicable provisions of the Code prevent payment in respect of such credit under the Company’s tax-qualified plans, such payments shall be made under the Company’s non-qualified plans.

(iv) To the extent you are not already fully vested under the Company’s tax-qualified and non-qualified retirement pension, savings and other retirement plans, you shall become 100% vested under such plans; provided that if applicable provisions of the Code prevent accelerated vesting under the Company’s tax-qualified plans, an equivalent benefit shall be payable under the Company’s non-qualified plans.

Notwithstanding the foregoing provisions of this paragraph 11 or any other provision in this Agreement, if you are a “specified employee” within the meaning of Code Section 409A, then all payments under this Agreement shall be delayed for a period of six (6) months to the extent required by Section 409A.

Should you decide to voluntarily separate from the company you will have to give the company a 3 month notice and will not be entitled to any of the payments in this paragraph 11.

12. Code Section 409A

To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and the applicable U.S. Treasury regulations and other interpretative guidance issued thereunder, including without limitation any regulations or other guidance that may be issued after the effective date of this Agreement. Notwithstanding any provision of the Agreement to the contrary, the Company may adopt such amendments to the Agreement or adopt other policies and procedures, or take any other actions, that the Company determines is necessary or appropriate to exempt the Agreement from Section 409A and/or preserve the intended tax treatment of the benefits provided hereunder, or to comply with the requirements of Section 409A and related U.S. Treasury guidance, as long as such changes do not reduce the overall compensation.

13. Non-Competition

13.1 Competing Entities: In this Agreement, "Competing Entities" includes any entity whose major business operations consist of manufacturing or recycling of aluminum, alumina, or downstream rolled aluminum products.

13.2 Competitive Activities: You covenant and agree that, while employed with the Company and for 24 months thereafter, you shall not, directly or indirectly, in any manner whatsoever including, without limitation, either individually, or in partnership, jointly or in conjunction with any other person, or as employee, principal, agent, consultant, director, shareholder, lender or otherwise:

(a) be engaged actively in or by any Competing Entities in order to provide products or services similar to the products and services provided by the Company;

(b) have any financial or other interest including, without limitation, an interest by way of royalty or other compensation arrangements, in or in respect of any Competing Entities, excluding the ownership of not more than 5% of the issued shares of any such Competing Entities, the shares of which are listed on a recognized stock exchange or traded in the over-the-counter market; or

(c) advise, lend money to or guarantee the debts or obligations of any Competing Entities.

14. Non-Solicitation

14.1 Customers and Suppliers: You covenant and agree that, while employed with the Company and for 24 months thereafter, you will not, in any manner, directly or indirectly, by any means, in any capacity, in order to direct away from the Company, approach, solicit, or contact any customers or suppliers of the Company who have actively done business with the Company in the preceding 24 months, or any prospective customer or supplier that the Company approached, solicited or contacted in the preceding 24 months, or attempt to do any of the foregoing, in order to offer or obtain services or products that compete with the business of the Company (or any material part thereof) as conducted at the time of the cessation of the your employment or during the twelve-month period prior to such date or contemplated to be carried on in its most recent annual business plan.

14.2 Employees: You covenant and agree that, while employed with the Company and for 24 months thereafter, you will not induce or solicit, or attempt to induce or solicit, or assist any person to induce or solicit, any management or higher employee, contractor or advisor of the Company, or assist or encourage any management or higher employee, contractor or advisor of the Company, to accept employment or engagement elsewhere that competes with the business of the Company (or any material part thereof) as conducted at the time of the cessation of your employment or any other business conducted by the Company

during the twelve-month period prior to such date or contemplated to be carried on in its most recent annual business plan.

15. Governing Law

This letter agreement shall be governed by, and shall be construed in accordance with, the internal laws (and not the laws of conflicts) of the State of Georgia.

16. This offer is conditional upon all of the following:

(a) Your passing a pre-placement drug screen test to ensure your suitability for the required tasks. Information about the drug screen test is enclosed.

(b) Completion of an Employment Application. Please complete and return the enclosed Employment Application with your signed copy of this offer letter. The employment application is for internal data collection purposes only.

(c) In order for the Company to comply with the Immigration Reform and Control Act of 1986, you must provide documentation of your identity and legal eligibility for employment by Novelis in the United States. You must bring this documentation with you on your first day of employment.

(d) This offer/future employment is further contingent upon your maintaining your Employment Authorization in the United States with the Immigration and Naturalization Service. You will be required to annually show proof of renewal of the Employment Authorization.

17. No Obligation to Mitigate Damages; No Effect on Other Contractual Rights.

(a) You shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by you as the result of employment by another employer after your termination of employment, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish your existing rights, or rights which would accrue solely as a result of the passage of time, under any employee benefit plan or arrangement providing retirement benefits or health, life, disability or similar welfare benefits.

18. Successor to the Company.

The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to absolutely and unconditionally assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place.

Any failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession or assignment shall entitle you to terminate your employment for Good Reason.

19. Indemnification.

The Company will provide full indemnification to the maximum extent permitted under the Company's by-laws and applicable law. The Company shall maintain directors and officers liability insurance coverage in an amount reasonably anticipated to satisfy such indemnification during your employment and at all times thereafter for the duration of any period of limitations during which any action may be brought against you.

20. General.

20.1 All the information in this letter, including eligibility for participation in compensation and benefit plans, is subject to the terms of the applicable plan documents and policies, which are subject to change during the normal course of Novelis business, but shall not result in an overall reduction of your compensation or terms and conditions of your employment. Your employment at Novelis is "at-will" and either you or Novelis may decide to terminate the employment relationship at any time and for any reason, except as provided by law. The terms of this letter, therefore, do not and are not intended to create either an express or implied contract of employment with Novelis for any particular duration.

20.2 In carrying out the Company's business, employees often learn confidential or proprietary information about the Company, its customers, suppliers, or joint venture parties. Employees must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of the Company, and of other companies, includes any non-public information that would be harmful to the relevant company or useful or helpful to competitors if disclosed. You will find more information about this in the Code of Conduct. By signing below, you acknowledge you have received a copy of the Novelis/Aditya Birla Group Code of Conduct. You are also required to complete the Novelis Inc. Employee Information Agreement. Please return the enclosed Novelis Inc. Employee Information Agreement with your signed copy of this offer letter.

I trust the above is acceptable to you. If you have any questions about the offer, please feel free to contact me.

If you agree with the above, please sign and return a copy of this letter to me by April 13, 2009.

On behalf of Novelis, I look forward to welcoming you to our team.

Sincerely,

/s/ Debu Bhattacharya
Debu Bhattacharya
Vice Chairman

Accepted: /s/ Philip R. Martens
(name & signature)

Date: ______________________

Exhibit 10.37

NOVELIS NO. 1 LIMITED PARTNERSHIP

JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of May 14, 2007, is delivered pursuant to *Section 7.10 (Additional Grantors)* of the Pledge and Security Agreement, dated as of January 7, 2005, by Novelis Inc. (the "*Canadian Borrower*"), and the Subsidiaries of the Canadian Borrower listed on the signature pages thereof in favour of the Citicorp North America, Inc., as agent for the Secured Parties referred to therein (the "*Pledge and Security Agreement*"). Capitalized terms used herein but not defined herein are used with the meanings given them in the Pledge and Security Agreement.

By executing and delivering this Joinder Agreement, the undersigned, as provided in *Section 7.10 (Additional Grantors)* of the Pledge and Security Agreement, hereby becomes a party to the Pledge and Security Agreement as a Grantor thereunder with the same force and effect as if originally named as a Grantor therein and, without limiting the generality of the foregoing, hereby grants to the Administrative Agent, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations of the undersigned, hereby collaterally assigns, mortgages, pledges and hypothecates to the Administrative Agent and grants to the Administrative Agent a Lien on and security interest in, all of its right, title and interest in, to and under the Collateral of the undersigned and expressly assumes all obligations and liabilities of a Grantor thereunder.

The information set forth in *Annex 1-A* is hereby added to the information set forth in *Schedules 1* through *6* to the Pledge and Security Agreement. By acknowledging and agreeing to this Joinder Agreement, the undersigned hereby agrees that this Joinder Agreement may be attached to the Pledge and Security Agreement and that the Pledged Collateral listed on *Annex 1-A* to this Pledge Amendment shall be and become part of the Collateral referred to in the Pledge and Security Agreement and shall secure all Secured Obligations of the undersigned.

The undersigned hereby represents and warrants that each of the representations and warranties contained in *Article III* (Representations and Warranties) of the Pledge and Security Agreement applicable to it is true and correct on and as the date hereof as if made on and as of such date.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

NOVELIS NO. 1 LIMITED PARTNERSHIP,
acting by its general partner 4260848 Canada Inc.

By /s/ Orville Lunking
Name: Orville Lunking
Title: Attorney-in-Fact

ACKNOWLEDGED AND AGREED
as of the date first above written:

CITICORP NORTH AMERICA, INC.,
as Administrative Agent

By /s/ Arnold Y. Wong
Name: **Arnold Y. Wong**
Title: Vice President

Annex 1-A

Supplements to Pledge and Security Agreement Schedules

(See attached).

