SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3 to

Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

NOVELIS INC.

(Exact name of registrant as specified in its charter)

Canada

(State or other jurisdiction of incorporation or organization)

1188 Sherbrooke Street West Montreal, Quebec

(Address of principal executive offices)

(I.R.S. Employer Identification Number)

H3A 3G2 (Zip Code)

 $Registrant's \ telephone \ number, including \ area \ code:$

(514) 848-8000

Securities to be registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS TO BE SO REGISTERED NAME OF EACH EXCHANGE ON WHICH EACH CLASS IS TO BE REGISTERED

Common Shares, no par value Common Share Purchase Rights The New York Stock Exchange The New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act:

None

NOVELIS INC.

I. INFORMATION INCLUDED IN INFORMATION STATEMENT

AND INCORPORATED IN FORM 10 BY REFERENCE

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT

AND ITEMS OF FORM 10

Other than as provided below, the information required to be provided in this registration statement on Form 10 is incorporated by reference to our U.S. information statement which includes excerpts from our non-offering prospectus prepared for filing with provincial and territorial securities regulators in Canada to enable us to become a reporting issuer under applicable securities legislation. This information statement may be found as Exhibit 99.1 to this Form 10. For your convenience, below we have provided a cross-reference sheet identifying where the items required by Form 10 can be found in the information statement.

Item No.	Caption	Location in Information Statement
1	Business	"Enforceability of Certain Civil Liabilities"; "Explanatory Information"; "Summary"; "Risk Factors"; "Our Business"; "Arrangements Between Novelis and Alcan"; "Capitalization"; "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and "Additional Information"
2	Financial Information	"Summary"; "Selected Combined Financial Data"; "Unaudited Pro Forma Combined Financial Data"; and "Management's Discussion and Analysis of Financial Condition and Results of Operations"
3	Properties	"Our Business — Our business groups"
4	Securities Ownership of Certain Beneficial Owners and Management	"Management"; and "Ownership of Our Shares"
5	Directors and Executive Officers	"Management"
6	Executive Compensation	"Management"; and "Ownership of Our Shares"
7	Certain Relationships and Related Transactions	"Arrangements Between Novelis and Alcan"; and "Certain Relationships and Related Transactions"
8	Legal Proceedings	"Our Business — Legal proceedings"
9	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	"Summary"; "Capitalization"; "Dividend Policy"; "Description of Our Share Capital"; "Certain Canadian and United States Income Tax Considerations"; and "Shares Eligible for Future Sale"
10	Recent Sales of Unregistered Securities	Not Included (See Part II below)
11	Description of Registrant's Securities to be Registered	"Dividend Policy"; "Certain Canadian and United States Income Tax Considerations"; and "Description of Our Share Capital"
12	Indemnification of Directors and Officers	"Indemnification of Directors and Officers"
13	Financial Statements and Supplementary Data	"Unaudited Pro Forma Combined Financial Data"; "Index to Unaudited Interim Combined Financial Statements"; and "Index to Audited Combined Financial Statements" and the statements referenced thereon
	II-1	

Item No.	Caption	Location in Information Statement
14	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	Not Applicable
15	Financial Statements and Exhibits	"Unaudited Pro Forma Combined Financial Data"; "Index to Unaudited Interim Combined Financial Statements"; and "Index to Audited Combined Financial Statements" and the statements referenced thereon (See also Part II below)
	II-2	

II. INFORMATION NOT INCLUDED IN INFORMATION STATEMENT

Item 10. **Recent Sales of Unregistered Securities**

We were incorporated in Canada on September 21, 2004. On the date of separation and pursuant to the reorganization transactions, as those terms are used in the information statement filed as Exhibit 99.1 to this registration statement on Form 10, we will issue special shares to Alcan Inc. in consideration for common shares of Arcustarget Inc., a Canadian corporation. The special shares will be redeemed shortly after their issuance and cancelled. The issuance of our special shares to Alcan will be exempt from registration under the Securities Act of 1933, as amended, or the Securities Act, pursuant to Section 4(2) thereof because such issuance will not involve any public offering of securities.

Item 15. Financial Statements and Exhibits

Financial statements filed as part of this registration statement (page references are to pages of the information statement filed as Exhibit 99.1 to this registration (a)

Audited combined financial statements	
Auditors' report	F-2
Combined statements of income	F-3
Combined balance sheets	F-4
Combined statements of cash flows	F-5
Combined statements of invested equity	F-6
Notes to combined financial statements	F-7
Unaudited interim combined financial statements	
Interim combined statements of income (unaudited)	F-53
Interim combined balance sheets (unaudited)	F-54
Interim combined statements of cash flows (unaudited)	F-56
Notes to interim combined financial statements (unaudited)	F-57

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Exhibits:

Exhibit No.	Description
3.1	Certificate and Articles of Incorporation of Novelis Inc.***
3.2	By-law No. 1 of Novelis Inc. ***
4.1	Form of Shareholder Rights Agreement between Novelis Inc. and CIBC Mellon Trust Company**
4.2	Specimen Certificate of Novelis Inc. Common Shares*
10.1	Form of Separation Agreement between Alcan Inc. and Novelis Inc.**
10.2	Form of Metal Supply Agreement for Remelt Aluminum Ingot*
10.3	Form of Metal Supply Agreement for Molten Metal*
10.4	Form of Metal Supply Agreement for Sheet Ingot (North America)*
10.5	Form of Metal Supply Agreement for Sheet Ingot (Europe)*
10.6	Ingot Supply Agreement dated January 2004 between Alcan Inc. and Alcan Taihan Aluminum**†
10.7	Form of Alumina Supply Agreement between Novelis Do Brasil Ltda and Alcan Alumina Ltda**†
	II-3

Exhibit No.	Description
10.8	Alumina Raw Materials Contract dated as of June 1, 1998 between Alcan Deutschland GmbH and Alcan Aluminum Limited (now known as Alcan Inc.)**†
10.9	Form of Foil Supply Agreement in connection with Alcan's Swiss operations*
10.10	Form of Foil Supply Agreement between Novelis Do Brasil Ltda, as Supplier, and Alcan Embalagens Do Brasil Ltda, as Purchaser, in connection with Novelis' operations at Utinga, Santo André, São Paulo State, Brazil, South America**†
10.11	Form of Conversion Agreement between Novelis Deutschland GmbH and Alcan Packaging Singen GmbH**†
10.12	Purchase Agreement, dated January 31, 2002, among Tscheulin Rothal GmbH, Société Alsacienne d'Aluminium SA, BP Europack SpA and Rotopak Matbaacilik Ambalaj Sanayi ve Ticaret A.S. as Buyer, and Pechiney Eurofoil Luxembourg, Pechiney Eurofoil Belgium and Pechiney Rhenalu as Seller**†
10.13	Foil Supply Agreement among Soplaril, S.A., Pechiney Emballage Flexible Europe, as Buyer, and Pechiney Rhenalu, Pechiney Eurofoil Luxembourg and Pechiney Eurofoil Belgium, as Seller**†
10.14	Form of Tax Sharing and Disaffiliation Agreement*
10.15	Form of Transitional Services Agreement between Alcan Inc. and Novelis Inc.**
10.16	Form of Employee Matters Agreement*
10.17	Form of Trademark Agreement*
10.18	Form of Separation Agreement between Alcan Aluminum Valais SA and Novelis Valais SA in connection with facilities located in Sierre, Switzerland**
10.19	Form of Principal Intellectual Property Agreement between Alcan International Limited and Novelis Inc.*
10.20	Form of Secondary Intellectual Property Agreement between Novelis Inc. and Alcan International Limited*
10.21	Form of Technical Services Agreement between Novelis Technology AG and Alcan Technology & Management AG with respect to the research and development facilities located in Neuhausen, Switzerland**†
10.22	Form of Technical Services Agreement in connection with the Kingston and Arvida facilities*
10.23	Form of Technical Services Agreement in connection with the research and development facilities located in Brazil*
10.24	Form of Technical Services Agreement in connection with the research and development facility located in Voreppe, France*
10.25	Form of Ohle Tolling Agreement*
10.26	Form of Electricity Purchase Agreement between Novelis Inc. and Alcan, Énergie Électrique, a division of Alcan Inc. **†
10.27	Form of Separation Agreement between Alcan Technology & Management AG and Novelis Technology AG in connection with the facility located in Neuhausen, Switzerland**
10.28	Form of Foil Supply and Distribution Agreement between Alcan Inc. and Novelis Foil Products, a division of Novelis Inc. **
10.29	Form of Agreement with respect to dispute resolution between Novelis Inc., Novelis Foil France, Novelis PAE Voreppe, Novelis Specialties France, Annecy, Novelis Luxembourg SA, Novelis Do Brasil Ltda, Arcustarget Inc., Alcan Inc., Alcan Corporation, Alcan Aluminum Corporation, Alcan International Limited and Pechiney Centre de Recherches de Voreppe**
10.30	Form of Joint Procurement of Goods and Services Protocol between Alcan Inc. and Novelis Inc.**
	Form of John Production of Goods and Services Froucoi Detween Aight Inc. and Inovens Inc.

Exhibit No.	Description
10.32	Employment Agreement of Brian W. Sturgell*
10.33	Employment Agreement of Martha Finn Brooks*
10.34	Employment Agreement of Chris Bark-Jones*
10.35	Employment Agreement of Pierre Arseneault*
10.36	Employment Agreement of Geoffrey P. Batt*
10.37	Form of Change of Control Agreement made as of September 22, 2004, between Alcan Inc. and executive officers of Novelis Inc.*
21.1	List of subsidiaries of Novelis Inc. **
99.1	Information Statement**
99.2	Alcan Inc. management's proxy circular***

^{*} Exhibit will be filed by an amendment.

^{**} Exhibit filed herewith.

^{***} Exhibit previously filed.

[†] Confidential treatment requested for certain portions of this Exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the
undersigned, thereunto duly authorized.

NOVELIS INC. (Registrant)

By: /s/ BRIAN W. STURGELL

Name: Brian W. Sturgell Title: Chief Executive Officer

Date: December 20, 2004

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Certificate and Articles of Incorporation of Novelis Inc.***
3.2	By-law No. 1 of Novelis Inc.***
4.1	Form of Shareholder Rights Agreement between Novelis Inc. and CIBC Mellon Trust Company**
4.2	Specimen Certificate of Novelis Inc. Common Shares*
10.1	Form of Separation Agreement between Alcan Inc. and Novelis Inc.**
10.2	Form of Metal Supply Agreement for Remelt Aluminum Ingot*
10.3	Form of Metal Supply Agreement for Molten Metal*
10.4	Form of Metal Supply Agreement for Sheet Ingot (North America)*
10.5	Form of Metal Supply Agreement for Sheet Ingot (Europe)*
10.6	Ingot Supply Agreement dated January 2004 between Alcan Inc. and Alcan Taihan Aluminum**†
10.7	Form of Alumina Supply Agreement between Novelis Do Brasil Ltda and Alcan Alumina Ltda**†
10.8	Alumina Raw Materials Contract dated as of June 1, 1998 between Alcan Deutschland GmbH and Alcan Aluminum Limited (now known as Alcan Inc.)**†
10.9	Form of Foil Supply Agreement in connection with Alcan's Swiss operations*
10.10	Form of Foil Supply Agreement between Novelis Do Brasil Ltda, as Supplier, and Alcan Embalagens Do Brasil Ltda, as Purchaser, in connection with Novelis' operations at Utinga, Santo André, São Paulo State, Brazil, South America**†
10.11	Form of Conversion Agreement between Novelis Deutschland GmbH and Alcan Packaging Singen GmbH**†
10.12	Purchase Agreement, dated January 31, 2002, among Tscheulin Rothal GmbH, Société Alsacienne d'Aluminium SA, BP Europack SpA and Rotopak Matbaacilik Ambalaj Sanayi ve Ticaret A.S. as Buyer, and Pechiney Eurofoil Luxembourg, Pechiney Eurofoil Belgium and Pechiney Rhenalu as Seller**†
10.13	Foil Supply Agreement among Soplaril, S.A., Pechiney Emballage Flexible Europe, as Buyer, and Pechiney Rhenalu. Pechiney Eurofoil Luxembourg and Pecheney Eurofoil Belgium, as Seller**†
10.14	Form of Tax Sharing and Disaffiliation Agreement*
10.15	Form of Transitional Services Agreement between Alcan Inc. and Novelis Inc.**
10.16	Form of Employee Matters Agreement*
10.17	Form of Trademark Agreement*
10.18	Form of Separation Agreement between Alcan Aluminum Valais SA and Novelis Valais SA in connection with facilities located in Sierre, Switzerland**
10.19	Form of Principal Intellectual Property Agreement between Alcan International Limited and Novelis Inc.*
10.20	Form of Secondary Intellectual Property Agreement between Novelis Inc. and Alcan International Limited*
10.21	Form of Technical Services Agreement between Novelis Technology AG and Alcan Technology & Management AG with respect to the research and development facilities located in Neuhausen, Switzerland**†
10.22	Form of Technical Services Agreement in connection with the Kingston and Arvida facilities*

Exhibit No.	Description
10.23	Form of Technical Services Agreement in connection with the research and development facilities located in Brazil*
10.24	Form of Technical Services Agreement in connection with the research and development facility located in Voreppe, France*
10.25	Form of Ohle Tolling Agreement*
10.26	Form of Electricity Purchase Agreement between Novelis Inc. and Alcan, Énergie Électrique, a division of Alcan Inc.**†
10.27	Form of Separation Agreement between Alcan Technology & Management AG and Novelis Technology AG in connection with the facility located in Neuhausen, Switzerland**
10.28	Form of Foil Supply and Distribution Agreement between Alcan Inc. and Novelis Foil Products, a division of Novelis Inc.**
10.29	Form of Agreement with respect to dispute resolution between Novelis Inc., Novelis Foil France, Novelis PAE Voreppe, Novelis Specialties France, Annecy, Novelis Luxembourg SA, Novelis Do Brasil Ltda, Arcustarget Inc., Alcan Inc., Alcan Corporation, Alcan Aluminum Corporation, Alcan International Limited and Pechiney Centre de Recherches de Voreppe**
10.30	Form of Joint Procurement of Goods and Services Protocol between Alcan Inc. and Novelis Inc.**
10.31	Form of Metal Hedging Agreement*
10.32	Employment Agreement of Brian W. Sturgell*
10.33	Employment Agreement of Martha Finn Brooks*
10.34	Employment Agreement of Chris Bark-Jones*
10.35	Employment Agreement of Pierre Arseneault*
10.36	Employment Agreement of Geoffrey P. Batt*
10.37	Form of Change of Control Agreement made as of September 22, 2004, between Alcan Inc. and executive officers of Novelis Inc.*
21.1	List of subsidiaries of Novelis Inc.**
99.1	Information Statement**
99.2	Alcan Inc. management's proxy circular***

^{*} Exhibit will be filed by an amendment.

^{**} Exhibit filed herewith.

^{***} Exhibit previously filed.

[†] Confidential treatment requested for certain portions of this Exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit 4.1: Form of Shareholder Rights Agreement between Novelis Inc. and CIBC Mellon Trust Company

SHAREHOLDER RIGHTS AGREEMENT

BETWEEN

NOVELIS INC.

AND

CIBC MELLON TRUST COMPANY

SHAREHOLDER RIGHTS AGREEMENT

ATTICLE 1 - INTERPRETATION 22	<table></table>		
1.01 befinitions	<s></s>		<c></c>
1.02 Headings	ARTICLE	1 - INTERPRETATION	2
1.03 Extended Meanings	1.01	Definitions	2
1.04 Currency.	1.02	Headings	10
1.05 Schedule.	1.03	Extended Meanings	11
1.06 Language Clause	1.04	Currency	11
1.07 Acting Jointly or in Concert	1.05	Schedule	11
1.07 Acting Jointly or in Concert	1.06	Language Clause	11
ARTICLE 2 - THE RIGHTS			11
ARTICLE 2 - THE RIGHTS	1.08	As Now Enacted	11
2.01 Initial Exercise Price, Exercise of Rights and Detachment of Rights			
2.02 Legend on Common Share Certificates			
2.03 Adjustments 14 2.04 Date on Which Exercise is Effective 17 2.05 Execution, Authentication, Delivery and Dating of Rights Certificates 17 2.06 Registration of Rights 18 2.07 Mutilated, Destroyed, Lost and Stolen Rights Certificates 18 2.08 Persons Deemed Owners 19 2.09 Delivery and Cancellation of Certificates 19 2.00 Agreement of Rights Holders 19 ARTICLE 3 - EFFECT OF CERTAIN TRANSACTIONS 20 3.01 Flip-In Event 20 ARTICLE 4 - THE RIGHTS AGENT 20 4.01 General 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent 22 4.03 Entitlements of the Rights Agent 22 4.04 Change of the Rights Agent 23 4.05 Expiration 25 5.01 Redemption, Walver and Termination 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.05 Fractional Rights and Fractional Shares 26 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Robices 29			
2.04 Date on Which Exercise is Effective 17			
2.05 Execution, Authentication, Delivery and Dating of Rights Certificates 17 2.06 Registration of Rights. 18 2.07 Mutilated, Destroyed, Lost and Stolen Rights Certificates 18 2.08 Persons Deemed Owners. 19 2.09 Delivery and Cancellation of Certificates 19 2.10 Agreement of Rights Holders 19 ARTICLE 3 - EFFECT OF CERTAIN TRANSACTIONS 20 3.01 Flip-In Event 20 ARTICLE 4 - THE RIGHTS AGENT 21 4.01 General 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent 22 4.03 Entitlements of the Rights Agent 22 4.03 Entitlements of the Rights Agent 23 4.04 Change of the Rights Agent 23 4.05 - MISCELLANEOUS 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares 26 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.09 Costs of Enforcement 29 5.10 Severability 30			
2.06 Registration of Rights 18 2.07 Mutilated, Destroyed, Lost and Stolen Rights Certificates 18 2.08 Persons Deemed Owners 19 2.09 Delivery and Cancellation of Certificates 19 2.10 Agreement of Rights Holders 19 2.10 Agreement of Rights Holders 19 2.10 Agreement of Rights Holders 20 3.01 Flip-In Event 20 3.01 Flip-In Event 20 3.01 Flip-In Event 20 3.01 Flip-In Event 21 4.01 General 21 4.02 Merger or Consolidation or Change of Name of the Rights Agent 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent 22 4.03 Entitlements of the Rights Agent 23 4.04 Change of the Rights Agent 23 4.04 Change of the Rights Agent 23 4.04 Change of the Rights Agent 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action 28 5.08 Notices 28 5.09 Costs of Enforcement 29 5.10 Enemfit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts 30 5.15 Effective Date 30 5.17 Regulatory Approvals 30 5.15 Effective Date 30 5.17 Regulatory Approvals 31 6.01 Permitted Bids 31 6.01 Permitted Bids 32 33 35 36 36 36 36 36 36			
2.07 Mutilated, Destroyed, Lost and Stolen Rights Certificates 18 2.08 Persons Deemed Owners. 19 2.09 Delivery and Cancellation of Certificates 19 2.10 Agreement of Rights Holders 19 ARTICLE 3 - EFFECT OF CERTAIN TRANSACTIONS 20 3.01 Flip-In Event 20 ARTICLE 4 - THE RIGHTS AGENT 21 4.01 General 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent 22 4.03 Entitlements of the Rights Agent 23 4.04 Change of the Rights Agent 24 ARTICLE 5 - MISCELLANEOUS 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights Not Deemed to be a Shareholder 28 5.06 Rights of Action 28 5.07 Benefit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.17 Regulatory Approvals 31 <td></td> <td></td> <td></td>			
2.08 Persons Deemed Owners 19 2.09 Delivery and Cancellation of Certificates. 19 2.10 Agreement of Rights Holders. 19 2.10 Agreement of Rights Holders. 19 3.01 Flip-In Event. 20 3.01 Flip-In Event. 20 3.01 Flip-In Event. 20 3.01 Flip-In Event. 21 4.01 General. 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent. 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent. 22 4.03 Entitlements of the Rights Agent. 23 4.04 Change of the Rights Agent. 24 4.01 Gedemption, Waiver and Termination. 25 5.01 Redemption, Waiver and Termination. 25 5.01 Redemption, Waiver and Termination. 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares. 27 5.06 Rights of Action. 28 5.08 Notices. 28 5.08 Notices. 28 5.09 Costs of Enforcement 29 5.10 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.15 Effective Date. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders 31 4.01 Permitted Bids. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 33 35 35 35 35 35 35			
2.09 Delivery and Cancellation of Certificates			
2.10 Agreement of Rights Holders. 19			
ARTICLE 3 - EFFECT OF CERTAIN TRANSACTIONS. 20 3.01 Flip-In Event. 220 ARTICLE 4 - THE RIGHTS AGENT 21 4.01 General 22 4.02 Werger or Consolidation or Change of Name of the Rights Agent 22 4.03 Entitlements of the Rights Agent 23 4.04 Change of the Rights Agent 23 4.04 Change of the Rights Agent 25 5.01 Redemption, Waiver and Termination 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 25 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Effective Date 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 6.01 Permitted Bids 31 6.01 Permitted Bids 31 6.01 Competing Permitted Bids 32 SCHEDULE 1 33 SCHEDULE 1 33			
3.01 Flip-In Event			
ARTICLE 4 - THE RIGHTS AGENT. 21 4.01 General. 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent. 22 4.03 Entitlements of the Rights Agent. 23 4.04 Change of the Rights Agent. 24 ARTICLE 5 - MISCELLANEOUS. 25 5.01 Redemption, Waiver and Termination. 25 5.02 Expiration. 26 5.03 Issuance of New Rights Certificates. 26 5.04 Supplements and Amendments. 26 5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action. 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices. 28 5.09 Costs of Enforcement. 29 5.10 Benefit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board 30 5.15 Effective Date 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals. 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 33 SCHEDULE 1 33 SCHEDULE 1 33 SCHEDULE 1 33			
4.01 General. 22 4.02 Merger or Consolidation or Change of Name of the Rights Agent 22 4.03 Entitlements of the Rights Agent 23 4.04 Change of the Rights Agent 24 ARTICLE 5 - MISCELLANEOUS 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Effective Date 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 6.01 Permitted Bids 31 6.02 Competing Permitte			
4.02 Merger or Consolidation or Change of Name of the Rights Agent 22 4.03 Entitlements of the Rights Agent 23 4.04 Change of the Rights Agent 24 ARTICLE 5 - MISCELLANEOUS 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Regulatory Approvals 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIBS 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 32 SCHEDULE 1 33			
4.03 Entitlements of the Rights Agent 23 4.04 Change of the Rights Agent 24 ARTICLE 5 - MISCELLANEOUS 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 32 SCHEDULE 1 33			
4.04 Change of the Rights Agent 24 ARTICLE 5 - MISCELLANEOUS 25 5.01 Redemption, Waiver and Termination 25 5.02 Expiration 26 5.03 Issuance of New Rights Certificates 26 5.04 Supplements and Amendments 26 5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Effective Date 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS 31 6.01 Permitted Bids 32 SCHEDULE 1 32			
ARTICLE 5 - MISCELLANEOUS. 5.01 Redemption, Waiver and Termination. 5.02 Expiration. 26 5.03 Issuance of New Rights Certificates. 5.04 Supplements and Amendments. 5.05 Fractional Rights and Fractional Shares. 27 5.06 Rights of Action. 28 5.07 Holder of Rights Not Deemed to be a Shareholder. 5.08 Notices. 5.09 Costs of Enforcement. 29 5.10 Benefit of the Agreement. 29 5.11 Governing Law. 5.12 Counterparts. 5.13 Severability. 5.14 Determinations and Actions by the Board. 5.15 Effective Date. 5.16 Re-confirmation after Three Years. 5.17 Regulatory Approvals. 5.18 Declaration as to Non-Canadian Holders. 31 31 32 31 33 31 34ARTICLE 6 - PERMITTED BIDS. 31 31 31 6.01 Permitted Bids. 32 33 34 35 36 36 37 36 37 38 38 38 38 38 38 38 39 39 30 30 30 30 30 30 30 30 30 30 30 30 30			
5.01 Redemption, Waiver and Termination. 25 5.02 Expiration. 26 5.03 Issuance of New Rights Certificates. 26 5.04 Supplements and Amendments. 26 5.05 Fractional Rights and Fractional Shares. 27 5.06 Rights of Action. 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices. 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement. 29 5.11 Governing Law 29 5.12 Counterparts. 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 32 SCHEDULE 1 33			
5.02 Expiration. 26 5.03 Issuance of New Rights Certificates. 26 5.04 Supplements and Amendments. 26 5.05 Fractional Rights and Fractional Shares. 27 5.06 Rights of Action. 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices. 28 5.09 Costs of Enforcement. 29 5.10 Benefit of the Agreement. 29 5.11 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.17 Regulatory Approvals. 30 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33			
5.03 Issuance of New Rights Certificates. 26 5.04 Supplements and Amendments. 26 5.05 Fractional Rights and Fractional Shares. 27 5.06 Rights of Action. 28 5.07 Holder of Rights Not Deemed to be a Shareholder. 28 5.08 Notices. 28 5.09 Costs of Enforcement. 29 5.10 Benefit of the Agreement. 29 5.11 Governing Law. 29 5.12 Counterparts 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.17 Regulatory Approvals. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33			
5.04 Supplements and Amendments. 26 5.05 Fractional Rights and Fractional Shares. 27 5.06 Rights of Action. 28 5.07 Holder of Rights Not Deemed to be a Shareholder. 28 5.08 Notices. 28 5.09 Costs of Enforcement. 29 5.10 Benefit of the Agreement. 29 5.11 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33		±	
5.05 Fractional Rights and Fractional Shares 27 5.06 Rights of Action 28 5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Effective Date 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 32 SCHEDULE 1 33			
5.06 Rights of Action. 28 5.07 Holder of Rights Not Deemed to be a Shareholder. 28 5.08 Notices. 28 5.09 Costs of Enforcement. 29 5.10 Benefit of the Agreement. 29 5.11 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids 32 SCHEDULE 1. 33			26
5.07 Holder of Rights Not Deemed to be a Shareholder 28 5.08 Notices. 28 5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.11 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids 32 SCHEDULE 1. 33			
5.08 Notices. 28 5.09 Costs of Enforcement. 29 5.10 Benefit of the Agreement. 29 5.11 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33	5.06	Rights of Action	28
5.09 Costs of Enforcement 29 5.10 Benefit of the Agreement 29 5.11 Governing Law 29 5.12 Counterparts 30 5.13 Severability 30 5.14 Determinations and Actions by the Board 30 5.15 Effective Date 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 32 SCHEDULE 1 33	5.07	Holder of Rights Not Deemed to be a Shareholder	28
5.10 Benefit of the Agreement. 29 5.11 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33	5.08	Notices	28
5.11 Governing Law. 29 5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33	5.09	Costs of Enforcement	29
5.12 Counterparts. 30 5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33	5.10	Benefit of the Agreement	29
5.13 Severability. 30 5.14 Determinations and Actions by the Board. 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33	5.11	Governing Law	29
5.14 Determinations and Actions by the Board 30 5.15 Effective Date. 30 5.16 Re-confirmation after Three Years 30 5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 32 SCHEDULE 1 33	5.12	Counterparts	30
5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33	5.13	Severability	30
5.15 Effective Date. 30 5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33	5.14	Determinations and Actions by the Board.	30
5.16 Re-confirmation after Three Years. 30 5.17 Regulatory Approvals. 31 5.18 Declaration as to Non-Canadian Holders. 31 ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33		•	30
5.17 Regulatory Approvals 31 5.18 Declaration as to Non-Canadian Holders 31 ARTICLE 6 - PERMITTED BIDS 31 6.01 Permitted Bids 31 6.02 Competing Permitted Bids 32 SCHEDULE 1 33			30
5.18 Declaration as to Non-Canadian Holders. ARTICLE 6 - PERMITTED BIDS. 6.01 Permitted Bids. 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33			
ARTICLE 6 - PERMITTED BIDS. 31 6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33			
6.01 Permitted Bids. 31 6.02 Competing Permitted Bids. 32 SCHEDULE 1. 33			
6.02 Competing Permitted Bids			
SCHEDULE 1			
	<td></td> <td></td>		

SHAREHOLDER RIGHTS AGREEMENT

THIS AGREEMENT made as of December 2004.

BETWEEN:

NOVELIS INC., a corporation incorporated under the laws of Canada (hereinafter referred to as the "Corporation"),

OF THE FIRST PART,

A N D:

OF THE SECOND PART

WITNESSES that:

WHEREAS the Corporation will, upon the effectiveness of an arrangement under section 192 of the Canada Business Corporations Act proposed by Alcan Inc. ("Alcan") and described in Alcan's Management Proxy Circular dated 23 November 2004 (the "Arrangement"), become a publicly traded corporation with its Common Shares listed on the Toronto Stock Exchange and the New York Stock Exchange;

WHEREAS the Board has determined that it is advisable for the Corporation to adopt and maintain a shareholder rights plan inter alia in order to (i) provide a framework in which Take-Over Bids for the Corporation can be made for the Voting Shares of the Corporation including providing the Board with sufficient time to explore and develop alternatives, (ii) facilitate the maximization of shareholder values if a substantial portion of the Voting Shares is to be acquired by any Person, and (iii) protect the Corporation and its shareholders from abusive acquisition tactics or acquisitions which may not be in the best interests of the Corporation;

AND WHEREAS it is not the intention of the Board to adopt the Rights Plan as a means of preventing or deterring any Person from seeking to acquire the Voting Shares, provided they do so fairly, or of foreclosing the ability of the Board to take any action that in its discretion it considers reasonable in the circumstances of any such transaction;

AND WHEREAS, in order to implement the Rights Plan, the Board authorized and declared a distribution of one Right effective at the earliest possible time following the effectiveness of the Arrangement ("Record Time") in respect of each Common Share outstanding as at the Record Time and has authorized the issuance of one Right in respect of each Common Share issued after such date and prior to the earlier of the Separation Time and the Expiration Time;

AND WHEREAS each Right entitles the holder thereof, after the Separation Time but prior to the Expiration Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS the Corporation desires to appoint the Rights Agent to act on behalf of the Corporation in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of the Rights and the other matters relating to the Corporation referred to herein and to act as the trustee for the holders of the Rights in connection with the promise of the Corporation herein to issue Rights Certificates to the Rights Agent for distribution to the holders of Common Shares after the Separation Time, and the Rights Agent is willing to so act;

NOW THEREFORE in consideration of the premises and the agreements herein contained the parties hereto agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 DEFINITIONS

For purposes of this Agreement, the following terms have the meanings indicated:

- (a) "Acquiring Person" means any Person (other than the Corporation or any Subsidiary of the Corporation) who is a Beneficial Owner of 20% or more of the outstanding Voting Shares. Notwithstanding the foregoing, no Person shall become an "Acquiring Person"
 - (i) (A) as a result of the purchase, redemption or other acquisition of Voting Shares by the Corporation which, by reducing the number of Voting Shares then outstanding, increases the proportionate number of shares Beneficially Owned by such Person to 20% or more of the Voting Shares then outstanding;
 - (B) as a result of share acquisitions made pursuant to a Permitted Bid or Competing Permitted Bid;
 - (C) as a result of share acquisitions made pursuant to a Permitted Acquisition;
 - (D) as a result of an Exempt Acquisition; or
 - (E) as a result of a Convertible Security Acquisition;

1

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding as a result of a purchase, redemption or other acquisition of Voting Shares by the Corporation as provided for in clause (A) above, or as a result of a Permitted Bid or Competing Permitted Bid as provided for in clause (B) above, or as a result of a Permitted Acquisition as provided for in clause (C) above, or as a result of the waiver of the application of Section 3.01 pursuant to Section 5.01(2) as provided for in clause (D) above, or as a result of a Convertible Security Acquisition as provided for in clause (E) above, or as a result of any combination of acquisitions referred to in clauses (A) to (E) above, and after such acquisition or acquisitions such Person becomes the Beneficial Owner of more than an additional 1% of the Voting Shares then outstanding other than pursuant to clauses (A), (B), (C), (D) or (E) above or any combination thereof, such Person shall thereupon immediately be deemed to be an "Acquiring Person";

- as a result of such person (a "Grandfathered Person") being the Beneficial Owner of 20% or more of the outstanding Voting Shares of the Corporation determined as at the Record Time provided, however, that this exception shall not be, and shall cease to be, applicable to such Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of any additional Voting Shares of the Corporation that increase its Beneficial Ownership of Voting Shares by more than 1% of the number of Voting Shares outstanding as at the Record Time, other than as a result of a Permitted Bid, a Competing Permitted Bid, a Permitted Acquisition or any Take-Over Bid in respect of which a waiver is, or is deemed to have been, granted under Section 5.01(2);
- (iii) for a period of ten calendar days after the Disqualification Date (as defined below), where such Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Section 1.01(e) (v) solely because

2

such Person or the Beneficial Owner of such Voting Shares is making or has announced an intention to make a Take-Over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, "Disqualification Date" means the first date of public announcement that any Person is making or has announced an intention to make a Take-Over Bid;

- (iv) being an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a distribution of securities of the Corporation.
- (b) "Affiliate" when used to indicate a relationship with a specified Person, shall mean a Person that controls, or is controlled by, or is under common control with, such specified Person.
- (c) "Agreement" means this agreement and all amendments made hereto by written agreement between the Corporation and the Rights Agent.
- (d) "Alcan" has the meaning ascribed to that term in the first recital hereto.
- (e) "Arrangement" has the meaning ascribed to that term in the first recital hereto.
- (f) "Associate" means, when used to indicate a relationship with a specified Person, a spouse of that Person or any Person with whom that Person is living in a conjugal relationship outside marriage or a child of that Person or a relative of that Person who has the same residence as that Person.
- (g) A Person shall be deemed to be the "Beneficial Owner" of and to have "Beneficial Ownership" of and to "Beneficially Own" any securities which:

- (i) such Person or any of such Person's Affiliates or Associates owns at law or in equity;
- (ii) such Person or any of such Person's Affiliates or Associates has the right to become the owner of at law or in equity (whether such right is exercisable immediately or within a period of 60 calendar days thereafter and whether or not on condition or on the happening of any contingency), (A) upon the exercise of any Convertible Securities or (B) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, (other than (x) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (y) pledges of securities in the ordinary course of business) or upon the exercise of any conversion right, exchange right, share purchase right (other than the Rights), warrant or option; or
- (iii) without limiting the generality of the foregoing, are beneficially owned within the meaning of paragraphs (i) and (ii) of this definition by any other Person with which such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed to be the "Beneficial Owner" of or to have "Beneficial Ownership" of or to "Beneficially Own" any security:

(iv) where such security has been, or has agreed to be, deposited or tendered pursuant to a Lock-up Agreement, or is otherwise deposited or tendered, to any Take-Over Bid made by such Person or by any of such Person's Affiliates or Associates or made by any Person

3

acting jointly or in concert with such Person until such deposited or tendered security has been taken up and paid for, whichever shall first occur;

- (v) where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:
 - (A) the ordinary business of any such Person (the "Investment Manager") includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a "Client");
 - (B) such Person (the "Trust Company") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "Estate Account") or in relation to other accounts (each an "Other Account") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts:
 - (C) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the "Statutory Body") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies;
 - (D) such Person (the "Administrator") is the administrator or trustee of one or more pension funds or plans (a "Plan"), or is a

Plan, registered under the laws of Canada or any Province thereof or the laws of the United States of America or any State thereof;

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Administrator or the Plan, as the case may be, is not then making a Take-Over Bid or has not then announced an intention to make a Take- over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Voting Shares or other securities (x) pursuant to a distribution by the Corporation (y) by means of a Permitted Bid or (z) by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

- (vi) where such Person is:
 - A. a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security,
 - B. an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security, or
 - C. a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;

4

(vii) where such Person is:

- A. a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manger,
- B. an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company, or
- C. a Plan and such security is owned at law or in equity by the Administrator of the Plan; or
- (viii) where such Person is a registered holder of such security as a result of carrying on the business of, or acting as a nominee of, a securities depositary.

For the purposes of this Agreement, in determining the percentage of the outstanding Voting Shares with respect to which a Person is the Beneficial Owner, all Voting Shares of which such Person is or is deemed to be the Beneficial Owner shall be deemed to be outstanding.

- (h) "Board" means the board of directors of the Corporation.
- (i) "Business Day" means any day, other than a Saturday or Sunday, on which banks are generally open for business in the City of Montreal.
- (j) "Canadian-U.S. Exchange Rate" means, on any date, the inverse of the U.S.-Canadian Exchange Rate in effect on such date.
- (k) "Canadian Dollar Equivalent" of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date.
- (1) "close of business" means, with respect to any date, the time on such date at which the offices of the Rights Agent in the City of Montreal are, after having been open to the public for business, closed to the public.
- (m) "Common Shares", when used with reference to the Corporation, means the common shares in the capital of the Corporation and, when used with reference to any Person other than the Corporation, means the class of shares in the capital of such

other Person with the greatest voting power per share.

- (n) "Competing Permitted Bid" has the meaning set out in Section 6.02.
- (o) "controlled": a corporation is "controlled" by another Person if:
 - (i) securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or on behalf of the other person; and
 - (ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;

and "controls", "controlling" and "under common control with" shall be interpreted accordingly.

5

- (p) "Convertible Securities" means at any time:
 - (i) any right (contractual or otherwise and regardless of whether such right constitutes a security) to acquire Voting Shares from the Corporation; and
 - (ii) any securities issued by the Corporation from time to time (other than a Right) carrying any exercise, conversion or exchange right;

which is then exercisable or exercisable within a period of 60 calendar days from that time, pursuant to which the holder thereof may acquire Voting Shares or other securities which are convertible into, exercisable or exchangeable for Voting Shares (in each case, whether such right is then exercisable or exercisable within a period of 60 calendar days from that time and whether or not on condition or the happening of any contingency).

- (q) "Convertible Security Acquisition" means the acquisition of Voting Shares upon the exercise of a Convertible Security received by a Person pursuant to a Permitted Acquisition.
- (r) "Dividend Reinvestment Acquisition" shall mean an acquisition of Voting Shares of any class pursuant to a Dividend Reinvestment Plan.
- (s) "Dividend Reinvestment Plan" means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:
 - (i) dividends paid in respect of shares of any class of the Corporation;
 - (ii) proceeds of redemption of shares of the Corporation;

 - (iv) optional cash payments;

be applied to the purchase from the Corporation of Voting Shares.

- (t) "Election to Exercise" has the meaning set out in Section $2.01\,(4)\,.$
- (u) "Exempt Acquisition" means a share acquisition in respect of which the Board has waived the application of Section 3.01 pursuant to the provisions of Sections 5.01(2).
- (v) "Exercise Price" means, as of any date, the price at which a holder may purchase the securities issuable upon the exercise of one Right which, until the adjustment thereof in accordance with the provisions hereof, shall equal \$200.
- (w) "Expansion Factor" has the meaning set out in Section 2.03(2) (e).
- (x) "Expiration Time" means the earlier of:
 - (i) the Termination Time, or

- (y) "Flip-In Event" means a transaction or event in which any Person becomes an Acquiring Person.
- (z) "holder" has the meaning set out in Section 2.08.
- "Independent Shareholders" means holders of Voting Shares, but (aa) shall not include any Acquiring Person or any Offeror (including an Offeror who is making a Permitted Bid or Competing Permitted Bid) other than any Person who by virtue of Section 1.01 (g) (v) is not deemed to Beneficially Own the Voting Shares held by such Person, any Affiliate or Associate of any such Acquiring Person or Offeror or any Person acting jointly or in concert with such Acquiring Person or Offeror, or Persons with rights or powers under any employee stock ownership plans, benefit plans, deferred profit sharing and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of such plan or trust direct the manner in which such Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-Over Bid.
- (bb) "Lock-up Agreement" means an agreement between an Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and a Person (the "Locked-up Person") who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror whereby the Locked-up Person agrees to deposit or tender the Voting Shares held by the Locked-up Person to the Offeror's Take-Over Bid or to any Take-Over Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror, where the agreement permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-Over Bid that contains an offering price for each Voting Share that is at least 5% higher than the offering price contained in or proposed to be contained in the Take-Over Bid that the Locked-up Person has agreed to deposit or tender Voting Shares pursuant to the Lock-up Agreement.
- (cc) "Market Price" per share of any securities on any date of determination shall mean the average of the daily Closing Prices Per Share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.03 hereof shall have caused the closing prices used to determine the Market Price on any Trading Day not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.03 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The "Closing Price Per Share" of any securities on any date shall be:
 - (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for each share as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on The Toronto Stock Exchange;
 - (ii) if the securities are not listed or admitted to trading on The Toronto Stock Exchange, the last sale price, regular way, or, in the case no such sale takes place on such date, the average of the closing bid and asked prices, regular way, for each share of such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange;
 - $\begin{array}{ll} \mbox{(iii)} & \mbox{if for any reason none of such prices is available on} \\ & \mbox{such day or the securities are not listed} \end{array}$

or admitted to trading on any of The Toronto Stock Exchange or the New York Stock Exchange, the average of the high bid and low asked prices for each share of such securities in the over-the-counter market if such high bid and low asked prices are regularly published in a newspaper or business or financial publication of regular or paid circulation; or

(iv) if on any such date the securities are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities;

provided, however, that if on any such date the securities are not traded in the over-the-counter market, the closing price per share of such securities on such date shall mean the fair value per share of securities on such date as determined by a nationally or internationally recognized Canadian investment dealer (or investment banker) with respect to the fair value per share of such securities. The Market Price shall be expressed in United States dollars and if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in Canadian dollars, such amount shall be translated into United States dollars at the U.S. Dollar Equivalent thereof on the relevant Trading Day.

- (dd) "Offer to Acquire" includes:
 - an offer to purchase, or a solicitation of an offer to sell, Voting Shares, and
 - (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited,

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.

- (ee) "Offeror" means any Person who has announced an intention to make or who is making, but has not completed, a Take-Over Bid (including a Permitted Bid or a Competing Bid) but only so long as the Take-Over Bid so made or announced has not been withdrawn or terminated or has not expired.
- (ff) "Offeror's Securities" means Voting Shares Beneficially Owned on the date of an Offer to Acquire by an Offeror.
- (gg) "Permitted Acquisition" means an acquisition by a Person of Voting Shares pursuant to:
 - (i) a Dividend Reinvestment Acquisition;
 - (ii) a stock dividend, stock split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of securities of the particular class, classes or series;
 - (iii) the acquisition or the exercise by the Person of only those rights to purchase Voting Shares distributed to that Person in the course of a distribution to all holders of securities of the Corporation of one or more particular classes or series pursuant to a rights offering or rights offering prospectus; or
 - (iv) a distribution by the Corporation of Voting Shares or Convertible Securities (and the conversion or exchange of such), made pursuant to a prospectus or by way of a private

8

placement, provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition.

- (ii) "Person" includes any individual, partnership, association, body corporate, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative or entity and any successor thereto.
- (jj) "Record Time" has the meaning ascribed to that term in the fourth recital hereto.
- (kk) "Regular Periodic Cash Dividend" means cash dividends declared payable on the Common Shares of the Corporation and paid at regular intervals in any fiscal year of the Corporation to the extent that such cash dividends do not in any fiscal year exceed, in the aggregate, the greatest of:
 - (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year,
 - (ii) 300% of the average of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years, and
 - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year.
- (11) "Right" means the right of each holder of Common Shares to purchase additional securities upon and subject to the terms and conditions hereof.
- (mm) "Rights Agent" means CIBC Mellon Trust Company or any successor thereto appointed pursuant to Section 4.04.
- (nn) "Rights Certificate" has the meaning set out in Section 2.01(3) (c).
- (oo) "Rights Plan" means the shareholder rights plan established hereby.
- (pp) "Rights Register" has the meaning set out in Section 2.06(1).
- (qq) "Rights Registrar" has the meaning set out in Section 2.06(1).
- (rr) "Separation Time" means the close of business on the tenth Business Day after the earliest of:
 - (i) the Stock Acquisition Date;
 - (ii) the date of the commencement of, or the first public announcement of the intent of any Person (other than a Person making a Permitted Bid or Competing Permitted Bid or the Corporation or any Subsidiary of the Corporation) to commence a Take-Over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be); and
 - (iii) the date on which a Permitted Bid or Competing Bid ceases to qualify as such or on such later day as the Board shall determine acting in good faith; provided that, if any such

Take-Over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-Over Bid shall be deemed, for the purposes of this definition, never to have been made.

