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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 3, 2009

**NOVELIS INC.**

(Exact name of Registrant as specified in its charter)

Canada

(State or other jurisdiction  
of incorporation)

001-32312

(Commission File Number)

98-0442987

(I.R.S. Employer  
Identification No.)

3399 Peachtree Road NE, Suite 1500, Atlanta, GA

(Address of principal executive offices)

30326

(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 2.02. Results of Operations and Financial Condition.

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition." Consequently, it is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or Securities Act of 1933 if such subsequent filing specifically references this Form 8-K.

On November 3, 2009, Novelis Inc. issued a press release reporting the company's financial results for its quarter ended September 30, 2009. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein in its entirety. A copy of investor presentation materials relating to such financial results is attached hereto as Exhibit 99.2 and is incorporated by reference herein in its entirety. The presentation materials use the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, Free Cash Flow and Pre-Tax Income (Loss) Excluding Certain Items.

**EBITDA and Adjusted EBITDA.** EBITDA consists of earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA further adjusts EBITDA for unrealized (gains) losses on change in fair value of derivative instruments, impairment of goodwill, gain on extinguishment of debt, adjustment to eliminate proportional consolidation, restructuring charges and certain other costs. EBITDA and Adjusted EBITDA are measures commonly used in the company's industry, and the company presents EBITDA and Adjusted EBITDA to enhance investors' understanding of the company's operating performance. Novelis believes that EBITDA and Adjusted EBITDA are operating performance measures, and not liquidity measures, that provide investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP, and the company's EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. EBITDA and Adjusted EBITDA have important limitations as an analytical tool, and investors should not consider them in isolation, or as a substitute for analysis of the company's results as reported under GAAP. For example, EBITDA and Adjusted EBITDA:

- do not reflect the company's cash expenditures or requirements for capital expenditures or capital commitments;
- do not reflect changes in, or cash requirements for, the company's working capital needs; and
- do not reflect any costs related to the current or future replacement of assets being depreciated and amortized.

Additionally, a form of adjusted EBITDA, used in the company's senior secured credit facilities, 7.25% senior notes and 11.5% senior notes, is used for debt covenant compliance purposes, which has additional adjustments to Adjusted EBITDA which may decrease or increase adjusted EBITDA for purposes of these financial covenants.

**Free Cash Flow.** Free Cash Flow consists of: (a) net cash provided by (used in) operating activities; (b) plus net cash provided by (used in) investing activities and (c) less proceeds from sales of assets. 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 is not a measurement of financial performance or liquidity under GAAP and does not necessarily represent cash available for discretionary activities, as certain debt service obligations must be funded out of Free Cash Flow. In addition, the company's method of calculating Free Cash Flow may not be consistent with that of other companies.

**Pre-Tax Income (Loss) Excluding Certain Items.** Pre-Tax Income (Loss) Excluding Certain Items adjusts income before income taxes for restructuring charges, unrealized gains (losses) on change in fair value of derivative instruments, charges related to the settlement of tax litigation in Brazil and charges related to the reversal of an accrued legal claim. Novelis believes that Pre-Tax Income (Loss) Excluding Certain Items enhances the overall

understanding of the company's current financial performance. Specifically, management believes this non-GAAP financial measure provides useful information to investors by excluding or adjusting certain items, which impact the comparability of the company's core operating results. With respect to unrealized gains (losses) on change in fair value of derivative instruments, management adjusts pre-tax income to eliminate the volatility created between periods due to changes in the fair value of derivative instruments before the derivative instruments are settled. With respect to restructuring charges, our charge related to the Brazilian tax settlement and our charge related to reversal of an accrued legal claim, management believes these excluded items are not reflective of fixed costs that the company believes it will incur over the long term. This financial measure should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with GAAP.

All information in the news release and the presentation materials speak as of the date thereof and Novelis does not assume any obligation to update said information in the future.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press release, dated November 3, 2009 (furnished to the Commission as a part of this Form 8-K).

99.2 Presentation materials, dated November 3, 2009 (furnished to the Commission as a part of this Form 8-K).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**NOVELIS INC.**

Date: November, 3 2009

By: /s/ Christopher Courts  
Christopher Courts  
Assistant General Counsel and Corporate Secretary

**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated November 3, 2009 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated November 3, 2009 (furnished to the Commission as a part of this Form 8-K).

# News Release

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For Immediate Release

## **Novelis Reports Higher Net Income for Second Fiscal Quarter on Improved Sales across all Geographic Regions**

### ***World's Leading Producer of Aluminum Rolled Products Credits Continued Success of Operational Efficiency Initiatives for the Higher Results***

ATLANTA, Nov. 3, 2009 — Novelis Inc., the world's leading producer of aluminum rolled products, today reported net income attributable to its common shareholder of \$195 million for the second quarter of fiscal 2010 ended September 30, 2009, a 36 percent increase over net income of \$143 million reported for the immediately preceding first fiscal quarter. Second quarter net income for the current year compares to a net loss of \$104 million reported for the same period a year ago.

Results for the second fiscal quarter included \$254 million of unrealized gains on derivatives as compared to \$299 million of gains in the immediately preceding first quarter of fiscal 2010, and \$221 million of losses in the corresponding three-month period a year ago. The company uses these derivatives primarily to hedge exposures to fluctuations in aluminum prices related to customer fixed-price contracts as well as fluctuations in other commodities and currencies.

Shipments of aluminum rolled products totaled 693 kilotonnes for the quarter, an increase of nearly 7 percent over shipments of 650 kilotonnes for the immediately preceding first quarter. Shipments increased across each of the company's four geographic regions, with the most significant increases in sequential quarter shipments recorded in Europe and South America.