Schedule 1
Jurisdiction of Organization; Principle Executive Office

Grantor's legal name	Former legal names in the past 5 years	Jurisdiction of organization as of date of agreement and any other in the past 5 years	Organizational ID number	Location of chief executive office as of date of agreement and any other in the past 5 years
Novelis No. 1 Limited Partnership	• None	*Jurisdiction of organization as of date of agreement:* Quebec *Other jurisdiction(s) of organization in past 5 years:* None	33	*Chief Executive Office Location as of date of agreement:* 2040 Fay Street Jonquiere, Quebec *Other Chief Executive Office Locations in past 5 years:* None

Schedule 2
Pledged Collateral

List of Pledged Stock:	**% of issued and outstanding equity of all classes of each issuer:**
• None	None
List of Pledged Debt Instruments:	
• None	None

Schedule 3
Filings

- US Patent and Trademark Office

Schedule 4
Location of Inventory and Equipment

Location of inventory and/or equipment:

- 2040 Fay Street, Jonquiere, Quebec

Inventory at third-party locations:

- None

Locations of inventory and/or equipment for five preceding years:

- None

Schedule 5
Intellectual Property

Trademark Registrations

A. REGISTERED TRADEMARKS

Trademark Name	Country Name	Serial Number	Registration Number
NOVELIS	Australia	1080042	862070
NOVELIS	Belarus	A0002432	862070
NOVELIS	Switzerland	A0002432	862070
NOVELIS	Chile	714240	754699
NOVELIS	China (Peoples Republic)	A0002432	862070
NOVELIS	Ecuador		3067-06
NOVELIS	Croatia	A0002432	862070
NOVELIS	Iceland	A0002432	862070
NOVELIS	Jordan	84045	84045
NOVELIS	Japan	A0002432	862070
NOVELIS	Cambodia	23898/05	23124/06
NOVELIS	Korea, Republic of	862070	862070
NOVELIS	Lebanon	104380	104380
NOVELIS	Liechtenstein	A0002432	862070
NOVELIS	Mexico	756681	919009
NOVELIS	Norway	A0002432	862070
NOVELIS	New Zealand	734806	734806
NOVELIS	Panama	147348	147348
NOVELIS	Peru	255168	113730
NOVELIS	Paraguay	28971/2005	288689
NOVELIS	Russian Federation	A0002432	862070
NOVELIS	Taiwan	94042520	1211172
NOVELIS	Ukraine	A0002432	862070
NOVELIS	United States of America	78/651851	3,119,944
NOVELIS	Madrid Agreement	A0002432	862070
NOVELIS	European Community	4032901	4032901
NOVELIS & DEVICE	Australia	1080049	862083
NOVELIS & DEVICE	Belarus	A0002433	862070
NOVELIS & DEVICE	Switzerland	A0002433	862070
NOVELIS & DEVICE	Chile	714241	754700
NOVELIS & DEVICE	China (Peoples Republic)	A0002433	862083
NOVELIS & DEVICE	Ecuador		3066-06
NOVELIS & DEVICE	Croatia	A0002433	862070

Trademark Name	Country Name	Serial Number	Registration Number
NOVELIS & DEVICE	Iceland	A0002433	862070
NOVELIS & DEVICE	Jordan	84043	84043
NOVELIS & DEVICE	Japan	A0002433	862070
NOVELIS & DEVICE	Cambodia	23899/05	23125/06
NOVELIS & DEVICE	Korea, Republic of	862083	862083
NOVELIS & DEVICE	Lebanon	104381	104381
NOVELIS & DEVICE	Liechtenstein	A0002433	862070
NOVELIS & DEVICE	Mexico	756682	921297
NOVELIS & DEVICE	Norway	A0002433	862083
NOVELIS & DEVICE	New Zealand	734807	734807
NOVELIS & DEVICE	Panama	147349	147349
NOVELIS & DEVICE	Peru	255479	113731
NOVELIS & DEVICE	Paraguay	28972/2005	288669
NOVELIS & DEVICE	Russian Federation	A0002433	862070
NOVELIS & DEVICE	Taiwan	94042521	1211173
NOVELIS & DEVICE	Ukraine	A0002433	862070
NOVELIS & DEVICE	United States of America	78/671159	3,120,057
NOVELIS & DEVICE	Madrid Agreement	A0002433	862070
NOVELIS & DEVICE	European Community	4133807	4133807
NOVELIS DEVICE (ONLY)	European Community	4133948	4133948

B. TRADEMARK APPLICATIONS FOR REGISTRATION

Trademark Name	Country Name	Serial Number	Registration Number
NOVELIS	Malaysia		
NOVELIS	Thailand	602606	
NOVELIS	South Africa	2005/18209	
NOVELIS & DEVICE	Malaysia		
NOVELIS & DEVICE	Thailand	602607	
NOVELIS & DEVICE	South Africa	2005/18210	

C. TRADEMARK LICENSES

1. Nonexclusive Trademark License Agreement between Novelis Inc. (as Licensor) and Novelis Corporation, Novelis UK Ltd., Novelis Automotive UK Ltd., Novelis Europe Holdings Ltd., Novelis Switzerland S.A., Novelis Technology S.A., Novelis Luxembourg S.A., Novelis Benelux NV, Novelis Aluminium Holdings Company, Novelis Deutschland GmbH, Novelis Specialites France (S.A.), Novelis PAE (S.A.S.), Novelis Foil France (S.A.S.) Novelis Lamines France (S.A.S.), Novelis Italia S.r.l. and Novelis de Mexico S.A. de C.V. (as Licensees) for the trade name Novelis and certain other brands, marks and logos, entered into on January 6, 2005 and subsequently assigned by Novelis Inc. to Novelis No. 1 Limited Partnership on May 9, 2007.

Schedule 6
Bank Accounts; Control Accounts

List of deposit accounts:

- None

List of security accounts:

- None

JOINDER AGREEMENT

Reference is made to the Credit Agreement, dated as of July 6, 2007 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among NOVELIS INC., a corporation formed under the Canada Business Corporations Act, NOVELIS CORPORATION, a Texas corporation, AV ALUMINUM INC., a corporation formed under the Canada Business Corporations Act, the Subsidiary Guarantors (such term and each other capitalized term used but not defined herein having the meaning given to it in the Credit Agreement), the Lenders, UBS AG, STAMFORD BRANCH, as administrative agent for the Lenders, UBS AG, STAMFORD BRANCH, as collateral agent for the Secured Parties, the other agents party thereto, and ABN AMRO INCORPORATED and UBS SECURITIES LLC, as joint lead arrangers and joint bookmanagers.

WITNESSETH:

WHEREAS, the Guarantors have entered into the Credit Agreement and the applicable Security Documents in order to induce the Lenders to make the Loans to or for the benefit of the Borrowers;

WHEREAS, pursuant to Section 5.1 l(b) of the Credit Agreement, certain Subsidiaries are required to become Guarantors under the Credit Agreement by executing a Joinder Agreement. NOVELIS PAE S. A.S. (the "New Guarantor") is executing this joinder agreement ("Joinder Agreement") to the Credit Agreement and as consideration for the Loans previously made by the Lenders and as consideration for the other agreements of the Lenders and the Agents under the Loan Documents and as consideration for other good and valid consideration the receipt and sufficiency of which is hereby acknowledged.

NOW, THEREFORE, the Administrative Agent, Collateral Agent and the New Guarantor hereby agree as follows:

1. **Guarantee.** In accordance with Section 5.11 (b) of the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Credit Agreement with the same force and effect as if originally named therein as a Guarantor, subject to the limitations set forth in Clause 2 herein.

2. **Guarantee Limitations.**

(a) The obligations and liabilities of the New Guarantor under the Credit Documents and in particular under Article VII *(Guarantee)* of the Credit Agreement shall not include any obligation or liability which if incurred would constitute the provision of financial assistance within the meaning of article L. 225-216 of the French *Code de commerce* and/or would constitute a misuse of corporate assets within the meaning of article L. 241-3 or L. 242-6 of the French *Code de commerce* or any other laws or regulations having the same effect, as interpreted by French courts.

(b) The obligations and liabilities of the New Guarantor under Article VII *(Guarantee)* of the Credit Agreement for the obligations under the Credit Documents of any other Guarantor which is not a Subsidiary of the New Guarantor, shall be limited at any time to an amount equal to the aggregate of all amounts borrowed under the Credit Agreement by such other Guarantor as Borrower to the extent directly or indirectly on-lent to the New Guarantor under inter-company loan agreements and outstanding at the date a payment is to be made by the New Guarantor under Article VII *(Guarantee)* of the Credit Agreement, it being specified that any payment made by the New Guarantor under Article VII *(Guarantee)* of the Credit Agreement in respect of the obligations of such Guarantor as

Borrower shall reduce *pro tanto* the outstanding amount of the inter-company loans due by the New Guarantor under the inter-company loan arrangements referred to above.

(c) The obligations and liabilities of the New Guarantor under Article VII *(Guarantee)* of the Credit Agreement for the obligations under the Credit Documents of any Guarantor which is its Subsidiary shall not be limited and shall therefore cover all amounts due by such Guarantor as Borrower and/or as Guarantor, as applicable. However, where such Subsidiary is not incorporated in France, the amounts payable by the New Guarantor under this paragraph (c) in respect of obligations of this Subsidiary as Guarantor, shall be limited as set out in paragraph (b) above.