- (ss) "Stock Acquisition Date" means the first date of public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such.
- - (i) it is controlled by:
 - (A) that other, or
 - (B) that other and one or more corporations each of which is controlled by that other, or
 - (C) two or more corporations each of which is controlled by that other, or

9

- (ii) it is a Subsidiary of a corporation that is that other's Subsidiary.
- (uu) "Take-Over Bid" means an Offer to Acquire Voting Shares where the Voting Shares subject to the Offer to Acquire, together with the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire.
- (vv) "Termination Time" means the time at which the right to exercise the Rights shall terminate pursuant to Section 5.01 hereof.
- (ww) "Trading Day", when used with respect to any securities, shall mean a day on which the principal securities exchange in Canada or the United States of America on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any securities exchange in Canada or the United States of America, a Business Day.
- (xx) "U.S.-Canadian Exchange Rate" means, on any date:
 - (i) if on such date the Bank of Canada sets a noon spot rate of exchange for the conversion of United States dollars into Canadian dollars, such rate, or
 - (ii) in any other case, the rate for the conversion of United States dollars into Canadian dollars as determined by the Board acting in good faith.
- (yy) "U.S. Dollar Equivalent" of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date.
- "Voting Shares" means the Common Shares of the Corporation and any other shares in the capital of the Corporation entitled to vote generally in the election of directors.

1.02 HEADINGS

The division of this Agreement into Articles and Sections and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections

10

are to Articles and Sections of this Agreement.

1.03 EXTENDED MEANINGS

In this Agreement words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine gender and vice versa.

1.04 CURRENCY

All references to currency herein are to lawful money of the United States of America unless otherwise specified.

1.05 SCHEDULE

The form of the Rights Certificate is annexed hereto as Schedule ${\bf 1}$ and incorporated by reference and deemed to be a part hereof.

1.06 LANGUAGE CLAUSE

Les parties aux presentes ont exige que la presente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en decouleront soient rediges en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto or resulting therefrom be drawn up in English.

1.07 ACTING JOINTLY OR IN CONCERT

For purposes of this Agreement, a Person is acting jointly or in

concert with every Person who is a party to any agreement, commitment or understanding, whether formal or informal, with the first Person or any Associate or Affiliate thereof for the purpose of acquiring or offering to acquire Voting Shares (other than customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities or pledges of securities in the ordinary course of business).

1.08 AS NOW ENACTED

For the purposes of this Agreement, references to statutes, as now enacted, shall mean as in force and effect on [10] December 2004.

ARTICLE 2 - THE RIGHTS

- 2.01 INITIAL EXERCISE PRICE, EXERCISE OF RIGHTS AND DETACHMENT OF RIGHTS
- (1) Subject to the provisions hereof including, without limiting the generality of the foregoing, Section 2.03, each

11

Common Share now or, until the earlier of the Separation Time and the Expiration Time, hereafter issued shall have one Right associated therewith. Subject to the provisions hereof and subject to adjustment as herein set forth, each Right shall entitle the holder thereof, after the Separation Time, to purchase one Common Share for the Exercise Price or its Canadian Dollar Equivalent. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or by any of its Subsidiaries or Beneficially Owned by an Acquiring Person shall be void.

- (2) Until the Separation Time:
 - (a) no Right shall be exercisable and no Right may be exercised,
 - (b) each Right shall be evidenced by the certificate for the associated Common Share, and
 - (c) each Right shall be transferable only together with, and shall be transferred by a transfer of, such associated Common Share.
- (3) After the Separation Time but prior to the Expiration Time the Rights:
 - (a) may be exercised in accordance with the provisions hereof, and
 - (b) shall be transferable independently of the Common Shares.

Promptly following the Separation Time the Corporation will prepare and the Rights Agent shall mail to each holder of Common Shares of record as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "Nominee")) at such holder's address as shown by the records of the Corporation (and the Corporation hereby agrees to furnish copies of such records to the Rights Agent for this purpose),

- (c) a certificate (a "Rights Certificate") substantially in the form annexed hereto as Schedule 1 appropriately completed, representing the number of Rights held by such holder as at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and
- (d) a disclosure statement describing the Rights.
- Rights may be exercised on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent the Rights Certificate evidencing such Rights with an election to exercise such Rights (an "Election to Exercise") substantially in the form attached to the Rights Certificate duly completed and accompanied by payment by certified cheque or money order payable to the order of the Rights Agent of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.

(5) Upon receipt of a Rights Certificate together with a duly completed Election to Exercise and the payments provided for in Section 2.01(4), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement)

12

shall thereupon promptly:

- (a) requisition from the Corporation or its transfer agent for Common Shares, certificates for the number of Common Shares to be purchased;
- (b) after receipt of such Common Share certificates, remit the payments provided for in Section 2.01(4) to the Corporation and deliver the share certificates to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
- (c) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares; and
- (d) tender to the Corporation all payments received on exercise of the Rights.
- (6) If the holder of any Rights exercises less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the remaining unexercised Rights shall be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (7) The Corporation shall:
 - (a) promptly deliver the share certificates requisitioned by the Rights Agent pursuant to Section 2.01(5)(a) to the Rights Agent;
 - (b) take all such action as may be necessary and reasonably within its power to ensure that all Common Shares delivered upon the exercise of the Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable shares;
 - (c) take all such action as may be necessary and reasonably within its power to comply with the applicable requirements of securities laws in Canada and the United States of America in connection with the issuance and delivery of the Rights Certificates and the issuance of Common Shares upon the exercise of the Rights;
 - (d) use reasonable efforts to cause all Common Shares issued upon the exercise of the Rights to be listed upon issuance on The Toronto Stock Exchange, the New York Stock Exchange and such other exchanges, if any, that the Corporation determines are appropriate;
 - (e) cause to be reserved and kept available out of the authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
 - (f) pay when due and payable any and all federal, provincial and state transfer taxes of Canada and the United States of America (except, for greater certainty, any income taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and
 - (g) after the Separation Time, except as permitted by Section 5.01, not take (or permit any Subsidiary to

reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.02 LEGEND ON COMMON SHARE CERTIFICATES

(1) Certificates issued for Common Shares after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall have printed on or affixed to them the following legend in, if appropriate, both the English and French languages:

> "Until the Separation Time (as defined in the Shareholder Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Rights Agreement made as of [10] December 2004, (the "Rights Agreement") between Novelis Inc. (the "Corporation") and CIBC Mellon Trust Company, as Rights Agent, the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be amended, redeemed, may expire, may become void if, in certain cases, they are "Beneficially Owned" by an "Acquiring Person" (as such terms are defined in the Rights Agreement) or a transferee thereof, or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge within five days after the receipt of a written request therefor."

(2) Certificates representing Common Shares that are issued and outstanding at any time shall evidence one Right for each Common Share evidenced thereby notwithstanding the absence of a legend in accordance with Section 2.02(1).

2.03 ADJUSTMENTS

- (1) The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.03.
- (2) If the Corporation shall at any time after the Record Time but prior to the Expiration Time:
 - (a) declare or pay a dividend on the Common Shares payable in Common Shares or Convertible Securities other than pursuant to any optional stock dividend programme,
 - (b) subdivide or change the then outstanding Common Shares into a greater number of Common Shares,
 - (c) combine or change the then outstanding Common Shares into a smaller number of Common Shares, or
 - (d) issue any Common Shares or Convertible Securities in respect of, in lieu of or in exchange for existing Common Shares in a reclassification, amalgamation, arrangement or consolidation,

the Exercise Price and the number of Rights outstanding or, if the payment or effective date thereof shall occur after the Separation Time, the securities purchasable upon exercise of the Rights shall be adjusted in the following manner.

14

If the Exercise Price and the number of Rights outstanding are to be adjusted:

- (e) the Exercise Price in effect after such adjustment shall be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares that a holder of one Common Share immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof (such denominator being the "Expansion Factor"), and
- (f) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor and, if such adjustment is to be made prior to the Separation Time, the adjusted number of Rights shall be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision,

change, combination or issuance, so that each such Common Share shall have exactly one Right associated with it.

If the securities purchasable upon the exercise of the Rights are to be adjusted, the securities purchasable upon the exercise of each Right after such adjustment shall be the securities that a holder of the securities purchasable upon the exercise of one Right immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof.

If, after the Record Time but prior to the Expiration Time, the Corporation issues any securities in a transaction of a type described in the first sentence of this Section 2.03(2) which are exchangeable for or convertible into or give a right to acquire Common Shares, such securities shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent shall amend this Agreement in order to effect such treatment; provided that no such amendment may materially adversely affect the interests of the holders of the Rights generally.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Share otherwise than in a transaction referred to in this Section 2.03(2), each Common Share so issued shall automatically have one new Right associated with it which Right shall be evidenced by the certificate representing such Common Share.

(3) If the Corporation at any time after the Record Time but prior to the $\ensuremath{\mathsf{I}}$ Expiration Time fixes a record date for the making of a distribution to all holders of Common Shares of rights or warrants entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right per share)) less than 95% of the Market Price per Common Share on such record date, the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered (including the price required to be paid to purchase such convertible or exchangeable securities or rights)) would purchase at such Market Price and the denominator of which shall be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration all or part of which is in a form other than cash, the value of such consideration shall be as determined in good faith by the Board. To the extent that such rights or warrants are not exercised prior to the

15

expiration thereof, the Exercise Price shall be readjusted to the Exercise Price that would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights.

For the purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any (i) Dividend Reinvestment Plan and/or (ii) Common Share purchase plan providing for the investment of periodic optional payments and/or (iii) employee or executive or director benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that, in the case of any Dividend Reinvestment Plan or Common Share purchase plan, the right to purchase Common Shares is at a price per share not less than 90% of the then Market Price of the Common Shares.

(4) If the Corporation at any time after the Record Time but prior to the Expiration Time fixes a record date for the making of a distribution to all holders of Common Shares of evidences of indebtedness or assets (other than a Regular Periodic Cash Dividend or a dividend paid in Common Shares) or rights or warrants (excluding those referred to in Section 2.03(3)), the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to such record date by a

fraction, the numerator of which shall be the Market Price per Common Share on such record date less the fair market value per Common Share (as determined in good faith by the Board) of the evidences of indebtedness, assets, rights or warrants to be so distributed and the denominator of which shall be the Market Price per Common Share on such record date. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price that would have been in effect if such record date had not been fixed.

- (5) Each adjustment made pursuant to this Section 2.03 shall be made as of:
 - (a) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to Section 2.03(2), or
 - (b) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to Sections 2.03(3) or (4).
- Subject to a prior consent of the holders of Voting Shares or Rights (6) obtained as set forth in Sections 5.04(3) or (4) as applicable, if the Corporation at any time after the Record Time but prior to the Expiration Time issues any shares in the capital of the Corporation (other than Common Shares), any rights or warrants to subscribe for or purchase any such shares, or any securities convertible into or exchangeable for any such shares and the Board, acting in good faith, determines that the adjustments contemplated by Sections 2.03(2), (3)or (4) are not applicable and the interests of the holders of the Rights will, as a result thereof, be adversely affected or, if applicable, such adjustments will not appropriately protect the interests of the holders of the Rights, the Board may determine what adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of the Rights would be appropriate to protect the interests of the holders of the Rights and, notwithstanding Sections 2.03(2), (3) or (4), such adjustments, rather than, if applicable, the adjustments contemplated by Sections 2.03(2), (3) or (4) , shall be made and the Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.
- (7) Notwithstanding anything herein to the contrary, no adjustment to the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price, provided that any adjustment which is not made as a result of the provisions of this Section 2.03(7) shall be carried forward and taken into account in any subsequent adjustment. Each adjustment to the Exercise Price made pursuant to this Section 2.03 shall be rounded upward or downward to the nearest cent. Whenever an adjustment to the

16

Exercise Price is made pursuant to this Section 2.03, the Corporation shall promptly:

- (a) prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment,
- (b) file a copy of such certificate with the Rights Agent and each transfer agent for the Common Shares, and
- (c) mail a brief summary thereof to each holder of a Right.
- (8) Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued shall continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.
- (9) Notwithstanding anything contained in this Section 2.03 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.03, as and to the extent that in their good faith judgment the Board shall determine to be advisable, in order that any:
 - (a) stock dividend;
 - (b) consolidation or subdivision of Common Shares;
 - (c) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares; or
 - (d) issuance of rights, options or warrants referred to in this Section 2.03,

hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders.

2.04 DATE ON WHICH EXERCISE IS EFFECTIVE

Each person in whose name any certificate for Common Shares is issued upon the exercise of the Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered and the payment of the Exercise Price for such Rights (and any applicable transfer tax and other governmental charge payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such person shall be deemed to have become the record holder of such shares on, and such certificates shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.05 EXECUTION, AUTHENTICATION, DELIVERY AND DATING OF RIGHTS CERTIFICATES

(1) The Rights Certificates shall be executed (either manually or by facsimile signature) on behalf of the Corporation by any two officers of the Corporation under its corporate seal or a facsimile thereof. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates as herein provided

17

for.

- (2) Promptly after the Corporation learns of the Separation Time, the Corporation shall notify the Rights Agent of such Separation Time and, subject to compliance with Section 2.01(7), shall deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and give such Rights Certificates to the holders of the Rights pursuant to Section 2.01(3) hereof. No Rights Certificates shall be valid for any purpose unless countersigned by the Rights Agent as aforesaid.
- (3) Each Rights Certificate shall be dated the date of countersignature thereof.

2.06 REGISTRATION OF RIGHTS

- (1) The Corporation shall cause a register (the "Rights Register") to be kept after the Separation Time in which, subject to such reasonable regulations as it may prescribe, the Corporation shall provide for the registration of the Rights. The Rights Agent is hereby appointed "Rights Registrar" for the purpose of maintaining the Rights Register for the Corporation and registering the Rights and the transfers and exchanges of the Rights as herein provided. If the Rights Agent ceases to be the Rights Registrar, the Rights Agent shall have the right to examine the Rights Register at all reasonable times.
- (2) After the Separation Time and prior to the Expiration Time, upon surrender of any Rights Certificate and subject to the provisions of Sections 2.06(4) and (5), the Corporation shall execute, and the Rights Agent shall countersign and deliver in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.
- (3) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Corporation and shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (4) Every Rights Certificate surrendered for transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in a form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing.
- (5) As a condition to the issuance of any new Rights Certificate under this Section 2.06, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

- If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in the name of the holder in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- If prior to the Expiration Time there is delivered to the Corporation (2) and the Rights Agent:
 - evidence to their satisfaction of the destruction, loss or (a) theft of any Rights Certificate, and

18

19

such security or indemnity as may be required by each of them (b) to save each of them and any of their agents harmless,

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and the Rights Agent shall countersign and deliver in the name of the holder, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

- (3) As a condition to the issuance of any new Rights Certificate under this Section 2.07, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expense (including the fees and expenses of the Rights Agent) connected therewith.
- (4) Every new Rights Certificate issued pursuant to this Section 2.07 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence an original additional contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionally with any and all other Rights duly issued hereunder.

2.08 PERSONS DEEMED OWNERS

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name such Rights Certificate (or, prior to the Separation Time, such Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.09 DELIVERY AND CANCELLATION OF CERTIFICATES

All Rights Certificates surrendered upon exercise or for registration of transfer or exchange shall, if surrendered to any person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.09, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and promptly thereafter deliver a certificate of destruction to the Corporation on request.

2.10 AGREEMENT OF RIGHTS HOLDERS

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of

- such holder shall be bound by and subject to the provisions of (a) this Agreement, as amended from time to time in accordance with the terms hereof in respect of all Rights held;
- (b) prior to the Separation Time, each Right will be transferable

only together with, and will be transferred by a transfer of, the associated Common Shares and after the Separation Time, the Rights shall be transferable only on the Rights Register as provided herein;

- (c) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (d) without the approval of any holder of Rights and upon the sole authority of the Board acting in good faith this Agreement may be supplemented or amended from time to time pursuant and subject to Section 2.03 or Section 5.04;
- (e) if such holder at any time becomes an Acquiring Person or otherwise becomes subject to the provisions of Section 3.01(2), the Rights held by such holder shall immediately become void pursuant to the provisions of Section 3.01(2);
- (f) such holder of Rights has waived his right to receive any fractional Right or any fractional Share or other security upon exercise of a Right (except as specifically provided herein); and
- notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

ARTICLE 3 - EFFECT OF CERTAIN TRANSACTIONS

3.01 FLIP-IN EVENT

Subject to Section 3.01(2) and Section 5.01, if a Flip-In (1) Event occurs prior to the Expiration Time, the Corporation shall take such action as is necessary to ensure and provide that, except as provided below, each Right shall thereafter constitute the right to purchase from the Corporation, upon the exercise thereof in accordance with the terms hereof, that number of Common Shares of the Corporation having an aggregate Market Price on the date of consummation or occurrence of such Flip-In Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.03 in the event that after such date of consummation or occurrence an event of a type analogous to any of the events described in Section 2.03 shall have occurred with respect to such Common Shares).

20

- (2) Notwithstanding the foregoing, upon the occurrence of any Flip-In Event, any Rights that are or were Beneficially Owned on or after the Stock Acquisition Date by:
 - (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), or
 - (ii) a transferee, direct or indirect, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) in a transfer, whether or not for consideration, that the Board, acting in good faith has determined is part of a plan, arrangement or scheme of an Acquiring Person

(or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding clause (i) of this Section 3.01(2),

shall become void and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement or otherwise.

From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.01, including without limitation, all such acts and things as may be required to satisfy the requirements of the Canada Business Corporations Act, the Securities Act (Ontario) and the securities laws or comparable legislation of each of the provinces of Canada, the United States of America and each of the states thereof in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

(3) Any Rights Certificate issued pursuant to Section 2.01 that represents Rights Beneficially Owned by a Person described in either clauses (i) or (ii) of Section 3.01(2) or transferred to any nominee of any such Person and any Rights Certificates issued upon transfer, exchange, replacement or adjustment of any other Rights Certificates referred to in this sentence shall contain or will be deemed to contain the following additional legend:

"The Rights represented by this Rights Certificate represent Rights Beneficially Owned by an Acquiring Person (as such terms are defined in the Rights Agreement). This Rights Certificate and the Rights represented hereby shall become void in the circumstances specified in Section 3.01(2) of the Shareholder Rights Agreement.";

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that the Rights represented thereby are not, and, to the best of such holder's knowledge, never have been, Beneficially Owned by an Acquiring Person after such person became an Acquiring Person.

ARTICLE 4 - THE RIGHTS AGENT

21

4.01 GENERAL

- The Corporation hereby appoints the Rights Agent to act as agent for (1) the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointments. The Corporation may upon such terms as it considers appropriate from time to time appoint such Co-Rights Agents as it may deem necessary or desirable subject to the Rights Agent receiving notice of such appointment. If the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine subject to the approval of the Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand by the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent, its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability or expense, if incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent for anything done or omitted to be done by the Rights Agent in connection with the exercise and performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification shall survive the termination of this Agreement or the removal or resignation of the Rights Agent.
- (2) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted to be taken by it in connection with the exercise and performance of its duties hereunder in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other

paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

(3) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current officers of the Corporation, provided that failure to inform the Rights Agent of any such events, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

4.02 MERGER OR CONSOLIDATION OR CHANGE OF NAME OF THE RIGHTS AGENT

- Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.04. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided for in the Rights Certificates and in this Agreement.
- (2) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates

2.2

shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided for in the Rights Certificates and in this Agreement.

4.03 ENTITLEMENTS OF THE RIGHTS AGENT

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by which the Corporation and every holder of Rights, by accepting the same, shall be bound:

- (a) the Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation), or such other experts or advisors as the Rights Agent deems necessary to carry out its duties under this Agreement, and the opinion of such counsel or other expert or advisor shall be full and complete authorization and protection to the Rights Agent with respect to any action taken or omitted by it in good faith and in accordance with such opinion;
- (b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by persons believed by the Rights Agent to be Chairman of the Board, President, Chief Executive Officer, any Vice President, Chief Financial Officer, the Secretary, or any Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- the Rights Agent shall be liable hereunder for its own (c)

- (d) the Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Corporation only;
- (e) the Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.01(2)) or any adjustment required under the provisions of Section 2.03 or for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.03 describing any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable:
- (f) the Corporation shall perform, execute, acknowledge and deliver or cause to be performed,

executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

23

- (g) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its agency duties hereunder from any person believed by the Rights Agent to be the Chief Executive Officer or the Chief Legal Officer or the Chief Financial Officer of the Corporation, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such person;
- (h) the Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.04 CHANGE OF THE RIGHTS AGENT

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 calendar days' notice (or such lesser notice as is acceptable to the Corporation) to the Corporation, to each transfer agent of Common Shares by registered or certified mail and to the holders of Rights in accordance with Section 5.08 at the Corporation's expense. The Corporation may remove the Rights Agent upon 60 calendar days' notice to the Rights Agent, to each transfer agent of the Common

Shares by registered or certified mail and to the holders of Rights in accordance with Section 5.08. If the Rights Agent resigns or is removed or otherwise becomes incapable of acting, the Corporation shall appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 CALENDAR days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Corporation), then the Rights Agent at the Corporation's expense or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent upon payment of all outstanding fees expenses owed to it under this Agreement shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and give a notice thereof to the holders of the Rights. Failure to give any notice provided for in this Section 4.04 or any defect therein shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

2.4

ARTICLE 5 - MISCELLANEOUS

5.01 REDEMPTION, WAIVER AND TERMINATION

- (1) Subject to the prior consent of the holders of Voting Shares or Rights obtained as set forth in Sections 5.04(3) or (4), as applicable, the Board acting in good faith may, at its option, at any time prior to the provisions of Sections 3.01 becoming applicable as a result of the occurrence of a Flip-In Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.01 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.03 in the event that an event of the type analogous to any of the events described in Section 2.03 shall have occurred (such redemption price being herein referred to as the "Redemption Price").
- The Board may, until a Flip-In Event shall occur, upon written notice delivered to the Rights Agent, determine to waive the application of Section 3.01 to such particular Flip-In Event but only if such Flip-In Event would occur as a result of a Take-Over Bid made by way of a Take-Over Bid circular to all holders of Voting Shares of record; provided that if the Board waives the application of Section 3.01 to a particular Flip-In Event, the Board shall be deemed to have waived the application of Section 3.01 to any other Flip-In Event, that would occur as a result of a Take-Over Bid which is made by means of a Take-Over Bid circular to all holders of Voting Shares of record prior to the expiry of any Take-Over Bid in respect of which a waiver is, or is deemed to have been, granted under this Section 5.01(2).
- (3) Notwithstanding Section 5.01(2), upon written notice delivered to the Rights Agent, the Board may also, with respect to any Flip-In Event, waive the application of Section 3.01 to that Flip-In Event, provided that both of the following conditions are satisfied:
 - (i) the Board has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent that he would become an Acquiring Person; and
 - (ii) such Acquiring Person has reduced his Beneficial Ownership of Voting Shares such that at the time of waiver pursuant to this Section 5.01(3) he is no longer an Acquiring Person.
- (4) If the Board elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and each Right will after redemption be null and void and the only right thereafter of the holders of Rights will be to receive the Redemption Price and no further Rights shall thereafter be issued.
- (5) Within 10 calendar days after the Board electing or having been deemed to have elected to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing

such notice to each such holder at its last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Corporation for the Common Shares. Any notice which is mailed in the manner herein provided will be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The failure to give or any defect in such notice shall not affect the validity of such redemption.

(6) Where a Take-Over Bid that is not a Permitted Bid or Competing
Permitted Bid is withdrawn or otherwise terminated after the Separation
Time has occurred and prior to the occurrence of a Flip-In Event, the
Board may elect to redeem all the outstanding Rights at the Redemption
Price.

25

- (7) Upon the Rights being redeemed pursuant to Section 5.01(6), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares, as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred.
- (8) In the event that prior to the occurrence of a Flip-In Event a Person acquires, pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition, outstanding Voting Shares, then the Board shall immediately upon the consummation of such acquisition without further formality be deemed to have elected to redeem the Rights at the Redemption Price.

5.02 EXPIRATION

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.01(1).

5.03 ISSUANCE OF NEW RIGHTS CERTIFICATES

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.04 SUPPLEMENTS AND AMENDMENTS

- (1) The Corporation may from time to time amend this Agreement with the approval of the Rights Agent but without the consent of any holder of Rights or the holders of Voting Shares in order to correct a clerical or typographical error or to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements.
- (2) The Corporation may, prior to the date of the shareholders' meeting referred to in Section 5.15, supplement or amend this Agreement without the approval of any of the holders of Rights or Voting Shares (whether or not such action would materially adversely affect the interest of the holders of Rights generally) where the Board acting in good faith deems such action necessary or desirable. Notwithstanding anything in this Section 5.04 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (3) Subject to Sections 5.04(1) and 5.04(2), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time prior to the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the articles and by-laws of the Corporation.
- (4) The Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time and before the Expiration Time, amend, vary or delete any of the provisions of this Agreement and the

Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized in the manner specified in Section $5.04\,(5)$.

- (5) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the Canada Business Corporations Act with respect to meetings of shareholders of the Corporation.
- (6) Any amendment to this Agreement pursuant to Subsection 5.04(1) which is required to maintain the validity of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements shall:
 - (i) if made before the Separation Time, any such amendment shall be submitted to the shareholders of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in Section 5.04(3) confirm or reject such amendment:
 - (ii) if made after the Separation Time, any such amendment shall be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Section 5.04(5) confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights as the case may be.

(7) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to this Section within five Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

5.05 FRACTIONAL RIGHTS AND FRACTIONAL SHARES

(1) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Corporation shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Section 3.01(2), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right.

27

(2) The Corporation shall not be required to issue fractions of Common Shares upon exercise of Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Corporation or the Rights Agent, are vested in the respective holders of Rights; and any holder of Rights, without the consent of the Rights Agent or of any other holder of Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the generality of the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations of, and injunctive relief against actual or threatened violations of the obligations of, any Person subject to this Agreement.

5.07 HOLDER OF RIGHTS NOT DEEMED TO BE A SHAREHOLDER

No holder of Rights, as such, shall be entitled to vote, to receive dividends, to receive the remaining property of the Corporation on dissolution or to be deemed for any purpose the holder of Common Shares or any other securities which may at any time be issuable on the exercise of such Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon any holder of Rights, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, to give or withhold consent to any corporate action, to receive notice of meetings or other actions affecting shareholders (except as provided in Section 5.08) or to receive dividends or subscription rights or otherwise, until such Rights shall have been exercised in accordance with the provisions hereof.

5.08 NOTICES

Any document or other communication to be given in connection with this Agreement to the Corporation shall be given in writing and shall be given by (i) personal delivery, (ii) telegraph, facsimile or other form of recorded electronic communication (charges prepaid and confirmed in writing) or (iii) by first-class postage prepaid mail (except during any general interruption of postal services due to strike, lockout or other cause) addressed to the Corporation as follows:

Novelis Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, Ontario
Canada
M5J 2Z4

Attention: Chief Executive Officer

28

Any document or other communication to be given in connection with this Agreement to the Rights Agent shall be given in writing and shall be given by (i) personal delivery, (ii) telegraph, facsimile or other form of recorded electronic communication (charges prepaid and confirmed in writing) or (iii) by first-class postage prepaid mail (except during any general interruption of postal services due to strike, lockout or other cause) addressed to the Rights Agent as follows:

CIBC Mellon Trust Company 2001 University Street 16th Floor Montreal, Quebec Canada H3A 2A6

Attention: Branch Manager

Any document or other communication to be given in connection with this Agreement to any holder of Rights shall be given in writing and shall be given by (i) personal delivery, (ii) telegraph, facsimile or other form of recorded electronic communication (charges prepaid and confirmed in writing) or (iii) by first-class postage prepaid mail (except during any general interruption of postal services due to strike, lockout or other cause) addressed to such holder at the address of such holder as it appears upon the registry books of the Rights

Agent or, prior to the Separation Time, on the registry books of the Corporation for the Common Shares (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent). The Corporation and the Rights Agent may by notice to the other designate with respect to itself any other address or individual. Any document or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by first class postage prepaid mail, on the fifth Business Day following the deposit thereof in the mail (it being acknowledged, for greater certainty, that any such communication mailed to a holder of a Right as herein provided shall be deemed to have been given whether or not the holder receives such communication).

5.09 COSTS OF ENFORCEMENT

If the Corporation or any other Person, the securities of which are purchasable upon exercise of the Rights, fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person shall reimburse any holder of Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in any action to enforce his rights pursuant to any Rights or this Agreement.

5.10 BENEFIT OF THE AGREEMENT

This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Corporation and the Rights Agent and upon the heirs, executors, administrators, successors and assigns of the holders of Rights. This Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of Rights and nothing in this Agreement shall be construed to give any Person other than the Corporation, the Rights Agent and the holders of Rights any legal or equitable right, remedy or claim under this Agreement.

5.11 GOVERNING LAW

29

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

5.12 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be considered an original and both of which taken together shall constitute a single agreement.

5.13 SEVERABILITY

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof or the application of such provision to circumstances other than those to which it is held invalid or unenforceable.

5.14 DETERMINATIONS AND ACTIONS BY THE BOARD

- (1) All actions, calculations, interpretations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board, in good faith, shall not subject the Board to any liability to the holders of Rights.
- Nothing contained in this Agreement shall be deemed to be in derogation of the obligation of the Board to exercise its fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board shall not be entitled to recommend that the holders of the Voting Shares reject any Permitted Bid or any Competing Permitted Bid or any Take-Over Bid, or to take any other action (including, without limiting the generality of the foregoing, the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Permitted Bids or Competing Permitted Bids or Take-Over Bids) with respect to any Permitted Bid or any Competing Permitted Bid or any Take-Over Bid or otherwise that the Board believes is necessary or appropriate in the exercise of its fiduciary duties.

5.15 EFFECTIVE DATE

This Agreement is effective from the Record Time.

5.16 RE-CONFIRMATION AFTER THREE YEARS

At the 2008 Annual Meeting and every third Annual Meeting of Shareholders of the Corporation following the 2008 Annual Meeting, provided that a Flip-In Event has not occurred prior to such time, the Board shall submit a resolution to the holders of Voting Shares of the Corporation for their consideration and, if thought advisable, approval ratifying the continued existence of the Rights. If a majority of greater than 50% of the votes cast by holders of Voting Shares who vote in respect of such reconfirmation and approval is voted against the continued existence of the Rights, then this Agreement, the Rights Plan and any outstanding Rights shall be of

30

no further force and effect. There shall be excluded from the calculation of shares eligible to vote at such meeting shares held by an Acquiring Person or by any Person who has made or announced an intention to make a tender or exchange offer or Take-Over Bid which, if consummated, would result in such Person holding in the aggregate 20% or more of the outstanding Voting Shares at the date of such bid.

5.17 REGULATORY APPROVALS

Any obligation of the Corporation or action or event contemplated by this Agreement, or any amendment or supplement to this Agreement, shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority. Without limiting the generality of the foregoing, any issuance or delivery of debt or equity securities (other than non-convertible debt securities) of the Corporation upon the exercise of Rights and any amendment or supplement to this Agreement shall be subject to the prior consent of The Toronto Stock Exchange.

5.18 DECLARATION AS TO NON-CANADIAN HOLDERS

If in the opinion of the Board (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board acting in good faith shall take such actions as it may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States of America, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

ARTICLE 6 - PERMITTED BIDS

6.01 PERMITTED BIDS

The expression "Permitted Bid" referred to in Section 1.01(hh) means a Take-Over Bid made by an Offeror that is made by means of a Take-Over Bid circular sent to holders of Voting Shares and which complies with the following additional provisions:

- (i) the Take-Over Bid is made to all holders of Voting Shares as registered on the books of the Corporation, other than the Offeror;
- (ii) the Take-Over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, the following irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-Over Bid (A) prior to the close of business on the date which is not less than 60 calendar days following the date of the Take-Over Bid and (B) only if at such date more than 50% of the Voting Shares held by Independent Shareholders shall have been tendered or deposited pursuant to the Take-Over Bid and not withdrawn;
- (iii) unless the Take-Over Bid is withdrawn, the Take-Over Bid contains an irrevocable and unqualified provision that Voting Shares may be deposited pursuant to such Take-Over Bid at any time during the period of time described in Section 6.01(ii) and that any Voting Shares deposited pursuant to the Take-Over Bid may be withdrawn until taken up and paid for; and

31

(iv) the Take-Over Bid also contains an irrevocable and unqualified condition that in the event that the deposit condition set forth in Section 6.01(ii) (B) is satisfied, the Offeror will make a public announcement of that fact and the Take-Over Bid will remain open for deposits and tenders of Voting Shares for

not less than 10 Business Days from the date of such public

6.02 COMPETING PERMITTED BIDS

The expression "Competing Permitted Bid" referred to in Section 1.01(n) means a Take-Over Bid that:

- (i) is made for Voting Shares after a Permitted Bid or Competing Permitted Bid for Voting Shares has been made but prior to the expiry of such Permitted Bid or Competing Permitted Bid;
- (ii) satisfies all of the conditions of the definition of Permitted Bid other than the requirements set out in Section 6.01(ii) (A); and
- (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up and paid for pursuant to the Take-Over Bid prior to the close of business on a date which is not earlier than the later of (A) the 60th calendar day following the date on which the earliest Permitted Bid which preceded the Competing Permitted Bid was made and (B) 21 calendar days after the date of the Take-Over Bid constituting the Competing Permitted Bid.

IN WITNESS WHEREOF the parties have executed this Agreement on the date and year above written.

NOVELIS INC.

PER: CORPORATE

PER: SEAL

OF

PER: NOVELIS INC.

CIBC MELLON TRUST COMPANY

PER: CIBC MELLON TRUST

R: CIBC MELLON TRU
COMPANY

COMPANY

SCHEDULE 1

32

FORM OF RIGHTS CERTIFICATE

Certificate No.	Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.01(2) OF THE SHAREHOLDER RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE SHAREHOLDER RIGHTS AGREEMENT) OR TRANSFEREES OF AN ACQUIRING PERSON MAY BECOME VOID.

RIGHTS CERTIFICATE

, or registered assigns, is the This certifies that registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Agreement made as of (the "Rights Agreement") between Novelis Inc., a corporation incorporated under the laws of Canada (the "Corporation") and CIBC Mellon Trust Company, a trust company incorporated under the laws of Canada, as Rights Agent (the "Rights Agent") (which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the close of business on 1 may 2014 one fully paid Common Share in the capital of the Corporation (a "Common Share") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise duly executed and submitted to the Rights Agent or Co-Rights Agent at its principal office in any one of the Cities of Montreal, Toronto, Winnipeg, Regina, Calgary, or Vancouver. The Exercise Price shall initially be \$200 (U.S.) per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies

of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of \$0.01 per Right. No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the

33

Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and

its corporate seal.	
Date:	
ATTEST:	
NOVELIS INC.	
Ву:	
Secretary	
Countersigned:	
CIBC MELLON TRUST COMPANY	
By:	
Authorized Signature	
	34
FORM OF ASSIC	GNMENT
(To be executed by the registered holder if Rights Certification)	
FOR VALUE RECEIVED	
hereby sells, assigns and transfers unto	
(Please print name and add	dress of transferee)
this Rights Certificate, together with all and does hereby irrevocably constitute and a Attorney, to transfer the within Rights Cert within-named Corporation, with full power of	appoint, tificate on the books of the
Dated:	Signature
Signature Guaranteed:	(Signature must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee

program.

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the best of the knowledge of the undersigned, never have been, Beneficially Owned by an Acquiring Person (as defined in the Rights Agreement) after such person became an Acquiring Person.

Signature

FORM OF ELECTION TO EXERCISE

(To be attached to each Rights Certificate)

TO:

		35
The undersigned hereby irrevocably elects to entered highest temperature of the attached Rights Common Shares issuable upon the exercise of succertificates for such shares be issued in the	ts Certificate to purchase the uch Rights and requests that	
Name:		
Street:		
City, Province & Postal Code:		
Social Insurance, Social Security or Other Taxpayer Identification Number:		
If such number of Rights shall not be all the Certificate, a new Rights Certificate for the registered in the name of and delivered to:	balance of such Rights shall be	
Street:		
City, Province & Postal Code:		
Social Insurance, Social Security or Other Taxpayer Identification Number:		
Dated:		
	Signature	
Signature Guaranteed:	(Signature must correspond to the name as written upon the face of this Rights Certificate in ever particular, without alteration enlargement or any change whatsoever)	f Y

Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the best of the knowledge of the undersigned, never have been, Beneficially Owned by an Acquiring Person (as defined in the Rights Agreement) after such person became an Acquiring Person.

Signature

36

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Shareholder Rights Agreement) and, in the case of an Assignment, will affix a legend to that effect on any Rights Certificate issued in exchange for this Rights Certificate.

Exhibit 10.1

SEPARATION AGREEMENT

between

ALCAN INC.

and

NOVELIS INC.

Dated o, 2004

TABLE OF CONTENTS

<table> <s> ARTICLE I -</s></table>	<c> INTERPRETATION</c>	<c></c>
1.01 1.02 1.03 1.04	Definitions. Schedules. Exhibits. Currency.	.2
ARTICLE II	- THE SEPARATION	4
2.01 2.02 2.03 2.04 2.05 2.06 2.07 2.08 		

 Separation. Implementation. Transfer of Separated Assets; Assumption of Assumed Liabilities. Separated Assets. Deferred Separated Assets. Excluded Assets. Liabilities. Disclaimer of Representations and Warranties. | .4 .4 .5 .6 .6 || | -ii- | |
| | Third-Party Consents and Government Approvals | |

3.01 3.02 3.03 3.04 3.05 3.06 3.07 3.08 3.09 3.10	Reorganization
ARTICLE IV	- THE ARRANGEMENT 12
4.01 4.02 4.03 4.04	Plan of Arrangement
ARTICLE V -	DEFERRED SEPARATION TRANSACTIONS 13
5.01 5.02 5.03	Deferred Transfer Assets
ARTICLE VI	- REPRESENTATIONS AND WARRANTIES 15
6.01 6.02 6.03	Mutual Representations and Warranties
ARTICLE VII	- COVENANTS 17
7.01 7.02	General Covenants
ARTICLE VII	I - CONDITIONS 19
8.01	Actions Prior to the Completion of the Arrangement19
ARTICLE IX	- MUTUAL RELEASES; INDEMNIFICATION 21
9.01 9.02 9.03 	

 Release of Pre-Separation Claims || | -iii- |
	CC> CC Method of Asserting Claims Etc 24 Adjustments to Liabilities 26 Payments 26 Contribution 27 Litigation 27 Remedies Cumulative 28 Survival of Indemnities 28
ARTICLE X -	INSURANCE 28
10.01	Insurance Matters
ARTICLE XI	- EXCHANGE OF INFORMATION; CONFIDENTIALITY 30
11.01 11.02 11.03 11.04 11.05 11.06 11.07 11.08 11.09	Agreement for Exchange of Information; Archives
ARTICLE XII	- DISPUTE RESOLUTION 35
12.01 12.02 12.03 12.04	Disputes. 35 Negotiation. 35 Mediation. 35 Arbitration. 37
ARTICLE XII	I - FURTHER ASSURANCES 38
13.01

ARTICLE XIV	- CERTAIN OTHER MATTERS 3	9
14.01 14.02 14.03 14.04	Auditors and Audits; Annual and Quarterly Financial Statements and Accounting	1 2
ARTICLE XV -	- TERMINATION 4	8
15.01 		

 Termination | 8 || | -iv- | |
~~ARTICLE XVI~~		:C> 8
16.01 16.02 16.03 16.04 16.05 16.06 16.07 16.08 16.09 16.10 16.11 16.12 16.13 16.14 16.15 16.16	Limitation of Liability 4 Counterparts 4 Entire Agreement 4 Construction 4 Signatures 4 Assignability 5 Third Party Beneficiaries 5 Payment Terms 5 Governing Law 5 Notices 5 Severability 5 Publicity 5 Survival of Covenants 5 Waivers of Default 5 Amendments 5 Controlling Documents 5 Language 5	9 9 9 0 0 1 1 2 2 2 3 3 3
LIST OF SCHEDULES 55		
SCHEDULE 1.0	CHEDULE 1.01 - DEFINITIONS 57	
LIST OF EXH	IST OF EXHIBITS 72	
SEPARATION AGREEMENT (the "AGREEMENT") entered into in the City of Montreal, Province of Quebec, dated o, 2004.

BETWEEN: ALCAN INC., a corporation organized under the Canada

Business Corporations Act ("ALCAN");

AND: NOVELIS INC., a corporation incorporated under the Canada

Business Corporations Act ("NOVELIS").

RECITALS:

WHEREAS Alcan Group (as defined below) currently conducts the Alcan Businesses (as defined below);

WHEREAS Alcan has created Arcustarget Inc. (as defined below) in order to hold the Separated Businesses (as defined below) after giving effect to the Reorganization (as defined below);

2

WHEREAS it is proposed that, pursuant to a Plan of Arrangement (as defined below) and after giving effect to the Reorganization, inter alia, (i) Arcustarget would become a wholly-owned subsidiary of Novelis, (ii) the holders of outstanding Alcan Common Shares (as defined below) would, as of the Effective Date (as defined below), exchange their Alcan Common Shares for an equivalent number of Alcan Class A Common Shares and Alcan Special Shares (as defined below), (iii) the holders of outstanding Alcan Special Shares would, as of the Effective Date, exchange their Alcan Special Shares for a specified number of Novelis Common Shares (as defined below), and (iv) Arcustarget and Novelis would amalgamate;

WHEREAS the Parties (as defined below) wish to set forth in this Agreement the terms on which, and the conditions subject to which, they wish to implement the measures described above;

WHEREAS Alcan and Novelis (1) intend that the Reorganization will (i) qualify for Canadian income tax purposes as a reorganization governed by paragraph 55(3)(b) of the Tax Act (as defined below) and as exchanges of shares by Alcan Common Shareholders (as defined below) pursuant to sections 85.1 and 86 of the Tax Act, such that no gain will be realized by Alcan, Novelis or Alcan Common Shareholders and (ii) qualify for United States federal income tax purposes as a reorganization within the meaning of Section 368(a)(1) of the Internal Revenue Code (as defined below), pursuant to which no gain or loss will be recognized for United States federal income tax purposes by Alcan, Novelis, Alcan Corporation, Alcan Aluminum Corporation or to the shareholders of Alcan under Section 355 of the Internal Revenue Code and the related provisions thereunder and (2) will treat and hereby adopt the Agreement as a plan of reorganization within the meaning of Section 368 of the Internal Revenue Code;

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

ARTICLE I -INTERPRETATION

1.01 DEFINITIONS

The capitalized words and expressions and variations thereof used in this Agreement or in its schedules, unless a clearly inconsistent meaning is required under the context, shall have the meanings ascribed to them in SCHEDULE 1.01 - DEFINITIONS.