Net sales for the second quarter reached \$2.2 billion, an increase of more than 11 percent over net sales for the immediately preceding first quarter of fiscal 2010, driven primarily by higher metal prices and modest increases in demand. Net sales for this year's second quarter were 26 percent lower than net sales of \$3.1 billion posted during the same period a year ago, the result of industry-wide reductions in year-over-year demand for aluminum and the corresponding impact of lower metal prices.

"I am pleased to report that Novelis continued to make strong improvements in virtually all aspects of operational performance during the most recently completed quarter," said Phil Martens, President and Chief Operating Officer for the company. "I am particularly pleased that the effects of our cash management and operational efficiency initiatives continue to generate measurable returns across Novelis' global operations. We believe these initiatives are gaining traction as we continue to refine our business model, positioning Novelis for improved performance as we prepare to take advantage of future growth in demand for our premium rolled products around the globe."

Financial highlights of the company's overall performance for the second fiscal quarter include:

- Pre-tax earnings of \$301 million for the second fiscal quarter grew 10 percent over the \$273 million in pre-tax earnings recorded for the first quarter of the fiscal year, and compare to a pre-tax loss of \$272 million posted for the same period a year ago.
- Adjusted EBITDA for the second quarter of fiscal 2010 grew to \$200 million, an increase of 61 percent over adjusted EBITDA of \$124 million recorded for the first quarter of the fiscal year, and an increase of 125 percent over adjusted EBITDA of \$89 million posted for the same three-month period a year ago.
- Liquidity improved to \$555 million at the end of the second fiscal quarter, representing an increase of \$109 million, or 24 percent, over liquidity of \$446 million reported at the close of the first fiscal quarter. The improved liquidity resulted primarily from net cash generated from operating activities and proceeds from the completion of the company's \$185 million offering of Senior Unsecured Notes on August 11, 2009, \$94 million of which was used to pay down other debt.

Steve Fisher, Chief Financial Officer for Novelis, pointed to the progress made by the company in reducing conversion costs as a key contributor to Novelis' improved financial results for the second quarter. "We continue to make significant progress in reducing conversion costs through internal cost controls, ongoing restructuring initiatives and the benefits of overall cost deflation," said Fisher. "Among the conversion costs that showed measurable declines again this quarter were costs related to labor, energy, alloys, hardeners and coatings."

Other factors impacting the company's financial performance for the second quarter include:

- Aluminum prices continued to rise during the second quarter, with the average price of aluminum on the London Metal Exchange (LME) in the second quarter reaching \$1,805 per metric ton, an increase of 21 percent from the average price on the LME of \$1,488 in the first quarter. Despite the rise of aluminum prices over the past few quarters, average prices remain 35 percent lower than the average LME price of \$2,792 per metric ton for the same period a year ago.
- Price and product mix improvements more than offset volume reductions as compared to the same three-month period a year ago.
- Second quarter cash flow was reduced by \$54 million as a result of metal price ceilings previously negotiated with a major customer which expire at the end of the current calendar year. Effective January 1, 2010, the company's contracts no longer contain metal price ceilings.
- Second quarter results were also impacted by a \$26 million reduction in tax expense related to reserves for withholding tax issues in the U.S. and \$3 million in restructuring charges.

#### **Quarterly Report on Form 10-Q**

The results described in this news release have been reported in detail on the company's Form 10-Q on file with the SEC, and investors are directed to that document for a complete explanation of the company's financial position and results through September 30, 2009. The Novelis Form 10-Q and other SEC filings are available for review on the company's website at [www.novelis.mediaroom.com](http://www.novelis.mediaroom.com) under "SEC Filings".

## Second Quarter Earnings Conference Call

Novelis will discuss its second quarter results via a live webcast and conference call for investors at 10:00 a.m. EST on Tuesday, November 3, 2009. Participants may access the webcast at <https://cc.callinfo.com/r/1bt3w091e5f7x>. To join by telephone, dial toll-free in North America at 800 908 0783 or international toll line +1 212 231 2903. Access information may also be found at [www.novelis.com](http://www.novelis.com).

### About Novelis

Novelis Inc. is the global leader in aluminum rolled products and aluminum can recycling. The company operates in 11 countries, has approximately 12,000 employees and reported revenue of \$10.2 billion in fiscal year 2009. Novelis supplies premium aluminum sheet and foil products to automotive, transportation, packaging, construction, industrial, electronics and printing markets throughout North America, South America, Europe and Asia. Novelis is a subsidiary of Hindalco Industries Limited (BSE: HINDALCO), one of Asia's largest integrated producers of aluminum and a leading copper producer. Hindalco is a flagship company of the Aditya Birla Group, a multinational conglomerate based in Mumbai, India. For more information, please visit [www.novelis.com](http://www.novelis.com).

### Non-GAAP Financial Measures

This press release and the presentation slides for the earnings call contain non-GAAP financial measures as defined by SEC rules. We think that these measures are helpful to investors in measuring our financial performance and liquidity and comparing our performance to our peers. However, our non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures used by other companies. These non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for GAAP financial measures. To the extent we discuss any non-GAAP financial measures on the earnings call, a reconciliation of each measure to the most directly comparable GAAP measure will be available in the presentation slides filed as Exhibit 99.2 to our Current Report on Form 8-K furnished to the SEC concurrent with the issuance of this press release. In addition, the Form 8-K includes a more detailed description of each of these non-GAAP financial measures, together with a discussion of the usefulness and purpose of such measures.

Attached to this news release are tables showing the Condensed Consolidated Statements of Operations, Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Cash Flow, Liquidity, and Reconciliation to Adjusted EBITDA.