3. **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Credit Agreement applicable to it as a Guarantor thereunder (subject to the limitations set forth in Clause 2 herein) and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or, in the case of any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect", true and correct in all respects) as of such earlier date. Each reference to a Guarantor in the Credit Agreement shall be deemed to include the New Guarantor. The New Guarantor hereby agrees to supplement each of the schedules to the Credit Agreement and the Perfection Certificates applicable to it in accordance with Section 9 hereof.

4. **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5. **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

6. **No Waiver.** Except as expressly supplemented hereby, the Credit Agreement shall remain in full force and effect.

7. **Notices.** All notices, requests and demands to or upon the New Guarantor, any Agent or any Lender shall be governed by the terms of Section 11.01 of the Credit Agreement.

8. **Governing Law.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

9. **Certain Agreements.** The New Guarantor hereby agrees that it shall take each action and deliver each of the documents set forth on Exhibit I, each within the number of days set forth on such Exhibit.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

Signed on September 12, 2008

In two (2) original copies

NOVELIS PAE S.A.S.

By: /s/ P. Charlier
Name: P. CHARLIER
Title: PRESIDENT

Address for Notices:

Novelis PAE S.A.S.
725 rue Aristide Bergès
38340 Voreppe
France

UBS AG, STAMFORD BRANCH,
as Administrative Agent and as
Collateral Agent

By: /s/ Mary E. Evans
Name: Mary E. Evans
Title: Associate Director

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

Address for Notices:

UBS AG, Stamford Branch
677 Washington Boulevard
Stamford, Connecticut 06901
Attn: Christopher Gomes

Exhibit I

Obligations of New Guarantor

1. (i) Deliver to the Collateral Agent (such term as referenced in this Exhibit I to include successor Agents under Section 10.06 of the Credit Agreement), within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) a bank accounts pledge agreement in respect of each of the cash accounts the New Guarantor maintains with depositary bank or banks, in form and substance satisfactory to the Administrative Agent and the Collateral Agent and (ii) deliver to the depositary bank or banks acknowledgments evidencing such accounts pledge agreements in favor of the Collateral Agent in respect of each of the cash accounts of the New Guarantor, each in form and substance acceptable to the Collateral Agent.

2. Within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) deliver a pledge of receivables held by the New Guarantor, in form and substance satisfactory to the Funding Agent (such term as referenced in this Exhibit I to include successor Agents under Section 10.06 of the Credit Agreement) and the Collateral Agent and subsequently enter into supplemental receivables pledge agreements in form and substance satisfactory to the Funding Agent and the Collateral Agent as may be necessary.

3. Within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) deliver a pledge of stock held by the New Guarantor, in form and substance satisfactory to the Funding Agent and the Collateral Agent.

4. Within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) deliver a pledge over going concern with regard to the New Guarantor, in form and substance satisfactory to the Funding Agent and the Collateral Agent, in addition to any ancillary documents or instruments needed to perfect or record the security interest granted thereunder under the laws of the Unites States, Canada, the United Kingdom, Germany, and Switzerland.

5. Within 30 days of request thereof by the Funding Agent or the Collateral Agent (or by such later date as may be agreed to in writing by the Collateral Agent or the Funding Agent, as applicable, in its sole discretion) take all other actions requested by the Funding Agent or the Collateral Agent to cause the Liens created by the Security Documents executed by the New Guarantor in connection with this Joinder Agreement to be duly perfected in accordance with all applicable Requirements of Law in accordance with (and subject to the limitations set forth in) Section 5.11(b) of the Credit Agreement.

6. Deliver, within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion), each in form and substance acceptable to the Collateral Agent, supplements to each of the schedules to the Credit Agreement and the Perfection Certificates applicable to it (each as referred to in Clause 3 of the Joinder Agreement).

Exhibit 10.39

JOINDER AGREEMENT

Reference is made to the Credit Agreement, dated as of July 6, 2007 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among NOVELIS INC., a corporation formed under the Canada Business Corporations Act (the "Canadian Borrower"), NOVELIS CORPORATION, a Texas corporation, and the other U.S. subsidiaries of the Canadian Borrower signatory thereto as borrowers, NOVELIS UK LTD., a limited liability company incorporated under the laws of England and Wales with registered number 00279596, and NOVELIS AG, a stock corporation (AG) organized under the laws of Switzerland, AV ALUMINUM INC., a corporation formed under the Canada Business Corporations Act, the Subsidiary Guarantors (such term and each other capitalized term used but not defined herein having the meaning given to it in the Credit Agreement), the Lenders, ABN AMRO BANK N.V., as U.S./European issuing bank, as swingline lender, as administrative agent for the Lenders, LASALLE BUSINESS CREDIT, LLC, as funding agent and as collateral agent for the Secured Parties and the Issuing Bank, UBS Securities LLC, as syndication agent, Bank of America, N.A., National City Business Credit, Inc. and Cit Business Credit Canada Inc., as documentation agents, ABN AMRO BANK N.V. Canada Branch, as Canadian administrative agent, Canadian funding agent and Canadian issuing bank and ABN AMRO INCORPORATED and UBS SECURITIES LLC, as joint lead arrangers and joint bookmanagers.

WITNESSETH:

WHEREAS, the Guarantors have entered into the Credit Agreement and the applicable Security Documents in order to induce the Lenders to make the Loans and the Issuing Bank to issue Letters of Credit to or for the benefit of the Borrowers;

WHEREAS, pursuant to Section 5.11(b) of the Credit Agreement, certain Subsidiaries that are required to become a Loan Party are required to become Guarantors under the Credit Agreement by executing a Joinder Agreement. NOVELIS PAE S.A.S. (the "New Guarantor") is executing this joinder agreement ("Joinder Agreement") to the Credit Agreement in order to induce the Lenders to make additional Revolving Loans and the Issuing Bank to issue Letters of Credit and as consideration for the Loans previously made and Letters of Credit previously issued.

NOW, THEREFORE, the Administrative Agent, Collateral Agent and the New Guarantor hereby agree as follows:

1. **Guarantee.** In accordance with Section 5.11 (b) of the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Credit Agreement with the same force and effect as if originally named therein as a Guarantor, subject to the limitations set forth in Clause 2 herein.

2. **Guarantee Limitations.**

(a) The obligations and liabilities of the New Guarantor under the Credit Documents and in particular under Article VII (*Guarantee*) of the Credit Agreement shall not include any obligation or liability which if incurred would constitute the provision of financial assistance within the meaning of article L. 225-216 of the French *Code de commerce* and/or would constitute a misuse of corporate assets within the meaning of article L. 241-3 or L. 242-6 of the French *Code de commerce* or any other laws or regulations having the same effect, as interpreted by French courts.

(b) The obligations and liabilities of the New Guarantor under Article VII (*Guarantee*) of the Credit Agreement for the obligations under the Credit Documents of any other Guarantor which is not a Subsidiary of the New Guarantor, shall be limited at any time to an amount equal to the aggregate of all amounts borrowed under the Credit Agreement by such other Guarantor as Borrower to the extent directly or indirectly on-lent to the New Guarantor under inter-company loan agreements and outstanding at the date a payment is to be made by the New Guarantor under Article VII (*Guarantee*) of the Credit Agreement, it being specified that any payment made by the New Guarantor under Article VII (*Guarantee*) of the Credit Agreement in respect of the obligations of such Guarantor as Borrower shall reduce *pro tanto* the outstanding amount of the inter-company loans due by the New Guarantor under the inter-company loan arrangements referred to above.

(c) The obligations and liabilities of the New Guarantor under Article VII (*Guarantee*) of the Credit Agreement for the obligations under the Credit Documents of any Guarantor which is its Subsidiary shall not be limited and shall therefore cover all amounts due by such Guarantor as Borrower and/or as Guarantor, as applicable. However, where such Subsidiary is not incorporated in France, the amounts payable by the New Guarantor under this paragraph (c) in respect of obligations of this Subsidiary as Guarantor, shall be limited as set out in paragraph (b) above.

3. **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Credit Agreement applicable to it as a Guarantor thereunder (subject to the limitations set forth in Clause 2 herein) and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or, in the case of any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect", true and correct in all respects) as of such earlier date. Each reference to a Guarantor in the Credit Agreement shall be deemed to include the New Guarantor. The New Guarantor hereby agrees to supplement each of the schedules to the Credit Agreement and the Perfection Certificates applicable to it in accordance with Section 9 hereof.

4. **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5. **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

6. **No Waiver.** Except as expressly supplemented hereby, the Credit Agreement shall remain in full force and effect.

7. **Notices.** All notices, requests and demands to or upon the New Guarantor, any Agent or any Lender shall be governed by the terms of Section 11.01 of the Credit Agreement.

8. **Governing Law.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO

CONFLICTS OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

9. **Certain Agreements.** The New Guarantor hereby agrees that it shall take each action and deliver each of the documents set forth on Exhibit I, each within the number of days set forth on such Exhibit.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

Signed on September 12th, 2008

In two (2) original copies

NOVELIS PAE S.A.S.