1.02 SCHEDULES

The following schedules are attached to this Agreement and form part hereof:

Schedule 1.01 -	Definitions
Schedule 1.01 - "PA"	Plan of Arrangement
Schedule 1.01 - "SB"	Separated Businesses
Schedule 1.01 - "NBS"	Novelis Balance Sheet
Schedule 1.01 - "SE"	Separated Entities
Schedule 2.04(a)	Separated Assets

3

Schedule 2.07(a) Assumed Liabilities Schedule 2.07(b) Liabilities of Separated Entities Schedule 2.07(c) Retained Liabilities Schedule 2.07(g) Reorganization Documents Schedule 3.01 Reorganization Transactions Schedule 3.05(b) Agreements Not Terminated Schedule 3.06(q) Ancillary Agreements Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 2.06(a)	Excluded Assets
Schedule 2.07(c) Retained Liabilities Schedule 2.07(g) Reorganization Documents Schedule 3.01 Reorganization Transactions Schedule 3.05(b) Agreements Not Terminated Schedule 3.06(q) Ancillary Agreements Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 2.07(a)	Assumed Liabilities
Schedule 2.07(g) Reorganization Documents Schedule 3.01 Reorganization Transactions Schedule 3.05(b) Agreements Not Terminated Schedule 3.06(q) Ancillary Agreements Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 2.07(b)	Liabilities of Separated Entities
Schedule 3.01 Reorganization Transactions Schedule 3.05(b) Agreements Not Terminated Schedule 3.06(q) Ancillary Agreements Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 2.07(c)	Retained Liabilities
Schedule 3.05(b) Agreements Not Terminated Schedule 3.06(q) Ancillary Agreements Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 2.07(g)	Reorganization Documents
Schedule 3.06(q) Ancillary Agreements Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 3.01	Reorganization Transactions
Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 3.05(b)	Agreements Not Terminated
Schedule 4.02 Actions to be taken prior to Effective Time	Schedule 3.06(q)	Ancillary Agreements
<u>*</u>	Schedule 3.10	Intercompany Accounts
2 1 1 1 0 00 ()	Schedule 4.02	Actions to be taken prior to Effective Time
Schedule 9.08(a) Litigation Transferred to Novelis	Schedule 9.08(a)	Litigation Transferred to Novelis
Schedule 9.08(b) Litigation to be Defended by Alcan at Novelis's	Schedule 9.08(b)	Litigation to be Defended by Alcan at Novelis's
Expense		Expense

1.03 EXHIBITS

The following exhibits are attached to this Agreement and form part hereof:

Exhibit A Exhibit B Exhibit C Exhibit D Exhibit E Exhibit F Exhibit G Exhibit H Exhibit J Exhibit J Exhibit L Exhibit L Exhibit N Exhibit N Exhibit O Exhibit P Exhibit Q	Alumina Supply Agreement By-laws of Novelis Certificate of Incorporation of Novelis Employee Matters Agreement Energy Agreement FoilStock Supply Agreement Foil Supply Agreements Foil Supply and Distribution Agreement Intellectual Property Agreements Joint Procurement of Goods and Services Protocol Metal Supply Agreements Neuhausen Agreements Ohle Agreement Sierre Agreement Tax Sharing and Disaffiliation Agreement Technical Services Agreements Transitional Services Agreement
Exhibit Q	Transitional Services Agreement
Exhibit R	Non Compete Undertaking

1.04 CURRENCY

All references to currency herein are to lawful money of the United States unless otherwise specified.

ARTICLE II -THE SEPARATION

2.01 SEPARATION

Alcan and Novelis agree to implement the Separation for the purpose of causing the Separated Businesses to be transferred to Novelis Group and the Remaining Alcan Businesses to be held by Alcan or any other member of Alcan Group as of the Effective Time, on the terms and subject to the conditions set forth in this Agreement. The Parties acknowledge that the Separation is intended to result in Novelis, directly or indirectly, operating the Separated Businesses, owning the Separated Assets and assuming the Assumed Liabilities as set forth in this Article II.

2.02 IMPLEMENTATION

The Separation shall be completed in accordance with the agreed general principles, objectives and other provisions set forth in this Article II and shall be implemented in the following manner:

- (a) through the completion of the Reorganization, as described in Article III;
- (b) through the completion of the Arrangement, as described in Article IV;
- (c) through the completion from time to time following the Effective Time of the Deferred Transactions, as described in Section 13.01(a);
- (d) through the allocation from time to time following the Effective Time of the Deferred Transfer Assets as described in Section 5.01; and
- (e) through the performance by the Parties of all other provisions of this Agreement.

2.03 TRANSFER OF SEPARATED ASSETS; ASSUMPTION OF ASSUMED LIABILITIES

On the terms and subject to the conditions set forth in this Agreement, and in furtherance of the Separation, with effect as of the Effective Time:

- (a) Alcan agrees to cause the Separated Assets to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to Novelis and Novelis agrees to accept from Alcan all of the Separated Assets and all of Alcan's rights, title and interest in and to all Separated Assets owned, directly or indirectly, by Alcan which, except with respect to the Deferred Separated Assets and Unreleased Liabilities, will result in Novelis owning, directly or indirectly, the Separated Businesses;
- (b) Novelis agrees to accept, assume and faithfully perform, discharge and fulfill all of the Assumed Liabilities in accordance with their respective terms; and
- (c) Novelis agrees to jointly elect with Alcan, in prescribed form and in a timely manner, to have the provisions of subsection 85(1) of Tax Act (and any applicable corresponding Canadian provincial provision) apply to the operations described in

5

Section 2.03(a); the "agreed amount" for purposes of such election shall be equal to the cost amount, for purposes of the Tax Act, of the Arcustarget Common Shares at the time of the transfer of such shares to Novelis.

2.04 SEPARATED ASSETS

For the purposes of this Agreement, "SEPARATED ASSETS" shall mean, without duplication, the following Assets used or held for use exclusively or primarily in the conduct of the Separated Businesses or relating exclusively or primarily to a Separated Business or to a Separated Entity:

(a) all Assets expressly identified in this Agreement or in any Ancillary Agreement or in any Schedule hereto or thereto, including those listed on SCHEDULE 2.04(A), as Assets to be transferred to, or retained by, Novelis or any other member of

- (b) the outstanding capital stock, units or other equity interests of the Separated Entities, as listed on SCHEDULE 1.01 - "SE", the transfer of which pursuant to Section 2.03 will result in Novelis owning, directly or indirectly, all of the ownership interests in the Separated Entities that are currently owned directly or indirectly by Alcan;
- (c) all Assets properly reflected on the Novelis Balance Sheet (SCHEDULE 1.01 - "NBS"), excluding Assets disposed of by Alcan or any other member of Alcan Group subsequent to the date of the Novelis Balance Sheet;
- (d) all Assets that have been written off, expensed or fully depreciated by Alcan or any other member of Alcan Group that, had they not been written off, expensed or fully depreciated, would have been reflected on the Novelis Balance Sheet in accordance with the same accounting principles and practices as those under which the Novelis Balance Sheet was prepared;
- (e) all Assets acquired by Alcan or any other member of Alcan Group after the date of the Novelis Balance Sheet and that would be reflected on the balance sheet of Novelis as of the Effective Date (the "NOVELIS OPENING BALANCE SHEET"), if such balance sheet were prepared using the same accounting principles and practices as those under which the Novelis Balance Sheet was prepared; and
- (f) all Assets transferred to Novelis Group pursuant to Section 13.01(a); provided, however, that any such transfer shall take effect under Section 13.01(a) and not under this Section 2.04.

Notwithstanding the foregoing, there shall be excluded from the definition of Assets under this Section 2.04 Business Records to the extent they are included in or primarily related to any Excluded Asset or Retained Liability or Remaining Alcan Business or their transfer is prohibited by Applicable Law or pursuant to agreements between Alcan or any other member of Alcan Group and Third Parties or otherwise would subject Alcan or any other member of Alcan Group to liability for such transfer.

6

2.05 DEFERRED SEPARATED ASSETS

Notwithstanding anything to the contrary contained in Section 2.04 or elsewhere in this Agreement, Separated Assets shall not include the Deferred Separated Assets. The transfer to Novelis (or any other member of Novelis Group) of any such Deferred Separated Asset shall only be completed at the time, in the manner and subject to the conditions set forth in Section 5.01.

2.06 EXCLUDED ASSETS

- Notwithstanding anything to the contrary contained in Section 2.04 or elsewhere in this Agreement, the following Assets of Alcan or of any other relevant member of Alcan Group that would otherwise be included among the Separated Assets shall not be transferred to Novelis (or any other member of Novelis Group), shall not form part of the Separated Assets and shall remain the exclusive property of Alcan or the relevant member of Alcan Group on and after the Effective Time (the "EXCLUDED ASSETS"):
 - (i) any Asset expressly identified on SCHEDULE 2.06(A);
 - (ii) any Asset referred to in Section 2.06(b); and
 - (iii) any Asset transferred to Alcan or to any other relevant member of Alcan Group pursuant to Section 13.01(a); provided, however, that any such transfers shall take effect under Section 13.01(a) and not under this Section 2.06.
- (b) For greater certainty, any Asset of Alcan or any other member of Alcan Group that is used in or relates in any manner to a Remaining Alcan Business shall not constitute a Separated Asset unless such Asset is specifically identified as a Separated Asset pursuant to Section 2.04.
- (c) Notwithstanding anything to the contrary in this Agreement, Excluded Assets shall not include the Deferred Excluded Assets. The transfer to Alcan (or to the relevant member of

Alcan Group) of any such Asset shall be completed at the time, in the manner and subject to the conditions set forth in Section 5.01.

2.07 LIABILITIES

For the purposes of this Agreement, Liabilities shall be identified as "ASSUMED LIABILITIES" or as "RETAINED LIABILITIES" under the following order of priority:

(a) any Liability of a Separated Entity, whether arising or accruing prior to, on or after the Effective Time and whether the facts on which it is based occurred on, prior to or after the Effective Time and whether or not reflected on the Novelis Balance Sheet or on the Novelis Opening Balance Sheet, is an Assumed Liability, unless it is expressly identified in this Agreement (including on SCHEDULE 2.07(B) or any other Schedule) or in any Ancillary Agreement as a Liability to be assumed

7

or retained by Alcan or any other member of Alcan Group, in which case it is a Retained Liability;

- (b) any Liability relating to, arising out of, or resulting from the conduct of, a Separated Business or any Rolled Products Business (as conducted at any time prior to, on or after the Effective Time) or relating to a Separated Asset or a Deferred Separated Asset and whether or not arising or accruing prior to, on or after the Effective Time and whether the facts on which it is based occurred on, prior to or after the Effective Time and whether or not reflected on the Novelis Balance Sheet or the Novelis Opening Balance Sheet, is an Assumed Liability, unless it is expressly identified in this Agreement (including on SCHEDULE 2.07(B) or any other Schedule) or in any Ancillary Agreement as a Liability to be assumed or retained by Alcan or any other member of Alcan Group, in which case it is a Retained Liability;
- (c) any Liability which is expressly identified on SCHEDULE 2.07(A) is an Assumed Liability and any Liability which is expressly identified on SCHEDULE 2.07(C) is a Retained Liability;
- (d) any Liability which is reflected or otherwise disclosed as a liability or obligation of Novelis Group on the Novelis Balance Sheet is an Assumed Liability;
- (e) any Liability which would be reflected or otherwise disclosed on the Novelis Opening Balance Sheet, if such balance sheet were prepared using the same accounting principles and practices as those under which the Novelis Balance Sheet was prepared is an Assumed Liability;
- (f) any Liability of a Remaining Alcan Entity, whether arising or accruing prior to, on or after the Effective Time and whether the facts on which it is based occurred on, prior to or after the Effective Time, is a Retained Liability, unless it is determined to be an Assumed Liability pursuant to clauses (a), (b), (c), (d) or (e) above, in which case it is an Assumed Liability; and
- (g) any Liability of Novelis or any other member of Novelis Group under this Agreement, any Ancillary Agreement or any Reorganization Document is an Assumed Liability and any Liability of Alcan or any other member of Alcan Group under this Agreement, any Ancillary Agreement or any Reorganization Document is a Retained Liability.

2.08 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES

(a) Each of the Parties (on behalf of itself and each other member of its respective Group) understands and agrees that, except as expressly set forth herein or in any Ancillary Agreement, no Party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise, makes any representation or warranty, express or implied, regarding any of the Separated Assets, Separated Entities, Separated Businesses, Excluded Assets, Assumed Liabilities or Retained Liabilities

including any warranty of merchantability or fitness for a particular purpose, or any representation or warranty regarding any Consents or Governmental Authorizations required in connection therewith or their transfer, regarding the value or freedom from Encumbrances of, or any other matter concerning, any Separated Asset or Excluded Asset, or regarding the absence of any defense or right of setoff or freedom from counterclaim with respect to any claim or other Separated Asset or Excluded Asset, including any Account Receivable of either Party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Separated Asset or Excluded Asset upon the execution, delivery and filing hereof or thereof.

(b) Except as may expressly be set forth herein or in any Ancillary Agreement, all Separated Assets and Excluded Assets are being transferred on an "as is, where is" basis, at the own risk ("aux risques et perils") of the respective transferees without any warranty whatsoever on the part of the transferor, formal or implicit, legal, statutory or conventional (and, in the case of any Real Property, by means of a quitclaim or similar form deed or conveyance) and the respective transferees shall bear the economic and legal risks that (i) any conveyance shall prove to be insufficient to vest in the transferee good and marketable title, free and clear of any Encumbrance, and (ii) any necessary Third-Party Consent or Governmental Authorization is not obtained or that any requirement of Applicable Law or any Order is not met.

2.09 THIRD-PARTY CONSENTS AND GOVERNMENT APPROVALS

To the extent that the Separation or any transaction contemplated thereby requires a Consent from any Third-Party (a "THIRD-PARTY CONSENT") or any Governmental Authorization, the Parties will use commercially reasonable efforts to obtain all such Third-Party Consents and Governmental Authorizations prior to the Effective Time. If the Parties fail to obtain any such Third-Party Consent or Governmental Authorization prior to the Effective Time, the matter shall be dealt with in the manner set forth in Section 5.01 or 5.02.

ARTICLE III THE REORGANIZATION

3.01 REORGANIZATION

The Reorganization shall be implemented on the terms and subject to the conditions set forth in this Article III.

3.02 REORGANIZATION TRANSACTIONS

Subject to Section 3.08, Alcan agrees to cause the Reorganization Transactions to be completed substantially in the manner described on SCHEDULE 3.01. Unless otherwise specified on SCHEDULE 3.01, the Reorganization Transactions shall be completed on or before the Reorganization Date.

9

3.03 EFFECTS OF THE REORGANIZATION TRANSACTIONS

After giving effect to the Reorganization Transactions, as of the Reorganization $\ensuremath{\operatorname{Time}}\colon$

- (a) all Separated Assets, other than the equity interests in the Separated Entities (which are addressed in (e) below), will be held by one or several Separated Entities;
- (b) all Assumed Liabilities will have been assumed or retained by one or several Separated Entities;
- (c) all Excluded Assets held by one or several Separated Entities will have been transferred to, or retained by, one or more Remaining Alcan Entities;
- (d) all Retained Liabilities incurred by any Separated Entity will have been assumed by one or several Remaining Alcan Entities; and
- (e) all of Alcan's right, title and interest in the capital or common stock of the Separated Entities (other than the shares of the share capital of Arcustarget) will have been transferred to Arcustarget.

In consideration of the implementation of the Reorganization Transactions, Alcan, in addition to causing Arcustarget Group (or any member thereof) to assume the Assumed Liabilities, shall cause Arcustarget to (i) issue to Alcan, on or prior to the Reorganization Date, such number of Arcustarget common shares and such promissory notes as shall be necessary to complete the Reorganization Transactions and the Arrangement and (ii) issue to one or more Subsidiaries of Alcan as specified on SCHEDULE 3.01 such promissory notes as shall be necessary to complete the Reorganization Transactions.

3.05 TERMINATION OF AGREEMENTS

- Subject to Section $3.05\,(b)$, Novelis and Alcan agree that all (a) agreements, arrangements, commitments and understandings, whether or not in writing, between any member or members of Novelis Group, on the one hand, and any member or members of Alcan Group, on the other hand, shall terminate without further action being required by any party thereto, with effect as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive such termination) will be of any further force or effect as of and from the Effective Time. Alcan and Novelis shall sign all such documents and perform all such other acts, and they shall cause each other member of their respective Groups to sign all such documents and perform all such other acts, as may be necessary or desirable to implement or confirm such terminations.
- (b) The provisions of Section 3.05(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any

10

Ancillary Agreement to be entered into by either Party hereto or any of the members of their respective Groups); (ii) any agreement, arrangement, commitment or understanding listed or described or set forth on SCHEDULE 3.05(B); (iii) any agreement, arrangement, commitment or understanding to which any Third Party is a party; and (iv) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement contemplates will be in force beyond the Effective Date.

3.06 ANCILLARY AGREEMENTS

On or prior to the Effective Date, the Parties shall execute and deliver or, as applicable, cause the appropriate members of their respective Groups to execute and deliver, each of the following agreements (collectively, the "ANCILLARY AGREEMENTS"):

- (a) the Alumina Supply Agreement;
- (b) the Employee Matters Agreement;
- (c) the Energy Agreement;
- (d) the FoilStock Supply Agreement;
- (e) the Foil Supply Agreements;
- (f) the Foil Supply and Distribution Agreement;
- (g) the Intellectual Property Agreements;
- (h) the Joint Procurement of Goods and Services Protocol;
- (i) the Metal Supply Agreements;
- (j) the Nauhausen Agreements;
- (k) the Ohle Agreement;
- (1) the Sierre Agreements;
- (m) the Tax Sharing and Disaffiliation Agreement;
- (n) the Technical Services Agreements;

- (o) the Transitional Services Agreement;
- (p) such other agreements and instruments as may relate to or be identified in any of the foregoing agreements; and
- (q) the agreements and instruments identified on SCHEDULE 3.06(Q).

11

3.07 RESIGNATIONS

- (a) Alcan agrees to cause each Person who is a director or an officer of any Separated Entity and who will not become an employee of Novelis Group (or any member thereof) on the Effective Date to resign from such position with effect as of the Effective Date.
- (b) Novelis agrees to cause each Person who is a director or an officer of a Remaining Alcan Entity and who will become an employee of Novelis Group (or any member thereof) on the Effective Date to resign from such position with effect as of the Effective Date.
- (c) Each of Alcan and Novelis agrees to obtain all such letters of resignation or other evidence of such resignations as may be necessary or desirable in performing their respective obligations under this Section 3.07.

3.08 SOLE DISCRETION OF ALCAN

Notwithstanding any other provision of this Article III, Alcan shall have the sole and absolute discretion:

- (a) to determine whether to proceed with all or any part of the Reorganization, including any Reorganization Transaction, and to determine the timing of and any and all conditions to the completion of the Reorganization or any part thereof; and
- (b) to amend or otherwise change, delete or supplement, from time to time, any term or element of the Reorganization, including any Reorganization Transaction.

3.09 COOPERATION

Novelis shall cooperate with Alcan in all aspects of the Reorganization and it shall, at Alcan's request, sign all such documents and perform all such other acts as may be necessary or desirable to give full effect to the Reorganization; and Novelis shall cause each other member of Novelis Group to do likewise.

3.10 INTERCOMPANY ACCOUNTS BETWEEN ALCAN GROUP AND NOVELIS GROUP

Prior to the Effective Time, Alcan shall use commercially reasonable efforts to cause all balances related to indebtedness, including any intercompany indebtedness, loan, guaranty, receivable, payable or other account between a member of Alcan Group and a member of Novelis Group (including Arcustarget and its Subsidiaries), other than those balances related to indebtedness otherwise specifically provided for in this Agreement or any Ancillary Agreement as described on SCHEDULE 3.10 ("INTERCOMPANY ACCOUNTS") to be settled, including by being contributed to capital in its discretion. To the extent that any Intercompany Account has not been settled or contributed to capital by the Effective Time, Novelis agrees to cause any Intercompany Account payable by any member of Novelis Group to be satisfied in full when due. To the extent that any Intercompany Account payable to Novelis or any other member of Novelis Group has not been settled prior to the Effective Time, Alcan shall cause it to be satisfied in full when due or when

12

necessary to offset an Intercompany Account then due and payable by Novelis or any other member of Novelis Group.

ARTICLE IV -THE ARRANGEMENT

4.01 PLAN OF ARRANGEMENT

Each of Alcan and Novelis shall use commercially reasonable efforts to carry out the Plan of Arrangement and to cause the Arrangement to become effective on January 1, 2005, or on such later date as Alcan may determine, provided that if the Alcan Board decides to proceed with the

Arrangement, Articles of Arrangement must be filed on or before April 28, 2005.

4.02 ACTIONS PRIOR TO THE EFFECTIVE DATE

In addition to the covenants of Alcan provided for elsewhere in this Agreement, Alcan covenants and agrees, subject to Sections 3.08 and 4.03, that it shall cause the actions described on SCHEDULE 4.02 to be taken prior to the Effective Time.

4.03 SOLE DISCRETION OF ALCAN

Notwithstanding any other provision of this Article IV, Alcan shall have the sole and absolute discretion:

- (a) to determine whether to proceed with all or any part of the Arrangement and all the terms of the Plan of Arrangement and to determine the timing of and any and all conditions to the completion of the Arrangement or any part thereof, provided that if the Alcan Board decides to proceed with the Arrangement, Articles of Arrangement must be filed on or before April 28, 2005; and
- (b) to amend or otherwise change, delete or supplement, from time to time, any term or element of the Plan of Arrangement.

Additionally, notwithstanding the adoption of the Arrangement Resolution by Alcan Shareholders, the Arrangement shall take effect only at such time as determined by further resolution of the Alcan Board, which shall also have the authority to revoke the Arrangement Resolution at any time prior to the issuance of the Certificate of Arrangement without further approval of the Alcan Shareholders. If the Alcan Board decides to proceed with the Arrangement, Articles of Arrangement must be filed on or before April 28, 2005.

4.04 COOPERATION

Novelis shall cooperate with Alcan in all aspects of the Arrangement and it shall, at Alcan's request, sign all such documents and perform all such other acts as may be necessary or desirable to carry out the Plan of Arrangement and give full effect to the

13

Arrangement and Novelis shall cause each other member of Novelis Group to do likewise.

ARTICLE V - DEFERRED SEPARATION TRANSACTIONS

5.01 DEFERRED TRANSFER ASSETS

- (a) If the transfer to, or retention by, Novelis Group (or the relevant member thereof) of any Asset (a "DEFERRED SEPARATED ASSET") that would otherwise constitute a Separated Asset or the transfer to, or retention by, Alcan Group (or the relevant member thereof) of any Asset (a "DEFERRED EXCLUDED ASSET", and together with a Deferred Separated Asset, a "DEFERRED TRANSFER ASSET") that would otherwise constitute an Excluded Asset cannot be accomplished without giving rise to a violation of Applicable Law, or without obtaining a Third-Party Consent or a Governmental Authorization (collectively, a "TRANSFER IMPEDIMENT") and any such Third-Party Consent or Governmental Authorization has not been obtained prior to the Effective Time, then such Asset shall be dealt with in the manner described in this Section 5.01.
- (b) Pending removal of such Transfer Impediment, the Person holding the Deferred Transfer Asset (the "RETAINING PERSON") shall hold such Deferred Transfer Asset for the use and benefit, insofar as reasonably possible, of the Party to whom the transfer of such Asset could not be made at the Effective Time (the "DEFERRED BENEFICIARY"). The Retaining Person shall use commercially reasonable efforts to preserve such Asset and its right, title and interest therein and take all such other action as may reasonably be requested by the Deferred Beneficiary (in each case, at such Deferred Beneficiary's expense) in order to place such Deferred Beneficiary, insofar as reasonably possible, in the same position as it would be in if such Asset had been transferred to it or retained by it with effect as of the Effective Time and so that, subject to the standard of care set forth above, all the benefits and burdens relating to such Deferred Transfer Asset, including possession, use, risk of loss, potential for gain, and

dominion, control and command over such Asset, are to inure from and after the Effective Time to such Deferred Beneficiary and the members of the Group to which it belongs. The provisions set forth in this Section 5.01(b) contain all the obligations of the Retaining Person vis-a-vis the Deferred Beneficiary with respect to the Deferred Transfer Asset and the Retaining Person shall not be bound vis-a-vis the Deferred Beneficiary by the obligations imposed by the Civil Code of Quebec on an administrator charged with the full administration of the property of others or by any analogous provision of any other Applicable Law.

(c) The Parties shall continue on and after the Effective Time to use commercially reasonable efforts to remove all Transfer Impediments; provided, however, that neither Party shall be required to make any unreasonable payment or assume any material obligations therefor. As and when any Transfer Impediment is removed,

14

the relevant Deferred Transfer Asset shall forthwith be transferred to its Deferred Beneficiary at no additional cost and in a manner and on terms consistent with the relevant provisions of this Agreement and the Ancillary Agreements, including without limitation Section 2.08(b) hereof, and any such transfer shall take effect as of the date of its actual transfer.

(d) Notwithstanding the foregoing or any provision of Applicable Law, a Retaining Person shall not be obligated, in connection with the foregoing, to expend any money in respect of a Deferred Transfer Asset unless the necessary funds are advanced by the Deferred Beneficiary of such Deferred Transfer Asset, other than reasonable attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Deferred Beneficiary of such Deferred Transfer Asset.

5.02 UNRELEASED LIABILITIES

If at any time on or after the Effective Time, any member of Alcan Group shall remain obligated to any Third Party in respect of any Assumed Liability or any member of Novelis Group shall remain obligated to any Third Party in respect of any Retained Liability, the following provisions shall apply. The liabilities referred to in this Section 5.02 are hereinafter referred to as the "UNRELEASED LIABILITIES" and the Person remaining obligated for such liability in a manner contrary to what is intended under this Agreement is hereinafter referred to as the "UNRELEASED PERSON."

- (a) Each Unreleased Person shall remain obligated to Third Parties for such Unreleased Liability as provided in the relevant Contract, Applicable Law or other source for such Unreleased Liability and shall pay and perform such Liability as and when required, in accordance with its terms.
- (b) Alcan shall indemnify, defend and hold harmless each Novelis Indemnified Party that is an Unreleased Person against any Liabilities arising in respect of each Unreleased Liability of such Person; and Novelis shall indemnify, defend and hold harmless each Alcan Indemnified Party that is an Unreleased Person against any Liabilities arising in respect of each Unreleased Liability of such Person. Alcan and Novelis shall take, and shall cause the members of their respective Groups to take, such other actions as may be reasonably requested by the other in accordance with the provisions of this Agreement in order to place Alcan and Novelis, insofar as reasonably possible, in the same position as they would be in if such Unreleased Liability had been fully contributed, assigned, transferred, conveyed, and delivered to, and accepted and assumed or retained, as applicable, by the other Party (or any relevant member of the Group to which it belongs) with effect as of the Effective Time and so that all the benefits and burdens relating to such Unreleased Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Unreleased Liability, are to inure from and after the Effective Time to the member or members of the Alcan Group or the Novelis Group, as the case may be.

15

(c) The Parties shall continue on and after the Effective Time to

use commercially reasonable efforts to cause each Unreleased Person to be released from each of its Unreleased Liabilities.

(d) If, as and when it becomes possible to delegate, novate or extinguish any Unreleased Liability in favor of an Unreleased Person, the Parties shall promptly sign all such documents and perform all such other acts, and shall cause each member of their respective Groups, as applicable, to sign all such documents and perform all such other acts, as may be necessary or desirable to give effect to such delegation, novation, extinction or other release without payment of any further consideration by the Unreleased Person.

5.03 CONSIDERATION

For the avoidance of doubt, the transfer or assumption of any Assets or Liabilities under this Article V shall be effected without any additional consideration by either Party hereunder.

ARTICLE VI - REPRESENTATIONS AND WARRANTIES

6.01 MUTUAL REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to and in favour of the other Party as follows and acknowledges that the other Party is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) it is duly incorporated, amalgamated or continued and is validly existing under the CBCA and has the corporate power and authority to own its Assets and to conduct its businesses and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement, of the Ancillary Agreements and of the Reorganization Documents by it and the completion by it of the transactions contemplated herein, in the Ancillary Agreements, in the Reorganization Documents, in the Plan of Arrangement and in the Tax Rulings do not and will not result in the breach of, or violate any term or provision of, its articles or by-laws;
- neither it nor, in the case of Novelis, any of its Group members is subject to any outstanding injunction, judgment or order, of any Governmental Authority which would prevent or materially delay the transactions contemplated by this Agreement, the Ancillary Agreements, the Reorganization Documents, the Plan of Arrangement or the Tax Rulings; there are no civil, criminal or administrative claims, actions, suits, demands, proceedings, hearings or investigations pending or, to the Party's knowledge, threatened, at law, in equity or otherwise, in, before, or by, any Governmental Authority which (if successful) would prevent or materially delay the consummation of the transactions contemplated by this

16

Agreement, the Ancillary Agreements, the Reorganization Documents, the Plan of Arrangement or the Tax Rulings;

- (d) the facts and other information which appear in the Rulings Applications relevant to it are accurate in all material respects and there has been no omission to state a material fact or to provide other material information relating to it that would be relevant to the granting of the Tax Rulings;
- (e) no dissolution, winding up, bankruptcy, liquidation or similar proceeding has been commenced, or is pending or proposed, in respect of it, except as contemplated by the Plan of Arrangement; and
- the execution and delivery of this Agreement, of the Ancillary Agreements and of the Reorganization Documents and the completion of the transactions contemplated herein, in the Ancillary Agreements and in the Reorganization Documents, have been duly approved by its board of directors, and this Agreement, the Ancillary Agreements and the Reorganization Documents constitute legal, valid and binding obligations of such Party enforceable against it in accordance with its terms, subject to legislation relating to bankruptcy, insolvency, reorganization and other similar legislation of general application and other laws affecting the enforcement of creditors' rights generally, to general principles of equity and limitations upon the enforcement of indemnification

for fines or penalties imposed by law and to the discretionary power of the courts as regards specific performance or injunctive relief.

6.02 REPRESENTATIONS AND WARRANTIES OF ALCAN

Alcan represents and warrants to and in favour of Novelis as follows, and acknowledges that Novelis is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) the authorized capital of Alcan consists of an unlimited number of Alcan Common Shares and an unlimited number of preference shares issuable in series of which two series have been authorized. As of o, 2004, the issued and outstanding share capital without nominal or par value of Alcan consisted of o Alcan Common Shares, 5,700,000 Alcan Series C Preference Shares and 3,000,000 Alcan Series E Preference Shares;
- (b) no Person holds any securities convertible into Alcan Common Shares or any other shares of Alcan or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of Alcan, other than options granted under the Alcan executive share option plan;
- (c) to the best of Alcan's knowledge, there is no "specified shareholder" of Alcan (as such term is defined for the purposes of paragraph 55(3.1)(b) of the Tax Act); and

17

(d) the Alcan Proxy Circular, does not, as of its date, contain any untrue statement of a material fact, omit to state any fact that, if publicly disclosed, could reasonably be expected to have a material impact on the decision of an Alcan Shareholder to vote in favour of the Plan of Arrangement, or omit to state any material fact necessary in order to make the statements therein not misleading; provided, however, that Alcan makes no representations or warranties as to any statements of material fact concerning Novelis and the Separated Businesses (excluding, for greater certainty, facts relating to Alcan and the Remaining Alcan Businesses) that are made in the Alcan Proxy Circular.

6.03 REPRESENTATIONS AND WARRANTIES OF NOVELIS

Novelis represents and warrants to and in favour of Alcan as follows, and acknowledges that Alcan is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) the authorized capital of Novelis consists of an unlimited number of Novelis Common Shares, an unlimited number of Novelis Special Shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares none of which is currently issued and outstanding;
- (b) no Person holds any securities convertible into Novelis Common Shares or any other shares of Novelis or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of Novelis except as contemplated by this Agreement or the Tax Rulings; and
- the Prospectus will not, as of the date the Registration Statement is declared effective, contain any untrue statement of a material fact, omit to state any fact that, if publicly disclosed, could reasonably be expected to have a material impact on the market price or value of the Novelis Common Shares, or omit to state any material fact necessary in order to make the statements therein not misleading; provided, however, that Novelis makes no representations or warranties as to any statements or omissions made in respect of Alcan (excluding the Separated Businesses, the Separated Assets and the Assumed Liabilities) and the Remaining Alcan Businesses.

ARTICLE VII - COVENANTS

7.01 GENERAL COVENANTS

shall, subject, in the case of Alcan, to Sections 3.08 and 4.03:

(a) do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments as may

18

reasonably be required of it to facilitate the carrying out of the intent and purpose of this Agreement;

- (b) cooperate with and assist the other Party, both before and after the Effective Date, in dealing with transitional matters relating to or arising from the Reorganization, this Agreement, the Ancillary Agreements or the Arrangement;
- (c) cooperate prior to the Effective Date in applying for such amendments to the Tax Rulings, amending the Rulings Applications and making such amendments to this Agreement as may be necessary to obtain the Tax Rulings or to implement the Plan of Arrangement in the manner contemplated in the Tax Rulings or as may be desired by Alcan to enable it to carry out transactions deemed advantageous by it for the purposes of the Separation;
- (d) cooperate in preparing, and assisting Novelis in filing with the SEC, the Registration Statement and filing with the securities regulatory authorities in each of the provinces and territories of Canada the Prospectus, and such amendments or supplements thereto, as may be necessary in order to cause the same to become and remain effective as required by Applicable Law. Novelis shall use commercially reasonable efforts to cause the Registration Statement and the Prospectus to become effective under the Exchange Act and the applicable securities laws as soon as practicable but in any event prior to the Effective Time and will file any amendments to the Registration Statement as may be required by the SEC or such amendments to the Prospectus as may be required by the securities regulatory authorities in each of the provinces and territories of Canada; and
- (e) cooperate in preparing and filing all documentation (i) to effect all necessary applications, notices, petitions, filings and other documents; and (ii) to obtain as promptly as reasonably practicable all Consents and Governmental Authorizations necessary or advisable to be obtained from any Third Party and/or any Governmental Authority in order to consummate the transactions contemplated by this Agreement (including all approvals required under applicable antitrust laws).

7.02 COVENANTS OF NOVELIS

In addition to the covenants of Novelis provided for elsewhere in this Agreement, Novelis covenants and agrees with and in favour of Alcan that it shall:

- (a) use commercially reasonable efforts and do all things reasonably required of it to cause the Reorganization to be completed;
- (b) use commercially reasonable efforts and do all things reasonably required of it to cause the Arrangement to become effective on January 1, 2005 or such other date as Alcan may determine:
- (c) not perform any act or enter into any transaction that could interfere or be inconsistent with the completion of the Arrangement or the grant of the Tax

19

Rulings or their effective application to the Arrangement except as provided in Section $7.02\,(d)$, and cause any other member of Novelis Group to do likewise;

(d) perform the obligations required to be performed by it under the Plan of Arrangement and do all such other acts and things as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Arrangement and any transactions necessary for the effectiveness of the Tax Rulings, including co-operating with Alcan to obtain: (i) the Interim Order and the Final Order;

- (ii) the approval for the listing of the Novelis Common Shares on the New York Stock Exchange and the Toronto Stock Exchange; and (iii) such other consents, rulings, orders, approvals and assurances as its counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in Section 8.01; and (iv) satisfaction of the other conditions referred to in Section 8.01; and
- (e) perform and, as applicable, cause each member of Novelis Group to perform each of its and their respective obligations under each Ancillary Agreement.

ARTICLE VIII - CONDITIONS

8.01 ACTIONS PRIOR TO THE COMPLETION OF THE ARRANGEMENT

- (a) In addition to, and without in any way limiting, Alcan's rights under Sections 3.08 and 4.03, completion of the Arrangement is subject to the fulfillment of each of the following conditions:
 - (i) the Arrangement, either without amendment or with amendments approved by the Alcan Board, shall have been approved at the Alcan Meeting in accordance with the Interim Order;
 - (ii) the Final Order shall have been obtained in form and substance satisfactory to Alcan;
 - (iii) the Registration Statement shall have been filed with and declared effective by the SEC and the Prospectus shall have been filed with, and shall have received the appropriate approval by, the securities regulatory authorities in each of the provinces and territories of Canada and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened by the SEC and the actions and filings with regard to securities laws described in Sections 7.01(d) and 7.02(d) shall have been taken and, where applicable, have become effective or been accepted;
 - (iv) the Novelis Common Shares to be distributed pursuant to the Arrangement shall have been accepted for listing on the Toronto Stock Exchange and

20

the New York Stock Exchange, Inc. subject to compliance with normal listing requirements;

- (v) the Toronto Stock Exchange, the New York Stock Exchange, Inc., and the London, Swiss and Euronext Paris stock exchanges shall have confirmed that the redesignated New Alcan Common Shares will continue trading as the Alcan Common Shares following the Effective Date;
- (vi) no Order or other legal restraint or prohibition preventing the consummation of the Reorganization, the Arrangement or any of the transactions contemplated by this Agreement or any Ancillary Agreement shall be threatened, pending or in effect;
- (vii) the Tax Rulings, in form and substance satisfactory to Alcan, shall have been received and remain in full force and effect;
- (viii) all of the transactions referred to in such Tax Rulings as occurring on or prior to the Effective Time shall have occurred, and all conditions or terms of such Tax Rulings shall have been satisfied;
- (ix) any Consents and Governmental Authorizations necessary to complete the Arrangement shall have been obtained and be in full force and effect;
- (x) the Alcan Board shall have approved the Arrangement and shall not have abandoned, deferred or modified the Arrangement at any time prior to the Effective Date;

- (xi) the Reorganization Transactions shall have been completed in a manner satisfactory to Alcan;
- (xii) each of the Ancillary Agreements shall have been duly executed and delivered by the parties thereto and shall be in effect;
- (xiii) the Alcan Board shall have received written opinions acceptable to the Alcan Board from Morgan Stanley & Co. Incorporated and from Lazard Canada Corporation that the Distribution is fair, from a financial point of view, to the Alcan Shareholders, which opinions shall not have been withdrawn or modified;
- (xiv) this Agreement will not have been terminated as provided herein; and
- (xv) the Alcan Board shall have received such other opinions or reports as the Alcan Board may reasonably request in form and substance reasonably satisfactory to the Alcan Board as to accounting, tax and legal matters from PricewaterhouseCoopers LLP, Ernst & Young LLP, Sullivan & Cromwell LLP and Ogilvy Renault.

21

(b) The foregoing conditions are for the sole benefit of Alcan and shall not give rise to or create any duty on the part of Alcan or the Alcan Board to waive or not to waive such conditions or in any way limit Alcan's right to terminate this Agreement as set forth in Article XV or alter the consequences of any such termination from those specified in such Article XV. Any determination made by Alcan prior to the Arrangement concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 8.01 shall be final and conclusive.

ARTICLE IX MUTUAL RELEASES; INDEMNIFICATION

9.01 RELEASE OF PRE-SEPARATION CLAIMS

- Except as provided in Section 9.01(c), effective as of the Effective Time, Novelis does hereby, on behalf of itself and each other member of Novelis Group, their respective Affiliates (other than any member of Alcan Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been stockholders (other than any member of Alcan Group), directors, officers, agents or employees of any member of Novelis Group (in each case, in their respective capacities as such) (the "NOVELIS RELEASORS"), unequivocally, unconditionally and irrevocably release and discharge each of Alcan, the other members of Alcan Group, their respective Affiliates (other than any member of Novelis Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of Alcan Group (in each case, in their respective capacities as such), and their respective heirs, executors, trustees, administrators, successors and assigns (the "ALCAN PARTIES"), from any and all Actions, causes of action, choses in action, cases, claims, suits, debts, dues, damages, judgments and liabilities, of any nature whatsoever, in law, at equity or otherwise, whether direct, derivative or otherwise, which have been asserted against an Alcan Party or which, whether currently known or unknown, suspected or unsuspected, fixed or contingent, and whether or not concealed or hidden, the Novelis Releasors ever could have asserted or ever could assert, in any capacity, whether as partner, employer, agent or otherwise, either for itself or as an assignee, heir, executor, trustee, administrator, successor or otherwise for or on behalf of any other Person, against the Alcan Parties, relating to any claims or transactions or occurrences whatsoever, up to but excluding the Effective Time, including in connection with the transactions and all activities to implement the Separation (the "NOVELIS CLAIMS"); and the Novelis Releasors hereby unequivocally, unconditionally and irrevocably agree not to initiate proceedings with respect to, or institute, assert or threaten to assert, any Novelis Claim.
- (b) Except as provided in Section 9.01(c), effective as of the Effective Time, Alcan does hereby, on behalf of itself and each other member of Alcan Group, their respective Affiliates

stockholders, directors, officers, agents or employees of any member of Alcan Group (in each case, in their respective capacities as such) (the "ALCAN RELEASORS"), unequivocally, unconditionally and irrevocably release and discharge each of Novelis, the other members of Novelis Group, their respective Affiliates (other than any member of Alcan Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been stockholders (other than any member of Alcan Group), directors, officers, agents or employees of any member of Novelis Group (in each case, in their respective capacities as such), and their respective heirs, executors, trustees, administrators, successors and assigns (the "NOVELIS PARTIES"), from any and all Actions, causes of action, choses in action, cases, claims, suits, debts, dues, damages, judgments and liabilities, of any nature whatsoever, in law, at equity or otherwise, whether direct, derivative or otherwise, which have been asserted against a Novelis Party or which, whether currently known or unknown, suspected or unsuspected, fixed or contingent, and whether or not concealed or hidden, the Alcan Releasors ever could have asserted or ever could assert, in any capacity, whether as partner, employer, agent or otherwise, either for itself or as an assignee, heir, executor, trustee, administrator, successor or otherwise for or on behalf of any other Person, against the Novelis Parties, relating to any claims or transactions or occurrences whatsoever, up to but excluding the Effective Time including in connection with the transactions and all activities to implement the Separation (the "ALCAN CLAIMS"); and the Alcan Releasors hereby unequivocally, unconditionally and irrevocably agree not to initiate proceedings with respect to, or institute, assert or threaten to assert, any Alcan Claim.

- (c) Nothing contained in Section 9.01(a) or 9.01(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreement, arrangement, commitment or understanding that is specified in Section 3.05(b) or in the applicable Schedules thereto, nor shall anything contained in those sections be interpreted as terminating as of the Effective Time any rights under any such agreements, contracts, commitments or understandings. For purposes of clarification, nothing contained in Section 9.01(a) or 9.01(b) shall release any Person from:
 - (i) any Liability provided in or resulting from this Agreement or any of the Ancillary Agreements;
 - (ii) any Liability provided in or resulting from any agreement among any members of Alcan Group or Novelis Group that is specified in Section 3.05(b) or in the applicable Schedules thereto as not terminating as of the Effective Time (including for greater certainty, any Liability resulting or flowing from any breaches of such agreements that arose prior to the Effective Time), or any other Liability specified in such Section 3.05 as not to terminate as of the Effective Time;
 - (iii) (a) with respect to Novelis, any Assumed Liability and (b) with respect to Alcan, any Retained Liability;

23

- (iv) any Liability that the Parties may have with respect to indemnification or contribution pursuant to Article V or this Article IX of this Agreement for Third-Party Claims;
- (v) any Liability for unpaid Intercompany Accounts; or
- (vi) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 9.01.

In addition, nothing contained in Section 9.01(a) shall release Alcan from honoring its existing obligations to

indemnify any director, officer or employee of Novelis who was a director, officer or employee of Alcan or any other member of Alcan Group on or prior to the Effective Time, to the extent that such director, officer or employee becomes a named defendant in any litigation involving Alcan or any other member of Alcan Group and was entitled to such indemnification pursuant to then existing obligations.

- (d) Novelis shall not make, and shall not permit any other member of Novelis Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Alcan or any other member of Alcan Group or any other Person released pursuant to Section 9.01(a), with respect to any Liabilities released pursuant to Section 9.01(a). Alcan shall not make, and shall not permit any other member of Alcan Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Novelis or any other member of Novelis Group or any other Person released pursuant to Section 9.01(b), with respect to any Liabilities released pursuant to Section 9.01(b).
- (e) It is the intent of Alcan and Novelis by virtue of the provisions of this Section 9.01 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed before the Effective Time, between or among Novelis or any other member of Novelis Group, on the one hand, and Alcan or any other member of Alcan Group, on the other hand (including any contractual agreements or arrangements existing or alleged to have existed between or among any such members before the Effective Time), except as expressly set forth in Section 9.01(c). At any time, at the request of any other Party, each Party shall, and shall cause each member of its Group to, promptly execute and deliver releases giving full effect to the provisions hereof.

9.02 INDEMNIFICATION BY NOVELIS

Except as provided in Section 9.04 and subject to Section 16.01, Novelis shall, and shall cause the other members of Novelis Group to, solidarily indemnify, defend and hold harmless Alcan, each other member of Alcan Group and each of their respective

24

directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (collectively, the "ALCAN INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Alcan Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

- (a) any Separated Business, any Separated Entity, any Separated Asset, any Assumed Liability or, subject to Section 5.01, any Deferred Separated Asset; and
- (b) any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement or any of the Ancillary Agreements, by Novelis or any other member of Novelis Group.

9.03 INDEMNIFICATION BY ALCAN

Except as provided in Section 9.04 and subject to Section 16.01, Alcan shall indemnify, defend and hold harmless Novelis, each other member of Novelis Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (collectively, the "NOVELIS INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Novelis Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

- (a) any Remaining Alcan Business or any Retained Liability; and
- (b) any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement or any of the Ancillary Agreements, by Alcan or any other member of Alcan Group.