### Forward-Looking Statements

Statements made in this news release which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of such statements in this news release include, among other matters, the positive outlook for our business, improvement in our financial performance, the impact of operational efficiency initiatives, the projected growth in demand for aluminum rolled products, and the positioning of the company to take advantage of such growth in demand for aluminum rolled products. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in global economic



conditions, the level of our indebtedness and our ability to generate cash; relationships with, and financial and operating conditions of, our customers and suppliers; changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the effect of metal price ceilings in certain of our sales contracts; our ability to successfully negotiate with our customers to remove or limit metal price ceilings in our contracts; the effectiveness of our metal hedging activities, including our internal used beverage can and smelter hedges; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing for future capital requirements; continuing obligations and other relationships resulting from our spin-off from Alcan; changes in the relative values of various currencies; 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; 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, environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our principal credit agreements and other financing arrangements; and the development of the most efficient tax structure for the Company. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in our Amendment No.1 to our Registration Statement on Form S-4, as filed with the SEC on October 20, 2009, and may be discussed in subsequent filings with the SEC. Further, the risk factors included in our Amendment No.1 to our Registration Statement on Form S-4, as filed with the SEC on October 20, 2009, are specifically incorporated by reference into this news release.

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Randy Miller  
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randy.miller@novelis.com

## Novelis Inc.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**  
**(In millions)**

	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Net sales	\$ 2,181	\$ 2,959	\$ 4,141	\$ 6,062
Cost of goods sold (exclusive of depreciation and amortization shown below)	1,728	2,791	3,261	5,622
Selling, general and administrative expenses	83	89	161	173
Depreciation and amortization	92	107	192	223
Research and development expenses	9	10	17	22
Interest expense and amortization of debt issuance costs	44	46	87	91
Interest income	(3)	(5)	(6)	(10)
(Gain) loss on change in fair value of derivative instruments, net	(80)	185	(152)	120
Restructuring charges, net	3	—	6	(1)
Equity in net (income) loss of non-consolidated affiliates	10	(2)	20	—
Other (income) expenses, net	(6)	10	(19)	33
	<u>1,880</u>	<u>3,231</u>	<u>3,567</u>	<u>6,273</u>
Income (loss) before income taxes	301	(272)	574	(211)
Income tax provision (benefit)	87	(168)	199	(133)
Net income (loss)	214	(104)	375	(78)
Net income attributable to noncontrolling interests	19	—	37	2
<b>Net income (loss) attributable to our common shareholder</b>	<u>\$ 195</u>	<u>\$ (104)</u>	<u>\$ 338</u>	<u>\$ (80)</u>

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)  
(in millions, except number of shares)

	September 30, 2009	March 31, 2009
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 246	\$ 248
Accounts receivable (net of allowances of \$4 and \$2 as of September 30, 2009 and March 31, 2009, respectively)		
— third parties	1,206	1,049
— related parties	13	25
Inventories	929	793
Prepaid expenses and other current assets	50	51
Fair value of derivative instruments	171	119
Deferred income tax assets	37	216
<b>Total current assets</b>	<u>2,652</u>	<u>2,501</u>
Property, plant and equipment, net	2,769	2,799
Goodwill	611	582
Intangible assets, net	786	787
Investment in and advances to non-consolidated affiliates	764	719
Fair value of derivative instruments, net of current portion	48	72
Deferred income tax assets	5	4
Other long-term assets		
— third parties	95	80
— related parties	24	23
<b>Total assets</b>	<u>\$ 7,754</u>	<u>\$ 7,567</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 49	\$ 51
Short-term borrowings	177	264
Accounts payable		
— third parties	881	725
— related parties	55	48
Fair value of derivative instruments	145	640
Accrued expenses and other current liabilities	428	516
Deferred income tax liabilities	12	—
<b>Total current liabilities</b>	<u>1,747</u>	<u>2,244</u>
Long-term debt, net of current portion		
— third parties	2,596	2,417
— related parties	—	91
Deferred income tax liabilities	518	469
Accrued postretirement benefits	528	495
Other long-term liabilities	354	342
<b>Total liabilities</b>	<u>5,743</u>	<u>6,058</u>
Commitments and contingencies		
<b>Shareholder's equity</b>		
Common stock, no par value; unlimited number of shares authorized; 77,459,658 shares issued and outstanding as of September 30, 2009 and March 31, 2009	—	—
Additional paid-in capital	3,497	3,497
Accumulated deficit	(1,592)	(1,930)
Accumulated other comprehensive loss	(22)	(148)
<b>Total Novelis shareholder's equity</b>	<u>1,883</u>	<u>1,419</u>
<b>Noncontrolling interests</b>	<u>128</u>	<u>90</u>
<b>Total equity</b>	<u>2,011</u>	<u>1,509</u>
<b>Total liabilities and shareholder's equity</b>	<u>\$ 7,754</u>	<u>\$ 7,567</u>

**Novelis Inc.**  
**CONDENSED CONSOLIDATED**  
**STATEMENTS OF CASH FLOWS**  
**(unaudited)**  
**(in millions)**

	Six Months Ended September 30,	
	2009	2008
Net cash provided by (used in) operating activities	\$ 464	\$ (390)
Net cash provided by (used in) investing activities (A)	(442)	52
Net cash provided by (used in) financing activities	(39)	251
Net decrease in cash and cash equivalents	(17)	(87)
Effect of exchange rate changes on cash balances held in foreign currencies	15	(20)
Cash and cash equivalents — beginning of period	248	326
Cash and cash equivalents — end of period	<u>\$ 246</u>	<u>\$ 219</u>

(A) Investing activities for the six months ended September 30, 2009 includes \$416 million of net outflow from settlement of derivative instruments. The six months ended September 30, 2008 includes net inflow of \$94 million from settlement of derivative instruments.