By: /s/ P. Charlier
Name: P. CHARLIER
Title: PRESIDENT

Address for Notices:

Novelis PAE S.A.S.
725 rue Aristide Bergès
38340 Voreppe
France

LASALLE BUSINESS CREDIT, LLC, as
Funding Agent

By: /s/ Peter M. Walther
Name: Peter M. Walther
Title: First Vice President

By: ______________________
Name:
Title:

Address for Notices:

LaSalle Business Credit, LLC,
as Funding Agent for
135 South LaSalle Street, Suite 465
Chicago, IL 60603, USA
Attn: Client Manager

Exhibit I

Obligations of New Guarantor

1. (i) Deliver to the Collateral Agent (such term as referenced in this Exhibit I to include successor Agents under Section 10.06 of the Credit Agreement), within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) a bank accounts pledge agreement in respect of each of the cash accounts the New Guarantor maintains with depositary bank or banks, in form and substance satisfactory to the Administrative Agent and the Collateral Agent and (ii) deliver to the depositary bank or banks acknowledgments evidencing such accounts pledge agreements in favor of the Collateral Agent in respect of each of the cash accounts of the New Guarantor, each in form and substance acceptable to the Collateral Agent.

2. Within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) deliver a pledge of receivables held by the New Guarantor, in form and substance satisfactory to the Funding Agent (such term as referenced in this Exhibit I to include successor Agents under Section 10.06 of the Credit Agreement) and the Collateral Agent and subsequently enter into supplemental receivables pledge agreements in form and substance satisfactory to the Funding Agent and the Collateral Agent as may be necessary.

3. Within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) deliver a pledge of stock held by the New Guarantor, in form and substance satisfactory to the Funding Agent and the Collateral Agent.

4. Within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion) deliver a pledge over going concern with regard to the New Guarantor, in form and substance satisfactory to the Funding Agent and the Collateral Agent in addition to any ancillary documents or instruments needed to perfect or record the security interest granted thereunder under the laws of the Unites States, Canada, the United Kingdom, Germany, and Switzerland.

5. Within 30 days of request thereof by the Funding Agent or the Collateral Agent (or by such later date as may be agreed to in writing by the Collateral Agent or the Funding Agent, as applicable, in its sole discretion) take all other actions requested by the Funding Agent or the Collateral Agent to cause the Liens created by the Security Documents executed by the New Guarantor in connection with this Joinder Agreement to be duly perfected in accordance with all applicable Requirements of Law in accordance with (and subject to the limitations set forth in) Section 5.1 l(b) of the Credit Agreement.

6. Deliver, within 30 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion), each in form and substance acceptable to the Collateral Agent, supplements to each of the schedules to the Credit Agreement and the Perfection Certificates applicable to it (each as referred to in Clause 3 of the Joinder Agreement).

Exhibit 10.40

JOINDER AGREEMENT

Dated as of June 11, 2008

Reference is made to the Credit Agreement, dated as of July 6, 2007 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among NOVELIS INC., a corporation formed under the Canada Business Corporations Act, NOVELIS CORPORATION, a Texas corporation, AV ALUMINUM INC., a corporation formed under the Canada Business Corporations Act, the Subsidiary Guarantors (such term and each other capitalized term used but not defined herein having the meaning given to it in the Credit Agreement), the Lenders, UBS AG, STAMFORD BRANCH, as administrative agent for the Lenders, UBS AG, STAMFORD BRANCH, as collateral agent for the Secured Parties, the other agents party thereto, and ABN AMRO INCORPORATED and UBS SECURITIES LLC, as joint lead arrangers and joint bookmanagers.

WITNESSETH:

WHEREAS, the Guarantors have entered into the Credit Agreement and the applicable Security Documents in order to induce the Lenders to make the Loans to or for the benefit of the Borrowers;

WHEREAS, pursuant to Section 5.1l(b) of the Credit Agreement, certain Subsidiaries are required to become Guarantors under the Credit Agreement by executing a Joinder Agreement. BELLONA-TRADING INTERNACIONAL, SOCIEDADE, UNIPESSOAL, LDA (the "New Guarantor") is executing this joinder agreement ("Joinder Agreement") to the Credit Agreement as of June 11, 2008 and as consideration for the Loans previously made by the Lenders and as consideration for the other agreements of the Lenders and the Agents under the Loan Documents and as consideration for other good and valid consideration the receipt and sufficiency of which is hereby acknowledged.

NOW, THEREFORE, the Administrative Agent, Collateral Agent and the New Guarantor hereby agree as follows:

1. **Guarantee.** In accordance with Section 5.1l(b) of the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Credit Agreement with the same force and effect as if originally named therein as a Guarantor.

2. **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Credit Agreement applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or, in the case of any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect", true and correct in all respects) as of such earlier date, and (c) the New Guarantor represents and warrants that it has a justified and objective interest in the execution of this Joinder Agreement. Each reference to a Guarantor in the Credit Agreement shall be deemed to include the New Guarantor. The New Guarantor hereby attaches supplements to each of the schedules to the Credit Agreement and the Perfection Certificates applicable to it.

3. **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4. **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

5. **No Waiver.** Except as expressly supplemented hereby, the Credit Agreement shall remain in full force and effect.

6. **Notices.** All notices, requests and demands to or upon the New Guarantor, any Agent or any Lender shall be governed by the terms of Section 11.01 of the Credit Agreement.

7. **Governing Law.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

8. **Certain Agreements.** The New Guarantor hereby agrees that it shall take each of the actions and deliver each of the documents set forth on Exhibit I, each by the dates set forth on such Exhibit.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BELLONA-TRADING INTERNACIONAL,
SOCIEDADE UNIPESSOAL, LDA.

By: /s/ N. G. Madder
Name: N. G. Madder
Title: Director

Address for Notices:

Avenida do Infante
50 parish of Sė ,
County of Funchal
Portugal

UBS AG, Stamford Branch,
as Administrative Agent and as Collateral Agent

By: /s/ Mary E. Evans
Name: Mary E. Evans
Title: Associate Director Banking Products Services, US

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director Banking Products Services, US

Address for Notices:

UBS AG, Stamford Branch
677 Washington Boulevard
Stamford, Connecticut 06901
Attention: Christopher Gomes

Exhibit I

Obligations of New Guarantor

1. Within 10 days of the date hereof (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion), execute and deliver an irrevocable power of attorney as required under the terms set forth in Clause 4.2 and Clause 11.3 to the Quota and Account Pledge and Assignment of Credits, dated as of June 11, 2008, by and among NOVELIS INC., as the Canadian Borrower, BELLONA-TRADING INTERNACIONAL, SOCIEDADE, UNIPESSOAL, LDA, as the Portuguese Guarantor, LASALLE BUSINESS CREDIT, LLC, as Collateral Agent for the Revolving Secured Parties, and UBS AG, STAMFORD BRANCH, as Collateral Agent for the Term Loan Secured Parties.

2. Within 10 business days of the date on which title to aluminum sheets is transferred from Novelis do Brasil Ltda. to the New Guarantor (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion), execute and deliver a pledge of inventory held by the New Guarantor, in form and substance satisfactory to the Collateral Agent.

3. Within 10 business days of the date on which any intercompany receivables, credit instruments or invoices which Novelis do Brasil Ltda. has against the New Guarantor come into existence (or by such later date as may be agreed to in writing by the Collateral Agent in its sole discretion), the New Guarantor will cause Novelis do Brasil Ltda. to execute and deliver to the Collateral Agent an amendment, pledging such intercompany receivables, credit instruments or invoices, to the Receivables Pledge Agreement, dated as of July 6, 2007, by and between NOVELIS DO BRASIL LTDA., as Pledgor, and UBS AG, STAMFORD BRANCH, as Collateral Agent, in form and substance satisfactory to the Collateral Agent.

Exhibit 10.41

JOINDER AGREEMENT

Dated July 16, 2008

Reference is made to the Credit Agreement, dated as of July 6, 2007 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among NOVELIS INC., a corporation formed under the Canada Business Corporations Act, NOVELIS CORPORATION, a Texas corporation, AV ALUMINUM INC., a corporation formed under the Canada Business Corporations Act, the Subsidiary Guarantors (such term and each other capitalized term used but not defined herein having the meaning given to it in the Credit Agreement), the Lenders, UBS AG, STAMFORD BRANCH, as administrative agent for the Lenders, UBS AG, STAMFORD BRANCH, as collateral agent for the Secured Parties, the other agents party thereto, and ABN AMRO INCORPORATED and UBS SECURITIES LLC, as joint lead arrangers and joint bookmanagers.

WITNESSETH:

WHEREAS, the Guarantors have entered into the Credit Agreement and the applicable Security Documents in order to induce the Lenders to make the Loans to or for the benefit of the Borrowers;

WHEREAS, pursuant to Section 5.11(b) of the Credit Agreement, certain Subsidiaries are required to become Guarantors under the Credit Agreement by executing a Joinder Agreement. The undersigned Subsidiary (the "New Guarantor") is executing this joinder agreement ("Joinder Agreement") to the Credit Agreement and as consideration for the Loans previously made by the Lenders and as consideration for the other agreements of the Lenders and the Agents under the Loan Documents and as consideration for other good and valid consideration the receipt and sufficiency of which is hereby acknowledged.

NOW, THEREFORE, the Administrative Agent, Collateral Agent and the New Guarantor hereby agree as follows:

1. **Guarantee.** In accordance with Section 5.1l(b) of the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Credit Agreement with the same force and effect as if originally named therein as a Guarantor.

2. **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Credit Agreement applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or, in the case of any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect", true and correct in all respects) as of such earlier date. Each reference to a Guarantor in the Credit Agreement shall be deemed to include the New Guarantor. The New Guarantor hereby attaches supplements to each of the schedules to the Credit Agreement and the Perfection Certificates applicable to it.