- (a) All claims for indemnification relating to a Third Party Claim by any indemnified party (an "INDEMNIFIED PARTY") hereunder shall be asserted and resolved as set forth in this Section 9.04.
- In the event that any written claim or demand for which an (b) indemnifying party (an "INDEMNIFYING PARTY") may have liability to any Indemnified Party hereunder, is asserted against or sought to be collected from any Indemnified Party by a Third Party (a "THIRD PARTY CLAIM"), such Indemnified Party shall promptly, but in no event more than ten (10) days following such Indemnified Party's receipt of a Third Party Claim, notify the Indemnifying Party in writing of such Third Party Claim, the amount or the estimated amount of damages sought thereunder to the extent then ascertainable (which estimate shall not be conclusive of the final amount of such Third Party Claim), any other remedy sought thereunder, any relevant time constraints relating thereto and, to the extent practicable, any other material details pertaining thereto (a "CLAIM NOTICE"); provided, however, that the failure to timely give a Claim Notice shall affect the rights of an Indemnified

25

Party hereunder only to the extent that such failure has a material prejudicial effect on the defenses or other rights available to the Indemnifying Party with respect to such Third Party Claim. The Indemnifying Party shall have thirty (30) days (or such lesser number of days set forth in the Claim Notice as may be required by court proceeding in the event of a litigated matter) after receipt of the Claim Notice (the "NOTICE PERIOD") to notify the Indemnified Party that it desires to defend the Indemnified Party against such Third Party Claim.

- (C) In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against a Third Party Claim, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense, with counsel reasonably satisfactory to the Indemnified Party at its expense. Once the Indemnifying Party has duly assumed the defense of a Third Party Claim, the Indemnified Party shall have the right, but not the obligation, to participate in any such defense and to employ separate counsel of its choosing. The Indemnified Party shall participate in any such defense at its expense unless (i) the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and the Indemnified Party shall have reasonably concluded that representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, or (ii) the Indemnified Party assumes the defense of a Third Party Claim after the Indemnifying Party has failed to diligently pursue a Third Party Claim it has assumed, as provided in the first sentence of this Section 9.04(c). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any Third Party Claim on a basis that would result in (i) the imposition of a consent order, injunction or decree that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates, (ii) a finding or admission of a violation of Applicable Law or violation of the rights of any Person by the Indemnified Party or any of its Affiliates or (iii) a finding or admission that would have an adverse effect on other claims made or threatened against the Indemnified Party or any of its Affiliates.
- (d) If the Indemnifying Party (i) elects not to defend the Indemnified Party against a Third Party Claim, whether by not giving the Indemnified Party timely notice of its desire to so defend or otherwise or (ii) after assuming the defense of a Third Party Claim, fails to take reasonable steps necessary to defend diligently such Third Party Claim within ten (10) days after receiving written notice from the Indemnified Party to the effect that the Indemnifying Party has so failed, the Indemnified Party shall have the right but not the obligation to assume its own defense; it being understood that the

Indemnified Party's right to indemnification for a Third Party Claim shall not be adversely affected by assuming the defense of such Third Party Claim. The Indemnified Party shall not settle a Third Party Claim without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

26

- (e) The Indemnified Party and the Indemnifying Party shall cooperate in order to ensure the proper and adequate defense of a Third Party Claim, including by providing access to each other's relevant business records and other documents, and employees; it being understood that the reasonable costs and expenses of the Indemnified Party relating thereto shall be Liabilities.
- (f) The Indemnified Party and the Indemnifying Party shall use commercially reasonable efforts to avoid production of confidential information (consistent with Applicable Law), and to cause all communications among employees, counsel and others representing any party to a Third Party Claim to be made so as to preserve any applicable attorney-client or work-product privileges.

9.05 ADJUSTMENTS TO LIABILITIES

- (a) If an Indemnified Party receives any payment from an Indemnifying Party in respect of any Liabilities and the Indemnified Party could have recovered all or a part of such Liabilities from a Third Party (a "POTENTIAL CONTRIBUTOR") based on the underlying claim or demand asserted against such Indemnifying Party, such Indemnified Party shall, to the extent permitted by Applicable Law, assign such of its rights to proceed against the Potential Contributor as are necessary to permit such Indemnifying Party to recover from the Potential Contributor the amount of such payment.
- (b) If notwithstanding Section 9.05(a) an Indemnified Party receives an amount from a Third Party in respect of a Liability that is the subject of indemnification hereunder after all or a portion of such Liability has been paid by an Indemnifying Party pursuant to this Article IX, the Indemnified Party shall promptly remit to the Indemnifying Party the excess (if any) of (i) the amount paid by the Indemnifying Party in respect of such Liability, plus the amount received from the Third Party in respect thereof, less (ii) the full amount of the Liability.
- (c) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "wind-fall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof.

9.06 PAYMENTS

The Indemnifying Party shall pay all amounts payable pursuant to this Article IX by wire transfer of immediately available funds, promptly following receipt from an Indemnified Party of a bill, together with all accompanying reasonably detailed back-up documentation, for a Liability that is the subject of indemnification hereunder, unless the Indemnifying Party in good faith disputes the Liability, in which event it shall so notify the Indemnified Party. In any event, the Indemnifying Party shall pay to the Indemnified

27

Party, by wire transfer of immediately available funds, the amount of any Liability for which it is liable hereunder no later than three (3) days following any final determination of such Liability and the Indemnifying Party's liability therefor. A "final determination" shall exist when (i) the parties to the dispute have reached an agreement in writing, (ii) a court of competent jurisdiction shall have entered a final and non-appealable order or judgment, or (iii) an arbitration or like panel shall have rendered a final non-appealable determination with respect to disputes the parties have agreed to submit thereto.

If the indemnification provided for in this Article IX shall, for any reason, be unavailable or insufficient to hold harmless the Indemnified Party hereunder in respect of any Liability, then each Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be sufficient to place the Indemnified Party in the same position as if such Indemnified Party were indemnified hereunder, the Parties intending that their respective contributions hereunder be as close as possible to the indemnification under Sections 9.02 and 9.03. If the contribution provided for in the previous sentence shall, for any reason, be unavailable or insufficient to put the Indemnified Party in the same position as if it were indemnified under Section 9.02 or 9.03, as the case may be, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be appropriate to reflect the relative benefits received by and the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand with respect to the matter giving rise to the Liability.

9.08 LITIGATION

- Litigation Transferred to Novelis. Notwithstanding anything to (a) the contrary in this Article IX, at the Effective Time, responsibility for management of the litigation identified on SCHEDULE 9.08(A), which Schedule may be updated by Alcan on or prior to the Effective Time, shall be transferred from Alcan (or any other member of Alcan Group) to Novelis. As of the Effective Time and thereafter, Novelis shall manage the defense of each such litigation, or prosecute same as applicable, and shall cause the applicable other members of Novelis Group to do the same. Alcan and the other members of Alcan Group must first obtain the prior consent of Novelis or the relevant member of Novelis Group for any action taken subsequent to the Effective Time in connection with the litigation identified on SCHEDULE 9.08(A), which consent shall not be unreasonably withheld or delayed. All other matters relating to such litigation, including but not limited to indemnification for such claims, shall be governed by the provisions of Sections 9.01 through 9.07, 9.09 and 9.10.
- (b) Litigation to be Defended by Alcan at Novelis's Expense.

 Notwithstanding any contrary provisions in this Article IX,

 Alcan shall defend, and shall cause the relevant other members

 of Alcan Group to defend, or prosecute same as applicable, the
 litigation identified on SCHEDULE 9.08(B), which Schedule may

 be

28

updated by Alcan on or prior to the Effective Time, at the cost and expense of Novelis. Novelis shall be responsible for promptly reimbursing, or causing its Group members to promptly reimburse, to Alcan, or upon the request of Alcan (or any other member of Alcan Group) promptly advancing to Alcan (or any other member of Alcan Group), any of its costs, including attorneys' fees, incurred in defending such litigation. All other matters relating to such litigation, including but not limited to indemnification for such claims, shall be governed by the provisions of Sections 9.01 through 9.07, 9.09 and

- (c) Cooperation. Alcan and Novelis shall cooperate, and shall cause the other members of their respective Groups to cooperate, with each other in the defense of any litigation covered under this Section 9.08 and afford to each other reasonable access upon reasonable advance notice to witnesses and information that is reasonably required to defend or prosecute such litigation as set forth in this Article IX. The foregoing agreement to cooperate includes, but is not limited to, an obligation to provide access to qualified assistance, information, witnesses and documents to respond to discovery requests in specific lawsuits. In such cases, cooperation shall be timely so that the Party responding to discovery may meet any court-imposed deadlines. In connection with any matter contemplated by this Section 9.08, the Parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of any Group.
- (d) No Assignment. Nothing in this Section 9.08 shall be considered or interpreted as an assignment by Alcan or any

other member of Alcan Group of any rights of action in contravention of Article II hereof.

9.09 REMEDIES CUMULATIVE

The remedies provided in this Article IX shall be cumulative and, subject to the provisions of Article XII, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

9.10 SURVIVAL OF INDEMNITIES

The rights and obligations of each of Alcan and Novelis and their respective Indemnified Parties under this Article IX shall survive the distribution, sale or other transfer by any Party of any Assets or the delegation or assignment by it of any Liabilities.

ARTICLE X -

10.01 INSURANCE MATTERS

(a) Novelis does hereby, for itself and each other member of Novelis Group, agree that no member of Alcan Group or any Alcan Indemnified Party shall have any liability whatsoever as a result of the insurance policies and practices of Alcan

29

and its Affiliates as in effect at any time prior to the Effective Time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

- (b) Alcan agrees to cause the interest and rights of Novelis and the other members of Novelis Group as of the Effective Time as insureds or beneficiaries or in any other capacity under occurrence-based insurance policies and programs (and under claims-made policies and programs to the extent a claim has been submitted prior to the Effective Time) of Alcan or any other member of Alcan Group in respect of periods prior to the Effective Time to survive the Effective Time for the period for which such interests and rights would have survived without regard to the transactions contemplated hereby to the extent permitted by such policies, and Alcan shall continue to administer such policies and programs on behalf of Novelis and the other members of Novelis Group, subject to Novelis reimbursement to Alcan and the other relevant members of Alcan Group for the actual out-of-pocket costs of such ongoing administration and the internal costs (based on the proportion of the amount of time actually spent on such matter to such employee's normal working time) of any employee or agent of Alcan of any other relevant member of Alcan Group who will be required to spend at least ten percent of their normal working time over any ten (10) Business Days working with respect to any such matter. Any proceeds received by Alcan of any other member of Alcan Group after the Effective Time under such policies and programs in respect of Novelis and the other members of Novelis Group shall be for the benefit of Novelis and the other members of Novelis Group. Notwithstanding the foregoing, such insurance proceeds payable in respect of Novelis and the other members of Novelis Group for periods prior to the Effective Time shall be for the benefit of Alcan and its Affiliates (excluding, for greater certainty, Novelis and the other members of Novelis Group) to the extent such proceeds relate to expenditures that have been made prior to the Effective Time.
- (c) This Agreement is not intended as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of Alcan Group in respect of any insurance policy or any other contract or policy of insurance.
- (d) Nothing in this Agreement shall be deemed to restrict any member of Novelis Group from acquiring at its own expense any other insurance policy in respect of any Liabilities or covering any period.

ARTICLE XI - EXCHANGE OF INFORMATION; CONFIDENTIALITY

11.01 AGREEMENT FOR EXCHANGE OF INFORMATION; ARCHIVES

Without limiting any rights or obligations under any Ancillary Agreement between the Parties and/or any other member of their respective Groups relating to confidentiality, each of Alcan and Novelis agrees to provide, and to cause its Representatives, its Group members and its respective Group members' Representatives to provide, to the other Group and any member thereof (a "REQUESTING PARTY"), at any time before, on or after the Effective Date, subject to the provisions of Section 11.04 and as soon as reasonably practicable after written request therefor, any Information within the possession or under the control of such Party or one of such Persons which the Requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the Requesting Party (including under applicable securities laws) by a Governmental Authority having jurisdiction over the Requesting Party, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation of the Requesting Party or similar requirements, in each case other than claims or allegations that one Party to this Agreement or any of its Group members has or brings against the other Party or any of its Group members, or (iii) subject to the foregoing clause (ii) above, to comply with its obligations under this Agreement or any Ancillary Agreement; provided, however, that in the event that any Party determines that any such provision of Information could be commercially detrimental, violate any Applicable Law or agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. More particularly, and without limitation to the generality of the foregoing sentence, the Parties agree that the provisions of the Tax Sharing and Disaffiliation Agreement shall govern with respect to the sharing of Information relating to Tax and to the extent governed thereby, the provisions of this Article XI shall not apply.

After the Effective Time, Novelis and the other members of Novelis Group shall have access during regular business hours (as in effect from time to time), and upon reasonable advance notice, to the documents and objects of historic significance that relate to the Separated Businesses, the Separated Assets or the Separated Entities and that are located in archives retained or maintained by Alcan or any other member of Alcan Group. Novelis and the other members of Novelis Group may obtain copies (but not originals) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes, provided that Novelis shall cause any such objects to be returned promptly, at Novelis's expense, in the same condition in which they were delivered to Novelis or any other member of Novelis Group and Novelis and the other members of Novelis Group shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to Alcan or such other member of Alcan Group. In any event, the foregoing shall not be deemed to restrict the access of Alcan or any other member of Alcan Group to any such documents or objects. Nothing herein shall be deemed to impose any

31

Liability on Alcan or any other member of Alcan Group if documents or objects referred to in this Section 11.01 are not maintained or preserved by Alcan or any other member of Alcan Group.

Alternatively, Alcan, acting reasonably, may request from Novelis and any other member of Novelis Group that they provide it, with reasonable advance notice, with a list of the requested Information that relates to the Separated Businesses, the Separated Assets or the Separated Entities and Alcan shall use, and shall cause the other members of Alcan Group who are in possession of the Information requested to use, commercially reasonable efforts to locate all requested Information that is owned or possessed by Alcan or any of its Group members or Representatives. Alcan will make available all such Information for inspection by Novelis or any other relevant member of Novelis Group during normal business hours at the place of business reasonably designated by Alcan. Subject to such confidentiality or security obligations as Alcan or the other relevant members of its Group may reasonably deem necessary, Novelis and the other relevant members of Novelis Group may have all requested Information duplicated.

Alternatively, Alcan or the other relevant members of Alcan Group may choose to deliver to Novelis, at Novelis's expense, all requested Information in the form reasonably requested by Novelis or any other member of Novelis Group. At Alcan's request, Novelis shall cause such Information when no longer needed to be returned to Alcan at Novelis's expense.

11.02 OWNERSHIP OF INFORMATION

Any Information owned by a Party or any of its Group members and that is provided to a requesting party pursuant to Section 11.01 shall be deemed to remain the property of the providing party. Unless specifically set forth herein or in any Ancillary Agreement, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

11.03 COMPENSATION FOR PROVIDING INFORMATION

The Party requesting Information agrees to reimburse the other Party for the reasonable costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the Requesting Party. Except as may be otherwise specifically provided elsewhere in this Agreement, in the Ancillary Agreements, or in any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

11.04 RECORD RETENTION

To facilitate the possible exchange of Information pursuant to this Article XI and other provisions of this Agreement after the Effective Time, the Parties agree to use commercially reasonable efforts to retain, and to cause the members of their respective Group to retain, all Information in their respective possession or control on the Effective Date in accordance with the policies of Alcan Group as in effect on the Effective Date or such other policies as may be reasonably adopted by the appropriate Party after the Effective Date.

32

No Party will destroy, or permit any member of its Group to destroy, any Information which the other Party or any member of its Group may have the right to obtain pursuant to this Agreement prior to the fifth (5th) anniversary of the Effective Date without first using commercially reasonable efforts to notify the other Party of the proposed destruction and giving the other Party the opportunity to take possession of such Information prior to such destruction.

11.05 OTHER AGREEMENTS PROVIDING FOR EXCHANGE OF INFORMATION

The rights and obligations granted or created under this Article XI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Ancillary Agreement.

11.06 PRODUCTION OF WITNESSES; RECORDS; COOPERATION

- After the Effective Time, but only with respect to a Third-Party Claim, each Party hereto shall use commercially reasonable efforts to, and shall cause the other relevant members of its Group to use commercially reasonable efforts to, make available to the other Party or any member of the Group to which belongs the other Party, upon written request, its then former and current Representatives (and the former and current Representatives of its respective Group members) as witnesses and any books, records or other documents within its control (or that of its respective Group members) or which it (or its respective Group members) otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such Representatives) or books, records or other documents may reasonably be required in connection with any Action in which the Requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The Requesting Party shall bear all costs and expenses in connection therewith.
- (b) If a Party, being entitled to do so under this Agreement, chooses to defend or to seek to settle or compromise any Third-Party Claim, the other Party shall use commercially reasonable efforts to make available to such Party, upon written request, its then former and current Representatives and those of its respective Group members as witnesses and any

books, records or other documents within its control (or that of its respective Group members) or which it (or its respective Group members) otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such Representatives) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult, and shall cause their respective Group members to cooperate and consult, to the extent

33

reasonably necessary with respect to any Actions (except in the case of an Action by one Party against the other).

- (d) The obligation of the Parties to provide witnesses pursuant to this Section 11.06 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other employees without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 11.06(a)).
- (e) In connection with any matter contemplated by this Section 11.06, the Parties will enter into, and shall cause all other relevant members of their respective Groups to enter into, a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work-product privileges of any member of any Group.

11.07 CONFIDENTIALITY

- Subject to Section 11.08, each of Alcan and Novelis shall (a) hold, and shall cause its respective Group members and its respective Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) and its Representatives to hold, in strict confidence, with at least the same degree of care that applies to Alcan's confidential and proprietary Information pursuant to policies in effect as of the Effective Date, all confidential and proprietary Information concerning the other Group (or any member thereof) that is either in its possession (including Information in its possession prior to the date hereof) or furnished by the other Group (or any member thereof) or by any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) or their respective Representatives at any time pursuant to this Agreement or any Ancillary Agreement or the transactions contemplated hereby or thereby (any such Information referred to herein as "CONFIDENTIAL INFORMATION"), and shall not use, and shall cause its respective Group members, Affiliates and Representatives not to use, any such Confidential Information other than for such purposes as shall be expressly permitted hereunder or thereunder. Notwithstanding the foregoing, Confidential Information shall not include Information that is or was (i) in the public domain other than by the breach of this Agreement or by breach of any other agreement relating to confidentiality between or among the Parties and/or their respective Group members, their respective Affiliates or Representatives, (ii) lawfully acquired by such Party (or any member of the Group to which such Party belongs or any of such Party's Affiliates) from a Third Party not bound by a confidentiality obligation, or (iii) independently generated or developed by Persons who do not have access to, or descriptions of, any such confidential or proprietary Information of the other Party (or any member of the Group to which such Party belongs).
- (b) Each Party shall maintain, and shall cause its respective Group members to maintain, policies and procedures, and develop such further policies and

34

(C) Each Party agrees not to release or disclose, or permit to be released or disclosed, any Confidential Information to any other Person, except its Representatives who need to know such Confidential Information (who shall be advised of their obligations hereunder with respect to such Confidential Information), except in compliance with Section 11.08. Without limiting the foregoing, when any Information furnished by the other Party after the Effective Time pursuant to this Agreement or any Ancillary Agreement is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party will promptly, after request of the other Party and at the election of the Party receiving such request, return to the other Party all such Information in a printed or otherwise tangible form (including all copies thereof and all notes, extracts or summaries based thereon) and destroy all Information in an electronic or otherwise intangible form and certify to the other Party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon). Notwithstanding the foregoing, the Parties agree that to the extent some Information to be destroyed or returned is retained as data or records for the purpose of business continuity planning or is otherwise not accessible in the Ordinary Course of Business, such data or records shall be destroyed in the Ordinary Course of Business in accordance, if applicable, with the business continuity plan of the applicable Party.

11.08 PROTECTIVE ARRANGEMENTS

In the event that any Party or any member of its Group or any Affiliate of such Party or any of their respective Representatives either determines on the advice of its counsel that it is required to disclose any Confidential Information (the "DISCLOSING PARTY") pursuant to Applicable Law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the other Party (or any member of the Group to which such Party belongs), the Disclosing Party shall, to the extent permitted by Applicable Law, promptly notify the other Party prior to the Disclosing Party disclosing or providing such Confidential Information and shall use commercially reasonable efforts to cooperate with the Requesting Party so that the Requesting Party may seek any reasonable protective arrangements or other appropriate remedy and/or waive compliance with this Section 11.08. All expenses reasonably incurred by the Disclosing Party in seeking a protective order or other remedy will be borne by the Requesting Party. Subject to the foregoing, the Disclosing Party may thereafter disclose or provide such Confidential Information to the extent (but only to the extent) required by such Applicable Law (as so advised by legal counsel) or by lawful process or by such Governmental Authority and shall promptly provide the Requesting Party with a copy of the Confidential Information so disclosed, in the same form and format as disclosed, together with a list of all Persons to whom such Confidential Information was disclosed.

35

11.09 DISCLOSURE OF THIRD PARTY INFORMATION

Novelis acknowledges that it and the other members of Novelis Group may have in its or their possession confidential or proprietary Information of Third Parties that was received under confidentiality or non-disclosure agreements with such Third Party while part of Alcan Group. Novelis will hold, and will cause the other members of its Group and its and their respective Representatives to hold, in strict confidence the confidential and proprietary Information of Third Parties to which Novelis or any other member of Novelis Group has access, in accordance with the terms of any agreements entered into prior to the Effective Time between one or more members of Alcan Group (whether acting through, on behalf of, or in connection with, the Separated Businesses) and such Third Parties.

ARTICLE XII - DISPUTE RESOLUTION

12.01 Disputes

The provisions of this Article XII shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby on or prior to the date hereof), or the commercial or economic relationship of the Parties relating hereto or thereto (a "DISPUTE").

The Parties hereby undertake to attempt in good faith to resolve any Dispute by way of negotiation between senior executives who have authority to settle such Dispute. In furtherance of the foregoing, any Party may initiate the negotiation by way of a notice (an "ESCALATION NOTICE") demanding an in-person meeting involving representatives of the Parties at a senior level of management of the Parties (or if the Parties agree, of the appropriate strategic business unit or division within such Party). A copy of any Escalation Notice shall be given to the Chief Legal Officer of each Party (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such negotiation may be established by the Parties from time to time; provided, however, that the negotiation shall be completed within thirty (30) days of the date of the Escalation Notice or within such longer period as the Parties may agree in writing prior to the expiration of the initial thirty-day period.

12.03 Mediation

(a) If the Dispute has not been resolved by negotiation as provided in Section 12.02 within thirty (30) days of the date of the Escalation Notice or such extended period as may be agreed by the Parties, or should the Parties fail to meet within the said thirty-day period, the Parties shall endeavour to settle the Dispute by mediation. The Party wishing to refer a Dispute to mediation shall give written

36

notice to the other (the "MEDIATION NOTICE") describing the Dispute, requiring that the Dispute be submitted to mediation and proposing the name of a suitable person to be appointed mediator.

- (b) If the other Party rejects the proposed mediator and the Parties are unable to agree on a mediator within fifteen (15) days of the Mediation Notice, then either Party may request the CPR Institute for Dispute Resolution to appoint a mediator from the CPR Panel of Distinguished Neutrals.
- (c) The mediator shall be entitled to make recommendations to the Parties which, unless the Parties agree otherwise, shall not be binding upon them.
- (d) The mediation shall continue until the earliest to occur of the following: (i) the Parties reach agreement as to the resolution of the Dispute, (ii) the mediator makes a finding that there is no possibility of resolution through mediation, or (iii) sixty (60) days have elapsed since the appointment of the mediator.
- (e) Each Party shall bear its own costs in connection with the mediation; the fees and disbursements of the mediator shall be borne equally by the Parties.
- (f) If the Parties accept any recommendation made by the mediator or otherwise reach agreement as to the resolution of the Dispute, such agreement shall be recorded in writing and signed by the Parties, whereupon it shall become binding upon the Parties and have, as between them, the authority of a final judgment or arbitral award (res judicata).
- (g) The mediation shall be confidential and neither the Parties (including their auditors and insurers) nor their counsel and any Person necessary to the conduct of the mediation nor the mediator or any other neutral involved in the mediation shall disclose the existence, content (including submissions and any evidence or documents presented or exchanged), or outcome of any mediation hereunder without the prior written consent of the Parties, except as may be required by Applicable Law or the applicable rules of a stock exchange.
- (h) In the event that a Dispute is referred to arbitration in accordance with Section 12.04 below, the mediator or any other neutral involved in the mediation shall not take part in the arbitration, whether as a witness or otherwise, and any recommendation made by him in connection with the mediation shall not be relied upon by either Party without the consent of the other Party and of the mediator or neutral, and neither Party shall make use nor rely upon information supplied, positions adopted, or arguments raised, by the other Party in the mediation.

(i) Subject to the right of the Parties to seek provisional or interim relief from a court of competent jurisdiction, as provided below in Section 12.04(e), neither Party shall be entitled to refer a Dispute to arbitration unless the dispute has first been the subject of an Escalation Notice and been referred to mediation in accordance with Sections 12.02, 12.03 and 12.04.

37

12.04 Arbitration

- (a) Any Dispute which has not been resolved by negotiation or mediation as provided herein, shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the London Court of International Arbitration then in force
- (b) The arbitral tribunal shall consist of three arbitrators. The place of arbitration shall be Montreal, Canada. The language of the arbitration shall be English.
- (c) The costs of the arbitration shall be fixed by the arbitral tribunal and shall be borne by the unsuccessful Party, unless the arbitral tribunal, in its discretion, determines a different apportionment, taking all relevant circumstances into account. The costs of arbitration include: (i) the fees and disbursements of the arbitrators, (ii) reasonable travel and other expenses of witnesses; (iii) the reasonable fees and expenses of expert witnesses; and (iv) the costs of legal representation and assistance, to the extent that the arbitral tribunal determines that the amount of such costs is reasonable.
- (d) The arbitral tribunal shall endeavour to issue its award within sixty (60) days of the last hearing of the substantive issues in dispute between the Parties; however, the arbitral tribunal shall not lose jurisdiction if it fails to respect this delay. The arbitral award shall be final and binding.
- (e) For the purposes of any provisional or interim measure in aid of the arbitration proceedings, including for the purpose of enforcing the non-solicitation and non-competition provisions and other covenants of Sections 14.02, 14.03 and 14.04, the Parties hereby irrevocably submit to the non-exclusive jurisdiction of the competent court in the judicial district of Montreal, Canada, and waive any right to invoke, and they hereby agree not to invoke, any claim of forum non conveniens, inconvenient forum, or transfer or change of venue. Without prejudice to such provisional or interim remedies as may be obtained from a competent court, the arbitral tribunal shall have full authority to grant provisional or interim remedies and to award damages for the failure of any Party to respect the arbitral tribunal's orders to that effect.
- (f) Neither the Parties (including their auditors and insurers) nor their counsel and any Person necessary to the conduct of the arbitration nor the arbitrators shall disclose the existence, content (including submissions and any evidence or documents presented or exchanged), or outcome of any arbitration hereunder without the prior written consent of the Parties, except as may be required by Applicable Law or the applicable rules of a stock exchange.

38

ARTICLE XIII -FURTHER ASSURANCES

13.01 FURTHER ASSURANCES

- (a) Except as provided in Sections 3.08 and 4.03, each Party covenants with and in favour of the other Party as follows:
 - (i) prior to, on and after the Effective Date, each Party hereto shall, and shall cause the other relevant members of its Group to, cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute, acknowledge and deliver, or use commercially reasonable efforts to cause to be executed and delivered, all instruments, assurances or documents,

including instruments of conveyance, assignments and transfers, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Authorizations), and to take all such other actions as such Party may reasonably be requested to take by the other Party hereto (or any member of its Group) from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to give effect to the provisions, obligations and purposes of this Agreement and the Ancillary Agreements and the transfers of the Separated Businesses and of the Separated Assets and the assignment and assumption of the Assumed Liabilities and the other transactions contemplated hereby and thereby;

(ii) To the extent that Alcan or Novelis discovers at any time during the two (2) years following the Effective Time any Asset with respect to which there is clear and convincing evidence that such Asset was intended to be transferred to Novelis or any other member of Novelis Group pursuant to this Agreement was not so transferred at the Effective Time, Alcan shall, or shall cause the other relevant members of its Group to promptly, assign and transfer to Novelis or any other member of Novelis Group reasonably designated by Novelis such Asset and all right, title and interest therein in a manner and on the terms consistent with the relevant provisions of this Agreement, including, without limitation, Section 2.08(b). Similarly, to the extent that Alcan or Novelis discovers at any time during the two (2) years following the Effective Time any Asset with respect to which there is clear and convincing evidence that such Asset was intended to be retained by Alcan or any other member of Alcan Group was not so retained at the Effective Time, Novelis shall, or shall cause the other relevant members of its Group to promptly to, assign and transfer to Alcan or any other member of Alcan Group reasonably designated by Alcan such Asset and all right, title and interest therein in a manner and on the terms consistent with the relevant provisions of this Agreement, including, without limitation, Section 2.08(b). For the avoidance of doubt, the

39

transfer of any Assets under this paragraph (a) shall be effected without any additional consideration by either Party hereunder (such deferred transfers being referred to as "DEFERRED TRANSACTIONS").

- (b) On or prior to the Effective Date, Alcan and Novelis, in their respective capacities as direct and indirect parent companies of the members of their respective Groups, shall each approve or ratify any actions of the members of their respective Groups as may be necessary or desirable to give effect to the transactions contemplated by this Agreement and the Ancillary Agreements.
- (c) Prior to the Effective Date, if a Party identifies any commercial or other service that is needed to assure a smooth and orderly transition of the businesses in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the Parties will cooperate in determining whether there is a mutually acceptable arm's-length basis on which the other Party can provide such service.

ARTICLE XIV - CERTAIN OTHER MATTERS

14.01 AUDITORS AND AUDITS; ANNUAL AND QUARTERLY FINANCIAL STATEMENTS AND ACCOUNTING

Each Party agrees that during the one hundred and twenty (120) days following the Effective Time and in any event solely with respect to the preparation and audit of each of Alcan's and Novelis' financial

statements for the year ended December 31, 2004, the printing, filing and public dissemination of such financial statements, the audit of Alcan's internal control over financial reporting and management's assessment thereof and management's assessment of Alcan's disclosure controls and procedures, in each case made as of December 31, 2004:

- (a) Date of Auditors' Opinion. Novelis shall use commercially reasonable efforts to enable Novelis's Auditors ("NOVELIS'S AUDITORS") to complete their audit such that they will date their opinion on Novelis's audited annual financial statements on the same date that Alcan's auditors ("ALCAN'S AUDITORS") date their opinion on Alcan's audited annual financial statements, and to enable Alcan to meet its timetable for the printing, filing and public dissemination of Alcan's annual financial statements.
- (b) Annual Financial Statements. Novelis shall provide to Alcan on a timely basis all Information that Alcan reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of Alcan's annual financial statements and for management's assessment of the effectiveness of Alcan's disclosure controls and procedures and Alcan's internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K and Alcan's Auditors' audit of Alcan's internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the

40

Sarbanes-Oxley Act of 2002 and the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder (such assessments and audit being referred to as the "2004 INTERNAL CONTROL AUDIT AND MANAGEMENT ASSESSMENTS") Without limiting the generality of the foregoing, Novelis will provide all required financial and other Information with respect to Novelis and its Subsidiaries to Novelis's Auditors in a sufficient and reasonable time and in sufficient detail to permit Novelis's Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to Alcan's Auditors with respect to Information to be included or contained in Alcan's annual financial statements and to permit Alcan's Auditors and Alcan's management to complete the 2004 Internal Control Audit and Management Assessments. Similarly, Alcan shall provide to Novelis on a timely basis all Information that Novelis reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of Novelis's annual financial statements. Without limiting the generality of the foregoing, Alcan will provide all required financial Information with respect to Alcan and its Subsidiaries to Alcan's Auditors in a sufficient and reasonable time and in sufficient detail to permit Alcan's Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to Novelis's Auditors with respect to Information to be included or contained in Novelis's annual financial statements.

(c) Access to Personnel and Books and Records. Novelis shall authorize Novelis's Auditors to make available to Alcan's Auditors both the personnel who performed or are performing the annual audits of Novelis and work papers related to the annual audits of Novelis, in all cases within a reasonable time prior to Novelis's Auditors' opinion date, so that Alcan's Auditors are able to perform the procedures they consider necessary to take responsibility for the work of Novelis's Auditors as it relates to Alcan's Auditors' report on Alcan's financial statements, all within sufficient time to enable Alcan to meet its timetable for the printing, filing and public dissemination of Alcan's annual financial statements. Similarly, Alcan shall authorize Alcan's Auditors to make available to Novelis's Auditors both the personnel who performed or are performing the annual audits of Alcan and work papers related to the annual audits of Alcan, in all cases within a reasonable time prior to Alcan's Auditors' opinion date, so that Novelis's Auditors are able to perform the procedures they consider necessary to take responsibility for the work of Alcan's Auditors as it relates to Novelis's Auditors' report on Novelis's financial statements, all within sufficient time to enable Novelis to meet its timetable for the printing, filing and public dissemination of Novelis's annual financial statements. Novelis shall make available to Alcan's Auditors and Alcan's management Novelis' personnel and Novelis books and records in a reasonable time prior to

Alcan's Auditors' opinion date and Alcan's management's assessment date so that Alcan's Auditors and Alcan's management are able to perform the procedures they consider necessary to conduct the 2004 Internal Control Audit and Management Assessments.

(d) Reports Generally. Each Novelis Group member that files information with the SEC will deliver to Alcan a substantially final draft, as soon as the same is

41

prepared, of the first report to be filed with the SEC that includes Novelis's audited financial statements for the year ended December 31, 2004 (the "NOVELIS ANNUAL REPORT"); provided, however, that Novelis may continue to revise such Novelis Annual Report prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered to Alcan as soon as practicable; provided, further, that Alcan's and Novelis's personnel will actively consult with each other regarding any changes (whether or not substantive) which Novelis may consider making to the Novelis Annual Report and related disclosures prior to the anticipated filing with the SEC, with particular focus on any changes which would have an effect upon Alcan's financial statements or related disclosures.

Nothing in this Section 14.01 shall require Novelis to violate any agreement with any Third Party regarding the confidentiality of confidential and proprietary Information relating to that Third Party or its business; provided, however, that in the event that Novelis is required under this Section 14.01 to disclose any such Information, such Party shall use commercially reasonable efforts to seek to obtain such Third Party Consent to the disclosure of such Information.

14.02 NON-SOLICITATION OF EMPLOYEES

Each Party covenants, agrees and undertakes for itself and each other member of the Group to which such Party belongs, that, except with the written approval of the other Party, no Party nor any member of the Group to which such Party belongs shall, for a period of two (2) years following the Effective Date, (a) directly or indirectly solicit for employment or recruit the employees of the other Party or the employees of any member of the Group to which such other Party belongs, or induce or attempt to induce any employee of the other Party or any employee of any member of the Group to which such other Party belongs, to terminate or cease his or her relationship with such other Party or with such member of the Group to which such other Party belongs, or (b) enter into any employment, consulting, independent contractor or similar arrangement with any employee or former employee of the other Party or employee or former employee of any member of the Group to which such other Party belongs, until one (1) year after the effective date of the termination of such employee's employment with the other Party or with any member of the Group to which such other Party belongs, provided that the foregoing subclause (b) shall not apply to former employees whose employment has been terminated (x) by the employer (with or without cause) or (y) by mutual agreement between the employee and employer. For greater certainty, nothing herein shall prevent Novelis or any other member of Novelis Group from employing employees in accordance with the terms of the Employee Matters Agreement.

The prohibition on solicitation and inducement set out in the foregoing subclause (a) shall not apply to actions taken by a Party or by any member of the Group to which such Party belongs (i) as a result of an employee's affirmative response to a general recruitment effort carried out through a public solicitation or a general solicitation for employment including through the use of a recruitment agent provided that the name of a specific

42

employee or group of employees is not given to such agency or (ii) as a result of an employee's initiative.

Each Party understands and agrees that the other Party shall suffer irreparable and substantial harm in the event that such Party breaches any of its obligations under this Section 14.02 and that monetary damages shall be inadequate to compensate for the breach. Accordingly, each Party agrees that, in the event of a breach or threatened breach by such Party of any of the provisions of this Section 14.02, the other Party, in addition to and not in limitation of any other rights,

remedies or damages available to the other Party under Applicable Law or in equity, shall be entitled to equitable remedies, including provisional, interlocutory and permanent injunctive relief in order to prevent or to restrain any such breach by such Party or by any or all of such Party's Group members, employees, agents, representatives and any and all Persons directly or indirectly acting for, on behalf of or with such Party.

14.03 NON-COMPETITION

- (a) Novelis covenants, agrees and undertakes, for itself and each other member of Novelis Group (whether now a member of Novelis Group or hereafter becoming a member of Novelis Group), and it shall cause any such member, not to engage, directly or indirectly, in any manner whatsoever, in any of the following businesses or activities, either alone or in concert or in conjunction with any other Person, in any capacity whatsoever, including as a shareholder, partner, provider of funds, advisor of, employer, principal, mandator, agent, mandatary, joint venturer, consultant, supplier or through any form of Business Concern in which it has an economic interest, during the Standstill Period and the Restricted Period:
 - (i) the Aerospace Products Business; and
 - (ii) the Plate Business.
- (b) In the event that Novelis refuses, neglects or fails to comply with any of its obligations pursuant to Section 14.03(a) and such default is not remedied within forty-five (45) days following the receipt of a notice signed by Alcan indicating the default complained of (a "NON COMPETE BREACH"), then Alcan may, at its option and without prejudice to any other recourse which may be available to Alcan under Applicable Law or in equity by reason of the occurrence of a Non Compete Breach, terminate any or all of the following, upon notice to Novelis, and the termination shall take effect immediately upon Alcan providing such notice to Novelis:
 - (i) any or all of the Metal Supply Agreements;
 - (ii) any or all of the intellectual property licenses granted or to be granted to Novelis or any other member of Novelis Group or any Affiliates of Novelis in the Intellectual Property Agreements;
 - (iii) the Transitional Services Agreement with respect to any one or more specific Services (and the corresponding Transition Service Schedules)

43

provided by Alcan or any other member of Alcan Group or all of the Services provided by Alcan or any other member of Alcan Group under the Transitional Services Agreement; and

- (iv) any or all of the Technical Services Agreements.
- (c) Novelis understands and agrees that Alcan shall suffer irreparable and substantial harm in the event that Novelis breaches any of its obligations under this Section 14.03 and that monetary damages shall be inadequate to compensate for the breach. Accordingly, Novelis agrees that, in the event of a breach or threatened breach by Novelis of any of the provisions of this Section 14.03, Alcan, in addition to and not in limitation of any other rights, remedies or damages available to Alcan under Applicable Law or in equity, shall be entitled to equitable remedies, including provisional, interlocutory and permanent injunctive relief in order to prevent or to restrain any such breach by Novelis, or by any or all of Novelis' Group members, partners, co-venturers, employees, agents, representatives and any and all Persons directly or indirectly acting for, on behalf of or with Novelis.
- (d) Novelis has carefully considered the nature and extent of the restrictive covenants set forth in this Section 14.03 and agrees that the same are reasonable, including with respect to duration and scope of activity, in light of the circumstances as they exist on the date upon which this Agreement is executed, including, but not limited to, Alcan's and Novelis's material economic interest in the transactions contemplated in this Agreement, and that the restrictive covenants set forth

in this Section 14.03 are necessary to protect Alcan's legitimate interests. Novelis acknowledges (i) that Alcan would not have proceeded with the Arrangement had Novelis not agreed to the restrictive covenants set forth in this Section 14.03, and (ii) that Alcan would be irreparably damaged if Novelis were to breach the restrictive covenants set forth in this Section 14.03.

- (e) In the event that a court of competent jurisdiction should conclude that any of the covenants in Section 14.03(a) are too long in duration or too broad in scope, the Parties hereto agree that said court may reduce its duration and/or scope to the maximum duration and/or scope it deems reasonable to protect the interests of Alcan instead of invalidating such covenant and as of such ruling the said covenant shall be deemed to be modified accordingly.
- (f) Without limiting the foregoing, the Parties agree that each of the provisions in this Section 14.03 shall be deemed to be separate and distinct and if, for any reason whatsoever, any of the provisions in this Section 14.03 are held null or unenforceable by the final determination of a court of competent jurisdiction and all appeals therefrom shall have failed or the time for such appeals shall have expired, such provision shall be deemed deleted from this Agreement without affecting the validity or enforceability of such provision in any other jurisdiction or any other provision hereof which shall remain in full force and effect.

44

14.04 CHANGE OF CONTROL WITH RESPECT TO NOVELIS

- (a) For the purposes of this Section 14.04, the following terms shall have the following meanings:
 - "CHANGE OF CONTROL EVENT" means the acquisition by any Person or group of Persons acting jointly or in concert, other than an Affiliate of such Person (collectively or individually, the "THIRD PARTY ACQUIRER"), by way of acquisition, exchange, lease, merger, amalgamation, consolidation or otherwise, directly or indirectly, of any of the Designated Assets or of (A) with respect to a corporation, a direct or indirect interest in more than 30% of the voting securities (whether outstanding or from treasury and including securities convertible into voting securities) or of direct or indirect rights to acquire more than 30% of any such voting securities of, (B) with respect to a trust, a partnership or any Person other than a partnership, the power to administer and direct the business, management or policies of such trust, partnership or Person, directly or indirectly, in any manner (including through one or more trusts or one or more corporations, partnerships or other Persons Controlled by such Person) or that a Person is entitled, directly or indirectly, to over 30% of the profits or a share of over 30% of the losses of, or (C) all or substantially all the assets of:
 - a. Novelis,
 - b. any other member of Novelis Group,
 - c. any Business Concern which then owns, directly or indirectly, the Separated Businesses or a material portion of the Separated Businesses (the "TARGETED ENTITY"),
 - d. any successor (by way of merger, amalgamation, consolidation or otherwise) to Novelis, any other member of Novelis Group, or the Targeted Entity, or
 - e. any successor (by way of merger, amalgamation, consolidation or otherwise) to any Person in Control of Novelis, any other member of Novelis Group, or the Targeted Entity.
 - (ii) "CONTROL" means (i) with respect to a corporation at a given date, that a Person beneficially owns (within

the meaning of the CBCA), directly or indirectly, in any manner (including through one or more trusts or one or more corporations, partnerships or other Persons Controlled by such Person) other than as a creditor, at least a majority of the securities having by the terms thereof ordinary voting power to elect at least a majority of the board of directors with respect to such corporation, and (ii) with respect to a trust, a partnership or any Person other than a partnership, that a Person is empowered to administer and direct the business, management

45

or policies of such trust, partnership or Person, directly or indirectly, in any manner (including through one or more trusts or one or more corporations, partnerships or other Persons Controlled by such Person) or that a Person is entitled, directly or indirectly, to over thirty percent (30%) of the profits or a share of over thirty (30%) of the losses of such trust, partnership or Person.