Exhibit IV

**Novelis Inc.**  
**LIQUIDITY AS OF SEPTEMBER 30, 2009 AND MARCH 31, 2009**  
**(in millions)**

	September 30, 2009	March 31, 2009
Cash and cash equivalents	\$ 246	\$ 248
Overdrafts	(11)	(11)
Gross availability under the ABL facility	400	233
Borrowing availability limitation due to fixed charge coverage ratio	(80)	(80)
Total estimated liquidity	<u>\$ 555</u>	<u>\$ 390</u>

**RECONCILIATION FROM NET INCOME (LOSS) ATTRIBUTABLE TO OUR COMMON SHAREHOLDER TO ADJUSTED EBITDA**

Novelis is providing disclosure of the reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

(in millions)	Three Months Ended		
	September 30, 2009	June 30, 2009	September 30, 2008
<b>Net income (loss) attributable to our common shareholder</b>	\$ 195	\$ 143	\$ (104)
Interest, net	(41)	(40)	(41)
Income tax (provision) benefit	(87)	(112)	168
Depreciation and amortization	(92)	(100)	(107)
Noncontrolling interests	(19)	(18)	1
<b>EBITDA</b>	<b>435</b>	<b>413</b>	<b>(125)</b>
Unrealized gain (loss) on derivatives	254	299	(220)
Proportional consolidation	(17)	(16)	(18)
Restructuring charges, net	(3)	(3)	—
Others costs, net	1	9	24
<b>Adjusted EBITDA</b>	<b>\$ 200</b>	<b>\$ 124</b>	<b>\$ 89</b>

Brighter ideas with aluminum



## Novelis Second Quarter Fiscal Year 2010 Earnings Conference Call

November 3, 2009

**Philip Martens**  
President & Chief Operating Officer

**Steve Fisher**  
Senior Vice President & Chief  
Financial Officer

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# Safe Harbor Statement



## Forward-Looking Statements

Statements made in this investor presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of such statements in this news release include, among other matters, the positive long-term outlook for our business, the benefit of lower metal and energy prices on our profitability, the changes in currency on our profitability, our ability to increase liquidity, our ability to adjust our production levels, the recovery of losses on hedging instruments through lower commodity costs, the positive outlook for our business, improvement in our financial performance, the impact of operational efficiency initiatives, and the projected growth in demand for aluminum rolled products. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include the risk factors included under the caption "Risk Factors" in our Amendment No. 1 to our Registration Statement on Form S-4, as filed with the SEC on October 20, 2009, and may be discussed in subsequent filings with the SEC. Further, the risk factors included in our Amendment No. 1 to our Registration Statement on Form S-4, as filed with the SEC on October 20, 2009, are specifically incorporated by reference into this investor presentation.

## Non-GAAP Financial Measures

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# Agenda



**Market Overview – Aluminum Demand**

**Financial Highlights**

**Detailed Financial Performance**

**Operations and Cost Efficiency Progress**

**Summary and Business Outlook**

**Questions and Answers**



# Current Trends in Aluminum Demand



**ALUMINUM DEMAND**

**AUTOMOTIVE SECTOR**

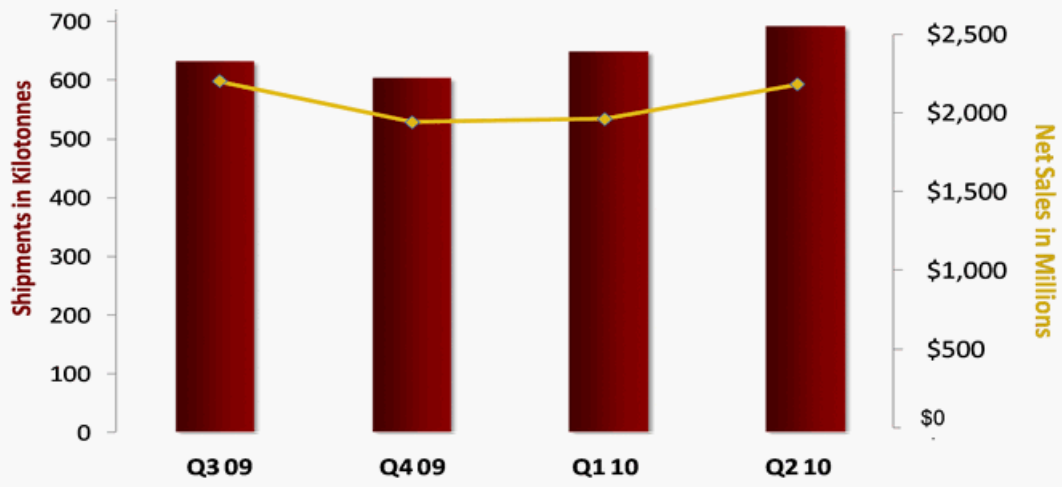
**CONSTRUCTION SECTOR**

**CAN SHEET**



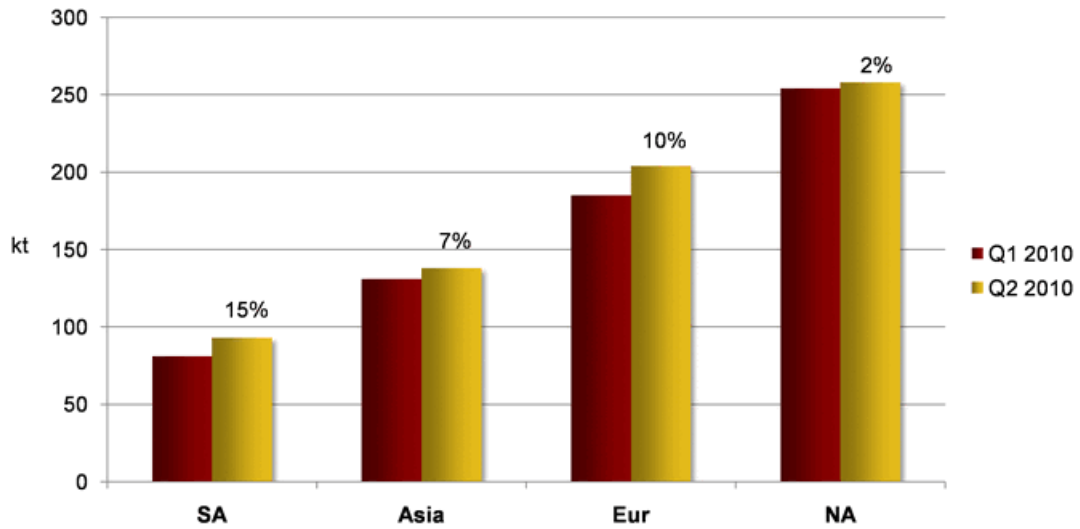
ASIA	↑	↑	↑	↑
N. AMERICA	↔	↔	↔	↔
EUROPE	↔	↑	↓	↔
S. AMERICA	↑	↑	↑	↑