3. **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4**. Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

5. **No Waiver.** Except as expressly supplemented hereby, the Credit Agreement shall remain in full force and effect.

6. **Notices.** All notices, requests and demands to or upon the New Guarantor, any Agent or any Lender shall be governed by the terms of Section 11.01 of the Credit Agreement.

7. **Governing Law**. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

NOVELIS SERVICES LIMITED

By: /s/ P. Illy
Name: P. Illy
Title: Secretary

Address for Notices:

UBS AG, Stamford Branch,
as Administrative Agent and as Collateral Agent

By: /s/ Mary E. Evans`
Name: Mary E. Evans
Title: Associate Director

By: /s/ David B. Julie
Name: David B. Julie
Title: Associate Director

Schedule 1.01(b)

Subsidiary Guarantors

- Novelist Services Limited

Schedule 1.01(c)

Excluded Collateral Subsidiaries

N/A

Schedule 3.06(c)

Violations or Proceedings

N/A

Schedule 3.19

Insurance

1) Property Insurance Summary

"ALL RISK" PROPERTY DAMAGE, MACHINERY BREAKDOWN & BUSINESS INTERRUPTION INSURANCE COVERAGE

July 1, 2007 — July 1, 2008

NAMED INSURED:

- Novelis Inc. and/or its affiliated, subsidiary and associated companies and/or corporations and the Insured's interest in partnerships and joint ventures as now exist or may hereafter be constituted or acquired and any party in interest which the Insured is responsible to insure.
- Including the Insured's interest in the following joint ventures:
  - Logan Aluminum Inc.
  - Aluminium Norf GmbH (to be insured 100%)

PERIOD OF INSURANCE:

From July 1, 2007, to July 1, 2008
Both Dates at 12:01 am standard time at the place where the Property Insured is located.

COVERAGE DETAILS:

Property Insured

All real and personal property of every kind, nature and description except as may hereafter be excluded including but not limited to:

- All property in which the Insured has an insurable interest including but not limited to property owned, used, leased or intended for use by the Insured, or hereafter constructed, erected, installed, or acquired. In the event of loss or damage, the Insurers agree to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or leases to the contrary.
- All property of others in the Insured's care, custody and control and/or for which the Insured may be legally liable and/or under an obligation and/or has assumed responsibility to provide insurance.
- All property which is required to be specifically insured by reason of any statute.

Perils Covered

- All Perils of direct physical loss or damage including Machinery Breakdown and Business Interruption, to the Property Insured by any cause whatsoever including Earthquake, Windstorm, and Flood.

LIMITS OF LIABILITY:

U.S. $750,000,000 EACH OCCURRENCE

- Combined for Property Damage, including Machinery Breakdown and Business Interruption excess of the DEDUCTIBLE LEVELS and subject to the following ground-up sub-limits, where applicable, as described below:

GROUND-UP PROGRAM SUB-LIMITS

Contingent Business Interruption and Contingent Extra Expense (Direct Suppliers and/or Customers)	$200,000,000	each and every occurrence for BI. except,
	$ 25,000,000	each and every occurrence combined for PD & BI from interruption emanating from earthquake in the New Madrid zone.
Course of Construction	$100,000,000	each and every occurrence combined for PD & BI including Advance loss of Profits.
Debris Removal	$ 50,000,000	each and every occurrence for PD or 25% of the loss, whichever is greater.
Decontamination Expenses	$ 50,000,000	each and every occurrence for PD.
Defense Costs	$ 5,000,000	each and every occurrence combined for PD & BI.
Demolition and Increased Cost of Construction	$100,000,000	each and every occurrence combined for PD & BI.
Earthquake	$750,000,000	each and every occurrence combined for PD & BI and in the annual aggregate, except

	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Chile.
	$300,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for China.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Columbia.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Guam.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Indonesia.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Israel.
	$300,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Mexico.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Peru.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Portugal.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Taiwan.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Venezuela.
	$100,000,000	each and every occurrence

		combined for PD & BI and in the annual aggregate for Turkey
	$ 25,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for California. This sub-limit applies on a cumulative basis for all coverage triggered by earthquake in this zone.
	$ 25,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Japan. This sub-limit applies on a cumulative basis for all coverage triggered by earthquake in this zone.
	$ 25,000,000	each and every occurrence combined for PD &d BI and in the annual aggregate for New Zealand. This sub-limit applies on a cumulative basis for all coverage triggered by earthquake in this zone.
	$ 50,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for New Madrid (sub-limit does not apply to the Logan facility).
	$ 50,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Pacific Northwest.
	$ 50,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Philippines.
Extra / Expediting Expenses	$200,000,000	combined each and every occurrence for PD & BI.
Fine Arts	$ 25,000,000	each and every occurrence for PD.
Fire Fighting Expenses Including Cost of Extinguishing Materials	$ 25,000,000	each and every occurrence for PD.

Flood	$750,000,000	each and every occurrence combined for PD & BI and in the annual aggregate except,
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for properties situated in a 100 year floodplain.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for flood in the Netherlands.
Interruption By Civil or Military Authority	$100,000,000	each and every occurrence for PD & BI or 30 consecutive days, whichever is less.
Interruption of Ingress and/or Egress	$100,000,000	each and every occurrence for PD & BI or 30 consecutive days, whichever is less.
	$100,000,000	each and every occurrence combined for PD and BI.
Impounded Water Land and Water Contaminant or Pollutant Cleanup, Removal and Disposal	$ 100,000	each and every occurrence for PD.
Leasehold Interest	$100,000,000	each and every occurrence for BI.
Neighbour's Recourse Liability	$ 15,000,000	each and every occurrence combined for PD&BI.
Newly Acquired Location	$100,000,000	each and every occurrence combined for PD & BI.
Non-Admitted Tax Liability	$150,000,000	each and every occurrence.
Pot Line Freeze Up	$100,000,000	each and every occurrence combined for PD and BI.
Research & Development	$ 25,000,000	each and every occurrence combined for PD & BI.
Recapture of Investment Incentives	$ 50,000,000	each and every occurrence.
Royalties	$ 10,000,000	each and every occurrence

Service Interruption	$200,000,000	each and every occurrence combined for PD & BI, except
	$ 25,000,000	each and every occurrence combined for PD & BI from interruption emanating from earthquake in the New Madrid zone.
Transit	$ 25,000,000	each and every occurrence combined for PD & BI.
Transmission and Distribution Lines	$ 10,000,000	each and every occurrence combined for direct loss causing PD &BI.
Unnamed Location	$100,000,000	each and every occurrence combined for PD & BI.

DEDUCTIBLE LEVELS:

$2,500,000 each and every occurrence combined for Property Damage, Business Interruption and Machinery Breakdown coverage for locations with insurable values exceeding US $100,000,000.

$1,000,000 each and every occurrence combined for Property Damage, Business Interruption and Machinery Breakdown coverage for locations with insurable values equal to or less than US $100,000,000.

BASIS OF VALUATION

Replacement cost and as further stipulated within the attached policy wording.

DIFFERENCE IN CONDITIONS

Master Policy provides coverage where conditions of the locally integrated and/or non-integrated policies differ from the Master Policy and specifically where the conditions of the Master Policy are broader.

DIFFERENCE IN LIMITS

Master Policy provides coverage where the difference between the limits of liability stated in any locally integrated and/or non-integrated policies are less than the Master Policy.

TERRITORY

Worldwide except no coverage will be provided in the following countries:

Afghanistan, Albania, Algeria, Angola, Armenia, Azerbaijan, Bosnia and Herzegovina, Cambodia, Chad, Congo, Cuba, Chechnya, Georgia, Iraq, Iran, Kyrgyszstan, Laos, Lebanon, Liberia, Montenegro, Nigeria, North Korea, Pakistan, Serbia, Somalia, Syria, Tajikhistan, Tchechnia, Turkmenistan, Uzbekistan, Yugoslavia and Zaire.

EXCLUSIONS:

- MARINE EXPORT SHIPMENTS
- MARINE IMPORT SHIPMENTS
- AIRCRAFT/WATERCRAFT
- LAND/WATER
- LABOUR DISTURBANCES
- WAR / NUCLEAR DEVICE / REBELLION / SEIZURE BY PUBLIC
- AUTHORITY / CONTRABAND OR ILLEGAL TRADE
- NUCLEAR
- FRAUD
- WEAR AND TEAR
- CROPS or STANDING TIMBER
- CURRENCY / PREVIOUS METALS
- OFFSHORE PROPERTY
- VEHICLES
- MYSTERIOUS DISAPPEARANCE
- CHANGES IN TEMPERATURE
- PROPERTY SOLD
- UNDERGROUND MINES
- satellites / spacecraft
- manufacturing or processing errors
- errors in design
- cost of making good defective design or specifications
- errors in processing / manufacturing product
- settling, cracking, shrinkage
- remote loss / delay or loss of market
- VERMIN, INSECTS or animals
- LOCAL, STATE OR NATIONAL GOVERNMENT CATASTROPHE POOLS
- POLLUTION
- FINES / PENALTIES
- 10 YEAR FLOOD PLAIN (based on the renewal schedule of locations there are currently no locations situated in a 10 year flood plain)
- MICRO ORGANISM
- BIOLOGICAL / CHEMICAL MATERIALS

CANCELLATION:

Insurance may be cancelled by the insurer by mailing at least 90 days' prior written notice to the Named Insured, except for non-payment of premium, which is 15 days by written notice.