- (b) Novelis covenants, agrees and undertakes, for itself and each other member of Novelis Group, and it shall cause any such member, not to create, incur nor undergo a Change of Control Event during the Standstill Period.
- (c) Novelis covenants, agrees and undertakes, for itself and each other member of Novelis Group and for their respective successors by way of acquisition, merger, amalgamation, consolidation or otherwise, that, if a Change of Control Event occurs during the Restricted Period, it shall provide to Alcan, no later than thirty (30) days following the occurrence of the Change of Control Event, (x) a written undertaking of the Third Party Acquirer (including, for greater certainty, the Third Party Acquirer's successors by way of acquisition, merger, amalgamation, consolidation or otherwise) that the Third Party Acquirer shall be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof, to the same extent as if the Third Party Acquirer (including, for greater certainty, the Third Party Acquirer's successors by way of acquisition, merger, amalgamation, consolidation or otherwise) had been a signatory thereto, and (y) the written undertaking of the Third Party Acquirer (1) to cause each of its Affiliates (including Novelis and Novelis's Affiliates) to deliver to Alcan a similar covenant to be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof and (2) to cause each of the Persons who thereafter at any time during the remainder of the Restricted Period becomes an Affiliate of the Third Party Acquirer, to deliver to Alcan within a 30-day period, undertakings similar to the ones set forth in subclauses (x)and (v) as if such Person were the Third Party Acquirer, the whole for the purpose of protecting the rights and interests of Alcan pursuant to this Agreement. The undertaking required by this Section 14.04(c) shall be substantially in the form attached hereto as EXHIBIT R (the "NON COMPETE UNDERTAKING").
- (d) Novelis covenants, agrees and undertakes, that, in the event of the acquisition by any Person or group of Persons acting jointly or in concert, other than an Affiliate of such Person, by way of acquisition, merger, amalgamation, consolidation or otherwise, of Control of any Third Party Acquirer or of all or substantially all of the assets that were acquired in the Change of Control Event or any of the Designated Assets (the "NOVELIS COC ASSETS") during the Restricted Period, it shall cause any such Person or group of Persons to provide to Alcan, no later than thirty (30) days following the acquisition of Control of any such Third Party Acquirer or of substantially all of the Novelis COC Assets (which, for purposes of clarity, includes any of the Designated Assets) by any such Person or Persons, (x) a written undertaking of such Person or Persons that they (and their respective

"THIRD PARTY ACQUIRER CONTROLLER") shall be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof, to the same extent as if they had been signatories thereto, and (y) the written undertaking of the Third Party Acquirer Controller (1) to cause each of its Affiliates to deliver to Alcan a similar covenant to be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof and (2) to cause each of the Persons who thereafter at any time during the remainder of the Restricted Period becomes an Affiliate of the Third Party Acquirer Controller, to deliver to Alcan within a 30-day period, undertakings similar to the ones set forth in subclauses (x) and (y) as if any such Person were the Third Party Acquirer Controller, the whole for the purpose of protecting the rights and interest of Alcan pursuant to this Agreement. The undertaking required by this Section 14.04(d) shall be substantially in the form attached hereto as EXHIBIT R.

If a Change of Control Event occurs at any time during the (e) Standstill Period or the Restricted Period and (i) the Third Party Acquirer (or the Third Party Acquirer's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) fails or refuses, for whatever reason or cause, to execute and deliver to Alcan the Non Compete Undertaking within the 30-day period provided for in Section 14.04(c), or (ii) the Third Party Acquirer (or the Third Party Acquirer's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) executes and delivers to Alcan the Non Compete Undertaking within the said 30-day period but, at any time during the remainder of the Restricted Period, the Third Party Acquirer (or the Third Party Acquirer's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) (including Novelis and Novelis's Affiliates, whether now an Affiliate or hereafter becoming an Affiliate) refuses, neglects or fails to comply with any of its obligations pursuant to the Non Compete Undertaking, or (iii) the Third Party Acquirer Controller, if any (or its successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) fails or refuses, for whatever reason or cause, to execute and deliver to Alcan the Non Compete Undertaking within the 30-day period provided for in Section 14.04(d), or the Third Party Acquirer Controller (or its successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) executes and delivers to Alcan the Non Compete Undertaking within the said 30-day period but, at any time during the remainder of the Restricted Period, the Third Party Acquirer Controller (or the Third Party Acquirer Controller's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) refuses, neglects or fails to comply with any of its obligations pursuant to the Non Compete Undertaking (each, a "CHANGE OF CONTROL NON COMPETE BREACH"), then Alcan may, at

47

option and without prejudice to any other recourse which may be available to Alcan under Applicable Law or in equity by reason of the occurrence of the foregoing, terminate any or all of the following, upon notice to Novelis, and the termination shall take effect immediately upon Alcan providing such notice to Novelis:

- (i) any or all of the Metal Supply Agreements;
- (ii) any or all of the intellectual property licenses granted or to be granted to Novelis or any other member of Novelis Group in the Intellectual Property Agreements;
- (iii) the Transitional Services Agreement with respect to any one or more specific Services (and the corresponding Transition Service Schedules) provided by Alcan or any other member of Alcan Group or all of the Services provided by Alcan or any other member of

- (iv) any or all of the Technical Services Agreements.
- (f) Novelis understands and agrees that Alcan shall suffer irreparable and substantial harm in the event that Novelis breaches any of its obligations under this Section 14.04 and that monetary damages shall be inadequate to compensate for the breach. Accordingly, Novelis agrees that, in the event of a breach or threatened breach by Novelis of any of the provisions of this Section 14.04, Alcan, in addition to and not in limitation of any other rights, remedies or damages available to Alcan under Applicable Law or in equity, shall be entitled to equitable remedies, including provisional, interlocutory and permanent injunctive relief in order to prevent or to restrain any such breach by Novelis, or by any or all of Novelis' Group members, Affiliates, partners, co-venturers, employees, agents, representatives and any and all Persons directly or indirectly acting for, on behalf of or with Novelis.
- (g) Novelis consents and agrees that any dispute, controversy or claim that may arise out of, or relate to, or arise under or in connection with this Section 14.04 or the Non Compete Undertaking, and involving a Third Party Acquirer, a Third Party Acquirer Controller (including, for greater certainty, the Third Party Acquirer' and the Third Party Acquirer Controller' respective successors by way of acquisition, merger, amalgamation, consolidation or otherwise), or an Affiliate (whether now an Affiliate or hereafter becoming an Affiliate) of the Third Party Acquirer or of the Third Party Acquirer Controller, shall be referred to and finally settled in a single, multi-party arbitration by three (3) arbitrators, as provided in and in accordance with the provision of, the Non Compete Undertaking.
- (h) Novelis has carefully considered the nature and extent of the provisions set forth in this Section 14.04 and agrees that the same are reasonable in light of the circumstances as they exist on the date upon which this Agreement is executed, including, but not limited to, Alcan's and Novelis's material economic interest in

48

the transactions contemplated in this Agreement, and that the provisions set forth in this Section 14.04 are necessary to protect Alcan's legitimate interests. Novelis acknowledges (i) that Alcan would not have proceeded with the Arrangement had Novelis not agreed to the provisions set forth in this Section 14.04, and (ii) that Alcan would be irreparably damaged if Novelis were to breach the provisions set forth in this Section 14.04.

(i) Each of the provisions in this Section 14.04 shall be deemed to be separate and distinct and if, for any reason whatsoever, any of the provisions in this Section 14.04 are held null or unenforceable by the final determination of a court of competent jurisdiction and all appeals therefrom shall have failed or the time for such appeals shall have expired, such provision shall be deemed deleted from this Agreement without affecting the validity or enforceability of such provision in any other jurisdiction or any other provision hereof which shall remain in full force and effect.

ARTICLE XV -TERMINATION

15.01 TERMINATION

This Agreement and all Ancillary Agreements may be terminated and the Arrangement may be amended, supplemented, modified or abandoned at any time prior to the Effective Date by and in the sole and absolute discretion of Alcan without the approval of Novelis or of the Alcan shareholders. In the event of such termination, no Party shall have any liability of any kind to the other Party or any other Person. After the Effective Date, this Agreement may not be terminated except by an agreement in writing signed by the Parties.

16.01 LIMITATION OF LIABILITY

In no event shall any member of Alcan Group or Novelis Group be liable to any member of the other Group for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, however caused and on any theory of liability, (including negligence) arising in any way out of this Agreement, whether or not such Person has been advised of the possibility of any such damages; provided, however, that the foregoing limitations shall not limit either Party's indemnification obligations for Liabilities with respect to Third-Party Claims as set forth in Article IX or either Party's Liabilities for the breach or failure to perform or comply with the covenants set forth in Sections 14.02, 14.03 and 14.04.

49

16.02 COUNTERPARTS

This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties thereto and delivered to the other party or parties.

16.03 ENTIRE AGREEMENT

This Agreement, the Ancillary Agreements, and the Schedules and Exhibits hereto and thereto and the specific agreements contemplated herein or thereby contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, oral or written, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

16.04 CONSTRUCTION

In this Agreement and each of the Ancillary Agreements, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement or the relevant Ancillary Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (c) reference to any gender includes each other gender;
- (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated, and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth herein or in the relevant Ancillary Agreement;
- (e) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;
- (f) "herein", "hereby", "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to this Agreement or to the relevant Ancillary Agreement as a whole and not to any particular Article, Section or other provision hereof or thereof;

50

- (g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (h) the Table of Contents and headings are for convenience of reference only and shall not affect the construction or

interpretation hereof or thereof;

- (i) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and
- (j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

16.05 SIGNATURES

Each Party acknowledges that it and the other Party (and the other members of their respective Groups) may execute certain of the Ancillary Agreements by facsimile, stamp or mechanical signature. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature made in its respective name (or that of the applicable member of its Group) as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such Party to the same extent as if it were signed manually and agrees that at the reasonable request of the other Party at any time it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

16.06 ASSIGNABILITY

Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties hereto and thereto, respectively, and their respective successors and assigns; provided, however, that except as specifically provided in any Ancillary Agreement, no Party hereto or thereto may assign its respective rights or delegate its respective obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other parties hereto or thereto.

16.07 THIRD PARTY BENEFICIARIES

Except for the indemnification rights under this Agreement of any Alcan Indemnified Party or any Novelis Indemnified Party in their respective capacities as such and for the release under Section 9.01 of any Person provided therein and except as specifically provided in any Ancillary Agreement, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the parties hereto and thereto and their respective successors and permitted assigns and are not intended to confer upon any Person, except the parties hereto and thereto and their respective successors and permitted assigns, any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement; and neither this Agreement nor any Ancillary Agreement shall provide any Third Party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

51

16.08 PAYMENT TERMS

- (a) Any amount to be paid or reimbursed by one Party to the other under this Agreement shall be paid or reimbursed hereunder within thirty (30) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.
- (b) Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within thirty (30) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the Prime Rate plus 2%, calculated for the actual number of days elapsed, accrued from and excluding the date on which such payment was due up to and including the date of the actual receipt of payment.

For the purpose of the Interest Act (Canada) and disclosure thereunder, whenever interest to be paid hereunder is to be calculated on the basis of a year of 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 360 or such other period of time, as the case may be.

16.09 GOVERNING LAW

This Agreement and, unless expressly provided therein, each Ancillary Agreement, shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

16.10 NOTICES

All notices or other communications under this Agreement and, unless expressly provided therein, each Ancillary Agreement, shall be in writing and shall be deemed to be duly given when delivered in person or successfully transmitted by facsimile, addressed as follows:

IF TO ALCAN, TO:

Alcan Inc. 1188 Sherbrooke Street West Montreal, Quebec

Fax: 514-848-8115

Attention: Chief Legal Officer

52

IF TO NOVELIS, TO:

Novelis Inc. Suite 3800 Royal Bank Plaza, South Tower P.O. Box 84 200 Bay Street Toronto, Ontario M5J 2Z4 Fax: 416-216-3930

Attention: Chief Executive Officer

Any Party may, by notice to the other Party as set forth herein, change the address or fax number to which such notices are to be given.

SEVERABILITY 16.11

If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby or thereby, as the case may be, is not affected in any manner adverse to any party hereto or thereto. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

16.12 PUBLICITY

Prior to the Effective Date, Alcan shall be responsible for issuing any press releases or otherwise making public statements with respect to the Reorganization, the Arrangement or any of the other transactions contemplated hereby and Novelis shall not make such statements without the prior written consent of Alcan. Prior to the Effective Date, Alcan and Novelis shall each consult with the other prior to making any filings with any Governmental Authority with respect thereto.

16.13 SURVIVAL OF COVENANTS

Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and liability for the breach of any representations, warranties or obligations contained herein or therein, shall survive the Reorganization and the Arrangement and shall remain in full force and effect.

Waiver by any Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16.15 AMENDMENTS

No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

16.16 CONTROLLING DOCUMENTS

To the extent that the provisions of the Alumina Supply Agreement, Employee Matters Agreement, FoilStock Supply Agreement, Foil Supply Agreements, Foil Supply and Distribution Agreement, Intellectual Property Agreements, Metal Supply Agreements, Neuhausen Agreements, Ohle Agreement, Sierre Agreements, Tax Sharing and Disaffiliation Agreement, Technical Services Agreements or Transitional Services Agreement conflict with the provisions of this Agreement, the provisions of such other agreement shall govern.

16.17 LANGUAGE

The Parties confirm that it is their wish that this Agreement as well as all other documents, including communications relating hereto, have been and shall be drawn up in the English language only. Les parties aux presentes confirment leur volonte que cette convention de meme que tous les documents, y compris tout avis, s'y rattachant, soient rediges en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

54

IN WITNESS WHEREOF, the Parties have caused this Separation Agreement to be executed by their duly authorized representatives.

ALCAN INC.

By:

Name:
Title:

By:

Name:
Title:

NOVELIS INC.

By:

Name:
Title:

Name:
Title:

55

LIST OF SCHEDULES

<TABLE>
<S>
Schedule 1.01 Schedule 1.01 - "PA"
Schedule 1.01 - "SB"
Schedule 1.01 - "NBS"
Schedule 1.01 - "NES"
Schedule 2.04 (a)
Schedule 2.06 (a)
Schedule 2.07 (a)
Schedule 2.07 (b)

<C> Definitions

Plan of Arrangement Separated Businesses Novelis Balance Sheet Separated Entities Separated Assets Excluded Assets Assumed Liabilities

Title:

Liabilities of Separated Entities

Schedule 2.07(c) Retained Liabilities Schedule 2.07(q) Reorganization Documents Schedule 3.01 Reorganization Transactions Schedule 3.05(b) Agreements Not Terminated Schedule 3.06(q) Ancillary Agreements Schedule 3.10 Intercompany Accounts Schedule 4.02 Actions to be taken prior to Effective Time Schedule 9.08(a) Litigation Transferred to Novelis Schedule 9.08(b) Litigation to be Defended by Alcan at Novelis's Expense </TABLE>

56

SCHEDULE 1.01 - DEFINITIONS

"2004 INTERNAL CONTROL AUDIT AND MANAGEMENT ASSESSMENTS" has the meaning set forth in Section $14.01\,(b)$.

"ACCOUNTS RECEIVABLE" means in respect of any Person, (a) all trade accounts and notes receivable and other rights to payment from customers and all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or otherwise disposed of or services rendered to customers, (b) all other accounts and notes receivable and all security for such accounts or notes, and (c) any claim, remedy or other right relating to any of the foregoing.

"ACTION" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by any Person or any Governmental Authority or before any Governmental Authority or any arbitration or mediation tribunal.

"AEROSPACE INDUSTRY" means the production of aircraft, spacecraft and satellites and similar craft for manned or unmanned flight.

57

- "AEROSPACE PRODUCTS" means any product destined or intended for use in, or principally related to, the Aerospace Industry.
- "AEROSPACE PRODUCTS BUSINESS" means any business engaged, in whole or in part, in the manufacturing, production, marketing or sale of one or more Aerospace Products.
- "AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.
- "AGREEMENT" means this Separation Agreement, including all of the Schedules and Exhibits hereto.
- "ALCAN" means Alcan Inc., a corporation organized under the CBCA.
- "ALCAN BOARD" means the board of directors of Alcan.
- "ALCAN BUSINESSES" means the Separated Businesses and the Remaining Alcan Businesses.
- "ALCAN CLAIMS" has the meaning set forth in Section 9.01(b) .
- "ALCAN CLASS A COMMON SHARES" or "NEW ALCAN COMMON SHARES" means the class A common shares of Alcan which Alcan will be authorized to issue upon the Arrangement becoming effective and which are to be issued under the Arrangement to Alcan Common Shareholders in exchange, in part, for Alcan Common Shares, and to be redesignated as Alcan common shares once the current Alcan Common Shares have been deleted from the share capital of Alcan;
- "ALCAN COMMON SHAREHOLDERS" means the holders of Alcan Common Shares.
- "ALCAN COMMON SHARES" means the voting common shares of Alcan.
- "ALCAN GROUP" means Alcan and its Subsidiaries, whether held directly or indirectly; for greater certainty, (i) prior to the Effective Time, "Alcan Group" includes Arcustarget Group, (ii) on and after the Effective Time, "Alcan Group" excludes Arcustarget Group, and (iii) in

- all circumstances "Alcan Group" excludes Novelis.
- "ALCAN INDEMNIFIED PARTIES" has the meaning set forth in Section 9.02.
- "ALCAN MEETING" means the special meeting of Alcan Shareholders to be held on December 22, 2004 to consider the Plan of Arrangement, and any adjournment or postponement thereof.

58

- "ALCAN PARTIES" has the meaning set forth in Section 9.01(a).
- "ALCAN PREFERENCE SHAREHOLDERS" means the holders of Alcan Preference Shares.
- "ALCAN PREFERENCE SHARES" means the Alcan Series C Preference Shares and the Alcan Series E Preference Shares of Alcan.
- "ALCAN PROXY CIRCULAR" means the management proxy circular of Alcan to be sent to Alcan Shareholders in connection with the Alcan Meeting.
- "ALCAN RELEASORS" has the meaning set forth in Section 9.01(b).
- "ALCAN'S AUDITORS" has the meaning set forth in Section 14.01(a).
- "ALCAN SHAREHOLDERS" means, collectively, the Alcan Common Shareholders and the Alcan Preference Shareholders.
- "ALCAN SPECIAL SHARES" means the non-voting, redeemable, retractable, special shares of Alcan which Alcan will be authorized to issue upon the Arrangement becoming effective and which are to be issued pursuant to the Arrangement to Alcan Common Shareholders in exchange, in part, for Alcan Common Shares.
- "ALUMINA SUPPLY AGREEMENT" means, individually or collectively, the Alumina Supply Agreements substantially in the forms attached as EXHIBIT A.
- "ANCILLARY AGREEMENTS" has the meaning set forth in Section 3.06.
- "APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.
- "APPURTENANCES" means, in respect of any Land, all privileges, rights, easements, servitudes, hereditaments and appurtenances and similar interests belonging to or for the benefit of such Land, including all easements and servitudes appurtenant to and for the benefit of any Land (a "Dominant Parcel") for, and as the primary means of, access between, the Dominant Parcel and a public way, or for any other use upon which lawful use of the Dominant Parcel for the purposes for which it is presently being used is dependent, and all rights existing in and to any streets, alleys, passages and other rights-of-way included therein or adjacent thereto.
- "ARCUSTARGET" means Arcustarget Inc., a wholly-owned subsidiary of Alcan incorporated under the CBCA and designated by Alcan to own the Separated Businesses on the Effective [DATE] prior to its amalgamation to Novelis pursuant to the Plan of Arrangement.
- "ARCUSTARGET COMMON SHARES" means the voting common shares of Arcustarget to be transferred by Alcan to Novelis in exchange for Novelis Special Shares pursuant to the Plan of Arrangement.

59

- "ARCUSTARGET GROUP" means Arcustarget and its Subsidiaries, whether held directly or indirectly.
- "ARRANGEMENT" means the proposed arrangement under the provisions of section 192 of the CBCA on, and subject to, the terms and conditions set forth in the Plan of Arrangement.
- "ARRANGEMENT RESOLUTION" means the plan of arrangement resolution, the text of which is set out as a schedule to the Alcan Proxy Circular.
- "ASSET-RELATED CLAIMS" means, in respect of any Asset, all claims of the owner against Third Parties relating to such Asset, whether choate or inchoate, known or unknown, absolute or contingent, disclosed or non-disclosed.

"ASSETS" means assets, properties and rights (including goodwill), wherever located (including in the possession of owners or Third Parties or elsewhere), whether real, personal or mixed, tangible or intangible, movable or immovable, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of a Person, including the following:

- (a) Real Property;
- (b) Tangible Personal Property;
- (c) Inventories;
- (d) Accounts Receivable;
- (e) Contractual Assets;
- (f) Governmental Authorizations;
- (q) Business Records;
- (h) Intangible Property Rights;
- (i) Insurance Benefits;
- (j) Asset-Related Claims; and
- (k) Deposit Rights.

"ASSUMED LIABILITIES" has the meaning set forth in Section 2.07.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States) is a legal holiday or (ii) a day on which banks are authorized by Applicable Law to close in the City of Montreal (Canada) or in the City of New York (United States).

"BUSINESS RECORDS" means, in respect of any Person, all data and Records relating to such Person, including client and customer lists and Records, referral sources, research and development reports and Records, cost information, sales and pricing data, customer prospect lists, customer and vendor data, production reports and Records, service and warranty Records, equipment logs, operating guides and manuals, financial and

60

accounting Records, personnel Records (subject to Applicable Law), creative materials, advertising materials, promotional materials, studies, reports, correspondence and other similar documents and records.

"BY-LAWS" means the By-laws of Novelis, substantially in the form attached hereto as EXHIBIT B.

"CBCA" means the Canada Business Corporations Act.

"CERTIFICATE OF INCORPORATION" means the Certificate of Incorporation of Novelis in the form attached hereto as EXHIBIT C.

"CHANGE OF CONTROL EVENT" has the meaning set forth in Section 14.04(a).

"CHANGE OF CONTROL NON COMPETE BREACH" has the meaning set forth in Section 14.04(e).

"CLAIM NOTICE" has the meaning set forth in Section $9.04\,(b)$.

"CONFIDENTIAL INFORMATION" has the meaning set forth in Section 11.07(a).

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT" means any contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under Applicable Law, including all claims or rights against any Person, choses in action and similar rights, whether accrued or contingent with respect to any such contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking, but excluding this Agreement and any Ancillary Agreement save as otherwise expressly provided in this Agreement or in any Ancillary Agreement.

"CONTRACTUAL ASSET" means, in respect of any Person, any Contract of, or relating to, such Person, any outstanding offer or solicitation made by, or to, such Person to enter into any Contract, and any promise or undertaking made by any other Person to such Person, whether or not legally binding.

- "CONTROL" has the meaning set forth in Section 14.04(a).
- "COURT" means the Quebec Superior Court.
- "CRA" means the Canada Revenue Agency.
- "DEFERRED BENEFICIARY" has the meaning set forth in Section 5.01(b).
- "DEFERRED EXCLUDED ASSET" has the meaning set forth in Section 5.01(a).
- "DEFERRED SEPARATED ASSET" has the meaning set forth in Section 5.01(a).

61

- "DEFERRED TRANSACTIONS" has the meaning set forth in Section 13.01(a).
- "DEFERRED TRANSFER ASSET" has the meaning set forth in Section 5.01(a).
- "DEPOSIT RIGHTS" means rights relating to deposits and prepaid expenses, claims for refunds and rights of set-off in respect thereof.
- "DESIGNATED ASSETS" means any of Novelis' rolling facilities at Oswego, New York, Logan, Kentucky, Norf, Germany, Ulsan, Korea, Yeongju, Korea or Pindamonhangaba, Brazil.
- "DISCLOSING PARTY" has the meaning set forth in Section 11.08.
- "DISPUTE" has the meaning set forth in Section 12.01.
- "DISTRIBUTION" means the pro rate distribution of New Alcan Common Shares and Novelis Common Shares to Alcan Common Shareholders, as contemplated in the Plan of Arrangement. "EFFECTIVE DATE" means the effective date of the Arrangement, being the date shown on the certificate of arrangement issued by the director under the CBCA giving effect to the Arrangement, which date the Parties currently expect to be January 1, 2005.
- "EFFECTIVE TIME" means 12:01 a.m. Montreal time on the Effective Date.
- "EHS LIABILITIES" means any Liability arising from or under any Environmental Law or Occupational Health and Safety Law.
- "EMPLOYEE MATTERS AGREEMENT" means the Employee Matters Agreement substantially in the form attached hereto as EXHIBIT D.
- "ENCUMBRANCE" means, with respect to any asset, mortgages, liens, hypothecs, pledges, charges, security interests or encumbrances of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under Applicable Law.
- "ENERGY AGREEMENT" means the Energy Agreement substantially in the form attached hereto as EXHIBIT E.
- "ENVIRONMENTAL LAW" means any Applicable Law from any Governmental Authority (A) relating to the protection of the environment (including air, water, soil and natural resources) or (B) the use, storage, handling, release or disposal of Hazardous Substances.
- "ESCALATION NOTICE" has the meaning set forth in Section 12.02.
- "EXCHANGE ACT" means the United States Securities Exchange Act of 1934.
- "EXCLUDED ASSETS" has the meaning set forth in Section 2.06(a).

62

- "FINAL ORDER" means the final order of the Court made in connection with the approval of the Arrangement and the fairness of the terms and conditions thereof.
- "FOILSTOCK SUPPLY AGREEMENT" means, individually or collectively, the Foilstock Supply Agreements substantially in the forms attached as EXHIBIT F.
- "FOIL SUPPLY AGREEMENT" means, individually or collectively, the Foil Supply Agreements substantially in the forms attached as EXHIBIT G.
- "FOIL SUPPLY AND DISTRIBUTION AGREEMENT" means the Foil Supply and Distribution Agreement substantially in the form attached as EXHIBIT H.

- "GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.
- "GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.
- "GROUND LEASE" means any long-term lease (including any emphyteotic lease) of Land in which most of the rights and benefits comprising ownership of the Land and the Improvements thereon or to be constructed thereon, if any, and the Appurtenances thereto for the benefit thereof, are transferred to the tenant for the term thereof.
- "GROUND LEASE PROPERTY" means, in respect of any Person, any Land, Improvement or Appurtenance of such Person that is subject to a Ground Lease.
- "GROUP" means Alcan Group or Novelis Group, as the context requires.
- "HAZARDOUS SUBSTANCE" means any substance to the extent presently listed, defined, designated or classified as hazardous, toxic or radioactive under any applicable Environmental Law, including petroleum and any derivative or by-products thereof.
- "IMPROVEMENTS" means, in respect of any Land, all buildings, structures, plants, fixtures and improvements located on such Land, including those under construction.
- "INDEMNIFIED PARTY" has the meaning set forth in Section 9.04(a).
- "INDEMNIFYING PARTY" has the meaning set forth in Section 9.04(b).
- "INFORMATION" means any information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, test procedures, research, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, manufacturing techniques, manufacturing variables, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, products, product plans, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer information, customer services, supplier information, communications by

63

- or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.
- "INSURANCE BENEFITS" means, in respect of any Asset or Liability, all insurance benefits, including rights to Insurance Proceeds, arising from or relating to such Asset or Liability.
- "INSURANCE PROCEEDS" means those monies (in each case net of any costs or expenses incurred in the collection thereof and net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments)):
- (a) received by an insured from an insurance carrier; or
- (b) paid by an insurance carrier on behalf of the insured.
- "INTANGIBLE PROPERTY RIGHTS" means, in respect of any Person, all intangible rights and property of such Person, including IT Assets, going concern value and goodwill.
- "INTELLECTUAL PROPERTY AGREEMENT" means, individually or collectively, the Intellectual Property Agreements substantially in the forms attached hereto as EXHIBIT I.
- "INTERCOMPANY ACCOUNTS" has the meaning set forth in Section 3.10.
- "INTERIM ORDER" means the interim order of the Court dated November 22, 2004 in connection with the approval of the Arrangement providing for, among other things, the holding of the Alcan Meeting, as the same may be amended, supplemented or varied by the Court.
- "INTERNAL REVENUE CODE" means the United States Internal Revenue Code of 1986.

"INVENTORIES" means, in respect of any Person, all inventories of such Person wherever located, including all finished goods, (whether or not held at any location or facility of such Person or in transit to or from such Person), work in process, raw materials, spare parts and all other materials and supplies to be used or consumed by the Person in production of finished goods.

"IRS" means the United States Internal Revenue Service.

"IT ASSETS" means computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, all other information technology equipments and all associated documentation.

"JOINT PROCUREMENT OF GOODS AND SERVICES PROTOCOL" means the Joint Procurement of Goods and Services Protocol substantially in the form attached as EXHIBIT J.

"LAND" means, in respect of any Person, all parcels and tracts of land in which the Person has an ownership interest.

64

"LIABILITY" means, with respect to any Person, any and all losses, claims, charges, debts, demands, actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, contracts, controversies, agreements, promises, doings, omissions, variances, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, $\$ whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions) or Order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, commitment or undertaking, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person, including any Specified Financial Liability, EHS Liability or Liability for Taxes.

"MEDIATION NOTICE" has the meaning set forth in Section 12.03(a).

"METAL SUPPLY AGREEMENT" means, individually or collectively, the Metal Supply Agreements substantially in the forms attached as EXHIBIT K.

"NEUHAUSEN AGREEMENT" means, individually or collectively, the agreements substantially in the forms attached as EXHIBIT L.

"NON COMPETE BREACH" has the meaning set forth in Section 14.03(b).

"NON COMPETE UNDERTAKING" has the meaning set forth in Section 14.04(c).

"NOTICE PERIOD" has the meaning set forth in Section $9.04\,(b)$.

"NOVELIS" means Novelis Inc., a corporation incorporated under the CBCA formed to acquire under the Arrangement and independently carry on most of the aluminum rolled products businesses operated by Alcan.

"NOVELIS ANNUAL REPORT" has the meaning set forth in Section 14.01(d).

"NOVELIS BALANCE SHEET" means the audited combined balance sheet of "the Novelis Group", including the notes thereto, as of September 30, 2004, substantially in the form attached as SCHEDULE 1.01 - "NBS".

"NOVELIS CLAIMS" has the meaning set forth in Section 9.01(a).

"NOVELIS COC ASSETS" has the meaning set forth in Section 14.04(d).

exchange for such Alcan Special Shares.

"NOVELIS GROUP" means Novelis and its Subsidiaries, whether held directly or indirectly; for greater certainty, (i) prior to the Effective Time, "Novelis Group" excludes Arcustarget Group, and (ii) on and after the Effective Time, "Novelis Group" includes Arcustarget Group.

"NOVELIS INDEMNIFIED PARTIES" has the meaning set forth in Section 9 $\ensuremath{\text{0.3}}$

"NOVELIS OPENING BALANCE SHEET" has the meaning set forth in Section $2.04\,(e)$.

"NOVELIS PARTIES" has the meaning set forth in Section 9.01(b).

"NOVELIS RELEASORS" has the meaning set forth in Section 9.01(a).

"NOVELIS SPECIAL SHARES" means the non-voting redeemable, retractable, special shares of Novelis to be issued by Novelis to Alcan in consideration for the transfer by Alcan to Novelis of the Arcustarget Common Shares, as contemplated by the Plan of Arrangement.

"NOVELIS'S AUDITORS" has the meaning set forth in Section 14.01(a).

"OCCUPATIONAL HEALTH AND SAFETY LAW" means any Applicable Law designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (such as those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"OHLE AGREEMENT" means the Agreement substantially in the form attached as EXHIBIT ${\tt M.}$

"ORDER" means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Authority or arbitrator.

"ORDINARY COURSE OF BUSINESS" means any action taken by a Person that is in the ordinary course of the normal, day-to-day operations of such Person and is consistent with the past practices of such Person.

"PARTIES" means the parties to this Agreement and, in the singular, means either of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PLAN OF ARRANGEMENT" means the plan of arrangement set out as SCHEDULE 1.01 - "PA", as the same may be amended from time to time.

66

"PLATE BUSINESS" means any business engaged, in whole or in part, in the manufacturing, production, marketing or sale of Plate Products.

"PLATE PRODUCT" means any rolled and/or cast aluminum products having a thickness greater than 6.5 millimeters in the case of cast aluminum or 12 millimeters in the case of rolled aluminum, and that is not intended for further rolling (reroll) to a gauge of 6.5 millimeters or less.

"POTENTIAL CONTRIBUTOR" has the meaning set forth in Section 9.05(a). "PRIME RATE" means the floating rate of interest established from time to time by the Royal Bank of Canada (the "BANK") as the reference rate of interest the Bank will use to determine rates of interest payable by its borrowers on [US] dollar commercial loans made by the Bank to such borrowers [IN CANADA] and designated by the Bank as its "prime rate" and which shall change from time to time as changed by the Bank.

"PROSPECTUS" means the amended preliminary non-offering prospectus filed with the securities regulatory authorities in each of the provinces and territories of Canada on [NOVEMBER 23], 2004, and included as exhibit 99.1 of the Registration Statement, together with all amendments or supplements thereto.

"PROVINCIAL REVENUE AUTHORITY" means the applicable department or other division of the provincial government of any relevant Canadian province that is charged with the responsibility for the administration of provincial taxation statutes.

"REAL PROPERTY" means any Land and Improvements and all Appurtenances thereto and any Ground Lease Property.

"RECORD" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"REGISTRATION STATEMENT" means the registration statement on Form 10, file number 001-32312, filed with the SEC under the Exchange Act, together with all amendments or supplements thereto.

"REGULATION S-K" means Regulation S-K of the General Rules and Regulations promulgated by the SEC pursuant to the Securities Act.

"REMAINING ALCAN BUSINESSES" means all Alcan Businesses other than the Separated Businesses.

"REMAINING ALCAN ENTITY" means any Business Concern that is a member of Alcan Group on and after the Effective Time.

"REORGANIZATION" means the measures described in Article III, including the Reorganization Transactions.

67

"REORGANIZATION DATE" means the Effective Date, or such earlier date as the Alcan Board may determine as the date by which all of the Reorganization Transactions (other than non-material transactions the performance of which shall have been waived by Alcan, with or without conditions) shall have been completed.

"REORGANIZATION DOCUMENTS" means the agreements described on SCHEDULE 2.07(g) of this Agreement and, in the singular, means any one of them.

"REORGANIZATION TIME" means o (o time) on the Reorganization Date.

"REORGANIZATION TRANSACTIONS" means the transactions described on SCHEDULE 3.01 of this Agreement and, in the singular, means any one of them.

"REPRESENTATIVES" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants or attorneys.

"REQUESTING PARTY" has the meaning set forth in Section 11.01.

"RESTRICTED PERIOD" means the period of four (4) years commencing immediately after the expiry of the Standstill Period.

"RETAINED LIABILITIES" has the meaning set forth in Section 2.07.

"RETAINING PERSON" has the meaning set forth in Section 5.01(b).

"ROLLED PRODUCTS BUSINESS" means the businesses and operations relating to the manufacturing, production, research, development, marketing and sale of aluminum sheet, light gauge products, automotive, can and lithographic sheet, plate and foil stock, that will be owned by Novelis or any other member of Novelis Group as of the Effective Time or that was but is no longer conducted by Alcan or any other member of Alcan Group both as owned and operated by Novelis or any other member of Novelis Group and as owned and operated by Alcan or any other member of Alcan Group at any time prior to the Effective Time whether or not still conducted at the date of this Agreement; provided, however, that in no event shall "Rolled Products Business" include any business operated by Alcan Group following the Effective Time.

"RULINGS APPLICATIONS" means all the applications for an advance tax ruling or letter submissions made to the CRA, any Provincial Revenue Authority or the IRS concerning the subject matter hereof (including, for greater certainty, any aspect of the Plan of Arrangement) prior to the date of this Agreement, and all such letter submissions made on or after the date hereof and prior to the Effective Date.

"SECURITIES ACT" means the United States Securities Act of 1933.

"SEC" means the United States Securities and Exchange Commission.

"SEPARATED ASSETS" has the meaning set forth in Section 2.04.

"SEPARATED ENTITIES" means those Business Concerns forming part of Alcan Group which are identified on SCHEDULE 1.01 - "SE" and which (i) on and after the Reorganization Time form part of Arcustarget Group, and (ii) on and after the Effective Time form part of Novelis Group.

"SEPARATION" means the multi-step process by which the Separated Businesses shall be transferred, directly or indirectly, from Alcan to Novelis and includes the Reorganization and the Arrangement.

"SERVICES" has the meaning ascribed thereto in the Transitional Services Agreement.

"SIERRE AGREEMENT" means the Sierre Master Agreement, including all individual agreements referred to therein as forming part thereof, substantially in the form attached hereto as EXHIBIT N.

"SPECIFIED FINANCIAL LIABILITIES" or "SFLS" mean, in respect of any Person, all liabilities, obligations, contingencies, instruments and other Liabilities of a financial nature with Third Parties of, or relating to, such Person, including any of the following:

- (a) foreign exchange contracts;
- (b) letters of credit;
- (c) guarantees of Third-Party loans;
- (d) surety bonds (excluding surety for workers' compensation self-insurance);
- (e) interest support agreements on Third Party loans;
- (f) performance bonds or guarantees issued by Third Parties;
- (g) swaps or other derivatives contracts;
- (h) recourse arrangements on the sale of receivables or notes; and
- (i) indemnities for damages for any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant, undertaking or obligation.

"STANDSTILL PERIOD" means a period of twelve (12) months commencing on the Effective Date.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"TANGIBLE PERSONAL PROPERTY" means, in respect of any Person, all machinery, equipment, tools, furniture, office equipment, supplies, materials, vehicles and other items of tangible personal or movable property (other than Inventories and IT Assets) of every kind and wherever located that are owned or leased by the Person, together with any express or implied warranty by the manufacturers, sellers or lessors of any item or

69

component part thereof and all maintenance $\ensuremath{\mathsf{Records}}$ and other documents relating thereto.

"TARGETED ENTITY" has the meaning set forth in Section 14.04(a).

"TAX" means any income, profit, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, goods and service, transfer, value added, alternative, add-on, minimum and other tax, fee, assessment, levy, tariff, charge, contribution to any governmental plan, or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Authority or payable under any tax-sharing agreement or any other Contract.

"TAX ACT" means the Income Tax Act (Canada).

"TAX RULINGS" means the advance income tax ruling and opinions received by Alcan from the CRA dated o, 2004 and o, 2004, and any similar advance income tax rulings received by Alcan from a Provincial Revenue Authority or the IRS, and any amendments thereto, confirming the Canadian federal income tax consequences of certain aspects of the

Arrangement and certain other transactions.

"TAX SHARING AND DISAFFILIATION AGREEMENT" means the Tax Sharing and Disaffiliation Agreement substantially in the form attached hereto as EXHIBIT O.

"TECHNICAL SERVICES AGREEMENT" means, individually or collectively, the Technical Services Agreements substantially in the forms attached hereto as EXHIBIT P.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group and that is not an Affiliate thereof.

"THIRD PARTY ACQUIRER" has the meaning set forth in Section 14.04(a).

"THIRD PARTY ACQUIRER CONTROLLER" has the meaning set forth in Section 14.04(d).

"THIRD PARTY CLAIM" has the meaning set forth in Section 9.04(b).

"THIRD PARTY CONSENT" has the meaning set forth in Section 2.09.

"TRANSFER IMPEDIMENT" has the meaning set forth in Section 5.01(a).

"TRANSITION SERVICE SCHEDULE" has the meaning set forth in the Transitional Services Agreement.

"TRANSITIONAL SERVICES AGREEMENT" means the Transitional Services Agreement substantially in the form attached hereto as EXHIBIT Q.

70

"UNITED STATES" means the United States of America.

"UNRELEASED LIABILITIES" has the meaning set forth in Section 5.02.

"UNRELEASED PERSON" has the meaning set forth in Section 5.02.

LIST OF EXHIBITS

Exhibit A	Alumina Supply Agreement
Exhibit B	By-laws of Novelis
Exhibit C	Certificate of incorporation of Novelis
Exhibit D	Employee Matters Agreement
Exhibit E	Energy Agreement
Exhibit F	FoilStock Supply Agreement
Exhibit G	Foil Supply Agreements
Exhibit H	Foil Supply and Distribution Agreement
Exhibit I	Intellectual Property Agreements
Exhibit J	Joint Procurement of Goods and Services Protocol
Exhibit K	Metal Supply Agreements
Exhibit L	Neuhausen Agreements
Exhibit M	Ohle Agreement
Exhibit N	Sierre Agreements
Exhibit O	Tax Sharing and Disaffiliation Agreement
Exhibit P	Technical Services Agreements
Exhibit Q	Transitional Services Agreement
Exhibit R	Non Compete Undertaking

</TABLE>

<TABLE> <CAPTION>

<S>

<C>

INGOT SUPPLY AGREEMENT

This Agreement made on January 2004,

BETWEEN: ALCAN TAIHAN ALUMINUM LIMITED (hereinafter "ATA"), a company organized and existing under the laws of

Korea, having its principal place of business at 23rd Floor, Yonsei Jaedan Severance Building, 84-11, 5-ga,

Namdaemun-ro, Jung-gu, Seoul, 100-753, Korea

AND: ALCAN INC., (hereinafter "ALCAN"), a company organized and existing under the laws of Canada, having its principal place of business at 1188

Sherbrooke Street West, Montreal, Quebec, Canada,

H3A 3G2.

The parties hereto agree as follows:

1. DEFINITIONS

Except where the context otherwise requires, the following words or expressions shall have the meaning assigned to them below:

- (a) "Ingot" means 99.7% minimum purity primary aluminium ingot.
- (b) "Kitimat Smelter" is Alcan's smelter located in Kitimat, British Columbia, Canada.
- (c) "Laterriere Smelter" is Alcan's smelter located in Laterriere, Quebec, Canada.
- (d) "Sheet Ingot" means primary aluminium ingot for hot rolling of specified shape, quality, metallurgical and elemental composition, as mutually agreed, and per the Alloy Specification sheet as indicated under Item #7 "Technical Specifications", sourced from the Kitimat Smelter.
- (e) "Additional Sheet Ingot" is defined at Section 3(c).
- (f) "LME" means the London Metal Exchange.
- (g) "mt" means metric tonne(s).
- (h) Unless otherwise specifically agreed herein, trade terms shall be interpreted in accordance with Incoterms 2000.
- (i) Unless otherwise specified, all amounts are in United States dollars.
- (j) Firm Annual Quantity is based on receipts into ATA inventory.
- 2. DURATION AND TERMINATION OF AGREEMENT

1 of 8

- (a) The term of this Agreement is *** years commencing on 1 January 2004 and continuing through 31 December *** (the "Initial Term"), unless terminated by either party in accordance with Section 2(b). Six (6) months prior to the end of the Initial Term, the parties may agree to renew the term of the Agreement, in which case the parties shall agree on the Firm Annual Quantity for the next year at least three (3) months prior to the end of the Initial Term.
- (b) If a party breaches this contract ("Breaching Party"), the other party may give notice in writing to the Breaching Party requiring it to rectify the breach within thirty (30) days of the date of the notice, failing which, the other party may terminate this contract by notice in writing to the Breaching Party.

During such 30-day period, the obligations of the parties under this contract continue.

3. QUANTITIES

(a) ALCAN agrees to sell and deliver to ATA and ATA agrees to purchase and take delivery from ALCAN, the following quantities of Sheet Ingot ("Firm Annual Quantity"):

***: ***mt (plus or minus 10%), evenly spread

These quantities shall be divided equally on a monthly basis, plus or minus 20% in any given month, provided the Firm Annual Quantity is respected.

(b) If ATA wishes to increase its purchase volume of Sheet Ingot ("Additional Sheet Ingot"), ALCAN shall have a right of first refusal for the supply of such Additional Sheet Ingot to ATA. Such Additional Sheet Ingot may be sourced from ALCAN'S Laterriere Smelter if ALCAN is unable to source it from the Kitimat Smelter. Prior to accepting an order for Additional Sheet Ingot, ALCAN will notify ATA of the origin of the Additional Sheet Ingot. An additional cost over the costs indicated in Section 5 hereof will be charged to ATA for such additional Sheet Ingot supplied from Laterriere, to cover the costs of transport from Laterriere to Kitimat. This additional cost will be calculated at the time of order entry, as defined herein, using the following formula:

\$ *** x [exchange rate at time of order entry]

75

This additional cost will only apply to Additional Sheet Ingot, and not to regular orders based on volumes indicated in subparagraph (a) hereof

- (c) If ALCAN wishes to increase its volume of Sheet Ingot produced at the Kitimat Smelter, ATA shall have a right of first refusal for such increased production from ALCAN.
- (d) Prior to the fifth business day of the second month preceding any shipment month, ATA shall confirm the tonnage of Sheet Ingot, plus or minus 20%, to be purchased in such shipment month.
 - *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

2 of 8

- (e) Prior to the fifth business day of the month preceding any shipment month, ATA shall confirm the tonnage of Sheet Ingot, plus or minus 10%, to be purchased in such shipment month.
- (f) Prior to the last business day before the fifteenth (15th) day of the month preceding any shipment month, ATA shall confirm the specific alloys, sizes and exact tonnage of Sheet Ingot to be purchased in such shipment month.
- (g) If this Agreement is renewed past the Initial Term, both parties shall determine the Firm Annual Quantity at least ninety (90) days prior to the start of each year that the Agreement is renewed.
- (h) The parties will use best efforts to minimize the number of alloy and size combinations. The minimum quantity of alloy size combination shall be 100 mt on a given order.
- (i) In the event that ATA is unable to meet the Firm Annual Quantity and ALCAN is unable to sell the quantity equal to the difference between the minimum Firm Annual Quantity and the quantity purchased by ATA (the "Shortfall Quantity") to another value-added customer, ATA shall pay to ALCAN an amount corresponding to the Sheet Ingot premium specified in Schedule A for the Shortfall Quantity.
- 4. PRODUCT MIX
- (a) ATA shall order 90% of the Firm Annual Quantity as foil Sheet Ingot (the "Minimum Requirement").
- (b) In the event that ATA does not order the Minimum Requirement, ATA shall purchase other 1000 series alloy products at the FQ Sheet Ingot Premium as specified in Schedule A and/or other alloys increased by the difference between 1000 series alloy products at the GP Sheet Ingot

Premium and the FQ Sheet Ingot Premium, up to the Minimum Requirement of the minimum Firm Annual Quantity (90% of *** mt for 2004, or up to *** mt).