## Shipments & Sales



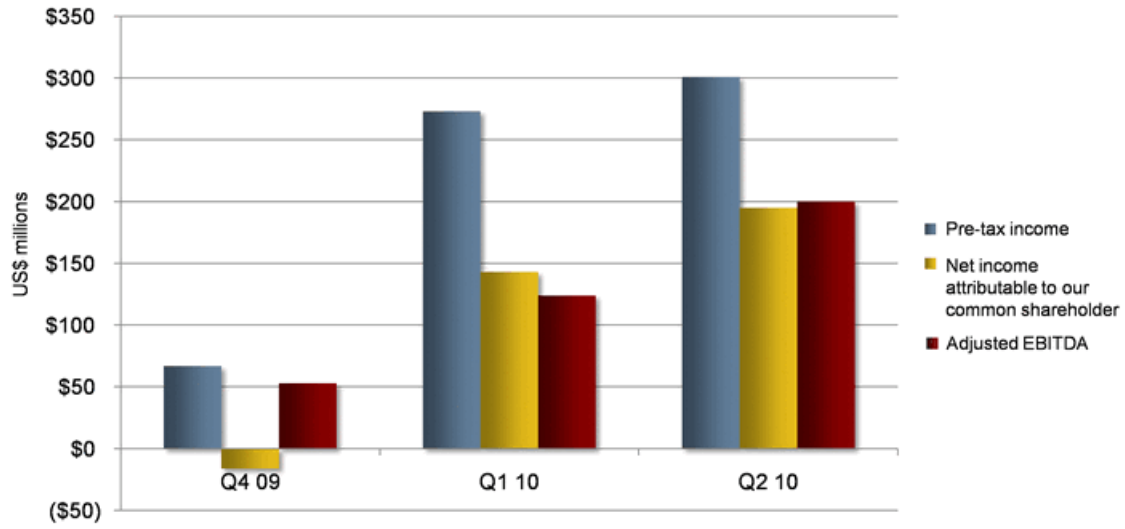
- Shipments and sales seem to be stabilizing, with slight up-ticks, but...
- Third quarter (December) typically shows lowest shipments/sales -- seasonality
- "Measured confidence" in gradual long term growth in demand

## Shipments by Region



- Shipments up sequentially from first fiscal quarter in all geographic regions
- Percentage increases in shipments varies from region to region
- Strongest percentage increases in Europe and South America

## Quarterly Financial Performance



With stabilizing-to-slightly growing shipments and sales:

- Pre-tax income continues to grow over the past three quarters
- Net Income continues positive growth from loss in Q4 of 2009 fiscal year
- Adjusted EBITDA continues to improve as well

## Second Quarter Financial Highlights



### Operational Efficiency Initiatives Drive Higher Results

- Shipments of rolled aluminum products up 7% Q1 to Q2
- Net sales for the second quarter up 11% over first quarter
- Net income for the quarter rose 36% over first quarter
- Adjusted EBITDA grew 61% sequentially
- Conversion premium rose due to sustained improvements in price and product mix, and volume increases
- Liquidity grew 24% over first quarter to \$555 million
- Successfully completed a \$185 million bond offering

## Financial Performance



(in \$M)	FY10		Variance	FY09
	Q1	Q2		Q2
FRP Shipments (kt)	650	693	43	756
Adjusted EBITDA	124	200	76	89
Free Cash Flow	20	(2)	(22)	(4)