CURRENCY:

U.S. DOLLARS

ENDORSEMENTS:

- Electronic Date Recognition Clarification Clause
- Computer Virus Clause
- War and Terrorism Exclusion Endorsement
- Asbestos Exclusion Endorsement

2) Liability Insurance Summary

Summary of Insurance — Comprehensive General Liability

Insured:	**Novelis Inc.**
Insurer:	Zurich Insurance Company
Primary Policy Number:	LA 37'940B
Policy Period:	April 1, 2007, to April 1, 2008
Limits Of Liability:	US $75,000,000 per claim made for all insured losses combined, including loss expense, subject to an annual aggregate of US $150,000,000 for all claims made within one insurance year irrespective of whether the claims are attributable to one or more than one occurrence. Sub-Limits for Additional Coverages US $75,000,000 per claim made and in the aggregate per insurance year for the following Additional Coverages combined: a) Personal Injury Liability b) Advertiser's Liability c) Employer's Liability d) Employee Benefits Liability e) Loss of Use f) Pure financial loss g) Additional Coverage for Motor Vehicles

The Indemnity of Zurich is limited to:

a) US $50,000,000 per claim made and in the aggregate per insurance year for Product Recall Costs, and included in this sub-limit US $15,000,000 per claim made and in the aggregate per insurance year for Product Recall costs in the case of insured entities that maintain no certified quality management system under recognised standards (e.g. ISO 9001, et seq.);

b) US $25,000,000 per claim made and in the aggregate per insurance year for Dismantling and Assembly Expenses;

c) For Special Coverages according to (a) and (b) above, the maximum limit of indemnity per claim made and in the aggregate per insurance year remains US $50,000,000;

d) US $400,000 per claim made and US $4,000,000 in the aggregate per insurance year for Legal Protection in criminal Proceedings;

e) US $4,000,000 per claim made and in the aggregate per insurance year for claims in respect of losses relating to Contingent Watercraft.

Deductibles:

The deductibles per claim made are as follows:

General Deductible for entities in Canada
CAD $25,000 for Product Liability
CAD $25,000 for other losses
No deductible for bodily injury claims

Germany
EUR 50,000 for Product Liability
In connection with the local environmental industrial liability insurance per insurance case 10% but a minimum of EUR 50,000 and a maximum of EUR 500,000
EUR 4,000 for other losses
No deductible for bodily injury claims

Italy
EUR 50,000

South Korea
US $20,000
No deductible for bodily injury claims

Switzerland
CHF 30,000 for Product Liability
CHF 6,000 for other losses
No deductible for bodily injury claims

United Kingdom
GBP 10,000 for Product Liability
GBP 2,000 for other losses
No deductible for bodily injury claims

United States of America (USA)
US $1,000,000 for losses which occur and/or are litigated in the USA only
US $25,000 for other losses

Belgium, France, Spain
EUR 20,000 for Product Liability
EUR 4,000 for other losses
No deductible for bodily injury claims

Other Countries
US $20,000 for Product Liability
US $4,000 for other losses
No deductible for bodily injury claims

Difference in Limits Coverage
No deductible is applicable to Difference in Limits Coverage

Deductible for Special Coverages
Notwithstanding the other deductibles mentioned above, the deductibles for the Special Coverages amount to:
US $1,000,000 in respect of Novelis Inc. and its subsidiaries for claims which are made and/or are litigated in the USA only
US $810,000 for other losses / entities
Novelis Inc. participates in the Program with an annual program deductible of US $950,000 per claim made in excess of the applicable deductible(s) with an annual aggregate of US $2,000,000.

Territorial Limits: Worldwide

Coverage: The policy covers legal liability arising out of the companies and their activities, in respect of business premises, property, operations and product liability risks for bodily injury and property damage.

Insuring and Defense Agreement:

The coverage provided by Zurich consists of the indemnity for justified insured claims and of any loss expense, including defense costs, against both justified and unjustified insured claims. Payments under these coverages will be made by Zurich, on behalf of the insureds. They will include but not be restricted to:

a) Interest on damages;
b) Premiums on bonds to release attachments for an amount not in excess of the limit of indemnity of this contract as well as all premiums on appeal bonds required in any above defended claim;
c) Loss reduction expenses;
d) Cost of experts, lawyers, court, arbitration and mediation expenses
e) Litigation costs of an opposing party;
f) Loss prevention expenses,

And will be limited by the limit of indemnity of this contract.

Principal Extensions:

Comprehensive General Liability Manuscript Policy Form which includes:

- Additional coverage for Motor Vehicles — limited to the Limit of Indemnity and applies excess of the greater of US $2,000,000 or the limit of indemnity of the locally existing basic motor vehicle coverage;
- Advertisers' Liability;
- Agreed Waiver of Liability;
- Assumption of Legal Third-Party Liability;
- Condominium Owners;
- Cross Liability;
- Damage to Property in the Custody of or Worked Upon by the Insured;
- Effects of Ionizing Radiation;
- Employee Benefits Liability;
- Employer's Liability — limited to the Limit of Indemnity and applies excess of:
  - US $100,000 for the USA
  - CDN $1,000,000 for other countries
- Extension of the Statutory Time-Limits;
- Fault on the Part of Independent Contractors;
- Identification or Elimination of Defects and Damage;
- Insured Ancillary Risks;
- Joint Ventures;
- Leased Telecommunications Installations;
- Leasehold Property;
- Legal liability arising from the granting of licenses conferring rights in respect of intangible goods;
- Legal Protection in Criminal Proceedings;
- Loss of Use;
- Loss during Loading and Unloading;

- Losses Incurred in Mixing, Combining and Further Processing;
- Losses Relating to Environmental Damage Caused by Installations for the Storage, Treatment or Disposal of Waste or Waste Products;
- Machinery Clause;
- Non Owned Aviation Liability / Airport Premises — limited to the Limit of Indemnity and applies excess of CDN $5,000,000;
- Objection of Late Complaints;
- Personal Injury Liability;
- Personal Liability;
- Pure Financial Loss;
- Railroad Branch Lines and Sidetracks and Related Installations and Rolling Stock;
- Real Estate and Installations not Used for Business Purposes;
- Use of Public Highways for Internal Works Traffic.

Special Coverages: Special coverages shall mean the following additional coverages:

- Dismantling and assembly expenses;
- Product recall costs;
- Loss prevention expenses;
- Testing and sorting costs.

Principal Exclusions: The policy excludes the following:

- Own Damages;
- Bodily injury to employees;
- Employment-related practices;
- Workers' Compensation and Occupational Disease;
- Charterers' Liability;
- Damage to property in the custody of or worked upon by the Insured;
- Radioactivity;
- Civil War;
- Special Substances and Risks;
- Intentional Act;
- Terrorism in the USA;
- Losses relating to environmental damage except for (1) consequences of a sudden event (2) losses relating to environmental damage caused by installations for composting or short-term storage on waste products or purification of waste water.

Schedule 3.24

Location of Material Inventory

N/A

Locations of Collateral in Possession of Persons Other Than Any Loan Party

N/A

Schedule 6.01(b)

Existing Indebtedness

None

Unpaid Intercompany transfers of goods:

None

Schedule 6.02(c)

Existing Liens

None

Schedule 6.04(b)

Existing Investments

None

Unpaid Intercompany transfers of goods:

None

Schedule 6.01(b)

Existing Indebtedness

None

Unpaid Intercompany transfers of goods:

None

Schedule 6.02(c)

Existing Liens

None

Schedule 6.04(b)

Existing Investments

None

Unpaid Intercompany transfers of goods:

None

JOINDER AGREEMENT

Dated July 16, 2008

Reference is made to the Credit Agreement, dated as of July 6, 2007 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among NOVELIS INC., a corporation formed under the Canada Business Corporations Act (the "Canadian Borrower"), NOVELIS CORPORATION, a Texas corporation, and the other U.S. subsidiaries of the Canadian Borrower signatory thereto as Borrowers, NOVELIS UK LTD, a limited liability company incorporated under the laws of England and Wales with registered number 00279596, and NOVELIS AG, a stock corporation (AG) organized under the laws of Switzerland, AV ALUMINUM INC., a corporation formed under the Canada Business Corporations Act, the Subsidiary Guarantors (such term and each other capitalized term used but not defined herein having the meaning given to it in the Credit Agreement), the Lenders, ABN AMRO BANK N.V., as U.S./European issuing bank, as U.S. swingline lender, as administrative agent for the Lenders, LASALLE BUSINESS CREDIT, LLC, as funding agent and as collateral agent for the Secured Parties and the Issuing Bank, UBS SECURITIES LLC, as syndication agent, BANK OF AMERICA, N.A., NATIONAL CITY BUSINESS CREDIT, INC. and CIT BUSINESS CREDIT CANADA INC., as documentation agents, ABN AMRO BANK N.V., acting through its Canadian branch, as Canadian administrative agent, Canadian funding agent and Canadian issuing bank and ABN AMRO INCORPORATED and UBS SECURITIES LLC, as joint lead arrangers and joint bookmanagers.