PRICE

- (a) The price to be paid by ATA for the Sheet Ingot supplied under this Agreement shall be determined in the following manner, on a DEQ basis:
 - (i) The average calendar month LME cash settlement of the month of shipment, or as determined in the manner stated in sub-clause (b) hereof; and
 - (ii) C.I.F. Ingot premium, to be negotiated and agreed between ALCAN and ATA on a quarterly basis in accordance with market conditions in Japan; and
 - (iii) US\$*** per mt for DEQ Ulsan port terms; and
 - (iv) Sheet Ingot premium, as specified in Schedule A; and
 - (v) Size surcharge, as specified in Schedule A; less
 - *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

3 of 8

- (vi) Discount for unsawn Sheet Ingot, as specified in Schedule A.
- (b) In the event that the LME ceases or suspends trading in aluminium, ALCAN and ATA shall consult with each other with a view to agreeing on a substitute pricing arrangement.

6. DELIVERY

The Sheet Ingot will be delivered to ATA DEQ Ulsan port once a month, unless otherwise mutually agreed. Based on a DEQ delivery, title shall transfer from ALCAN to ATA when the Sheet Ingot has been unloaded from the vessel on to the dock at Ulsan port.

7. TECHNICAL SPECIFICATIONS

Technical specifications for the Sheet Ingot will be agreed separately on a per alloy basis. Both parties shall maintain a signed copy of the specification for each alloy.

8. PAYMENT

- (a) ALCAN shall issue the invoice to ATA as per ATA'S written instructions.
- (b) In all cases, the invoice date is the DEQ date. By agreement between the parties, either:
 - (i) ATA shall provide Alcan with an irrevocable Letter of Credit for payment at sight, allowing for telegraphic reimbursement in favour of ALCAN, minimum fifteen (15) days prior to the invoice date described below, with expiry date not less than fifteen (15) days after that invoice date. The Letter of Credit will not be issued within the month of shipment as the LME CASH average price is not yet known and to avoid any risk of using provisional pricing.
 - (II) $\,$ ALCAN shall invoice ATA on the date of unloading at the Ulsan port.

In either case, payment shall be made by ATA and received by ALCAN net ten (10) days from invoice date, which is the DEQ date.

(c) Payment by either of the above-mentioned methods can be extended up to ninety (90) days (from invoice date) at ATA's option with interest for the additional eighty (80) days to be charged at LIBOR plus 0.75 percent. LIBOR will be the rate on the third Wednesday of the month of scheduled shipment and will be the rate corresponding to the payment extension requested. This option must be exercised in writing to ALCAN prior to the fifteenth (15th) day of each month prior to the shipment

month and must be guaranteed by ATA to ALCAN in the following manner:

- (i) by way of standby letter of credit in favour of ALCAN, covering up to three (3) months of shipments, guaranteeing payment in case of payment default by ATA; or
- (ii) By payment with a letter of credit with a 90-day deferred payment date, in favour of ALCAN.

4 of 8

(iii) The letter of credit referred to in sub-clauses (i) and (ii) hereof must issue from a tier one or tier two bank, as indicated in Schedule B hereto.

Should alternative financing become available to ATA, which financing is acceptable to both ALCAN and ATA, the parties will negotiate in good faith terms of payment in accordance with this alternative financing.

9. TOOLING

The existing tooling available at Casting Centre 4 at Kitimat is:

500 x 1080mm 500 x 1030mm 500 x 1735mm 520 x 1530mm

520 x 1530mm 560 x 1130mm

or sizes available from adjustable moulds: $560 \times 1230 - 1410$ mm and $560 \times 1480 - 1720$ mm, with the possibility of a third adjustable mould of $560 \times 1000 - 1250$ mm becoming available in 2004.

The existing tooling at Laterriere are:

445 x 1422, 1562mm 457 x 1143, 1676, 1829mm 560 x 1230mm 600 x 1070, 1115, 1400, 1600, 1705mm

10. QUALITY AUDITS

To the mutual benefit of both Parties, ATA may from time to time audit the quality systems at the Kitimat Smelter. The questions for each audit shall be submitted by ATA to ALCAN at least 3 months prior to the beginning of the audit as scheduled by ATA and confirmed by ALCAN.

11. SHORT-WEIGHT

If a short-weight is discovered at the port of discharge, ALCAN shall compensate ATA the corresponding amount provided the claim is made against ALCAN in writing within 30 days after discharge. ALCAN may request that a representative of ALCAN confirm the short-weight claim.

12. WARRANTY

(a) Alcan warrants that (i) the Sheet Ingot will conform to the description thereof set forth in this Agreement and, unless otherwise specified, with the specifications and tolerances as shown in the appropriate purchase order in force on the date of this Agreement; (ii) such

5 of 8

Sheet Ingot will not be defective in materials or workmanship; and (iii) the title to such Sheet Ingot will be clear and free from encumbrances.

(b) ATA shall have no right to assert any claim against ALCAN that any Sheet Ingot delivered hereunder are defective or not as described herein unless Alcan is notified of the claim, and then only after Alcan has inspected such material and accepted that there is a basis for the claim. Should any such Sheet Ingot be found defective or not as so described, ALCAN will, at ATA'S option, take back such materials and credit ATA accordingly, or supply new materials. ALCAN shall not be otherwise liable in connection therewith. In particular, Alcan will not be liable for damages, consequential, incidental, indirect or otherwise, resulting from the delivery of Sheet Ingot which are

defective, or not as so described, or from its failure to deliver suitable materials or from the use made by ATA or others of the materials delivered or from any other cause whatsoever.

Every right, exemption from liability and defense of whatever nature to which ALCAN is entitled hereunder shall extend to protect every employee or agent of ALCAN and for this purpose ALCAN shall be deemed to be acting as agent or trustee on behalf of its employees and agents.

13. CONCESSIONS

In the event of the material not meeting contractual specifications, ALCAN may request a "concession" from ATA in writing, and only ship this material after the concession has been approved by ATA in writing.

14. FORCE MAJEURE

If by reason of force majeure, which shall mean for the purpose of this Agreement any cause not reasonably within the control of the party concerned, and in particular, without limiting the generality thereof, act of God, water shortage, war, curtailment of energy or raw material supplies, lockout, strike or other labour trouble, or in consequence of compliance with any direction or request of any government or governmental authority:

- (a) ATA cannot take delivery of Sheet Ingot hereunder, such amount of Sheet Ingot which by reason of such occurrence ATA is unable to receive may be cancelled at the option of either party; or
- (b) Any of ALCAN's then existing sources of supply for the place at which delivery hereunder is to be made are curtailed or cut off or are inadequate to meet the usual needs of ALCAN's business, the obligations of ALCAN during such period of curtailment or cessation or inadequate supply shall be reduced to the extent necessary in the judgement of ALCAN to apportion fairly among its customers, regardless of whether any such customer is related to ALCAN or whether a contract is in effect between ALCAN and any such customer, the Sheet Ingot then available for delivery and such amount as may be received from any other existing source of supply. ALCAN shall not be required to purchase any Sheet Ingot to replace the supplies so curtailed or cut off. Any tonnage not shipped when due for any cause hereinabove mentioned may be cancelled at the option of either party.

6 of 8

However, the party so prevented from carrying out its obligations shall promptly take all reasonable actions to overcome such event, which is interfering with the take or shipment of Sheet Ingot.

15. FAIRNESS

If for any reason beyond the control of the parties the basic premises on which this Agreement was entered or the economic circumstances change in such a way that the execution of this Agreement or any part thereof would cause undue hardship to one or other or both of the parties, or unduly favour one to the detriment of the other, the parties shall consult with one another to find a mutually acceptable and equitable solution with respect thereto.

16. ARBITRATION

All disputes arising in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules. The place of arbitration shall be the city of Vancouver, Canada.

17. LAW

This Agreement shall be subject to and interpreted in accordance with the Laws of the Province of British Columbia, Canada.

18. WAIVER

The failure of either of the parties hereto to insist, in any one or more instance, upon the performance of any of the terms or conditions hereof shall not be construed as a waiver or relinquishment of the right to insist upon the future performance of any such terms or conditions.

19. ASSIGNMENT

Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto, such consent not to be unreasonably withheld.

20. NOTICES

All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been properly given upon dispatch by registered or certified air mail, postage prepaid, addressed to the party to whom it was sent at the address of such party set forth below or at such other address as the party shall subsequently designate to the other party by notice given in accordance with this Clause:

> To ATA: Alcan Taihan Aluminum Limited

> > 23rd Floor, Yonsei Jaedan Severance Building

84-11, 5-ga, Namdaemun-ro, Jung-gu

7 of 8

Seoul, 100-753, Korea Attention: Gieu Jin Cho.

President & Representative Director

Facsimile: 82-2-771-6350

To ALCAN: Alcan Inc.

1188 Sherbrooke Street West

Montreal, Quebec H3A 3G2 Canada

Attention: Jocelyn Gagne

Vice President Metal Management and Trading, Alcan Primary Metal Group

Facsimile: (514) 848-1345

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized.

ALCAN INC.

ALCAN TAIHAN ALUMINUM LIMITED

/s/ Jocelyn Gagne /s/ Jacquie Bartlett

Jocelyn Gagne Jacquie Bartlett Name: Name: Title: Vice President,

Title: Director Metal Procurement

Metal Management & Sales, APMG Alcan Taihan Aluminium Limited

> By: /s/ Gieu Jin Cho

Gieu Jin Cho

Title: Executive Vice President Alcan Taihan Aluminium Limited

FINAL VERSION

ALUMINA SUPPLY AGREEMENT

between

NOVELIS DO BRASIL LTDA.

(as Purchaser)

and

ALCAN ALUMINA LTDA.

(as Supplier)

FOR THE ARATU (BRAZIL) ALUMINUM SMELTER

DATED DECEMBER ____, 2004 WITH EFFECT AS OF THE EFFECTIVE DATE

TABLE OF CONTENTS

<TABLE>

<capt:< th=""><th>ION></th><th></th><th></th></capt:<>	ION>		
<s></s>	<c></c>		<c></c>
1.	DEFINI'	TIONS AND INTERPRETATION	1
	1.1	DEFINITIONS	1
	1.2	CURRENCY	5
	1.3	VIENNA CONVENTION	5
2.	ALUMIN	IA	
	2.1	SUPPLY AND SALE BY THE SUPPLIER	6
	2.2	PURCHASE BY THE PURCHASER	6
1.	2.3	QUANTITIES OF ALUMINA	
	2.4	SCHEDULING OF QUANTITIES	
	2.5	SUPPLIER'S SHIPPING OBLIGATIONS	7
	2.6	PRICE	8
	2.7	QUALITY	
	2.8	PAYMENT	
<s> 1. 2.</s>	2.9	SETOFF	
	2.10	DELIVERY	
	2.11	TITLE AND RISK OF LOSS	
	2.12	FAILURE TO SUPPLY	
3.		NG, SAMPLING AND ANALYSIS	
	3.1	WEIGHING	
	3.2	SAMPLING AND ANALYSIS	
4.		MAJEURE	
	4.1	EFFECT OF FORCE MAJEURE	
	4.2	DEFINITION	
3.	4.3	NOTICE	
	4.4	PRO RATA ALLOCATION	
	4.5	CONSULTATION	
	4.6	TERMINATION	

5.	SSIGNMENT	.15
6.	ERM AND TERMINATION	.15
	.1 EFFECTIVENESS	.15
	2 TERM.	.15
	.3 EXTENSION.	.15
	4 TERMINATION	.15
	.5 EVENTS OF DEFAULT	.16
7.	EPRESENTATIONS AND WARRANTIES	
	.1 REPRESENTATIONS AND WARRANTIES	.16
8.	ONFIDENTIALITY	.17
9.	ISPUTE RESOLUTION	.18
	.1 DISPUTES	.18
	.2 NEGOTIATION	
	.3 ARBITRATION	.19
	.4 CONTINUING OBLIGATIONS	.20
10.	ISCELLANEOUS	.20
	0.1 CONSTRUCTION	.20

	ii			

· 111DD			
<capt< th=""><th>ION></th><th></th><th></th></capt<>	ION>		
<s></s>	<c></c>		<c></c>
	10.2	PAYMENT TERMS	
	10.3	NOTICES	21
	10.4	GOVERNING LAW	22
	10.5	WAIVER OF IMMUNITY	22
	10.6	JUDGMENT CURRENCY	22
	10.7	CURRENCY EQUIVALENTS	22
	10.8	ENTIRE AGREEMENT	22
	10.9	CONFLICTS	23
	10.10	SEVERABILITY	23
	10.11	SURVIVAL	23
	10.12	EXECUTION IN COUNTERPARTS	23
	10.13	AMENDMENTS	23
	10.14	WAIVERS	23
	10.15	NO PARTNERSHIP	24
	10.16	TAXES, ROYALTIES AND DUTIES	24
	10.17	LIMITATIONS OF LIABILITY	24

SCHEDULES

- 1 Contract Tonnage and Estimate Shipping Schedule for Contract Year 1
- 2 Alumina Specifications
- 3 Representatives

10.18

- 4 Loading Procedures at Port of Loading
- 5 Standards for Alumina Analysis

</TABLE>

ALUMINA SUPPLY AGREEMENT

THIS AGREEMENT entered into in the City of Sao Paulo, Brazil, is dated _____ December, 2004, with effect as of the Effective Date.

BETWEEN: NOVELIS DO BRASIL LTDA., a limited liability company incorporated

under the laws of Brazil (the "PURCHASER");

AND: ALCAN ALUMINA LTDA., a limited liability company incorporated under

the laws of Brazil (the "SUPPLIER").

RECITALS:

WHEREAS Alcan Inc. and Novelis Inc. have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis Inc. (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Separated Businesses (as defined in the Separation Agreement) held by Novelis Inc. include the maintenance and operation of the Smelter (as defined hereinafter) by the Purchaser (being a wholly owned Subsidiary of Novelis Inc.).

WHEREAS the Supplier wishes to supply, and the Purchaser wishes to purchase,

subject to the terms and conditions of this Agreement, Alumina (as defined hereinafter) required by the Smelter (as defined hereinafter) in the quantities agreed herein.

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement, the following terms and expressions and variations thereof shall unless another meaning is clearly required in the context, have the meanings specified or referred to in this Section 1.1:

"AFFECTED PARTY" has the meaning set forth in Section 4.1.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which

- 2 -

or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Alumina Supply Agreement, including all of the Schedules hereto.

"ALCAN GROUP" means Alcan Inc. and its Affiliates from time to time on and after the Effective Date..

"ALUMINA" means sandy calcined metallurgical alumina as produced at the alumina refineries of the Alumar Consortium or, at the Supplier's option subject to Section 2.5(c), as produced by Alunorte.

"ALUMINUM PRICE" for any calendar month means the arithmetic average LME 3-Month sellers price for Primary High Grade Aluminum, as published in Metal Bulletin on each day during the three (3) calendar months preceding such calendar month or as otherwise determined pursuant to Section 2.6(b). For avoidance of doubt, the Aluminum Price for the month of April will be based on aluminum prices published during the months of January, February and March.

"ALUNORTE" means Alumina do Norte do Brasil S.A.

"APPLICABLE LAW" means any applicable law, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"APPLICABLE PERCENTAGE" means:

- (a) in respect of shipments made in each Contract Year from 2005 to 2007, ***%;
- (b) in respect of shipments made in each Contract Year from 2008 to 2014, ***%; and
- (c) in respect of shipments made in any subsequent Contract Year, such percentage as may be agreed by the Parties at the time of extension of the Term in accordance with Section 6.3.

"BILL OF LADING DATE" means the date of the bill of lading representing Alumina cargo to be delivered under this Agreement.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions. or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in Sao Paulo, Sao Paulo State, Brazil, is a legal holiday or (ii) a day on which banks are authorized by Applicable Law to close in Sao Paulo, Sao Paulo State, Brazil.

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type contemplated in this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party or take actions that would reduce the benefits intended to be obtained by such Person under this Agreement.

"CONFIDENTIAL INFORMATION" has the meaning set forth in Section 8.1.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT TONNAGE" has the meaning set forth in Section 2.3(b).

"CONTRACT YEAR" means (a) initially the period commencing on the Effective Date and ending on the last day of the calendar year in which the Effective Date occurs (such initial period being "CONTRACT YEAR 1") and (b) thereafter, each successive period consisting of twelve calendar months (the first such period being "CONTRACT YEAR 2"), provided that the final Contract Year shall end on the last day of the Term.

"DEFAULTING PARTY" has the meaning set forth in Section 6.5.

"DELIVERY PORTS" means:

- (i) the Port of Aratu, State of Bahia, Brazil;
- (ii) the Port of Salvador, State of Bahia, Brazil; and
- (iii) such other port in Brazil as may be agreed by the Parties from time to time.

"DISPUTE" has the meaning set forth in Section 9.1.

"DOLLARS" or "\$" means the lawful currency of the United States of America.

"EFFECTIVE DATE" means the date on which the Supplier becomes a Subsidiary of Alcan Participacoes Ltda, which date is currently expected to be on or before December 31, 2004.

- 4 -

"ESCALATION NOTICE" has the meaning set out in Section 9.2.

"EVENT OF DEFAULT" has the meaning set forth in Section 6.5.

"EXCHANGE RATE" means, on any day, for purposes of converting Dollar amounts to Reais amounts, the selling currency rate for the sale of Reais published by the Brazilian Central Bank (PTAX 800) on such day, and, for purposes of converting Reais amounts to Dollars amounts, the selling currency rate for the sale of Dollars published by the Brazilian Central Bank (PTAX 800) on such day.

"EXCHANGE RATE DIFFERENTIAL" has the meaning set forth in Section 2.6(c).

"FOB" means, to the extent not inconsistent with the provisions of this Agreement, FOB as defined in Incoterms 2000, published by the ICC, Paris, France, as amended from time to time.

"FORCE MAJEURE" has the meaning set forth in Section 4.2.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

- "ICC" means the International Chamber of Commerce.
- "INCOTERMS 2000" means the set of international rules updated in the year 2000 for the interpretation of the most commonly used trade terms for foreign trade, as published by the ICC.
- "LIABILITIES" has the meaning set forth in the Separation Agreement.
- "LOSSES" has the meaning set forth in Section 2.12(a).
- "LME" means the London Metal Exchange.
- "NOVELIS GROUP" means Novelis Inc. and its Affiliates from time to time on and after the Effective Date.
- "PARTY" means each of the Purchaser and the Supplier as a party to this Agreement and "PARTIES" means both of them.
- "PERSON" means any individual, Business Concern or Governmental Authority.
- "PORT OF LOADING" means the Alumar Consortium Port, located at Sao Luiz, Maranhao State, Brazil or, if Section 2.5(b) applies, the port of Complexo Portuario de Vila do Conde, located at Barcarena, Para State, Brazil.

- 5 -

- "PRICE" has the meaning set forth in Section 2.6(a).
- "PURCHASER" has the meaning set forth in the Preamble to this Agreement.
- "REAIS" or R\$ means the lawful currency of Brazil.
- "REFEREE" has the meaning set forth in Section 3.2(e).
- "REPRESENTATIVES" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants or attorneys.
- "SALES TAXES" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed pursuant to Applicable Law.
- "SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.
- "SMELTER" means a primary aluminum smelter located at Aratu in Brazil.
- "SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.
- "SUPPLIER" has the meaning set forth in the Preamble to this Agreement.
- "TERM" has the meaning set forth in Section 6.2.
- "TERMINATING PARTY" has the meaning set forth in Section 6.5.
- "THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group, and that is not an Affiliate thereof.
- "THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.
- "TONNE" means 1,000 kilograms.
- 1.2 CURRENCY
 - All references to currency herein are to Dollars or Reais, as specified in each case.
- 1.3 VIENNA CONVENTION

The Parties agree that the terms of the United Nations Convention (Vienna Convention) on Contracts for the International Sale of Goods

- 6 -

2. ALUMINA

2.1 SUPPLY AND SALE BY THE SUPPLIER

Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Supplier shall supply and sell to the Purchaser FOB the Port of Loading the quantities of Alumina determined in accordance with this Agreement.

2.2 PURCHASE BY THE PURCHASER

Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Purchaser shall purchase and take delivery from the Supplier FOB the Port of Loading the quantities of Alumina determined in accordance with this Agreement.

2.3 QUANTITIES OF ALUMINA

- (a) The Purchaser and the Supplier agree that in each Contract Year the Supplier shall sell hereunder, and the Purchaser shall purchase hereunder a quantity of Alumina which is greater than or equal to 85,500 Tonnes and less than or equal to 126,000 Tonnes.
- (b) The Contract Tonnage for the Contract Year 1, and the estimated shipping schedule and quantities of Alumina to be delivered in each shipment during Contract Year 1, are set out in SCHEDULE 1 hereto.

2.4 SCHEDULING OF QUANTITIES

- (a) On or before September 30 in each Contract Year, the Purchaser shall submit to the Supplier a notice setting forth the annual quantity of Alumina required by the Purchaser for the next succeeding Contract Year (the "CONTRACT TONNAGE" for such Contract Year), and an estimated shipping schedule identifying the quantity of Alumina to be delivered by the Supplier in each shipment during such Contract Year.
- (b) On or before October 31 in each Contract Year, the Parties shall agree on a shipment schedule for the next succeeding Contract Year and on the quantities to be delivered in each shipment. The Parties shall use Commercially Reasonable Efforts to arrange for shipping schedules which are reasonably evenly spread throughout each Contract Year.
- (c) The Purchaser shall notify the Supplier of the initial lay day period in which the Supplier's vessel will be presented for loading, in respect of each shipment of Alumina scheduled hereunder.

- 7 -

- (d) The Purchaser shall be responsible for all arrangements required in connection with receipt of delivery and transportation of the Alumina at the Port of Loading, in accordance with the terms and conditions set forth in Schedule 4 hereto, which Schedule may be revised by the Parties from time to time in order to take account of the terms and condition for loading which may be in effect from time to time at the Port of Loading.
- (e) No later than 45 days prior to each of January 1, April 1, July 1 and October 1 in each Contract Year, the Purchaser shall submit to the Supplier an estimated shipping schedule indicating the quantity and lay days for delivery for each shipment of Alumina to be made hereunder in the next succeeding 3 calendar months commencing on the next such quarterly date, and identifying a 15 day window for each shipment. The Supplier shall, within 10 days of receipt of such shipping schedule from the Purchaser, confirm to the Purchaser whether it agrees with it or if any modifications or adjustments are required to be made to such shipping schedule.

(f) With respect to each shipment scheduled in accordance with paragraph (e) above, no later than 30 days prior to the commencement of lay days for such shipment, the Purchaser shall provide a notice to the Supplier narrowing the delivery window for such shipment to a 10 day period. In the event the Purchaser does not provide such notice to the Supplier in such time period, the Supplier may at its discretion reduce the window for the lay days for such shipment to a 10 day period at any time starting from the date which is 15 days prior to the commencement of the lay days scheduled for such shipment.

2.5 SUPPLIER'S SHIPPING OBLIGATIONS

- (a) The Supplier shall supply Alumina to the Purchaser in accordance with the quantities and shipping schedules agreed pursuant to Section 2.4, provided that the quantities of Alumina supplied by the Supplier in each shipment may vary by plus or minus 5% of the scheduled amount of such shipment, subject to an adjustment to be made on the last shipment in each Contract Year to ensure that the annual Contract Tonnage amount is supplied.
- (b) The Supplier shall supply Alumina sourced from production of the Alumar Consortium, provided that if the Supplier's share of production of the Alumar Consortium is not sufficient at any time for the Supplier to comply with its supply obligations hereunder and under any other supply agreements it is party to which require supply be sourced from production of the Alumar Consortium, the Supplier may supply Alumina sourced from Alunorte provided such alternate supply does not result in any increased costs to the Purchaser hereunder. With respect to any Alumina supplied by the Supplier which is sourced from Alunorte, the Price payable hereunder shall be reduced by an amount commensurate to the increased transportation and insurance costs incurred by the Purchaser as a result

- 8 -

of the Port of Loading being the port of the Complexo Portuario de Vila do Conde, located at Barcarena, Para State, Brazil.

(c) The Parties agree that the loading procedures at the Port of Loading shall be in accordance with the rules set forth in SCHEDULE 4 hereto.

2.6 PRICE

- (a) The price payable by the Purchaser for each Tonne of Alumina delivered pursuant to Sections 2.1 and 2.2 FOB the Port of Loading (the "PRICE") shall be the Applicable Percentage of the Aluminum Price applicable for the calendar month of the Bill of Lading Date subject to Section 2.6(b).
- (b) In the event Metal Bulletin ceases publication of the relevant reference price for determining the Aluminum Price, the Parties shall meet with a view to agreeing on an alternative publication or, if applicable, reference price. In the event the Parties fail to reach an agreement within sixty (60) days of any Party having notified the others to enter into discussions to agree to an alternative publication or reference price, then the Chairman of the LME in London, England or his nominee shall be requested to select a suitable reference in lieu thereof and/or appropriate amendment to the terms of this Section 2.6. The decision of the Chairman or his nominee shall be final and binding on the Parties.
- (c) The Price shall be denominated in Dollars and converted to Reais by reference to the Exchange Rate on the day preceding the applicable Bill of Lading Date. The Price shall be adjusted upwards or downwards on the date of payment, by adding to (if positive) or subtracting from (if negative) the price calculated pursuant to Section 2.6(a) the Exchange Rate Differential (as defined below) applicable on the date of payment. The "EXCHANGE RATE DIFFERENTIAL" in respect of any payment, on the date of such payment, shall be the positive or negative amount, in Reais, resulting by subtracting (i) the amount of such payment, converted into Reais utilizing the Exchange Rate on the date preceding the Bill of Lading Date, from (ii) the amount of such payment converted into Reais utilizing the Exchange Rate applicable on such date preceding the date of payment.

(a) Alumina supplied under this Agreement shall comply with the specifications set forth in SCHEDULE 2. Any Alumina which does not comply with the specifications set out in SCHEDULE 2 shall be removed by the Supplier at its cost unless the Purchaser agrees to accept such Alumina. If the Purchaser does agree to accept such Alumina, any additional costs incurred in processing such Alumina as a direct result of its non-compliance shall be reimbursed by the Supplier and losses suffered by the Purchaser because less aluminum can be produced per Tonne from such Alumina or the aluminum produced from such Alumina is of a lower quality than aluminum that would have been produced by the Smelter had the relevant

- 9 -

Alumina been in compliance with the required specifications shall be reimbursed by the Supplier to the Purchaser.

- (b) If the specifications for Alumina supplied by the Supplier change, the Supplier may propose that the specifications set forth in SCHEDULE 2 be amended to reflect such changes. If the revised specifications do not have a material adverse effect on the quality of the aluminum produced by the Smelter and do not result in increased costs for the processing of such Alumina by the Purchaser at the Smelter, the Purchaser shall not withhold its consent to such changed specifications.
- (c) All warranties, conditions and other terms implied by statute or common law are, to the fullest extent permitted by law, excluded.

2.8 PAYMENT

- (a) The Purchaser shall pay the Supplier, in Reais, in full for each shipment of Alumina meeting the specifications set out in SCHEDULE 2 in accordance with the Supplier's commercial invoice:
 - (i) within sixty (60) days of the Bill of Lading Date in respect of each supply of Alumina hereunder made prior to December 31, 2007, or
 - (ii) within thirty (30) days of the Bill of Lading Date in respect of each supply of Alumina made from and after January 1, 2008;

provided, in each case, that the invoice is received by the Purchaser at least seven (7) days before payment is due. If the invoice is not received at least seven (7) days before the date on which payment is due, the date for payment of an amount due shall be extended to provide seven (7) days between the date of receipt of the invoice and the due date.

- (b) If the Purchaser believes that a shipment of Alumina does not meet the specifications set out in SCHEDULE 2 and has rejected such shipment in a timely manner in accordance with the terms hereof, it need not pay the invoice. However, if the Purchaser subsequently accepts, or a Referee judges, that the Alumina complies with the specifications set out in SCHEDULE 2, the Purchaser shall pay the invoice and, if payment is overdue pursuant to Section 2.8(a), interest in accordance with Section 2.8(d).
- (c) In the event the Supplier is required to make payments to the Purchaser pursuant to Section 2.7, or 2.12, the Supplier shall pay to the Purchaser, based on an invoice delivered by the Purchaser setting out in detail the basis for such payment, such compensation or damages due to the Purchaser, in full within thirty (30) days of the day on which the Supplier receives such invoice.

- 10 -

(d) If any payment required to be made pursuant to Section 2.8 (a) or (c) above is overdue, the full amount shall bear interest at a rate per annum equal to 6%, calculated for the actual number of days elapsed, accrued from and excluding the date on which such payment was due up to and including the actual date of receipt of payment in the nominated bank or banking

account.

For the purpose of the Interest Act (Canada) and disclosure thereunder, whenever interest to be paid hereunder is to be calculated on the basis of a year of 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 360 or such other period of time, as the case may be.

(e) All amounts paid to the Supplier or the Purchaser hereunder shall be paid in Reais by wire transfer to the account specified by the Supplier or Purchaser, as applicable.

2.9 SETOFF

Each Party shall be entitled to set-off against any amounts due to another Party hereunder any amounts due to it from such other Party hereunder. Such right of set-off shall not extend to amounts owed to a Party by the other Party under any other agreement. Any amount by which any Party's obligation to make a payment under this Agreement is reduced shall be treated as discharging the obligation of the other Party to the extent of the amount set-off. Notwithstanding any set-off, any amount in respect of Sales Taxes required to be remitted by one Party to the other Party pursuant to this Agreement shall be remitted in full as if no set-off had occurred.

2.10 DELIVERY

Alumina shall be delivered FOB the Port of Loading. The delivery of Alumina pursuant to this Section 2.10 shall be governed by Incoterms 2000, as amended from time to time.

2.11 TITLE AND RISK OF LOSS

Title and risk of damage to, and loss of, Alumina shall pass to the Purchaser as the Alumina passes the ship's rail at the Port of Loading.

2.12 FAILURE TO SUPPLY

(a) In the event the Supplier fails to supply the Alumina required for the Smelter in accordance with the shipping schedules agreed pursuant to Section 2.4(b), for reasons other than Force Majeure and as a result the Purchaser curtails or stops the production of aluminum at the Smelter, the Supplier shall indemnify the Purchaser from and against all costs, claims, demands, liabilities, expenses, damages or losses (including without limitation legal and other professional costs

- 11 -

and expenses) (the "LOSSES") arising out of or in connection with the curtailment or stoppage of production at the Smelter. The Purchaser shall use its Commercially Reasonable Efforts to mitigate such Losses, including, without limitation, through acquisition of alumina from alternative sources.

(b) Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply mutatis mutandis with respect to any Liability which is subject to any indemnification or reimbursement pursuant to this Agreement.

3. WEIGHING, SAMPLING AND ANALYSIS

3.1 WEIGHING

- (a) The weight of each shipment shall be the bill of lading weight determined by draft survey carried out by a qualified and competent marine surveyor appointed by the Supplier and using the "Ship's Displacement" method at the time of the vessel's loading. The draft survey report shall be conclusive evidence of the weight of Alumina delivered. Each of the Purchaser and the Supplier shall, at its own risk and expense, have the right to have a representative from the list set out in SCHEDULE 3 present at such weight determination. Such SCHEDULE 3 shall be updated upon request of either of the Purchaser and the Supplier with the consent of such other Party, such consent not to be unreasonably withheld or delayed.
- (b) In the event the weight of Alumina determined at the Delivery Port differs from the weight determined at the Port of Loading by no more or no less than 0.5%, such difference shall not be

taken into consideration for any purpose under this Agreement. Should the difference in weight be greater than or less than 0.5%, the Parties shall designate for purposes of the next shipment hereunder an independent and duly registered naval inspector to be agreed on by the Parties. The determination of weight made by such independent inspector shall be definitive in respect of each shipment thereafter. The Purchaser and Supplier shall share in equal proportion the expenses related to the retainer of such inspector and shall share on an equal basis the cost effect of the difference in the weight of the original shipment of Alumina which was less than or greater than 0.5% and gave rise to the retainer of such inspector, to the extent of the cost relating to the Alumina over and above the 0.5% threshold.

3.2 SAMPLING AND ANALYSIS

(a) The Supplier shall arrange for three (3) representative samples to determine the quality of each shipment of Alumina, to be taken during the loading operation according to the standard methods set out in SCHEDULE 5, applied at both the Port of Loading and the Delivery Port. Each sample shall be placed in a sealed container and duly identified. Within twenty four (24) hours of the samples being taken, the Supplier shall arrange for one sample to be air freighted to the Purchaser for analysis and of the two remaining samples, one sample shall be

- 12 -

retained by the Supplier for the Supplier's analysis (the results of which analysis shall be recorded in a certificate of analysis) according to the standard methods set out in SCHEDULE 5, applied at both the Port of Loading and the Delivery Port, and one sample shall be retained in its sealed container by the Supplier for a period of at least ninety (90) days in case it is required to be sent to a Referee for analysis.

- (b) The results of the analysis performed at the Supplier's laboratories, as recorded in the certificate of analysis, shall be forwarded to the Purchaser promptly, and in any event within five (5) days of the Bill of Lading Date.
- (c) If, according to such certificate of analysis, the Alumina being shipped does not comply with the specifications set out in SCHEDULE 2, the Purchaser may, within five (5) days of receipt of such certificate of analysis, reject the shipment to which it relates by giving notice to the Supplier of such rejection. If the Purchaser rejects a shipment pursuant to this Section 3.2 (c), the Supplier shall use Commercially Reasonable Efforts to deliver a replacement shipment as soon as practicable.
- If, according to such certificate of analysis, the Alumina (d) being shipped complies with the specifications set out in SCHEDULE 2, the Purchaser shall have five (5) days from the receipt of the sample to notify the Supplier if it disagrees with the certificate of analysis and believes that the Alumina delivered does not conform to the specifications set out in SCHEDULE 2 by delivering a "Notice of Objection" setting out the extent of the non-conformity and including in such notice the certificate of analysis on which it relies. If the Purchaser does not notify the Supplier within this period of time, the entire shipment shall be deemed to be conforming Alumina. In the event the Purchaser has notified the Supplier within this period of time, the Supplier will advise the Purchaser, within five (5) days of its receipt of the Purchaser's notice as to whether or not the Supplier agrees with the Purchaser's analysis. If the Supplier does not notify the Purchaser within the five (5) day period, it shall be deemed to have agreed with the Purchaser's analysis and the Purchaser shall be deemed to have received the Supplier's notice so agreeing on the last day of the five (5) day period.
- (e) In the event that the Supplier notifies the Purchaser pursuant to Section 3.2 (d) that it does not agree with the Purchaser's analysis, then the third sample shall be referred to a referee (the "REFEREE") who shall be selected by agreement between the Parties during the first three months of the Term of this Agreement. In the event that the Referee whose turn it is to analyse the sample is unable to do so, the sample shall be sent to the next Referee on the list. In the event that any of the above Referees should no longer be available to act as a

referee, then the Purchaser and the Supplier shall agree upon a replacement. If the Purchaser and the Supplier are unable to agree upon a replacement within three (3) months of them discovering that such Referee is unable to act as a referee, then a replacement referee shall be appointed by the Chairman of the LME in London,

- 13 -

England or his nominee. The decision of the Chairman or his nominee shall be final and binding on the Parties.

- (f) The Referee shall complete its analysis within a further period of five (5) days and the results of the analysis shall be definitive and binding upon all Parties. The quality of the Alumina contained in the relevant shipment shall be deemed to be the same as that of the Referee's sample analysis. If, pursuant to the Referee's analysis, the Alumina complies with the specifications set out in SCHEDULE 2, the cost of the Referee's analysis shall be borne by the Purchaser. If, pursuant to the Referee's analysis, the Alumina does not comply with the specifications set out in SCHEDULE 2, the cost of the Referee's analysis shall be borne by the Supplier.
- The Purchaser shall use its Commercially Reasonable Efforts to process any Alumina not conforming to the specifications set out in SCHEDULE 2, and the Supplier shall compensate the Purchaser for any additional processing costs and loss of production incurred by the Purchaser as a result of processing of non-conforming Alumina. In the event the Purchaser, at its sole discretion, determines that such processing of non-conforming Alumina is not appropriate, the Purchaser shall have the right to reject such non-conforming Alumina and to require the Supplier to remove any such non-conforming Alumina and replace the same with another shipment of Alumina meeting the specifications set out in SCHEDULE 2.

4. FORCE MAJEURE

4.1 EFFECT OF FORCE MAJEURE

No Party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a Party) under this Agreement where the delay or failure is due to Force Majeure. The obligations of the Party affected by the event of Force Majeure (the "AFFECTED PARTY") shall be suspended, to the extent that those obligations are affected by the event of Force Majeure, from the date the Affected Party first gives notice in respect of that event of Force Majeure until cessation of that event of Force Majeure (or the consequences thereof).

4.2 DEFINITION

"FORCE MAJEURE" shall mean any act, occurrence or omission (or other event), subsequent to the commencement of the Term hereof, which is beyond the reasonable control of the Affected Party including, but not limited to: fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or

- 14 -

curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities, the invocation of force majeure by any party to an agreement under which the Supplier, its Affiliates or its Subsidiaries purchases bauxite to be converted into Alumina, or tolls or has bauxite tolled into Alumina, or purchases, trades or swaps Alumina to be sold hereunder, and any declaration of force majeure by the plant producing the Alumina, or any other event beyond the reasonable control of the Parties whether or not similar to the events or occurrences enumerated above. In no circumstances shall problems with making payments constitute Force Majeure.

4.3 NOTICE

Upon the occurrence of an event of Force Majeure, the Affected Party

shall promptly give notice to the other Party hereto setting forth the details of the event of Force Majeure and an estimate of the likely duration of the Affected Party's inability to fulfil its obligations under this Agreement. The Affected Party shall use its Commercially Reasonable Efforts to remove the said cause or causes and to resume, with the shortest possible delay, compliance with its obligations under this Agreement provided that the Affected Party shall not be required to settle any strike, lockout or labour dispute on terms not acceptable to it. When the said cause or causes have ceased to exist, the Affected Party shall promptly give notice to the other Party that such cause or causes have ceased to exist.

4.4 PRO RATA ALLOCATION

If the Supplier's supply of any Alumina to be delivered to the Purchaser is stopped or disrupted by an event of Force Majeure, the Supplier shall have the right to allocate its available supplies of such Alumina, if any, among any or all of its existing customers whether or not under contract, in a fair and equitable manner. In addition, where the Supplier is the Affected Party, it may (but shall not be required to) offer to supply, from another source, Alumina of similar quality in substitution for the Alumina subject to the event of Force Majeure to satisfy that amount which would have otherwise been sold and purchased hereunder at a price which may be more or less than the price hereunder.

4.5 CONSULTATION

Within thirty (30) days of the cessation of the event of Force Majeure, the Parties shall consult with a view to reaching agreement as to the Supplier's obligation to provide, and the Purchaser's obligation to take delivery of, that quantity of Alumina that could not be sold and purchased hereunder because of the event of Force Majeure, provided that any such shortfall quantity has not been replaced by substitute alumina pursuant to the terms above.

In the absence of any agreement by the Parties, failure to deliver or accept delivery of Alumina which is excused by or results from the operation of the foregoing provisions of this Section 4 shall not extend the Term of this Agreement and the quantities of Alumina

- 15 -

to be sold and purchased under this Agreement shall be reduced by the quantities affected by such failure.

4.6 TERMINATION

- (a) If an event of Force Majeure where the Affected Party is the Purchaser shall continue for more than ninety (90) days, then the Supplier shall have the right to terminate this Agreement.
- (b) If an event of Force Majeure where the Affected Party is the Supplier shall continue for more than ninety (90) days, then the Purchaser shall have the right to terminate this Agreement.

5. ASSIGNMENT

No Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement, without the prior written consent of the other Party.

6. TERM AND TERMINATION

6.1 EFFECTIVENESS

This Agreement shall come into effect upon the Effective Date.

6.2 TERM

The term of this Agreement (the "TERM") shall be from the Effective Date until the date which is the ten (10) year anniversary thereof, unless terminated earlier or extended pursuant to the provisions of this Agreement.

6.3 EXTENSION

One year prior to the expiration of the Term, the Parties may, upon the request of any Party, meet to negotiate in good faith a possible extension of the Term for a further year on terms to be mutually agreed. If no Agreement is reached between the Parties within six (6) months of the request for an extension, the Agreement shall terminate upon expiry of the Term.

6.4 TERMINATION

This Agreement shall terminate:

- (a) upon expiry of the Term;
- (b) upon the mutual agreement of the Parties prior to the expiry of the Term;
- (c) pursuant to Section 4.6 as a result of Force Majeure; or

- 16 -

(d) upon the occurrence of an Event of Default, in accordance with Section 6.5.

6.5 EVENTS OF DEFAULT

This Agreement may be terminated in its entirety immediately at the option of a Party (the "TERMINATING PARTY"), in the event that an Event of Default occurs in relation to the other Party (the "DEFAULTING PARTY"), and such termination shall take effect immediately upon the Terminating Party providing notice to the Defaulting Party of the termination.

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT" with respect to a Party:

- (a) such Party defaults in payment of any payments which are due and payable by it pursuant to this Agreement, and such default is not cured within sixty (60) days following receipt by the Defaulting Party of notice of such default;
- (b) such Party breaches any of its material obligations pursuant to this Agreement (other than as set out in paragraph (a) above), and fails to cure it within sixty (60) days after receipt of notice from the non-defaulting Party specifying the default with reasonable detail and demanding that it be cured, provided that if such breach is not capable of being cured within sixty (60) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the sixty (60) day period, no Event of Default under this paragraph (b) shall occur;
- (c) in case of the Purchaser, Novelis Inc., or in case of the Supplier, Alcan Inc., breaches any representation or warranty, or fails to perform or comply with any covenant, provision, undertaking or obligation in or of the Separation Agreement;
- (d) such Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days; or
- (e) proceedings are commenced by or against such Party under the laws of any jurisdiction relating to reorganization, arrangement or compromise.

7. REPRESENTATIONS AND WARRANTIES

7.1 REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to and in favour of the other Party as follows and acknowledges that the other Party is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- 17 -

(a) it is duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation and has the corporate power and authority to own its assets and to conduct its businesses and to perform its obligations hereunder;

- (b) the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein, do not and will not result in the breach of, or violate any term or provision of, its articles or by-laws;
- (c) it is not subject to any outstanding injunction, judgment or order of any Governmental Authority which would prevent or materially delay the transactions contemplated by this Agreement; there are no civil, criminal or administrative claims, actions, suits, demands, proceedings, hearings or investigations pending or, to the Party's knowledge, threatened, at law, in equity or otherwise, in, before, or by, any Governmental Authority which (if successful) would prevent or materially delay the consummation of the transactions contemplated by this Agreement;
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceeding has been commenced, or is pending or proposed, in respect of it; and
- (e) the execution and delivery of this Agreement the completion of the transactions contemplated herein have been duly approved by its board of directors, and this Agreement constitutes legal, valid and binding obligations of such Party enforceable against it in accordance with its terms, subject to legislation relating to bankruptcy, insolvency, reorganization and other similar legislation of general application and other laws affecting the enforcement of creditors' rights generally, to general principles of equity and limitations upon the enforcement of indemnification for fines or penalties imposed by law and to the discretionary power of the courts as regards specific performance or injunctive relief.