**Improved performance as a result of  
cost initiatives across the company**

# Sequential Income Statement

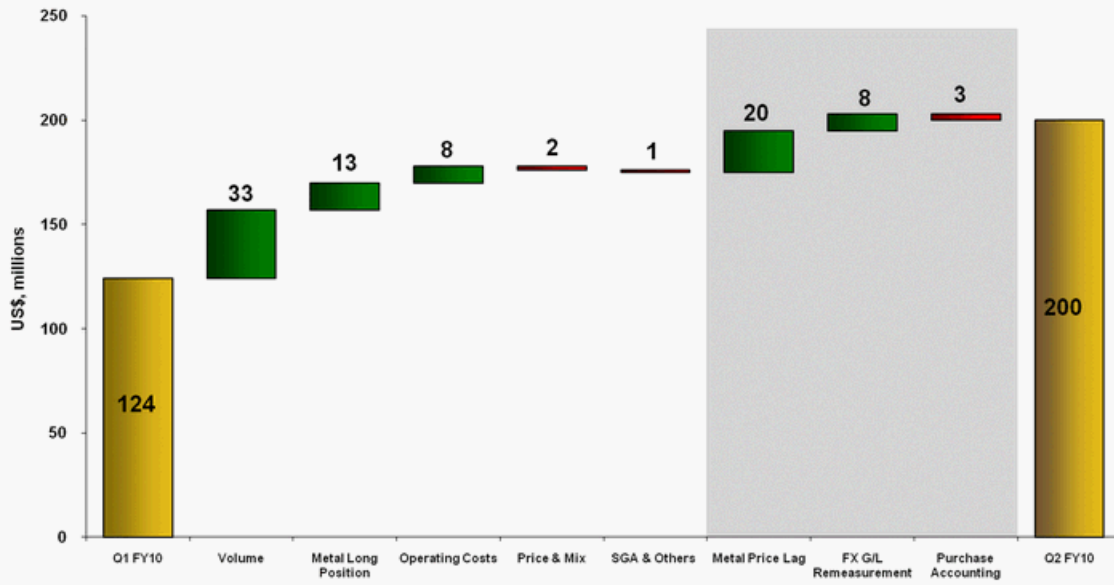


(in \$M)	FY10		Variance	FY09
	Q1	Q2		Q2
Income before income taxes	273	301	28	(272)
Significant items affecting comparisons:				
Restructuring charges	(3)	(3)	-	-
Unrealized gains (losses) on derivatives	299	254	(45)	(221)
Tax litigation settlement in Brazil	6	-	(6)	-
Reversal of accrued legal claim	-	-	-	26
<b>Pre-tax income (loss) excluding above items</b>	<b>(29)</b>	<b>50</b>	<b>79</b>	<b>(77)</b>
Net income (loss) attributable to our common shareholder	143	195	52	(104)

**Significant operational improvements during the quarter**

# Adjusted EBITDA

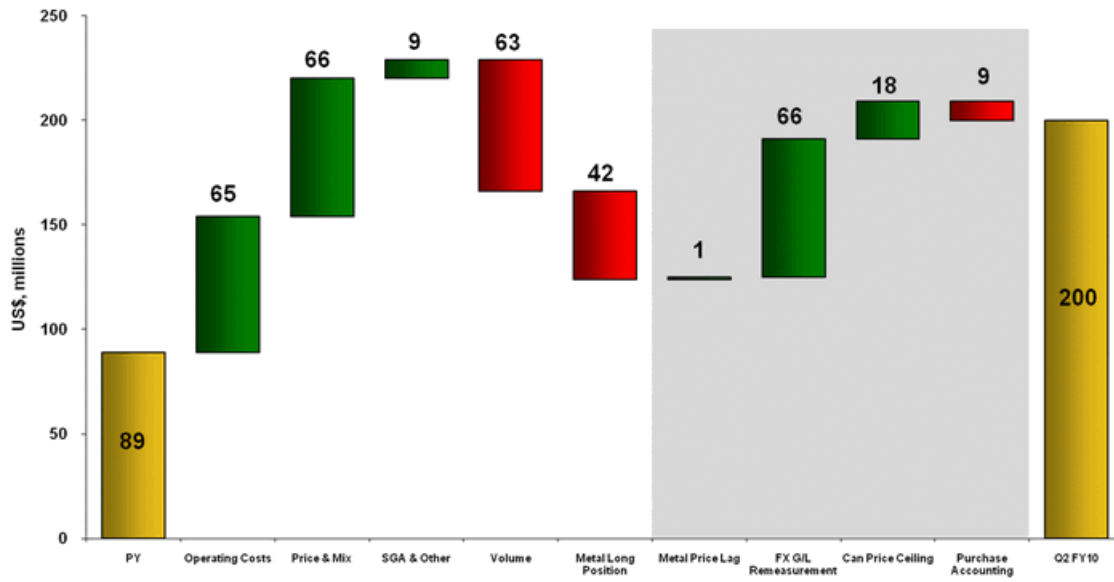
Q2 FY10 vs Q1 FY10





# Adjusted EBITDA

Q2 FY10 vs PY



## Sequential Segment Adjusted EBITDA



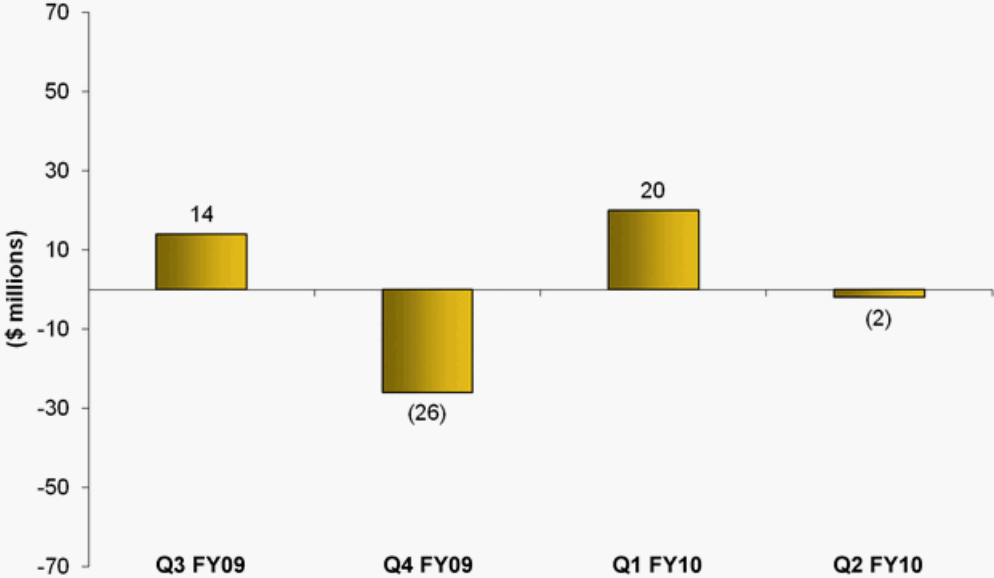
North America (in \$M)	FY10		Variance
	Q1	Q2	
FRP Shipments	254	258	4
Adjusted EBITDA	57	75	18

Europe (in \$M)	FY10		Variance
	Q1	Q2	
FRP Shipments	185	203	18
Adjusted EBITDA	33	60	27