WITNESSETH:

WHEREAS, the Guarantors have entered into the Credit Agreement and the applicable Security Documents in order to induce the Lenders to make the Loans and the Issuing Banks to issue Letters of Credit to or for the benefit of the Borrowers;

WHEREAS, pursuant to Section 5.11(b) of the Credit Agreement, certain Subsidiaries are required to become Guarantors under the Credit Agreement by executing a Joinder Agreement. The undersigned Subsidiary (the "New Guarantor") is executing this joinder agreement ("Joinder Agreement") to the Credit Agreement in order to induce the Lenders to make additional Loans and the Issuing Banks to issue Letters of Credit and as consideration for the Loans previously made by the Lenders and Letters of Credit previously issued by the Issuing Banks and as consideration for the other agreements of the Lenders and the Agents under the Loan Documents.

NOW, THEREFORE, the Funding Agent, Collateral Agent and the New Guarantor hereby agree as follows:

1. **Guarantee.** In accordance with Section 5.11(b) of the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Credit Agreement with the same force and effect as if originally named therein as a Guarantor.

2. **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Credit Agreement applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or, in the case of any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect", true and correct in all respects) as of such earlier date. Each reference to a Guarantor in the Credit Agreement

shall be deemed to include the New Guarantor. The New Guarantor hereby attaches supplements to each of the schedules to the Credit Agreement and the Perfection Certificates applicable to it.

3. **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4. **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

5. **No Waiver**. Except as expressly supplemented hereby, the Credit Agreement shall remain in full force and effect.

6. **Notices.** All notices, requests and demands to or upon the New Guarantor, any Agent or any Lender shall be governed by the terms of Section 11.01 of the Credit Agreement.

7. **Governing Law.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

NOVELIS SERVICES LIMITED

By: /s/ P. Illy
Name: P. Illy
Title: Secretary

Address for Notices:

LASALLE BUSINESS CREDIT, LLC, as Funding Agent and as Collateral Agent

By: /s/ Peter M. Walther
Name: Peter M. Walther
Title: First Vice President

Address for Notices:

LaSalle Business Credit, LLC
135 South LaSalle Street, Suite 425
Chicago, Illinois 60603
Attention: Steven Friedlander

[Note: Schedules to be attached.]

Perils Covered

- All Perils of direct physical loss or damage including Machinery Breakdown and Business Interruption, to the Property Insured by any cause whatsoever including Earthquake, Windstorm, and Flood.

LIMITS OF LIABILITY:

U.S. $750,000,000 EACH OCCURRENCE

- Combined for Property Damage, including Machinery Breakdown and Business Interruption excess of the DEDUCTIBLE LEVELS and subject to the following ground-up sub-limits, where applicable, as described below:

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Defense Costs	$ 5,000,000	each and every occurrence combined for PD & BI.
Demolition and Increased Cost of Construction	$100,000,000	each and every occurrence combined for PD & BI.
Earthquake	$750,000,000	each and every occurrence combined for PD & BI and in the annual aggregate, except

	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Chile.
	$300,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for China.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Columbia.
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	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Israel.
	$300,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Mexico.
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	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Venezuela.
	$100,000,000	each and every occurrence

		combined for PD & BI and in the annual aggregate for Turkey
	$ 25,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for California. This sub-limit applies on a cumulative basis for all coverage triggered by earthquake in this zone.
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	$ 25,000,000	each and every occurrence combined for PD &d BI and in the annual aggregate for New Zealand. This sub-limit applies on a cumulative basis for all coverage triggered by earthquake in this zone.
	$ 50,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for New Madrid (sub-limit does not apply to the Logan facility).
	$ 50,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Pacific Northwest.
	$ 50,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for Philippines.
Extra / Expediting Expenses	$200,000,000	combined each and every occurrence for PD & BI.
Fine Arts	$ 25,000,000	each and every occurrence for PD.
Fire Fighting Expenses Including Cost of Extinguishing Materials	$ 25,000,000	each and every occurrence for PD.

Flood	$750,000,000	each and every occurrence combined for PD & BI and in the annual aggregate except,
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for properties situated in a 100 year floodplain.
	$100,000,000	each and every occurrence combined for PD & BI and in the annual aggregate for flood in the Netherlands.
Interruption By Civil or Military Authority	$100,000,000	each and every occurrence for PD & BI or 30 consecutive days, whichever is less.
Interruption of Ingress and/or Egress	$100,000,000	each and every occurrence for PD & BI or 30 consecutive days, whichever is less.
	$100,000,000	each and every occurrence combined for PD and BI.
Impounded Water Land and Water Contaminant or Pollutant Cleanup, Removal and Disposal	$ 100,000	each and every occurrence for PD.
Leasehold Interest	$100,000,000	each and every occurrence for BI.
Neighbour's Recourse Liability	$ 15,000,000	each and every occurrence combined for PD&BI.
Newly Acquired Location	$100,000,000	each and every occurrence combined for PD & BI.
Non-Admitted Tax Liability	$150,000,000	each and every occurrence.
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Recapture of Investment Incentives	$ 50,000,000	each and every occurrence.
Royalties	$ 10,000,000	each and every occurrence

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	$ 25,000,000	each and every occurrence combined for PD & BI from interruption emanating from earthquake in the New Madrid zone.
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DEDUCTIBLE LEVELS:

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BASIS OF VALUATION

Replacement cost and as further stipulated within the attached policy wording.

DIFFERENCE IN CONDITIONS

Master Policy provides coverage where conditions of the locally integrated and/or non-integrated policies differ from the Master Policy and specifically where the conditions of the Master Policy are broader.

DIFFERENCE IN LIMITS

Master Policy provides coverage where the difference between the limits of liability stated in any locally integrated and/or non-integrated policies are less than the Master Policy.

TERRITORY

Worldwide except no coverage will be provided in the following countries:

Afghanistan, Albania, Algeria, Angola, Armenia, Azerbaijan, Bosnia and Herzegovina, Cambodia, Chad, Congo, Cuba, Chechnya, Georgia, Iraq, Iran, Kyrgyszstan, Laos, Lebanon, Liberia, Montenegro, Nigeria, North Korea, Pakistan, Serbia, Somalia, Syria, Tajikhistan, Tchechnia, Turkmenistan, Uzbekistan, Yugoslavia and Zaire.

EXCLUSIONS:

- MARINE EXPORT SHIPMENTS
- MARINE IMPORT SHIPMENTS
- AIRCRAFT / WATERCRAFT
- LAND / WATER
- LABOUR DISTURBANCES
- WAR / NUCLEAR DEVICE / REBELLION / SEIZURE BY PUBLIC
- AUTHORITY / CONTRABAND OR ILLEGAL TRADE
- NUCLEAR
- FRAUD
- WEAR AND TEAR
- CROPS or STANDING TIMBER
- CURRENCY / PREVIOUS METALS
- OFFSHORE PROPERTY
- VEHICLES
- MYSTERIOUS DISAPPEARANCE
- CHANGES IN TEMPERATURE
- PROPERTY SOLD
- UNDERGROUND MINES
- satellites / spacecraft
- manufacturing or processing errors
- errors in design
- cost of making good defective design or specifications
- errors in processing / manufacturing product
- settling, cracking, shrinkage
- remote loss / delay or loss of market
- VERMIN, INSECTS or animals
- LOCAL, STATE OR NATIONAL GOVERNMENT CATASTROPHE POOLS
- POLLUTION
- FINES /PENALTIES
- 10 YEAR FLOOD PLAIN (based on the renewal schedule of locations there are currently no locations situated in a 10 year flood plain)
- MICRO ORGANISM
- BIOLOGICAL / CHEMICAL MATERIALS

CANCELLATION:

Insurance may be cancelled by the insurer by mailing at least 90 days' prior written notice to the Named Insured, except for non-payment of premium, which is 15 days by written notice.

CURRENCY:

U.S. DOLLARS

ENDORSEMENTS:

- Electronic Date Recognition Clarification Clause
- Computer Virus Clause
- War and Terrorism Exclusion Endorsement
- Asbestos Exclusion Endorsement

21 Liability Insurance Summary

Summary of Insurance — Comprehensive General Liability

Insured:	**Novelis Inc.**
Insurer:	Zurich Insurance Company
Primary Policy Number:	LA 37’940B
Policy Period:	April 1, 2007, to April 1, 2008
Limits Of Liability:	US $75,000,000 per claim made for all insured losses combined, including loss expense, subject to an annual aggregate of US $150,000,000 for all claims made within one insurance year irrespective of whether the claims are attributable to one or more than one occurrence. Sub-Limits for Additional Coverages US $75,000,000 per claim made and in the aggregate per insurance year for the following Additional Coverages combined: a) Personal Injury Liability b) Advertiser’s Liability c) Employer’s Liability d) Employee Benefits Liability e) Loss of Use f) Pure financial loss g) Additional Coverage for Motor Vehicles

The Indemnity of Zurich is limited to:

a) US $50,000,000 per claim made and in the aggregate per insurance year for Product Recall Costs, and included in this sub-limit US $15,000,000 per claim made and in the aggregate per insurance year for Product Recall costs in the case of insured entities that maintain no certified quality management system under recognised standards (e.g. ISO 9001, et seq.);

b) US $25,000,000 per claim made and in the aggregate per insurance year for Dismantling and Assembly Expenses;

c) For Special Coverages according to (a) and (b) above, the maximum limit of indemnity per claim made and in the aggregate per insurance year remains US $50,000,000;

d) US $400,000 per claim made and US $4,000,000 in the aggregate per insurance year for Legal Protection in criminal Proceedings;

e) US $4,000,000 per claim made and in the aggregate per insurance year for claims in respect of losses relating to Contingent Watercraft.