8. CONFIDENTIALITY

8.1 Subject to Section 8.3, each of the Parties shall hold, and shall cause its respective Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) and its Representatives to hold, in strict confidence, with at least the same degree of care that applies to its own confidential and proprietary information, all confidential and proprietary information concerning the other Party and its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) that is either in its possession or is furnished by such other Party or Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) of any such Party or its respective Representatives at any time pursuant to this Agreement or the transactions contemplated hereby (any such information referred to herein as "CONFIDENTIAL INFORMATION"), and shall not use any such Confidential Information other than for such purposes as shall be expressly permitted hereunder. Notwithstanding the foregoing, Confidential Information shall not include information that is or was:

- 18 -

- (i) in the public domain through no fault of such Party or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) or any of its respective Representatives,
- (ii) lawfully acquired by such Party or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate), from a Third Party not bound by a confidentiality obligation, or
- (iii) independently generated or developed by Persons who do not have access to, or descriptions of, any such confidential or proprietary information of the other Party (or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate)).
- 8.2 Each Party agrees not to release or disclose, or permit to be released or disclosed, any Confidential Information to any other Person, except its Representatives who need to know such Confidential Information (who shall be advised of their obligations hereunder with respect to such Confidential Information), except in compliance with Section 8.3.
- In the event that any Party or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) either determines on the advice of its counsel that it is required to disclose any Confidential Information pursuant to Applicable Law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the other Party (or any Affiliate (whether now an Affiliate or hereafter becoming an Affiliate) of such other Party), such Party shall, to the extent permitted by Applicable

Law, notify the other Party prior to it or its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) disclosing or providing such Confidential Information, and shall use its Commercially Reasonable Efforts to cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that receives such request may thereafter disclose or provide such Confidential Information to the extent (but only to the extent) required by such Applicable Law (as so advised by legal counsel) or by lawful process or by such Governmental Authority and shall promptly provide the Person that receives such request with a copy of the Confidential Information so disclosed, in the same form and format as disclosed, together with a disclosed.

9. DISPUTE RESOLUTION

9.1 DISPUTES

The provisions of this Section 9 shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (a "DISPUTE").

- 19 -

9.2 NEGOTIATION

The Parties hereby undertake to attempt in good faith to resolve any Dispute by way of negotiation between senior executives of the Parties who have authority to settle such Dispute. In furtherance of the foregoing, any Party may initiate the negotiation by way of a notice (an "ESCALATION NOTICE") demanding an in-person meeting involving representatives of the Parties at a senior level of management of the Parties (or if the Parties agree, of the appropriate strategic business unit or division within such Party). A copy of any Escalation Notice shall be given to the Chief Legal Officer of each Party (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such negotiation may be established by the Parties from time to time; provided, however, that the negotiations shall be completed within thirty (30) days of the date of the Escalation Notice or within such longer period as the Parties may agree in writing prior to the expiration of the initial thirty-day period.

9.3 ARBITRATION

- (a) Any Dispute which has not been resolved by negotiation as provided herein within thirty (30) days of the date of the Escalation Notice or such extended period as may be agreed to by the Parties, shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the ICC then in force.
- (b) The arbitral tribunal shall consist of three arbitrators. The place of arbitration shall be Miami, Florida, United States of America. The language of the arbitration and all communications in respect thereof shall be in English.
- (c) The costs of the arbitration shall be fixed by the arbitral tribunal and shall be borne by the unsuccessful Party, unless the arbitral tribunal, in its discretion, determines a different apportionment, taking all relevant circumstances into account. The costs of arbitration include: (i) the fees and disbursements of the arbitrators, (ii) reasonable travel and other expenses of witnesses; (iii) the reasonable fees and expenses of expert witnesses; and (iv) the costs of legal representation and assistance, to the extent that the arbitral tribunal determines that the amount of such costs is reasonable.
- (d) The arbitral tribunal shall endeavour to issue its award within sixty (60) days of the last hearing of the substantive issues in dispute between the Parties; however, the arbitral tribunal shall not lose jurisdiction if it fails to respect this delay. The arbitral award shall be final and binding.
- (e) Neither the Parties (including their auditors and insurers) nor their counsel and any Person necessary to the conduct of the arbitration nor the arbitrators shall disclose the existence, content (including submissions and any evidence or documents presented or exchanged), or results of any

arbitration hereunder without the prior written consent of the Parties, except as required by Applicable Law or the applicable rules of a stock exchange.

- 20 -

9.4 CONTINUING OBLIGATIONS

The existence of a Dispute with respect to this Agreement between the Parties shall not relieve either Party from performance of its obligations under this Agreement that are not the subject of such Dispute.

10. MISCELLANEOUS

10.1 CONSTRUCTION

In this Agreement and in the Schedules, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (c) reference to any gender includes each other gender;
- (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth herein;
- (e) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;
- (f) "herein", "hereby", "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;
- (g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (h) the Table of Contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (i) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and

- 21 -

(j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

10.2 PAYMENT TERMS

Any amount to be paid or reimbursed by one Party to the other under this Agreement, save as expressly provided in Sections 2 and 3, shall be paid or reimbursed hereunder within sixty (60) days (in respect of any amount invoiced prior to January 1, 2008) or thirty (30) days (in respect of any amount invoiced on or after January 1, 2008) after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or reasonable explanation supporting such amount.

All notices and other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery, if delivered personally, (b) on the first Business Day following the date of dispatch if delivered by a nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

If to the Purchaser, to:

Novelis do Brasil Ltda. Via das Torres, s/no., Candeias, Bahia State CEP 43800-000

Fax: +55 (71) 602-6163

Attention: Mr. Josival Gonzaga Alves

IF TO THE SUPPLIER, TO:

ALCAN ALUMINA LTDA.

Rodovia BR 135, km 18, n.(degree)1, Pedrinhas CEP 65095-000, Sao Luiz, Maranhao

Fax: +55 (98) 232-5239

Attention: Ms. Carmen Teixeira Romana

Any Party may, by notice to the other Party, change the address or fax number to which such notices are to be given.

- 22 -

10.4 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of Brazil, irrespective of conflict of laws principles under Brazil law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

10.5 WAIVER OF IMMUNITY

To the extent that a Party or any of its revenues, assets or properties shall be entitled, with respect to any proceeding relating to enforcement of this Agreement or any award thereunder at any time brought against such Party or any of its revenues, assets or properties, to any sovereign or other immunity from suit, from jurisdiction, from attachment prior to judgment, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any jurisdiction there shall be attributed such an immunity, such Party irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction.

10.6 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Reais, whether pursuant to a court judgment or arbitral award or otherwise, to the extent that the amount so paid upon conversion to Reais and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Reais due, and each Party hereby, as a separate obligation and notwithstanding any such judgment or award, agrees to indemnify the other Party against, and to pay to such Party on demand, in Reais, any difference between the sum originally due in Reais and the amount of Reais received upon any such conversion and transfer.

10.7 CURRENCY EQUIVALENTS

For purposes of this Agreement, calculation of Reais equivalents on any day shall be based on the Exchange Rate on the day preceding such day.

10.8 ENTIRE AGREEMENT

This Agreement and the exhibits, schedules, annexes and appendices hereto and the specific agreements contemplated herein, contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations

with respect to such subject matter. No agreements or understandings exist between the Parties with respect to the subject matter hereof other than those set forth or referred to herein.

- 23 -

10.9 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail.

10.10 SEVERABILITY

If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.11 SURVIVAL

The obligations of the Parties under Sections 2.6, 2.7, 2.8, 8, 9, 10.4 and 10.11 and liability for the breach of any obligation contained herein shall survive the expiration or earlier termination of this Agreement.

10.12 EXECUTION IN COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

10.13 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.14 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

- 24 -

10.15 NO PARTNERSHIP

Nothing contained herein or in the Agreement shall make a Party a partner of any other Party and no Party shall hold out the other as such.

10.16 TAXES, ROYALTIES AND DUTIES

All royalties, taxes and duties imposed or levied on any Alumina delivered hereunder shall be for the account of and paid by the Supplier to the point where the Alumina has been delivered FOB the Port of Loading. All royalties, taxes and duties imposed or levied on the Alumina after such delivery shall be for the account of and paid by the Purchaser.

10.17 LIMITATIONS OF LIABILITY

Neither Party shall be liable to the other Party for any indirect, collateral, incidental, special, consequential or punitive damages, lost profit or failure to realize expected savings or other commercial

or economic loss of any kind, howsoever caused, and on any theory of liability (including negligence) arising in any way out of this Agreement; provided, however, that the foregoing limitations shall not limit any Party's indemnification obligations for Liabilities with respect to Third Party Claims as set forth Article IX of the Separation Agreement (as if such Article IX was set out in full herein by reference to the obligations of the Parties hereunder).

10.18 ENGLISH LANGUAGE

All documents to be furnished or communications to be made or given under this Agreement made in connection with any Dispute shall be in the English language or, if in another language, shall be accompanied by a translation into English certified by the Party making or furnishing such documents or communications, which translation shall be the governing version between the Parties hereto.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

- 25 -

IN WITNESS WHEREOF, the Parties hereto have caused this Alumina Supply Agreement to be executed by their duly authorized representatives.

Title:

NOVELIS DO BRASIL LTDA.

By:

Name:
Title:

By:

Name:
Title:

ALCAN ALUMINA LTDA.

By:
Name:
Title:

By:
Name:
Name:

[LETTERHEAD]

Alcan Deutschland GmbH . Postf. 5149 . D-65726 Eschborn

Registered Mail

Alcan Aluminium Limited c/o Mr. Jocelyn Gagne 1188 Sherbrooke Street West Montreal, Quebec Canada H3A 3G2

27. Juni 2001

ALUMINA RAW MATERIALS CONTRACT NO. DEUISAALAAL9801

The above raw material supply contract was signed by Alcan Deutschland GmbH on 8 June 1998 and contains an option for extension until May *** , provided Alcan Deutschland GmbH declares such option on or before 30 June *** .

We have now decided to extend our tolling agreement with Aluminium Essen GmbH and, consequently, wish to declare our option for continuous supplies of Aughinish alumina until including May ***.

Please countersign and return one original of this letter to this office.

ALCAN DEUTSCHLAND GMBH

/s/ Robert Ball

- -----

Robert Ball

ALCAN ALUMINIUM LIMITED

Montreal, /s/ Jocelyn Gagne

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Alcan Aluminium Limited 1188 Sherbrooke Street West, Montreal, Quebec, Canada H3A 3G2

Tel: (514) 848-8000 Fax: (514) 848-8115

Cable: Alcan

(ALCAN LOGO)

Alcan Aluminium Limitee 1188, rue Sherbrooke Ouest, Montreal, Quebec, Canada H3A 3G2

Tel: (514) 848-8000 Telec.: (514) 848-8115

Cable: Alcan

RAW MATERIALS GROUP SALES CONTRACT

DATE: 22 May 1998 CONTRACT N.:
DEUISAALAAL9801

PARTIES: Alcan Deutschland GmbH Kolner Strasse 8 65780 Eschborn, Germany Alcan Aluminium Limited (Alcan) 1188 Sherbrooke Street West Montreal, Quebec

Canada H3A 3G2 Attention: Mr. Klaus Oertel Attention: Mr. David Salt

SPECIAL TERMS:

Alcan Aluminium Limited hereinafter referred to as AAL SELLER:

BUYER: Alcan Deutschland GmbH hereinafter referred to as AD

DURATION: Effective June 1, 1998 through to and including May ***. AD

has the option to extend the agreement for an additional *** years (Years June *** through to and including May ***) which must be declared by Alcan no later that 30 June ***.

Sandy metallurgical grade standard calcined alumina in PRODUCT:

conformity with the respective refinery's standard grade specifications, preferably Aughinish, Ireland. Other origins following the approval of suitability at the Essen smelter.

OUANTITY Seller shall sell and Buyer shall purchase from Seller in

each contract year during the term of this Agreement, the following quantities of alumina plus or minus five (5) percent for shipping purposes: Year 1998 - *** METRIC TONS and *** METRIC TONS each year, for years *** through to and including ***. January to May *** - *** MT.

PRICE: Group Alumina Administration System (GAAS) price plus

freight and insurance

TERMS OF PAYMENT: No later than 30 days after bill of lading date via wire

transfer in U.S. funds.

TERMS OF SHIPMENT: CIF DDP Aluminium Essen's own berth in Essen, Germany in

river barges

SHIPPING SCHEDULE: First delivery of the alumina latest 1 June 1998 and after

that be spread evenly throughout the duration of the

agreement

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been

requested with respect to the omitted portions.

CONTRACT No: DEUISAALAAL9801

Page No. 2

LOADING TERMS: DDP Aluminium Essen's own berth in Essen, Germany in river barges

OTHER: All duties paid.

Clause 3 of the attached Alumina Standard Conditions of Sale --

Not applicable

Alcan Deutschland GmbH remains the owner of the alumina delivered

until it takes delivery of respective volume of sheet

ingot/remelt ingot.

THE ATTACHED STANDARD TERMS AND CONDITIONS AND ANNEX A ARE PART OF THIS CONTRACT.

Agreed and Accepted Agreed and Accepted

By: /s/ Jean Grenon By: /s/ Michel Jacques

Dated: 08/06/98 Dated: 25/5/98

/s/ Klaus Harald Oertel 8.6.98

ALUMINA STANDARD CONDITIONS OF SALE

- 1. ENTIRE AGREEMENT Orders are accepted and material is delivered only subject to these Standard Conditions of Sale. Unless expressly set forth herein or in another document signed by an authorized representative of the Seller, any qualifications of these Conditions or anything contrary to or inconsistent with any of these Conditions must be deemed to be and will be treated as inapplicable and of no effect. The Seller hereby objects to any additional terms. No modifications of these Conditions shall be binding upon the parties unless made in writing and signed by the Seller and the Buyer. This Sales Order and these Standard Conditions of Sale constitute the whole contract (hereinafter referred to as "Contract") between the Seller and the Buyer for the sale and purchase of the material designated on the front hereof, Buyer shall be subject to the Conditions of Seller's designated Supplier (hereinafter referred to as "Supplier") which are expressly provided in this Contract including the Annexes attached hereto.
- 2. PRICE The Price of the material shall be the price noted on the front hereof inclusive of penalty and bonus provisions.
- 3. SHIPMENT AND LOADING OF MATERIAL The material shall be loaded according to the attached loading regulations of Port of Loading in Annex C which loading regulations may be amended from time to time by Seller. Seller shall not be liable for any loss or damage resulting directly or indirectly from any delay in shipment.
- 4. TITLE AND RISK The material is to be shipped on ocean going vessels FOB Port of loading or CIF Named Port of Destination herein referred to as "Port of Loading" of Port of Destination as the case may be shown on the front hereof. Such Terms of shipment shall be interpreted in accordance with the rules set forth in the latest published edition of INCOTERMS International Rules for the Interpretation of Trade Terms subject to the following:
 - a) When the terms are FOB Port of Loading and the vessel has been arranged on "Free in" terms all loading costs will be for the Buyer's account.
 - b) When the terms are C.I.F. (a named Port of Destination), unless otherwise agreed in writing, the price includes freight and marine insurance cover on F.P.A. terms. When requested to do so by the Buyer, the Seller will provide, at the Buyer's expense, war risk insurance or other special cover, if procurable.

Unless otherwise provided in the Terms of Shipment shown on the front hereof, title of the material shall pass from Seller to Buyer at the same time as the risk of loss or damage to the material.

- 5. INSURANCE Buyer shall make arrangements, at its own expense for insurance coverage with a first class Insurer against loss, liability and damage with respect to each shipment of material, immediately after the material clears the vessel's rail at Port of Loading.
- 6. TERMS OF PAYMENT Unless expressly set forth on the front hereof or otherwise agreed in writing the terms of payment for all shipments made hereunder will be thirty (30) days from date of invoice. Failure by Buyer to pay within this delay shall have the effect of placing it in default. Seller will be entitled to charge interest on any overdue amounts (as well as on any judgment for the same) at the rate of 1.5% per month (18% per annum), such interest to be calculated from the due date for payment on a daily basis. Notwithstanding the foregoing, Seller shall be entitled to refuse, modify or withdraw extension or credit to Buyer.
- 7. SPECIFICATIONS The material shall conform to the Seller's specifications attached in Annex A and which may be amended from time to time by Seller.
- 8. WEIGHT The weight of each cargo shall be the Bill of Lading weight determined by draft survey carried out by a qualified and competent marine surveyor appointed by Seller using "Ship's Displacement" method at the time of the vessel's loading. The draft survey report shall be conclusive evidence of the weight of Alumina delivered. Buyer shall, at its own risk and expense, have the right to have a representative present at such weight determination.
 - Seller shall, at its own cost and expense, deliver to Buyer, the draft survey report referred to above as soon as practicable.
- 9. SAMPLING OF MATERIALS AND QUALITY ANALYSIS The sampling and quality analysis procedure of the material shall be that which is in effect between

Seller and the Supplier and is available upon Buyer's request. Portions of material for analysis shall be provided to Buyer.

- 10. WARRANTY Seller warrants that the material will conform to the description thereof set forth in this Contract. THIS WARRANTY IS IN SUBSTITUTION FOR AND EXCLUDES ALL EXPRESSED OR IMPLIED CONDITIONS, WARRANTIES OR LIABILITIES OF ANY KIND RELATING TO THE MATERIAL SOLD WHETHER AS TO FITNESS FOR USE AND MERCHANTABILITY OR OTHERWISE AND WHETHER ARISING UNDER STATUTE, IN CIVIL LIABILITY, BY IMPLICATION OF LAW OR OTHERWISE AND, IN PARTICULAR, ALSO EXCLUDES ANY CONDITIONS, WARRANTY OR GUARANTEE TO THE EFFECT THAT THE MATERIAL TO BE DELIVERED HEREUNDER IS SUITABLE FOR USE UNDER ANY SPECIFIC CONDITIONS OR FOR ANY SPECIFIC PURPOSE ALTHOUGH SUCH CONDITIONS.
- 11. Breach of WARRANTY The Buyer shall not have any right to assert any claim against the Seller that any material delivered hereunder is not as described in Annex A hereof unless the Seller is notified of the claim within thirty (30) days from the date of shipment, and then only after the Seller has inspected such material and accepted that there is a basis for the claim. Should any such material be found not as so described, the Seller will, at its option, pay reasonable cost of the material delivered to Seller, or supply new material, but, to the fullest extent permitted under applicable law, Seller shall not be otherwise liable in connection therewith in particular, Seller will not be liable for damages, consequential, incidental, indirect or otherwise, resulting from the delivery of material which is not as so described, or from the use made by the Buyer or others of the material delivered or from any other cause whatsoever.

Every right, exemption from liability and defense of whatever nature to which the Seller is entitled hereunder shall extend to protect every employee or agent of the Seller, and for this purpose the Seller shall be deemed to be acting as agent or trustee on behalf of its employees and agents.

- 12. CANCELLATION & DEFAULT In the event that Buyer cancels all or part of an order, Buyer shall on demand pay Seller as liquidated damages the full purchase price for such material. In the event that the Buyer is in default in respect of this or any other contract with the Seller, then the Seller may give written or telefaxed notice to the Buyer of its intention to suspend shipment under this Contract for a period of thirty (30) days; if within that period, the Buyer has not rectified all such defaults then the Seller may, by further notice to the Buyer, cancel this Contract or the balance thereof immediately without prejudice to claims for payment in respect of material already shipped or ready for shipment.
- 13. FORCE MAJEURE A) The Seller shall not be liable for any delay in the fulfilment of or failure to fulfil this Contract for any cause affecting Alcan or its Supplier of the material for the present sale and not reasonably within the control of Alcan or its Supplier (including without limitation any act of God, shortage of water, energy or other raw materials supplies, lock-out or strike or other labour trouble, whether or not the demands of labour are within the ability of Alcan or its Supplier to meet: war or insurrection or other civil disruption, compliance with any allocation program in effect pursuant to Government direction or request or instituted in cooperation with any Government authority). If by reason of any such cause, the availability to Alcan of the kind of material covered by this Contract is in the judgment of the Seller adversely affected, Seller shall have the right but not the obligation to reduce or suspend to the extent necessary in the Seller's judgment to allocate in an equitable manner the supplies of such material (whether then available to Alcan or received from any other source of supply) amongst Alcan's customers (including the Buyer, new customers and the Seller's own divisions or its subsidiaries or affiliates or other related companies, and whether or not a contract is in effect between Alcan and any such customer). B) However nothing shall require the Seller to increase its purchase from any of its existing sources of supply of material of the kind covered by this Contract - nor to seek alternative sources of supply for the same - in order to replace supplies so affected. C) Any material covered by this Contract not shipped when due for any cause hereinbefore mentioned may be cancelled either by the Buyer upon payment of the Seller's cancellation charge (if any is provided in the price noted on the front hereof) or by the Seller. In this paragraph "Alcan" shall mean and include the Seller and any division or subsidiary or affiliate or other related company of the Seller.
- 14. SHIPPING TOLERANCES Except as otherwise provided on the front hereof, each shipment shall be subject to a shipping quantity tolerance shown on the front hereof.
- 15. TAXES Unless otherwise stated herein (and if applicable), the Seller's prices do not include sales, use, excise, export or similar taxes or duties. Consequently, in addition to the prices quoted, Buyer shall pay to the Seller the amount of all present or future sales, use, excise, export or similar taxes or duties which the Seller is required to pay or to collect in connection with this Order. In the event that the contracted

price is stated to be inclusive of any given tax or duty, Buyer shall pay to the Seller any excess amount which the Seller is required to pay to collect by virtue of a change in the rate or application of such tax or duty

- 16. WAIVERS, PARAGRAPH HEADINGS A waiver by one party of any provision of this Contract or of any default hereof by the other party shall not constitute a waiver of any subsequent default, nor of any other provision. Paragraph headings are for convenience of reference and do not form a part of this Contract.
- 17. ASSIGNMENT This Contract shall bind the respective successors and assigns of the parties hereto, but neither party's rights or obligations hereunder may be assigned without the other's prior written consent except to his subsidiary or affiliated corporation, provided that such assignment shall not relieve the assignor of its obligation hereunder. Any such assignment without written consent shall be void.
- 18. APPLICABLE LAW The Contract shall be governed by and construed in accordance with the law of the Province of Quebec, Canada. The provisions of the United Nations Convention on Contracts for the International State of Goods adopted at Vienna, Austria on 11 April 1980 shall, unless otherwise agreed by Seller in writing, be inapplicable.

FOIL SUPPLY AGREEMENT

between

NOVELIS DO BRASIL LTDA.

(as Supplier)

and

ALCAN EMBALAGENS DO BRASIL LTDA.

(as Purchaser)

IN CONNECTION WITH NOVELIS' OPERATIONS AT UTINGA, SANTO ANDRE,

SAO PAULO STATE, BRAZIL, SOUTH AMERICA

DATED DECEMBER ____, 2004 WITH EFFECT AS OF THE EFFECTIVE DATE

TABLE OF CONTENTS

<TABLE> <CAPTION>

<s></s>		PAGE <c></c>
1.	DEFINITIONS AND INTERPRETATION	2
2.	PURCHASE AND SUPPLY	7
3.	TEMPORARY PLANT CLOSURE	8
4.	FORCE MAJEURE	9
5.	PRICE AND PAYMENT; COMPENSATION AMOUNTS	10
6.	ASSIGNMENT	13
7.	EARLY TERMINATION	13
8.	REPRESENTATIONS AND WARRANTIES	14
9.	CONFIDENTIALITY	15
10.	DISPUTE RESOLUTION	16
11. <td>MISCELLANEOUSBLE></td> <td>17</td>	MISCELLANEOUSBLE>	17
_		

Annex A - Contract Price Annex B - Specifications

FOIL SUPPLY AGREEMENT

THIS AGREEMENT entered into in the City of Sao Paulo, Brazil, is dated December _____, 2004, with effect as of the Effective Date.

BETWEEN: NOVELIS DO BRASIL LTDA., a Brazilian limited liability company incorporated under the laws of Brazil (the

"SUPPLIER");

AND: ALCAN EMBALAGENS DO BRASIL LTDA., a Brazilian limited liability company incorporated under the laws of Brazil

(the "PURCHASER").

RECITALS:

WHEREAS Alcan Inc. and Novelis Inc. have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis Inc. (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Separated Businesses (as defined in the Separation Agreement) to be held by Novelis include the manufacture by the Supplier (being a wholly-owned Subsidiary of Novelis) of rolled aluminum, in particular aluminum foil conforming to the Specifications (as defined below), including at the Supplier's

plant located at Utinga, Santo Andre, Sao Paulo State, Brazil.

WHEREAS Alcan's business includes, inter alia, the manufacture by the Purchaser (being a wholly-owned Subsidiary of Alcan Inc.) of packaging products incorporating aluminum foil, including at the Purchaser's plant located at Maua, Sao Paulo State, Brazil.

WHEREAS the Supplier wishes to supply, and the Purchaser wishes to purchase, subject to the terms and conditions of this Agreement, certain minimum quantities of Foil (as defined below), as set out herein.

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

- 2 -

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement the following terms and expressions and variations thereof shall, unless another meaning is clearly required in the context, have the meanings specified or referred to in this Section 1.1:

"AFFECTED PARTY" has the meaning set forth in Section 4.1.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Foil Supply Agreement, including all of the Annexes hereto.

"ALCAN GROUP" means Alcan Inc. and its Subsidiaries from time to time on and after the Effective Date.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"BASE CONTRACT TONNAGE AMOUNT" means 5,500 Tonnes, or such other amount as may be agreed to by the Parties in writing.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in Sao Paulo, Sao Paulo State, Brazil, is a legal holiday or (ii) a day on which banks are authorized by Applicable Law to close in Sao Paulo, Sao Paulo State, Brazil.

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type contemplated in this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to

- 3 -

assume any material obligations or pay any material amounts to a Third Party or take actions that would reduce the benefits intended to be obtained by such Person under this Agreement.

"CONFIDENTIAL INFORMATION" has the meaning set forth in Section 9.1.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT PRICE" means the price per Tonne, payable by the Purchaser for Foil, as determined in accordance with Section 5, consisting of (i) in case of price denominated in Dollars, the aggregate of the Conversion Price and the Metal Price, or (ii) in case of price denominated in Reais,

the Local Currency Price.

"CONVERSION PRICE" means that part of the Contract Price denominated in Dollars, reflecting the conversion by the Supplier of aluminum metal to Foil, set out in Part 2 of ANNEX A in respect of each classification of Foil, subject to the application of Section 5.2.

"DATE OF DELIVERY" means the date on which Foil supplied by the Supplier is delivered FOB at the Supplier Facility.

"DEFAULTING PARTY" has the meaning set forth in Section 7.

"DISPUTE" has the meaning set forth in Section 10.1.

"DOLLAR" or "\$" means the lawful currency of the United States of America.

"DOLLAR REFERENCE VALUE" has the meaning set forth in Section 5.4.

"EFFECTIVE DATE" means thedate on which Purchaser becomes a Subsidiary of Alcan Participacoes Ltda, which date is currently expected to be on or before December 31, 2004.

"ESCALATION NOTICE" has the meaning set out in Section 10.2.

"ESTIMATED REQUIREMENTS BUDGET" has the meaning set forth in Section 2.4.

"EXCHANGE RATE DIFFERENTIAL" has the meaning set out in Section 5.5.

"EVENT OF DEFAULT" has the meaning set forth in Section 7.

"EXCHANGE RATE" means, on any day, in respect of any amount in Reais, the selling currency rate for Dollars published by the Brazilian Central Bank (PTAX 800) on such day, and in respect of any amount in Dollars, the selling currency rate for Reais published by the Brazilian Central Bank (PTAX 800) on such day.

- 4 -

"FOB" means, to the extent not inconsistent with the terms of this Agreement, FOB as defined in Incoterms 2000, published by the ICC, Paris, France, as amended from time to time.

"FOIL" means aluminum foil conforming to the Specifications, produced by the Supplier at the Supplier Facility.

"FORCE MAJEURE" has the meaning set forth in Section 4.2.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"HEAVY GAUGE FOIL" means Foil with thickness greater than $0.051 \mathrm{mm}$ and less than $0.200 \mathrm{mm}$.

"ICC" means the International Chamber of Commerce.

"INCOTERMS 2000" means the set of international rules updated in the year 2000 for the interpretation of the most commonly used trade terms for foreign trade, as published by the ICC.

"INTERMEDIATE GAUGE FOIL" means Foil with thickness greater than $0.021 \mathrm{mm}$ and less than $0.050 \mathrm{mm}$.

"LIABILITIES" has the meaning set forth in the Separation Agreement.

"LME CASH" means for any Month, the arithmetic average LME 3-Month seller's price for Primary High Grade Aluminum, as published in Metal Bulletin on each day during the Month preceding such Month. For the avoidance of doubt, LME Cash for the Month of April will be based on aluminum prices published during the Month of March.

"LOCAL CURRENCY PRICE" means the price per Tonne, payable by the Purchaser for Foil, denominated in Reais, set out in Part 1 of ANNEX A in respect of each classification of Foil, subject to the application of Section 5.2.

"METAL PRICE" means, at any time, the sum of the LME Cash at such time and the Premium.

"MONTH" means each calendar month throughout the Term of this Agreement.

"NOVELIS GROUP" means Novelis Inc. and its Affiliates from time to time on and after the Effective Date.

"PARTY" means each of the Purchaser and the Supplier, as a party to this Agreement and "PARTIES" means both of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PREMIUM" means, for any Month, the amount, in Dollars, which is the lowest market premium (i.e. market price less the LME Cash amount for such Month) paid by the Supplier for aluminum ingot code P1020 purchased by the Supplier in Brazil in such Month.

"PURCHASER" has the meaning set forth in the Preamble to this Agreement.

"PURCHASER'S ESTIMATED PURCHASE BUDGET" has the meaning set out in Section 2.4(i).

"REAIS" or "R\$" means the lawful currency of Brazil.

"REPRESENTATIVES" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants or attorneys.

"SALES TAXES" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed pursuant to Applicable Law.

"SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"SPECIFICATIONS" means specifications for aluminum foil as set out in $\ensuremath{\mathsf{ANNEX}}\ \mathsf{B.}$

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"SUPPLIER" has the meaning set forth in the Preamble to this Agreement.

"SUPPLIER FACILITY" means the production facility of the Supplier at Utinga, Sto. Andre, Sao Paulo State, Brazil.

"TERM" has the meaning set forth in Section 1.4.

"TERMINATING PARTY" has the meaning set forth in Section 7.

- 6 -

"THIN GAUGE FOIL" means Foil of thickness which is greater than $0.0063\ \mathrm{mm}$ and less than $0.020\mathrm{mm}$.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"TONNE" means 1,000 kilograms.

"US CPI" means the Consumer Price Index for All Urban Consumers, as published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

"YEAR" means each period of 12 consecutive Months throughout the Term of this Agreement, commencing on the Effective Date.

1.2 CURRENCY

All references to currency herein are to Reais or to Dollars, as specified in each case.

1.3 EFFECTIVENESS

This Agreement shall come into effect on the Effective Date. The Supplier's obligations to supply Foil and the Purchaser's obligations to purchase Foil under this Agreement shall commence on the Effective Date.

1.4 TERM

The term of this Agreement (the "TERM") shall be from the Effective Date until the date which is the five (5) year anniversary thereof, unless

terminated earlier as contemplated in Section 1.5.

1.5 TERMINATION

This Agreement shall terminate:

- (a) upon expiry of the Term;
- (b) upon the mutual agreement of the Parties prior to the expiry of the Term;
- (c) pursuant to Section 4.6 as a result of Force Majeure; or
- (d) upon the occurrence of an Event of Default, in accordance with Section 7.

- 7 -

- 2. PURCHASE AND SUPPLY
- 2.1 The Purchaser agrees to purchase Foil from the Supplier, and the Supplier agrees to sell Foil to the Purchaser, all in accordance with and subject to the terms of this Agreement.
- 2.2 The Purchaser shall place orders in writing (in accordance with Section 11.3) for deliveries of Foil by the Supplier, which orders shall identify the amount (in Tonnes) of Foil to be supplied and the date of delivery. All deliveries hereunder shall be made on the basis of FOB the Supplier Facility. The date of delivery specified in such notice shall be at least the following number of days after the date of the order:
 - (i) 7 days, in case of PTM or Flex Alloy Foil;
 - (ii) 10 days, in case of non-PTM or AA1145 Alloy (cable) Foil;
 - (iii) 21 days, in case of non-PTM Flex and Master Alloy Foil; and
 - (iv) 30 days, in case of non-PTM AA8006 e AA1145 Alloy Foil.
- 2.3 The Supplier shall deliver the amount of Foil identified in each order no later than the date of delivery identified in such order, and if no date of delivery is identified in such order, no later than such number of days after receipt by it of such order as is identified in paragraphs 2.2(i) to 2.2(iv) in respect of the applicable classification of Foil.
- 2.4 No later than September 30 in each Year, the Purchaser will provide to the Supplier
 - (i) an estimate of the quantity of Foil it will purchase from the Supplier (the "PURCHASER'S ESTIMATED PURCHASE BUDGET") for the following Year identifying the Purchaser's estimate of the volume, in Tonnes, of Foil to be supplied by the Supplier to the Purchaser in the following Year, provided that a third of the Purchaser's Estimated Purchase Budget shall be in respect of Thin Gauge Foil, a third shall be in respect of Intermediate Gauge Foil and a third shall be in respect of Heavy Gauge Foil; the Purchaser shall use its Commercially Reasonable Efforts to make the estimates set forth in the Purchaser's Estimated Purchase Budget accurate but shall not be bound by such estimates.
 - (ii) an estimate of the quantity of Foil which the Purchaser will require in the following year (in total) for its production operations in Maua, Brazil (the "ESTIMATED REQUIREMENTS BUDGET").
- 2.5 The Purchaser shall provide to the Supplier, on the 27th day of each Month (or if such day is not a Business Day, on the Business Day most recently preceding the 27th day of such Month), a forecast, in Tonnes, of the quantity of Foil to be

- 8 -

purchased by the Purchaser hereunder in the next succeeding 3 Months. The Purchaser shall utilize its Commercially Reasonable Efforts to make such forecasts accurate, but shall not be bound by such forecasts. The Purchaser shall place orders for deliveries of Foil in each Month a quantity of Foil equal to no less than 90% of the forecast provided for such Month pursuant to this Section 2.5 and no more than 110% of such forecast.

2.6 The Purchaser shall be obligated to purchase hereunder a volume of Foil in the Year commencing on the Effective Date equal to *** Tonnes. The Purchaser shall be obligated to purchase hereunder a volume of Foil in each subsequent Year equal to (i) at least 85% of the quantity set out in the Purchaser's Estimated Purchase Budget for such Year delivered by the Purchaser pursuant to Section 2.4(i), and (ii) at least 70% of the Estimated Requirements Budget for such Year delivered by the Purchaser pursuant to Section 2.4(ii).

- 2.7 The Supplier shall be obligated hereunder to deliver Foil hereunder in accordance with orders placed by the Purchaser, provided the Supplier shall be under no obligation to supply in any year a quantity of Foil in excess of 115% of the Base Contract Tonnage Amount, in accordance with the product mix identified in Section 2.4(i), provided that should market circumstances result in significant increase or decrease in the availability and supply in the market of either Thin Gauge Foil, Intermediate Gauge Foil or Heavy Gauge Foil, the Parties shall negotiate in good faith a re-allocation of the proportion of each relevant Foil classification to be purchased and supplied hereunder, provided the Base Contract Tonnage Amount, as an aggregate number, shall not change.
- 2.8 Deliveries shall be made during normal working hours, being 08.00 16.00, FOB the Supplier Facility. If the Purchaser requires delivery outside such normal working hours, the Supplier shall use its Commercially Reasonable Efforts to supply Foil as requested by the Purchaser.
- 2.9 Title and risk of damage to, and loss of, Foil shall pass to the Purchaser at the point of FOB delivery at the Supplier Facility.
- 3. TEMPORARY PLANT CLOSURE
- 3.1 Where the Supplier plans a temporary maintenance closure of, or a period of reduced production at, the plant from which Foil is sourced (or any part of such plant or any individual production unit) and which may affect the Supplier's ability to supply Foil to the Purchaser in accordance with the Supplier's obligations hereunder, it shall notify the Purchaser accordingly not less than 6 (six) Months in advance. The Supplier and the Purchaser will agree an action plan to avoid any bottleneck in the supply of Foil to the Purchaser.
- 3.2 During any period of temporary closure or reduced production as envisaged in this Section 3, the Supplier shall supply Foil to the Purchaser on a preferential basis.

_

4.1 EFFECT OF FORCE MAJEURE

FORCE MAJEURE

4.

No Party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a Party) under this Agreement where the delay or failure is due to Force Majeure. The obligations of the Party affected by the event of Force Majeure (the "AFFECTED PARTY") shall be suspended, to the extent that those obligations are affected by the event of Force Majeure, from the date the Affected Party first gives notice in respect of that event of Force Majeure until cessation of that event of Force Majeure (or the consequences thereof).

4.2 DEFINITION

"FORCE MAJEURE" shall mean any act, occurrence or omission (or other event), subsequent to the commencement of the Term hereof, which is beyond the reasonable control of the Affected Party including, but not limited to: fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities, or any other event beyond the reasonable control of a Party hereto whether or not similar to the events or occurrences enumerated above. In no circumstances shall problems with making payments constitute Force Majeure.

4.3 NOTICE

Upon the occurrence of an event of Force Majeure, the Affected Party shall promptly give notice to the other Party hereto setting forth the details of the event of Force Majeure and an estimate of the likely duration of the Affected Party's inability to fulfil its obligations under this

Agreement. The Affected Party shall use Commercially Reasonable Efforts steps to remove the said cause or causes and to resume, with the shortest possible delay, compliance with its obligations under this Agreement, provided that the Affected Party shall not be required to settle any strike, lockout or labour dispute on terms not acceptable to it. When the said cause or causes have ceased to exist, the Affected Party shall promptly give notice to the other Party that such cause or causes have ceased to exist.

- 10 -

4.4 PRO RATA ALLOCATION

If the Supplier's supply of Foil to be delivered to the Purchaser is stopped or disrupted by an event of Force Majeure, the Supplier shall allocate its available supplies of Foil, if any, among any or all of its existing customers whether or not under contract, in a fair and equitable manner. In addition, where the Supplier is the Affected Party, it may (but shall not be required to) offer to supply, from another source, Foil in substitution for Foil subject to the event of Force Majeure to satisfy that amount which would have otherwise been sold and purchased hereunder at a price which may be more or less than the price hereunder.

4.5 CONSULTATION

Within thirty (30) days of the cessation of the event of Force Majeure, the Parties shall consult with a view to reaching agreement as to the Supplier's obligation to provide, and the Purchaser's obligation to take delivery of, that quantity of Foil that could not be sold and purchased hereunder because of the event of Force Majeure, provided that any such shortfall quantity has not been replaced by substitute aluminum foil pursuant to the terms above.

In the absence of any agreement by the Parties, failure to deliver or accept delivery of Foil which is excused by or results from the operation of the foregoing provisions of this Section 4 shall not extend the Term of this Agreement and the quantities of Foil to be sold and purchased under this Agreement shall be reduced by the quantities affected by such failure.

4.6 TERMINATION

- (a) If an event of Force Majeure where the Affected Party is the Supplier shall continue for more than ninety (90) days, then the Purchaser shall have the right to terminate this Agreement.
- (b) If an event of Force Majeure where the Affected Party is the Purchaser shall continue for more than ninety (90) days, then the Supplier shall have the right to terminate this Agreement.
- 5. PRICE AND PAYMENT; COMPENSATION AMOUNTS
- 5.1 The Contract Price for Foil purchased and supplied under this Agreement shall be
 - (i) if denominated in Dollars, the aggregate of the Metal Price and the Conversion Price applicable to such Foil; and
 - (ii) if denominated in Reais, the Local Currency Price applicable to such Foil.

- 11 -

- 5.2 Subject to Section 5.3, the Contract Price payable hereunder may be modified as follows:
 - i) the Local Currency Price may be increased by the Supplier on thirty (30) days prior notice to the Purchaser. Such notice shall include an updated form of ANNEX A, containing the revised Local Currency Prices applicable for all relevant classifications of Foil, and this Agreement shall be deemed amended by the replacement of ANNEX A with such newly provided ANNEX A, effective as of the date which is thirty (30) days after receipt by the Purchaser of such notice; and
 - (ii) the Conversion Price payable as part of the Contract Price denominated in Dollars may be modified (upwards or downwards) no more than *** in proportion to increases or decreases in the US CPI. Such modification shall take place by either Party sending to the other Party thirty (30) days prior notice. Such notice shall include an updated Form of ANNEX A containing the revised Conversion Prices applicable for all relevant classifications of Foil, and this Agreement shall be deemed amended by the replacement of ANNEX A with such newly provided ANNEX A, effective as of the date which is thirty (30) days

after receipt by the other Party of such notice.

- 5.3 The Parties shall use their Commercially Reasonable Efforts to cooperate with a view to achieving cost reductions resulting in reductions of the Contract Price payable hereunder. Any increase of the Local Currency Prices made in accordance with Section 5.2 shall be no more than the amount of any similar price increases in the market for comparable (in terms of quantities and specifications) Foil in Brazil.
- Within ten (10) days following each delivery of Foil, the Supplier shall submit to the Purchaser an invoice in respect thereof. An invoice submitted by telex or facsimile shall be regarded as a valid invoice for purposes of this Agreement. All amounts invoiced by the Supplier hereunder shall be invoiced in Reais. Any amount payable hereunder which is denominated in Dollars shall, for purposes of invoicing, be converted into Reais utilizing the Exchange Rate applicable on the Friday preceding the date of the invoice. For purposes of calculating the amount to be paid by the Purchaser in respect of any invoice, the "DOLLAR REFERENCE VALUE" applicable to such invoice shall be an amount in Dollars which is (i) in respect of each invoiced amount originally denominated in Dollars and converted into Reais pursuant to this Section 5.4, the amount originally denominated in Dollars, and (ii) in respect of each invoiced amount originally denominated in Reais, such amount converted into Dollars utilizing the Exchange Rate applicable on the Friday preceding the date of the invoice.
- 5.5 All invoices submitted pursuant to Section 5.4 shall be paid in Reais no later than 60 days after the date of delivery of Foil hereunder. For purposes of payment, any amount invoiced hereunder shall be adjusted upwards or downwards on the date of
 - *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

payment by adding to (if positive) or subtracting from (if negative) the amount invoiced in Reais, the Exchange Rate Differential. The "EXCHANGE RATE DIFFERENTIAL" in respect of any amount to be paid, on the date of such payment, shall be the positive or negative amount, in Reais, resulting by subtracting (i) the applicable Dollar Reference Value, converted into Reais utilizing the Exchange Rate on the Friday preceding the date of the invoice, from (ii) the applicable Dollar Reference Value converted into Reais utilizing the Exchange Rate applicable on the date preceding the date of payment.

- 5.6 Payment of the invoiced amount shall be made together with interest in accordance with ANNEX A. Payment shall be made to the Supplier's bank account, details of which shall be provided by the Supplier to the Purchaser from time to time in writing.
- 5.7 In addition to the Contract Price calculated pursuant to Section 5.1, the Purchaser shall pay to the Supplier all applicable Sales Taxes.
- 5.8 The Purchaser may request a change of the Specifications upon a minimum of 3 (three) Months written notice to the Supplier, which notice includes an updated form of ANNEX B containing the proposed revised Specifications. The Supplier will use all its Commercially Reasonable Efforts to accommodate such change provided that it is technically possible. In this event, the Local Currency Price and/or Conversion Price, as applicable, for the relevant classification of Foil shall be adjusted, with the agreement of the Purchaser and the Supplier, to reflect the resulting increase or decrease in the costs to the Supplier of conversion resulting from producing Foil to such amended Specifications. If the Purchaser and the Supplier are unable to agree on the amount of such increase or reduction in the Local Currency Price and/or Conversion Price, as applicable, the volume related will be excluded from contract. This Agreement shall be deemed amended by replacing ANNEX B with the updated form of ANNEX B provided by the Purchaser and replacing ANNEX A with an updated ANNEX A setting out the new Local Currency Price and/or Conversion Prices, as applicable, agreed to by the Purchaser and the Supplier, all such amendments to be effective on the date of first supply hereunder of Foil conforming to the amended new Specifications.
- 5.9 The Purchaser shall visually inspect the Foil promptly following delivery, and notify the Supplier within fourteen (14) days thereafter of any defects that were or should have been apparent from such inspection.
- 5.10 Where the Supplier has supplied the Purchaser with Foil which does not conform to the Specifications, the Supplier will either replace the defective Foil with Foil conforming to the Specifications at no extra charge (and will collect the defective Foil at its own expense), or will refund the Contract Price (along with any applicable taxes or other charges paid in respect thereof) paid by the Purchaser for the defective Foil. The Supplier shall also reimburse and indemnify the Purchaser from

- 13 -

the Supplier to deliver Foil in accordance with the terms hereof, including as a result of delivery of Foil with gauges or widths that differ from those required under the Specifications, provided that the Purchaser shall use all its Commercially Reasonable Efforts to mitigate such Losses, including, without limitation, through acquisition of Foil from alternative sources.