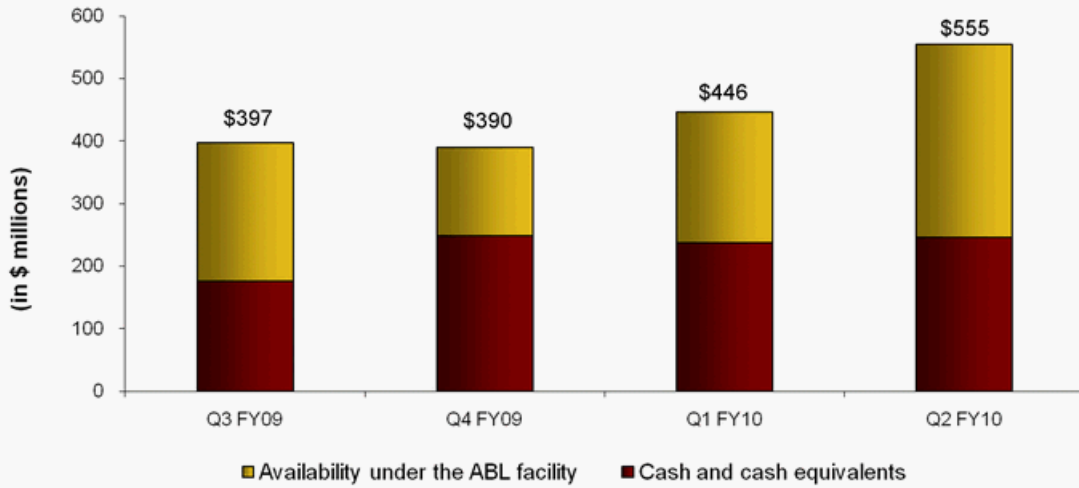
Asia (in \$M)	FY10		Variance
	Q1	Q2	
FRP Shipments	130	139	9
Adjusted EBITDA	38	48	10

South America (in \$M)	FY10		Variance
	Q1	Q2	
FRP Shipments	81	93	12
Adjusted EBITDA	11	36	25

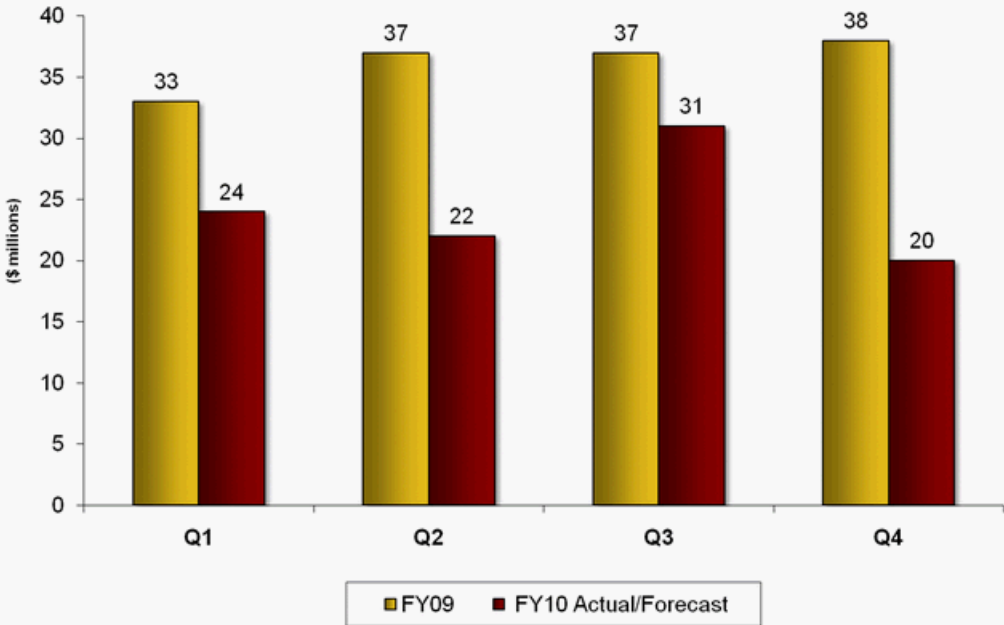
# Free Cash Flow



# Adequate Liquidity



# Capital Expenditures



## How We Are Doing It – Sharply Focused on Cost Efficiencies



**Strategic  
Initiatives**

**Customers &  
Markets**

**Efficiencies/  
Cost  
Reductions**

**Cash and Risk  
Management**

**Achieving our full potential**

## How We Are Doing It



**Strategic  
Initiatives**

**Customers  
and Markets**

**Efficiencies/  
Cost Reductions**

**Cash and Risk  
Management**

- Strengthening senior management team:
  - Chief Strategy Officer – Erwin Mayr
  - General Counsel/Compliance Officer – Les Parrette
  - Chief People and Communications Officer – Eric Drummond
  - VP Internal Audit – Kihoon Lee
- Significant progress in organizational realignment – Europe
- Continued institutionalization of “One Novelis” vision

**Achieving our full potential**

## How We Are Doing It



**Strategic  
Initiatives**

**Customers  
and Markets**

**Efficiencies/  
Cost Reductions**

**Cash and Risk  
Management**

- Global discipline on contract pricing to fit our business model
  - Several new can sheet contracts globally
  - Signed new contracts in automotive, other market segments
  - Increased pricing in high-value markets
  - Maintaining pricing in low-demand environment
- Capitalizing on volume, pricing and product mix in Asia

**Achieving our full potential**



## How We Are Doing It



**Strategic  
Initiatives**

**Customers  
and Markets**

**Efficiencies/  
Cost Reductions**

**Cash and Risk  
Management**

- Continuing to generate measurable returns from improved efficiencies and costs reductions across all four regions
- Conversion cost savings – labor, energy, alloys, hardeners, coatings
- Restructuring – completed Rogerstone shutdown
- Identifying further cost reduction initiatives in manufacturing and procurement

**Achieving our full potential**

## How We Are Doing It



**Strategic  
Initiatives**

**Customers  
and Markets**

**Efficiencies/  
Cost Reductions**

**Cash and Risk  
Management**

- Eliminated metal price ceilings effective January 1, 2010
- Held firm on supplier payment terms
- Maintaining projected reductions in non-essential cap-ex
- Tight management of inventory levels
- Effectively managed customer FFP positions
- Continuing to focus on credit risk management
- \$185 million note offering completed, paid down \$94 million in debt

**Achieving our full potential**

## Business Summary and Outlook



- Continued market strength in Asia and South America
- No clear signs of significant recovery in North America or Europe
- Seasonality factors will impact results in Q3
- Continue to focus on cash conservation and cost initiatives
- Identify additional efficiency opportunities in key areas – manufacturing and procurement
- Continue to drive “One Novelis” to maximize global synergies
  - Leveraging benefits of global realignment
  - Global approach to allocation of resources
  - Revising incentive structure – moving from regional to global

**Achieving our full potential**

Questions?