Deductibles:

The deductibles per claim made are as follows:

General Deductible for entities in Canada
CAD $25,000 for Product Liability
CAD $25,000 for other losses
No deductible for bodily injury claims

Germany
EUR 50,000 for Product Liability
In connection with the local environmental industrial liability insurance per insurance case 10% but a minimum of EUR 50,000 and a maximum of EUR 500,000
EUR 4,000 for other losses
No deductible for bodily injury claims

Italy
EUR 50,000

South Korea
US $20,000
No deductible for bodily injury claims

Switzerland
CHF 30,000 for Product Liability
CHF 6,000 for other losses
No deductible for bodily injury claims

United Kingdom
GBP 10,000 for Product Liability
GBP 2,000 for other losses
No deductible for bodily injury claims

United States of America (USA)
US $1,000,000 for losses which occur and/or are litigated in the USA only
US $25,000 for other losses

Belgium, France, Spain
EUR 20,000 for Product Liability
EUR 4,000 for other losses
No deductible for bodily injury claims

Other Countries
US $20,000 for Product Liability
US $4,000 for other losses
No deductible for bodily injury claims

Difference in Limits Coverage
No deductible is applicable to Difference in Limits Coverage

Deductible for Special Coverages
Notwithstanding the other deductibles mentioned above, the deductibles for the Special Coverages amount to:
US $1,000,000 in respect of Novelis Inc. and its subsidiaries for claims which are made and/or are litigated in the USA only
US $810,000 for other losses / entities
Novelis Inc. participates in the Program with an annual program deductible of US $950,000 per claim made in excess of the applicable deductible(s) with an annual aggregate of US $2,000,000.

Territorial Limits: Worldwide

Coverage: The policy covers legal liability arising out of the companies and their activities, in respect of business premises, property, operations and product liability risks for bodily injury and property damage.

Insuring and Defense Agreement:

The coverage provided by Zurich consists of the indemnity for justified insured claims and of any loss expense, including defense costs, against both justified and unjustified insured claims. Payments under these coverages will be made by Zurich, on behalf of the insureds. They will include but not be restricted to:

a) Interest on damages;
b) Premiums on bonds to release attachments for an amount not in excess of the limit of indemnity of this contract as well as all premiums on appeal bonds required in any above defended claim;
c) Loss reduction expenses;
d) Cost of experts, lawyers, court, arbitration and mediation expenses
e) Litigation costs of an opposing party;
f) Loss prevention expenses,

And will be limited by the limit of indemnity of this contract.

Principal Extensions:

Comprehensive General Liability Manuscript Policy Form which includes:

- Additional coverage for Motor Vehicles — limited to the Limit of Indemnity and applies excess of the greater of US $2,000,000 or the limit of indemnity of the locally existing basic motor vehicle coverage;
- Advertisers' Liability;
- Agreed Waiver of Liability;
- Assumption of Legal Third-Party Liability;
- Condominium Owners;
- Cross Liability;
- Damage to Property in the Custody of or Worked Upon by the Insured;
- Effects of Ionizing Radiation;
- Employee Benefits Liability;
- Employer's Liability — limited to the Limit of Indemnity and applies excess of:
  - US $100,000 for the USA
  - CDN $1,000,000 for other countries
- Extension of the Statutory Time-Limits;
- Fault on the Part of Independent Contractors;
- Identification or Elimination of Defects and Damage;
- Insured Ancillary Risks;
- Joint Ventures;
- Leased Telecommunications Installations;
- Leasehold Property;
- Legal liability arising from the granting of licenses conferring rights in respect of intangible goods;
- Legal Protection in Criminal Proceedings;
- Loss of Use;
- Loss during Loading and Unloading;

- Losses Incurred in Mixing, Combining and Further Processing;
- Losses Relating to Environmental Damage Caused by Installations for the Storage, Treatment or Disposal of Waste or Waste Products;
- Machinery Clause;
- Non Owned Aviation Liability / Airport Premises — limited to the Limit of Indemnity and applies excess of CDN $5,000,000;
- Objection of Late Complaints;
- Personal Injury Liability;
- Personal Liability;
- Pure Financial Loss;
- Railroad Branch Lines and Sidetracks and Related Installations and Rolling Stock;
- Real Estate and Installations not Used for Business Purposes;
- Use of Public Highways for Internal Works Traffic.

Special Coverages: Special coverages shall mean the following additional coverages:

- Dismantling and assembly expenses;
- Product recall costs;
- Loss prevention expenses;
- Testing and sorting costs.

Principal Exclusions: The policy excludes the following:

- Own Damages;
- Bodily injury to employees;
- Employment-related practices;
- Workers' Compensation and Occupational Disease;
- Charterers' Liability;
- Damage to property in the custody of or worked upon by the Insured;
- Radioactivity;
- Civil War;
- Special Substances and Risks;
- Intentional Act;
- Terrorism in the USA;
- Losses relating to environmental damage except for (1) consequences of a sudden event (2) losses relating to environmental damage caused by installations for composting or short-term storage on waste products or purification of waste water.

Schedule 3.24

Location of Material Inventory

N/A

Locations of Collateral in Possession of Persons Other Than Any Loan Party

N/A

Schedule 6.01(b)

Existing Indebtedness

None

Unpaid Intercompany transfers of goods:

None

Schedule 6.02(c)

Existing Liens

None

Schedule 6.04(b)

Existing Investments

None

Unpaid Intercompany transfers of goods:

None

EXHIBIT 21.1

List of Subsidiaries of Novelis Inc.

Name of Entity	Jurisdiction of Organization
Novelis Corporation	Texas, United States
Novelis de Mexico S.A. de C.V.	Mexico
Novelis Brand LLC	Delaware, United States
Novelis PAE Corporation	Delaware, United States
Logan Aluminum Inc.	Delaware, United States
Novelis South America Holdings LLC	Delaware, United States
Aluminum Upstream Holdings LLC	Delaware, United States
MiniMRF LLC	Delaware, United States
Eurofoil Inc. (USA)	New York, United States
Novelis AG	Switzerland
Novelis Switzerland S.A.	Switzerland
Novelis Technology AG	Switzerland
Novelis Italia SpA	Italy
Novelis Europe Holdings Limited	United Kingdom
Novelis UK Ltd.	United Kingdom
Novelis Services Limited	United Kingdom
Novelis Automotive UK Ltd.	United Kingdom
Novelis Aluminium Holding Company	Ireland
Novelis Benelux NV	Belgium
Novelis Belgique S.A.	Belgium
Novelis Deutschland GmbH	Germany
Aluminium Norf GmbH	Germany
Novelis Aluminium Beteiligungs GmbH	Germany
Deutsche Aluminium Verpackung Recycling GmbH	Germany
Novelis Sweden AB	Sweden
Novelis Luxembourg S.A.	Luxembourg
Novelis Foil France S.A.S.	France
France Aluminium Recyclage S.A.	France
Novelis Laminés France S.A.S	France
Novelis PAE S.A.S.	France
4260848 Canada Inc.	Canada
4260856 Canada Inc.	Canada
Novelis Cast House Technology Ltd.	Canada
Novelis No. 1 Limited Partnership	Canada
Novelis Korea Ltd.	South Korea
Aluminium Company of Malaysia Berhad	Malaysia
Al Dotcom Sdn Berhad	Malaysia
Alcom Nikkei Specialty Coatings Sdn Berhad	Malaysia
Novelis do Brasil Ltda.	Brazil
Consorcio Candonga (unincorporated joint venture)	Brazil
Albrasilis — Alumínio do Brasil Indústria e Comércio Ltda.	Brazil
Novelis (India) Infotech Ltd.	India
Novelis Madeira, Unipessoal, Lda	Portugal

EXHIBIT 31.1

Section 302 Certification of Principal Executive Officer

I, Philip Martens, President and Chief Operating Officer of Novelis Inc. (Novelis), certify that:

1. I have reviewed this annual report on Form 10-K of Novelis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Philip Martens
Philip Martens
President and Chief Operating Officer
(Principal Executive Officer)

Date: June 29, 2009

EXHIBIT 31.2

Section 302 Certification of Principal Financial Officer

I, Steven Fisher, Chief Financial Officer of Novelis Inc. (Novelis), certify that:

1. I have reviewed this annual report on Form 10-K of Novelis;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Steven Fisher
Steven Fisher
Chief Financial Officer
(Principal Financial Officer)

Date: June 29, 2009

EXHIBIT 32.1

Section 906 Certification of Principal Executive Officer

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Novelis Inc. (Novelis), hereby certifies that Novelis' Annual Report on Form 10-K for the year ended March 31, 2009 (Report) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Novelis.

/s/ Philip Martens
Philip Martens
President and Chief Operating Officer
(Principal Executive Officer)

Date: June 29, 2009

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

EXHIBIT 32.2

Section 906 Certification of Principal Financial Officer

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Novelis Inc. (Novelis), hereby certifies that Novelis' Annual Report on Form 10-K for the year ended March 31, 2009 (Report) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Novelis.

/s/ Steven Fisher
Steven Fisher
Chief Financial Officer
(Principal Financial Officer)

Date: June 29, 2009

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.