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## Appendix

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# Income Statement

## Reconciliation to Adjusted EBITDA



(in \$ m)	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	FY 08	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	FY 09	Q1 FY10	Q2 FY10	YTD FY10
<b>Net income (loss) attributable to our common shareholders</b>	<b>(142)</b>	<b>(19)</b>	<b>(73)</b>	<b>117</b>	<b>(117)</b>	<b>24</b>	<b>(104)</b>	<b>(1,614)</b>	<b>(16)</b>	<b>(1,910)</b>	<b>143</b>	<b>195</b>	<b>338</b>
- Interest, net	(51)	(56)	(47)	(45)	(199)	(40)	(41)	(44)	(43)	(168)	(40)	(41)	(81)
- Income tax (provision) benefit	(31)	(20)	(26)	-	(77)	(35)	168	196	(83)	246	(112)	(87)	(190)
- Depreciation and amortization	(81)	(103)	(108)	(111)	(403)	(116)	(107)	(107)	(100)	(439)	(100)	(92)	(192)
- Noncontrolling interests	3	-	-	(6)	(3)	(2)	-	9	5	12	(18)	(19)	(37)
<b>EBITDA</b>	<b>18</b>	<b>160</b>	<b>108</b>	<b>279</b>	<b>565</b>	<b>217</b>	<b>(124)</b>	<b>(1,868)</b>	<b>214</b>	<b>(1,561)</b>	<b>413</b>	<b>434</b>	<b>847</b>
- Unrealized gain (loss) on derivatives	(10)	(87)	(24)	118	(3)	20	(220)	(464)	145	(519)	299	254	553
- Goodwill impairment	-	-	-	-	-	-	-	(1,340)	-	(1,340)	-	-	-
- Gain on debt exchange	-	-	-	-	-	-	-	-	122	122	-	-	-
- Proportional consolidation	(16)	7	(15)	(19)	(43)	(18)	(18)	(174)	(16)	(226)	(16)	(17)	(33)
- Restructuring charges, net	(2)	-	(1)	(4)	(7)	1	-	(15)	(81)	(95)	(3)	(3)	(6)
- Others costs, net	(34)	11	(4)	1	(28)	(4)	25	(3)	(9)	9	9	-	9
<b>Additional Acquisition Related Costs</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted EBITDA</b>	<b>131</b>	<b>229</b>	<b>152</b>	<b>183</b>	<b>695</b>	<b>218</b>	<b>89</b>	<b>128</b>	<b>53</b>	<b>488</b>	<b>124</b>	<b>200</b>	<b>324</b>
<b>Other Income (Expense) Included in Adjusted EBITDA</b>													
- Metal price lag	(10)	(11)	(14)	13	(22)	38	(11)	(2)	(5)	20	(30)	(10)	(40)
- Foreign currency remeasurement	1	3	(22)	(17)	(35)	(24)	(53)	29	(18)	(66)	5	13	18
- Purchase accounting	5	77	75	63	220	62	58	50	53	223	52	49	101
- Can price ceiling, net	(80)	(64)	(52)	(49)	(245)	(74)	(72)	(40)	(40)	(226)	(54)	(54)	(108)

# Free Cash Flow



(in \$m)

	FY08					FY09					FY10	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Cash provided by (used in) operating activities	(274)	47	26	376	175	(351)	(39)	(44)	198	(236)	258	206
Cash provided by (used in) investing activities	15	16	(72)	(55)	(96)	16	36	60	(223)	(111)	(235)	(207)
Less: Proceeds from sales of fixed assets	(1)	-	(3)	(4)	(8)	(1)	(1)	(2)	(1)	(5)	(3)	(1)
<b>Free Cash Flow</b>	<b>(260)</b>	<b>63</b>	<b>(49)</b>	<b>317</b>	<b>71</b>	<b>(336)</b>	<b>(4)</b>	<b>14</b>	<b>(26)</b>	<b>(352)</b>	<b>20</b>	<b>(2)</b>

## Explanation of Other Income (Expenses) Included in our Adjusted EBITDA



### 1) **Metal Price Lag net of related hedges:**

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. This timing difference is referred to as Metal Price Lag. We have a risk management programme in place to minimize impact of this "lag".

### 2) **Foreign Currency remeasurement net of related hedges:**

All non-functional currency denominated Working Capital and Debt gets remeasured every period by the period end exchange rates. This impacts our profitability. Like Metal Price Lag, we have a risk management programme in place to minimize impact of such Remeasurement.

### 3) **Purchase Accounting:**

Consequent upon acquisition, the consideration and transaction costs paid by Hindalco in connection with the transaction were "pushed down" to us and were allocated to the assets acquired and the liabilities assumed. These allocations are amortized over periods, impacting our profitability. A significant portion of such amortizations pertain to ceiling contracts.

### 4) **Can Price ceilings:**

Some sales contracts contained a ceiling over which metal prices could not be contractually passed through to certain customers. This negatively impacts our margins and cash flows when the price we paid for metal was above the ceiling price contained in these contracts. Such contracts will expire by December 2009.