- 5.11 Notwithstanding any other provisions in this Agreement, the Supplier will be liable for, and shall indemnify the Purchaser in respect of, all Liabilities in respect of death or personal injury to any person to the extent that this results from the negligent supply of Foil not conforming to the Specifications.
- 5.12 Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply, mutatis mutandis with respect to any Liability which is subject to any indemnification or reimbursement pursuant to this Agreement.

ASSIGNMENT

No Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement, without the prior written consent of the other Party.

EARLY TERMINATION

This Agreement may be terminated in its entirety immediately at the option of a Party (the "TERMINATING PARTY"), in the event that an Event of Default occurs in relation to the other Party (the "DEFAULTING PARTY"), and such termination shall take effect immediately upon the Terminating Party providing notice to the Defaulting Party of the termination.

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT" with respect to a Party:

- (a) such Party defaults in payment of any payments which are due and payable by it pursuant to this Agreement, and such default is not cured within sixty (60) days following receipt by the Defaulting Party of notice of such default;
- (b) such Party breaches any of its material obligations pursuant to this Agreement (other than as set out in paragraph (a) above), and fails to cure it within sixty (60) days after receipt of notice from the non-defaulting Party specifying the default with reasonable detail and demanding that it be cured, provided that if such breach is not capable of being cured within sixty (60) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the sixty (60) day period, no Event of Default under this paragraph (b) shall occur;

- 14 -

- (c) in case of the Purchaser, Alcan Inc., or in case of the Supplier, Novelis Inc., breaches any representation or warranty, or fails to perform or comply with any covenant, provision, undertaking or obligation in or of the Separation Agreement;
- (d) such Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days; or
- (e) proceedings are commenced by or against such Party under the laws of any jurisdiction relating to reorganization, arrangement or compromise.

8. REPRESENTATIONS AND WARRANTIES

8.1 REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to and in favour of the other Party as follows and acknowledges that the other Party is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) it is duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation and has the corporate power and authority to own its assets and to conduct its businesses and to perform its obligations hereunder;

- (b) the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein, do not and will not result in the breach of, or violate any term or provision of, its articles or by-laws;
- (c) it is not subject to any outstanding injunction, judgment or order of any Governmental Authority which would prevent or materially delay the transactions contemplated by this Agreement; there are no civil, criminal or administrative claims, actions, suits, demands, proceedings, hearings or investigations pending or, to the Party's knowledge, threatened, at law, in equity or otherwise, in, before, or by, any Governmental Authority which (if successful) would prevent or materially delay the consummation of the transactions contemplated by this Agreement;
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceeding has been commenced, or is pending or proposed, in respect of it; and
- (e) the execution and delivery of this Agreement and the completion of the transactions contemplated herein, have been duly approved by its board of

- 15 -

directors and this Agreement constitutes legal, valid and binding obligations of such Party enforceable against it in accordance with its terms, subject to legislation relating to bankruptcy, insolvency, reorganization and other similar legislation of general application and other laws affecting the enforcement of creditors' rights generally, to general principles of equity and limitations upon the enforcement of indemnification for fines or penalties imposed by law and to the discretionary power of the courts as regards specific performance or injunctive relief.

9. CONFIDENTIALITY

- 9.1 Subject to Section 9.3, each of the Parties shall hold, and shall cause its respective Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) and its Representatives to hold, in strict confidence, with at least the same degree of care that applies to its own confidential and proprietary information, all confidential and proprietary information concerning the other Party and its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) that is either in its possession or is furnished by such other Party or Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) of any such Party or its Representatives at any time pursuant to this Agreement or the transactions contemplated hereby (any such information referred to herein as "CONFIDENTIAL INFORMATION"), and shall not use any such Confidential Information other than for such purposes as shall be expressly permitted hereunder. Notwithstanding the foregoing, Confidential Information shall not include information that is or was:
 - in the public domain through no fault of such Party or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) or any of its respective Representatives,
 - (ii) lawfully acquired by such Party or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) from a Third Party not bound by a confidentiality obligation, or
 - (iii) independently generated or developed by Persons who do not have access to, or descriptions of, any such confidential or proprietary information of the other Party (or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate)).
- 9.2 Each Party agrees not to release or disclose, or permit to be released or disclosed, any Confidential Information to any other Person, except its Representatives who need to know such Confidential Information (who shall be advised of their obligations hereunder with respect to such Confidential Information), except in compliance with Section 9.3.
- 9.3 In the event that any Party or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) either determines on the advice of its counsel that

Governmental Authority to disclose or provide Confidential Information of the other Party (or any Affiliate (whether now an Affiliate or hereafter becoming an Affiliate) of such other Party), such Party shall, to the extent permitted by Applicable Law, notify the other Party prior to it or its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) disclosing or providing such Confidential Information, and shall use its Commercially Reasonable Efforts to cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that receives such request may thereafter disclose or provide such Confidential Information to the extent (but only to the extent) required by such Applicable Law (as so advised by legal counsel) or by lawful process or by such Governmental Authority and shall promptly provide the Person that receives such request with a copy of the Confidential Information so disclosed, in the same form and format as disclosed, together with a list of all Persons to whom such Confidential Information was disclosed.

10. DISPUTE RESOLUTION

10.1 DISPUTES

The provisions of this Section 9 shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (a "DISPUTE").

10.2 NEGOTIATION

The Parties hereby undertake to attempt in good faith to resolve any Dispute by way of negotiation between senior executives of the Parties who have authority to settle such Dispute. In furtherance of the foregoing, any Party may initiate the negotiation by way of a notice (an "ESCALATION NOTICE") demanding an in-person meeting involving representatives of the Parties at a senior level of management of the Parties (or if the Parties agree, of the appropriate strategic business unit or division within such Party). A copy of any Escalation Notice shall be given to the Chief Legal Officer of each Party (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such negotiation may be established by the Parties from time to time; provided, however, that the negotiations shall be completed within thirty (30) days of the date of the Escalation Notice or within such longer period as the Parties may agree in writing prior to the expiration of the initial thirty-day period.

10.3 ARBITRATION

(a) Any Dispute which has not been resolved by negotiation as provided herein within thirty (30) days of the date of the Escalation Notice or such extended

- 17 -

period as may be agreed to by the Parties, shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the ICC then in force.

- (b) The arbitral tribunal shall consist of three arbitrators. The place of arbitration shall be Miami, Florida, United States of America. The language of the arbitration, and all communications in respect thereof, shall be in English.
- (c) The costs of the arbitration shall be fixed by the arbitral tribunal and shall be borne by the unsuccessful Party, unless the arbitral tribunal, in its discretion, determines a different apportionment, taking all relevant circumstances into account. The costs of arbitration include: (i) the fees and disbursements of the arbitrators, (ii) reasonable travel and other expenses of witnesses; (iii) the reasonable fees and expenses of expert witnesses; and (iv) the costs of legal representation and assistance, to the extent that the arbitral tribunal determines that the amount of such costs is reasonable.
- (d) The arbitral tribunal shall endeavour to issue its award within sixty (60) days of the last hearing of the substantive issues in dispute between the Parties; however, the arbitral tribunal shall not lose jurisdiction if it fails to respect this delay. The arbitral award shall be final and binding.
- (e) Neither the Parties (including their auditors and insurers) nor their counsel and any Person necessary to the conduct of the arbitration nor the arbitrators shall disclose the existence, content (including submissions and any evidence or documents presented or exchanged), or results of any arbitration hereunder without the prior written consent of the Parties, except as required

by Applicable Law or the applicable rules of a stock exchange.

10.4 CONTINUING OBLIGATIONS

The existence of a Dispute with respect to this Agreement between the Parties shall not relieve either Party from performance of its obligations under this Agreement that are not the subject of such Dispute.

11. MISCELLANEOUS

11.1 CONSTRUCTION

In this Agreement and in the Annexes hereto, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this

- 18 -

Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

- (c) reference to any gender includes each other gender;
- (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth herein:
- (e) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;
- (f) "herein", "hereby", "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;
- (g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (h) the Table of Contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (i) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and
- (j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

11.2 PAYMENT TERMS

Any amount to be paid or reimbursed by one Party to the other under this Agreement, save as expressly provided in Sections 2 and 5, shall be paid or reimbursed hereunder within thirty (30) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or reasonable explanation supporting such amount.

11.3 NOTICES

All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery, if delivered personally, (b) on the first Business Day following the date of dispatch if delivered

- 19 -

by a nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

IF TO THE PURCHASER, TO:

Alcan Embalagens do Brasil Ltda. Avenida Joao Ramalho, 964 Maua, SP, Brazil CEP 09371-902

Fax: +55 (11) 4512-4133

Attention: Mr. Marco Antonio Ferraroli dos Santos

IF TO THE SUPPLIER, TO:

Novelis do Brasil Ltda. Rua Felipe Camarao, 414 Utinga, Santo Andre, Sao Paulo State, Brazil

Fax: +55 (11) 4469-6368

Attention: Mr. Mauro Moreno

Any Party may, by notice to the other Party, change the address or fax number to which such notices are to be given.

11.4 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of Brazil irrespective of conflict of laws principles under Brazil law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

11.5 WAIVER OF IMMUNITY

To the extent that a Party or any of its revenues, assets or properties shall be entitled, with respect to any proceeding relating to enforcement of this Agreement or any award thereunder at any time brought against such Party or any of its revenues, assets or properties, to any sovereign or other immunity from suit, from jurisdiction, from attachment prior to judgment, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any jurisdiction there shall be attributed such an immunity, such Party irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction.

- 20 -

11.6 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Reais, whether pursuant to a court judgment or arbitral award or otherwise, to the extent that the amount so paid upon conversion to Reais, and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Reais, due, and each Party hereby, as a separate obligation and notwithstanding any such judgment or award, agrees to indemnify the other Party against, and to pay to such Party on demand, in Reais, any difference between the sum originally due in Reais, and the amount of Reais, received upon any such conversion and transfer.

11.7 ENTIRE AGREEMENT

This Agreement and the exhibits, schedules, annexes and appendices hereto and the specific agreements contemplated herein, contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties with respect to the subject matter hereof other than those set forth or referred to herein.

11.8 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail.

11.9 SEVERABILITY

If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or

legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

11.10 SURVIVAL

The obligations of the Parties under Sections 5, 9, 10, 11.10 and 11.4 and liability for the breach of any obligation contained herein shall survive the expiration or earlier termination of this Agreement.

- 21 -

11.11 EXECUTION IN COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

11.12 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

11.13 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

11.14 NO PARTNERSHIP

Nothing contained herein or in the Agreement shall make a Party a partner of any other Party and no Party shall hold out the other as such.

11.15 TAXES, ROYALTIES AND DUTIES

Subject to Section 5.7 regarding Sales Taxes, (i) all royalties, taxes and duties imposed or levied on any Foil delivered hereunder shall be for the account of and paid by the Supplier to the point of legal delivery, which shall be as stated in Incoterms 2000 in respect of goods sold FOB and (ii) all royalties, taxes and duties imposed or levied on the Foil after such delivery shall be for the account of and paid by the Purchaser.

11.16 LIMITATIONS OF LIABILITY

Neither Party shall be liable to the other Party for any indirect, collateral, incidental, special, consequential or punitive damages arising in any way out of this Agreement; provided, however, that the foregoing limitations shall not limit any Party's indemnification obligations for Liabilities with respect to Third Party Claims as set forth in Article IX of the Separation Agreement (as if such Article was set out in full herein by reference to the obligations of the Parties hereunder).

- 22 -

11.17 ENGLISH LANGUAGE

All documents to be furnished or communications to be made or given under this Agreement made in connection with any Dispute shall be in the English language or, if in another language, shall be accompanied by a translation into English certified by the Party making or furnishing such documents or communications, which translation shall be the governing version between the Parties hereto.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

- 23 -

IN WITNESS WHEREOF, the Parties hereto have caused this Foil Supply Agreement to be executed by their duly authorized representatives.

NOVELIS DO BRASIL LTDA.

Ву:

Name:

Title:

By:		
	Name:	
	Title:	
ALC	AN EMBALAGENS DO BRASIL I	LTDA.
By:		
	Name:	
	Title:	
By:		
	Name:	
	Title:	

CONVERSION AGREEMENT

between

Bei Abschluss noch in diesem Jahr ist der Vertragspartner Alcan Deutschland GmbH, die in Novelis Deutschland GmbH umfirmieren wird. Hannoversche Stra(beta)e 1

37 075 Gottingen, hereinafter referred to as "Novelis"

and

Alcan Packaging Singen GmbH Alusingen-Platz 1

78221 Singen/Hohentwiel

Hereinafter referred to as "APS"

Collectively referred to as "the Parties"

WHEREAS:

- O NOVELIS Inc. and ALCAN Inc. have agreed the terms of a Separation Agreement ('the Separation Agreement') under which NOVELIS will be separated out of the ALCAN group of companies. Such separation shall include -- inter alia -- the rolling businesses in Norf, Gottingen, Ludenscheid and Ohle. These rolling businesses form part of Novelis Deutschland GmbH ("Novelis") or the Joint Venture Alunorf GmbH, of which Novelis Deutschland GmbH will own 50% of shares.
- o Novelis carries on business in the manufacture of rolled aluminium, in particular aluminium foilstock ("Foilstock").
- o APS, which is currently a subsidiary of Alcan Inc. carries on business in the manufacture of packaging products, which incorporate aluminium foil.
- o The Parties have entered into this Agreement for the conversion of aluminium into Foilstock by Novelis at the rolling businesses at Norf for APS. With this Agreement the parties wish to set out the terms which they have agreed for the supply of Foilstock by NOVELIS from the rolling businesses at Norf to APS.
- o Whilst this Agreement sets out minimum supply obligations, the Parties expect that they may wish to negotiate terms for delivery of greater volumes
- o Novelis in its future arm's length dealings with APS agrees to fairly and equitably maintain throughout the term of this Agreement its support for the business of APS

1(9)

through new material development and technical service as it would with any third party customer.

IT IS HEREBY AGREED as follows:

- 1 DEFINITIONS AND INTERPRETATION
- 1.1 In this Agreement the following terms shall have the following meanings unless the context requires otherwise:

"Aluminium"

Aluminium Remelt Ingot in quality 99,7% / A7E / P1020 and/or Aluminium Sheet Ingot provided by APS to Novelis originating from such suppliers (ie. currently Alcan ISAL) that have formally qualified their Ingot in a qualification procedure at the Norf facility.

"Conversion" means the conversion of any aluminium into Foilstock, but not necessarily identical Aluminium as provided by APS.

"Conversion Price" means the price for Conversion as set out in

Appendix A.

"Day" means calendar day.

"Effective Date" means the "Effective Date" as defined in the Separation

Agreement

"First Year" means the period commencing on Effective Date and

ending on 31st December 2005

"Foilstock" means aluminium foilstock conforming to the

Specifications as set out in Appendix B

"Month" means each calendar month throughout the duration of

this Agreement

"Reasonable and Prudent

Operator"

shall mean a person seeking to perform its contractual obligations and in so doing and in the general conduct of its undertaking including in the operation, maintenance and repair of any manufacturing or other facilities exercising that degree of skill, diligence, prudence and foresight and in the maintenance and repair of any manufacturing or other facilities using the type of equipment, materials and parts which would reasonably and ordinarily be expected from a skilled and experienced operator in substantial compliance with all applicable laws, engaged in the same type of undertaking in the same locality and under the same or similar circumstances and conditions.

"Second Year" means the period commencing on 1st January 2006 and

ending on 31st December 2006

"Third Year" means the period commencing on 1st January 2007 and

ending on 31st December 2007.

"Week" means each week, commencing 00.00 European Standard

Time or European Summer Time as the case may be on

Monday

"Year" means each period of 12 consecutive Months throughout

the duration of this Agreement, commencing on the

Effective Date

"Date of Delivery" date on which Foilstock shall be delivered according to

the agreed delivery terms (Incoterms 2000).

1.2 The headings to the clauses are for convenience only, have no legal effect, and shall not affect the construction of this Agreement.

1.3 Therefore, the foregoing being an integral part of this agreement, the

Parties have agreed:

2 SUBJECT MATTER

2.1 Objective of this Agreement is to set out the entire conditions and terms for the provision of Aluminium by APS, Conversion into Foilstock by Novelis at its rolling facilities at Norf and subsequent delivery of Foilstock to APS. APS will use the Foilstock at its cold rolling operations in Singen.

2.2 Any and all provisions of Aluminium by APS, Conversion into Foilstock and delivery of such Foilstock by Novelis to APS, shall be governed by the terms of this Agreement. The Parties expressly exclude the use of their respective General Terms and Conditions of Purchase and Sale.

3 DURATION

This Agreement shall come into effect on Effective Date and shall have an initial minimum duration of three Years. Thereafter the Agreement shall renew automatically for another Year unless terminated in writing by either Party observing a notice period of three months prior to the end of a Year.

- 4 VOLUMES FOR CONVERSION, PROVISION OF ALUMINIUM
- 4.1 During each Month and each Year, Novelis shall be obliged to convert and APS shall be obliged to provide Aluminium and purchase an aggregate of not less than the relevant quantity of Foilstock set out

below ('the Yearly Volume' and 'the Monthly Volume" respectively).

- 4.2 The Yearly volume with a tolerance of +/-10 % per Year shall be as follows:
 - o During the First Year, between *** and *** tons.
 - For the Second and Third Year, volumes shall be agreed by September 30 of the preceding Year. Up to that date Novelis shall reserve a minimum capacity of *** mt for supply to APS for the Second Year and Third Year respectively. APS will at it's sole discretion decide by September 30 in each Year whether Novelis has to fulfil the supply obligation of min. *** mt per Year. In the event that the Parties do not agree on
- ***Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

 $$3\,(9)$$ volumes for the following Year, the agreement will end automatically without any prior notice at the end of the current Year.

- 4.3 The volume of Foilstock provided under this Agreement will be mainly used for the APS production of capacitor foil.
- 4.4 The Monthly Volume shall be in accordance with the rolling forecast of \mbox{APS}
- 4.5 For the Conversion of Foilstock APS shall deliver and Novelis shall take delivery of Aluminium. On Novelis request the Aluminium shall be released either directly at Alunorf or at Rotterdam in a non LME warehouse. In case of release at Rotterdam no further transport charges will apply for APS. The delivery of remelt ingots shall be made no later than 4 weeks before the delivery of the Foilstock. The delivery of sheet ingots shall be made no later than 3 weeks before the delivery of the Foilstock.
- 5 FORECASTS, ORDERS AND ORDER CONFIRMATIONS
- 5.1 No later than September 30 in each Year, APS will provide Novelis with a schedule for Monthly Volumes out of the Yearly Volume for the following Year.
- 5.2 No later than on the 2nd Day of each Month, APS will provide Novelis with a rolling forecast of volumes (with a tolerance of +/- 10% four weeks to the final delivery week) by Specification for the three consecutive Months following the date on which the forecast is issued.
- 5.3 No later than one month before the desired date of delivery, APS will place written orders for the deliveries of Foilstock. Such orders shall be binding upon the Parties. Orders shall contain volume, specification, delivery terms and delivery date. APS shall place such orders for Foilstock as reasonably evenly as possible throughout each month. Volumes forecasted for more than one month before the desired delivery date require written confirmation by Novelis.
- 5.4 If APS places orders for Foilstock other than in accordance with the above provisions, or if APS requires delivery outside the normal delivery times, Novelis shall use reasonable endeavours to meet such orders.
- 5.5 All deliveries of Foilstock pursuant to this Agreement shall unless expressly stated to the contrary in the order and/or order confirmation be DDP Incoterms 2000, the place of delivery will be Alcan Packaging Singen GmbH (Germany).
- 5.6 Deliveries shall be made during normal working hours at the premises of APS in Singen (unless otherwise agreed). APS agrees to ensure free access so as not to delay or inconvenience Novelis or its agents in making delivery.
- 5.7 The risk in Foilstock shall pass according to the agreed delivery terms (DDP, Incoterms 2000). Title to Foilstock delivered shall pass according to Sec. 6 below.
- 5.8 APS shall use its best endeavours to minimise the turnaround times of Novelis transportation to the plant. To this effect APS shall unload any Foilstock delivered as quickly as possible after arrival of transport.

- 6.1 Novelis reserves title to Foilstock delivered until full payment of Conversion Price. APS shall be entitled to process in the ordinary course of business any Foilstock delivered. Reservation of title shall extend to any new products created by processing the Foilstock for which title is reserved.
- 6.2 In the event of processing, linking or mixing with other goods Novelis shall acquire co-ownership equivalent to the relation of the invoice value of the reserved-title goods to the other materials.
- 6.3 APS will exercise possession of the reserved-title goods with the care of a reasonable and prudent operator as custodian on the behalf of Novelis, insure the reserved-title goods against theft, damage caused by nature and other risks and take all measures necessary to ensure that the title is neither impaired nor rescinded.
- To secure Novelis relevant claims under Para. 6.1, APS assigns to Novelis all receivables from the sale of reserved-title goods, including bills of exchange and cheques. If goods are sold in which Novelis have a co-ownership share in accordance with Para. 6.2., assignment is limited to the share of the receivable that corresponds to its co-ownership share.
- In the event of default in payment, cessation of payment or if APS has filed a petition for the commencement of insolvency proceedings, APS shall, at Novelis request, notify its customers of the assignment, carried out in accordance with herewith, and provide Novelis with all necessary information and take all measures to secure Novelis' rights. In particular, Novelis shall be notified immediately of any attachment by creditors of the reserved-title goods or the receivables assigned to Novelis.
- 6.6 If the value of the security of Novelis exceeds the value of receivables to be secured by more than 20% Novelis shall, upon APS request, release securities to this extent selected by APS.
- 6.7 The same rights and obligations as set out in 6.1. -- 6.6. shall apply mutadis mutandis with regard to Aluminium provided by APS. Such rights and obligations shall apply until delivery of a corresponding volume of Foilstock by Novelis.

7 FORCE MAJEURE

- 7.1 'Force Majeure' for the purposes of this clause shall mean any circumstances beyond the reasonable control of the party affected which (in the case of Novelis) prevent Novelis from producing Foilstock at Novelis' plant in Norf from which delivery is to be made to APS. Force Majeure shall include breakdown of either Novelis' plant or production unit or APS plant or production unit, but only if and to the extent that such breakdown has not occurred as a result of Novelis', or APS, as the case may be, having failed to act at all relevant times a Reasonable and Prudent Operator. Force Majeure shall not include any temporary closure or reduced production, nor anything which is the result of a party having failed to act as a Reasonable and Prudent Operator, nor any breakdowns or other failures of transportation (whether carried out by the parties directly or under contract), nor any reduction in production due to economic circumstances, nor any other market or economic circumstances which may make the terms of this agreement unattractive to one of the Parties.
 - 5(9)
- 7.2 If either Party is rendered unable to carry out any of its obligations under this Agreement by reason of Force Majeure, that Party shall not be liable for any failure to perform the obligation(s) for so long as performance is thus affected.
- 7.3 As soon as a Party is aware of a threat of circumstances likely to lead to its declaring Force Majeure (even though such circumstances may not have occurred, or where it is not certain that they will result in Force Majeure being declared), that Party shall notify the other and consider with it what steps, if any, may be taken to overcome such circumstances.
- 7.4 A Party wishing to invoke Force Majeure shall promptly notify the other in writing giving details thereof, of the anticipated affect on this Agreement and of the estimated duration of Force Majeure. Such Party shall update such information at least once a month throughout the duration of the Force Majeure, and shall provide as much notice as possible of the reduction of normal supplies and/or deliveries.
- 7.5 The Party affected by an event of Force Majeure shall take all reasonable steps to procure that such event ceases to exist and to minimize the effects thereof on the performance of its obligations hereunder; provided that nothing in this Clause 5 shall require that

Party to settle any labour dispute on terms which in its sole opinion are not satisfactory to it.

- 7.6 During any period where as a result of Force Majeure the quantities of Foilstock at the disposal of Novelis are insufficient to meet all its contractual supply obligations, Novelis shall apportion the available quantities of Foilstock between its contractual customers on a fair and equitable basis. Novelis shall not in such circumstances be compelled to purchase Foilstock from others sources to fulfil its supply obligations hereunder.
- 7.7 To the extent that Novelis is prevented by an event of Force Majeure from producing Foilstock and/or effecting deliveries to APS, or to the extent to which APS is prevented from taking delivery of Foilstock, the Parties' respective supply and purchase obligations shall be reduced on a pro rata time basis, and there shall be a corresponding reduction in the supply and purchase obligations set out in Clause 4 (it being assumed that the quantities which would otherwise have been supplied equalled the Monthly Purchase Amount for the Month in question).
- 7.8 No occurrence of Force Majeure shall operate to extend the duration of this Agreement.
- 7.9 In no circumstances shall default in payment constitute Force Majeure.
- 8 PRICE AND PAYMENT
- 8.1 The Conversion Price as set out in Appendix A shall be valid from Effective Date until 31st December 2005. In the Second Year Conversion Price shall consist of prices as set out in Appendix A, plus a mark up of ***%. In the Third Year Conversion Price shall consist of prices for the Second Year, plus a mark up of ***%.
- 8.2 Following the expiration of any agreement on Conversion Price, the Parties will agree no later than September 30 of each Year the Conversion Price for the following Year. If the Parties fail to agree a new Conversion Price, the Agreement shall expire automatically on June 30 of the following Year. During the period until expiration the latest agreed price shall prevail.
- ***Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.
- 8.3 For deliveries of Foilstock in any given Month, Novelis shall issue by the 1st working day of the following Month a written invoice. Such invoice shall be payable at the end of the Month following date of invoice. An invoice submitted by telex or facsimile shall be regarded as a valid invoice for the purpose of this Agreement. Payment shall be made to Novelis bank account details of which shall be given by Novelis to APS from time to time in writing.
- 8.4 In addition to the Conversion Price calculated pursuant to Clause 8.1, APS shall pay Value Added Tax (or other such levy required by relevant law to be added) in respect thereof.
- 9 WARRANTIES, REMEDIES IN CASE OF DEFECTIVE DELIVERY
- 9.1 Novelis warrants for a period of eighteen (18) months from the date of delivery that all Foilstock supplied hereunder shall conform to the Specifications detailed in Appendix B.
- 9.2 APS inspection obligations shall be limited to a visual inspection of Foilstock promptly following delivery, in order to verify the identity and quantity of the Foilstock and that it is free of defects having occurred during transport. In the event of defects detected during such inspection, APS shall secure confirmation on the transport documentation and notify Novelis immediately.
- 9.3 Any non-conformities detected at a later stage that were impossible to detect by visual inspection pursuant to 9.2., shall be notified to Novelis as soon as practicable.
- 9.4 In the event that Foilstock supplied by Novelis shall not conform to Specification as set out in Appendix B, Novelis shall in consultation with APS either
 - o $\,$ replace the non-conforming Foilstock within a reasonable period of time at its cost and risk, or
 - o refund the difference between Conversion Price paid for non-conforming Foilstock and its scrap value, or

- o discuss and agree with APS the possibilities of repair/re-working of non-conforming Foilstock and its associated cost
- 9.5 In the event that Novelis chooses not to or is unable to replace non-conforming Foilstock within a reasonable period of time, APS shall in addition to a refund be entitled to compensation equal to the difference between the price that it would have paid for the supplies of Foilstock/ in question, and the best reasonably available price at which it is able to obtain substitute supply from other sources (including the difference in any transport costs and import duties borne).
- 9.6 APS may request a change of the Specifications upon a minimum of 3 months written notice to Novelis. Novelis will use reasonable endeavours to accommodate such change provided that it is technically possible. In this event, the Conversion Price shall be adjusted to reflect the resulting increase or decrease in the costs to Novelis of conversion resulting from producing Foilstock to such amended Specifications. If the parties are unable to agree on the amount of such increase or reduction in the Conversion Price within 30 days after the submission by Novelis of a formal proposal to APS, Novelis shall provide a detailed calculation of the on-cost or cost savings to APS. APS shall consider such detailed calculation in good faith and accept or reject the calculation within 30 days of receipt. In the event of rejection of calculation, Novelis shall be

7(9)

entitled to refuse the change of Specifications. Supplies shall then continue in conformity to the latest agreed Specifications.

- 9.7 Novelis shall provide an ongoing delivery performance above 90%. If Novelis does not achieve a delivery performance of more than 80% over a period of 3 months APS shall be entitled to request the implementation of a consignment stock free of charge in Singen with a minimum quantity of an average 10 working day volume.
- 10 GENERAL LIABILITY
- 10.1 In the event of any breach of contractual obligations, Novelis shall be liable according to statutory requirements for all liability incurred in respect of death or personal injury or other liability under the Product Liability Act.
- Any and all other liability shall be limited to compensation as stated in 9.4 and 9.5 and/or compensation for any loss resulting from intentional or negligent breach of contract up to a total of *** per contractual breach and year. In no event shall Novelis be liable for loss of contract, loss of business or profits.

11 EARLY TERMINATION

- Subject to Clause 11.2 and if either party shall commit a material breach of any of the terms and conditions of this Agreement then the other Party shall by notice in writing be entitled to require that Party to remedy any such breach within 60 Days from the date of such notice and should that Party fail to remedy such breach within the period aforesaid the other Party shall be entitled to forthwith terminate this Agreement. Such termination will be without prejudice to the additional right of the terminating Party to claim for damages in respect of the said material breach, and also to any claims and/or rights or remedies which either Party may have against the other insofar as such claims, rights or remedies accrued prior to such termination.
- 11.2 If either party shall enter into compulsory or voluntary liquidation (not being a voluntary liquidation for the purpose of reconstruction or amalgamation), or had a receiver or administrator appointed to any part of its assets, or becomes unable to pay its debts as they fall due, then the other Party may terminate the Agreement forthwith by written notice to such effect.

12 SUPPORT OF APS

Novelis in its future arm's length dealings with APS agrees to fairly and equitably maintain throughout the term of this Agreement its support for the business of APS through new material development and technical service as it would with any third party customer.

13 SEVERABILITY OF PROVISIONS

In any case any provisions hereof should be held invalid or unenforceable the validity and enforceability of the remaining provisions shall not be affected. Any invalid or unenforceable provision shall to the extent possible be replaced with such provision

which will allow the Parties hereto to achieve the intended economic result in a legally valid and effective manner.

***Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

8 (9)

14 NOTICES

Any formal notice to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered in person (against receipt), or by fax (against acknowledgement of receipt) or by registered mail, addressed to such person at the recipient, at such address as the recipient may notify to the other parties from time to time (and pending the first such notification to the relevant head office of the recipient).

15 LAW -- DISPUTES

This Agreement shall be governed by and construed exclusively in accordance with German Law. Exclusive venue shall be the courts in Singen.

Gottingen,	Singen,
Novelis Deutschland GmbH	Alcan Packaging Singen GmbH
(N. von Verschuer)	(Dr. R. Neumann-Schafer/Dr. N. Wenzel

9(9)

PURCHASE AGREEMENT

BY AND BETWEEN

TSCHEULIN ROTHAL GMBH

SOCIETE ALSACIENNE D'ALUMINIUM SA

BP EUROPACK SPA

ROTOPAK MATBAACILIK AMBALAJ SANAYI VE TICARET A.S.

as the BUYER

AND

PECHINEY EUROFOIL LUXEMBOURG

PECHINEY EUROFOIL BELGIUM

PECHINEY RHENALU

as the SELLER

January 31 2002

CONTENTS

<table></table>		<c></c>
Article 1.	Definitions	4
Article 2.	Purpose of this Agreement	5
Article 3.	Term of this Agreement	5
Article 4.	Product	5
Article 5.	Orders - Delivery	7
Article 6.	Price	8
Article 7.	Currency - Payment Terms - Property	9
Article 8.	Annual Rebate	10
Article 9.	Warranty - Liability	10
Article 10.	Risk of Loss	11
Article 11.	Hardship	11
Article 12.	Confidentiality	12
Article 13.	Termination	12
Article 14.	Force Majeure	13
Article 15.	Governing Law	14
Article 16.	Disputes	14
Article 17.	Notices	14
Article 18.	Assignment	15
Article 19.		

 Miscellaneous | 15 |* *

This AGREEMENT (the "AGREEMENT"), is made and entered into on this day of December 20, 2002, by and between:

Germany, represented by Mr. Wolfgang Czizegg and Mr. Joerg Hemker, duly empowered for such purposes, and

Societe Alsacienne d'Aluminium, a corporation organized and existing under the laws of France, having its registered office at 2 rue Frederic Meyer, 67603 Selestat, France, represented by Mr. Jean-Paul Bartholme and Mr. Peter Braeuer, duly empowered for such purposes, and

Bp europack SpA, a corporation organized and existing under the laws of Italy, having its registered office at Via Dalmastro, I36030 Lugo di Vicenza (Italy), represented by Mr. Walter Ometto and Mr. Marco Razeti, duly empowered for such purposes, and

Rotopak Matbaacilik Ambalaj Sanayi Ve Ticaret A.S, a corporation organized and existing under the laws of Turkey, having its registered office at Tepeoren Koyu Eski Izmit Yolu Uzeri 81700 Tuzla - Istanbul, Turkey, represented by Mr. Walter Ometto and Mr. [Jan Mol], duly empowered for such purposes,

hereinafter referred to as the "BUYER",

and

Pechiney Eurofoil Luxembourg, a corporation organized and existing under the laws of Luxembourg, having its registered office at Zone industrielle de Riedgen, BP 91, L-3401 Dudelange, Luxembourg, and

Pechiney Eurofoil Belgium, a corporation organized and existing under the laws of Belgium, having its registered office at 4400 Yvoz-Ramet, Flemalle, Belgium, and

Pechiney Rhenalu, a corporation organized and existing under the laws of France, having its registered office at 7 place du Chancelier Adenauer, 75116, Paris, France, registered with the Commercial Registrar of Paris under no. B 672 014 081 - RCS Paris,

represented by Mr Jean-Marc Germain, duly empowered as they represent and warrant, $% \left(1\right) =\left(1\right) \left(1\right) +\left(1\right) \left(1\right) \left(1\right) +\left(1\right) \left(1\right) \left($

hereinafter referred to as the "SELLER",

hereinafter together referred to as the "PARTIES" and individually as a "PARTY".

PREAMBLE

- The Seller manufactures Aluminium foil at its Dudelange plant in Luxembourg, Flemalle plant in Belgium and Rugles plant in France.
- 2. Tscheulin Rothal GmbH, Societe Alsacienne d'Aluminium SA, Bp europack SpA and Rotopak Matbaacilik Amabalaj Sanayi Ve Ticaret A.S. manufacture packaging solutions at their different plants in Germany, France, Italy and Turkey.
- 3. The Buyer is willing to appoint the Seller as a major supplier of Product in Germany, France, Italy and Turkey and the Seller is willing to supply Products.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS SET FORTH HEREIN, THE PARTIES HEREBY AGREE AS FOLLOWS:

ARTICLE 1. DEFINITIONS

"BUSINESS DAY" shall mean any day on which the Seller's offices in Luxembourg, Belgium, France, and the London Clearing House Limited and the relevant Brokers are open for business;

"CABLE FOIL" shall mean CHG with a thickness greater than 70 micron for use in the cable industry;

"CHG" shall mean Product with a thickness greater than 11.9 micron;

"COMPANY" shall mean each of Tscheulin Rothal GmbH, Societe Alsacienne d'Aluminium SA, Bp europack SpA and Rotopak Matbaacilik Ambalaj Sanayi Ve Ticaret A.S.;

"CONTRACTUAL YEAR" shall mean each of the calendar years ***;

"CONVERSION CHARGES" shall mean, with respect to each Company, the aggregate of the quantity of Products invoiced by the Seller to such Company multiplied by the respective Conversion Prices of said Products for a Contractual Year;

"CONVERSION PRICE" shall have the meaning given in ARTICLE 6.2;

"CPI" shall mean Consumer Price Index as defined and published monthly by the

OECD. The CPI shall be calculated as the average value of the Consumer Price indices of Germany, Luxembourg, Belgium and France (each with an equal weight of 0.25);

"DELIVERY MONTH" shall mean the calendar month in which the Seller delivers the Products to the Buyer under this Agreement;

"EUROFOIL" shall mean each of Pechiney Eurofoil Luxembourg, Pechiney Eurofoil Belgium and Pechiney Rhenalu;

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"INCOTERMS" shall mean the Incoterms of the International Chamber of Commerce, Edition 2000, as revised from time to time;

"METAL PRICE" shall have the meaning given in ARTICLE 6.3;

"MISSING TONNAGE" shall have the meaning given in ARTICLE 4.4.4;

"MONTHLY SCHEDULE" shall have the meaning given in ARTICLE 4.3;

"ORDER" shall have the meaning given in ARTICLE 5.1;

"PRODUCTS" shall mean Aluminium Foil with gauges between 6.35 and 200 micron, including but not limited to CHG and Cable Foil;

"PRODUCTS SPECIFICATIONS" shall mean the technical specifications of the ${\tt Products.}$

ARTICLE 2. PURPOSE OF THIS AGREEMENT

The Buyer agrees to purchase the Products from the Seller who agrees to sell the same to the Buyer, all in accordance with and subject to the terms of this Agreement.

ARTICLE 3. TERM OF THIS AGREEMENT

- 3.1 Upon its signature by the Parties, this Agreement shall be deemed to have come into force on December 20, 2002 (the "EFFECTIVE DATE").
- 3.2 Unless terminated earlier pursuant to ARTICLE 13 and ARTICLE 14, this Agreement shall remain in effect for a period of *** Contractual Years terminating automatically without notice on December 31, ***.

ARTICLE 4. PRODUCT

- 4.1 The Buyer shall purchase from the Seller and the Seller shall sell to the Buyer, at a variable price calculated in accordance with ARTICLE 5 of this Agreement, a minimum tonnage of Products of *** tons per Contractual Year. The aggregate estimated tonnage of Products for 2003 are provided in ANNEX 3 hereto.
- 4.2 No later than three (3) months before the start of Contractual Years ***, the Buyer shall provide the Seller with a forecast of the Buyer's monthly Orders estimates for the purchase of Products as mentioned in ARTICLE 4.1 for the coming Contractual Year. Such forecast (including an indicative breakdown per Company) shall be subject to the Seller's written consent, which consent shall not be
- *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

unreasonably withheld. The forecast shall be based on the format set out in ANNEX 1 of this Agreement.

4.3 As from Contractual Years ***, the Buyer shall, by the first Business Day of each month, provide the Seller with a schedule showing the Buyer Orders for the purchase of Products under ARTICLE 4.1 for the following two (2) months (including an indicative breakdown per Company) (the "MONTHLY SCHEDULE"), the Orders relating to the first month being firm orders with delivery dates, whilst the Orders for the following months may be subject to upward or downward variation by the Buyer.

The Orders for the first month may not be varied by the Buyer without the Seller's written consent. When a given month is being fixed, the fixed quantity shall be subject to the Seller's written agreement only if such quantity varies with more than 20 % from the initial annual forecast for such given month. Such confirmation shall not be unreasonably withheld.

- 4.4.1 During the Contractual Year ***, the monthly tonnage of Products that the Buyer shall purchase from the Seller shall range between a minimum of *** tons and a maximum of *** tons.
- 4.4.2 During Contractual Years ***, the monthly tonnage of Products that the Buyer shall purchase from the Seller shall range between a minimum of *** per cent (*** %) and a maximum of *** per cent (*** %) of the Monthly Schedule.
- 4.4.3 The Seller shall have the obligation neither to acknowledge nor to fulfil any Order in excess of the maximum monthly tonnage defined in ARTICLES 4.4.1 and 4.4.2 above.
- 4.4.4 Should the Seller fail to fulfil any Order of the Buyer within the range defined in ARTICLES 4.4.1 and 4.4.2 above, such tonnage (the "MISSING TONNAGE") shall be taken into account for the calculation of the Rebate pursuant to ARTICLE 8.
- 4.5 It is agreed that the Buyer commits to buy at least seventy (70) tons of Cable Foil per month from the Seller.
- *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

ARTICLE 5. ORDERS - DELIVERY

- 5.1 Each Company shall order the Products by separate orders (the "ORDER") sent to the Seller that shall mention Products Specifications and the quantity of Products to be supplied. The Order shall indicate the ordering Company. All Orders shall be sent to Pechiney Eurofoil Luxembourg and such Orders shall be valid and binding upon all the Eurofoils.
- 5.2 The Orders are subject to confirmation in writing by the Seller within five (5) working days following the Seller's receipt of the Order, in particular with regard to the Products Specifications, the quantity of Products, the shipment date and the price of said Products. The Seller shall issue to the Buyer acknowledgements of the receipt of each Order (the "ACKNOWLEDGEMENTS").
- 5.3 The Orders and Acknowledgements shall be governed by the provisions of this Agreement. In case of inconsistency or discrepancy, the terms and conditions of the Agreement shall prevail. The terms and conditions of the Acknowledgements shall be binding upon the Parties and shall prevail over the Orders in case of discrepancy.
- 5.4 The Products shall be packed according to the Seller's standard packing conditions.
- 5.5 Within three (3) months following the Effective Date, the Seller shall enter into a consignment stock agreement with each Company, to the exception of Rotopak Matbaacilik Ambalaj Sanayi Ve Ticaret A.S. The quantity of Products to enter the consignment stocks of each Company shall not exceed the quantities set forth below:

<TABLE> <CAPTION>

</TABLE>

COMPANY

QUANTITY (in tons)

<C>

Tscheulin Rothal GmbH
Societe Alsacienne d'Aluminium
Bp europack SpA

*** tons

*** tons

*** tons

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

ARTICLE 6. PRICE

6.1 The Products will be supplied DDP as set out in Incoterms.

The Products price will be calculated as the sum of the Conversion Price and the Metal Price as defined below.

- 6.2 CONVERSION PRICE
 - 6.2.1 The "CONVERSION PRICE" shall be the amount corresponding to the processing of the Products by the Seller. Such amount shall be determined on the first working day of November for the following Contractual Year.

- 6.2.2 For the Contractual Year ***, the Conversion Price is set forth in ANNEX 2 concerning each of the Products.
- 6.2.3 For the Contractual Year ***, the Conversion Price shall be determined as follows:
 - shall remain the one applicable in *** if the rate of change of the CPI of the first 9 months (January through September) over the year *** (the "RATE") is greater than ***% and smaller than ***%;
 - the Conversion Price applicable in *** shall be increased by *** if the Rate is greater or equal to ***% and smaller than ***%;
 - the Conversion Price applicable in *** shall be increased by *** if the Rate is greater or equal to ***% and smaller than ***%;
 - the Conversion Price applicable in *** shall be increased by *** if the Rate is greater or equal to ***% and smaller than ***%;
 - should the Rate exceed ***%, the Parties shall negotiate in good faith and mutually agree upon the Conversion Price applicable in *** in a manner equitable to both Parties.
- 6.2.4 The provisions of ARTICLE 6.2.3 shall apply mutatis mutandis to the determination of the Conversion Price applicable for the Contractual Year ***, based on the Conversion Price for ***.
- 6.3 The "METAL PRICE" shall be the sum of the LME Value and the Premium at the time of fixing, converted into Euro. Such amounts shall be:
 - 6.3.1 Premium: 3 months High Grade Aluminium as defined in Metal Bulletin;
- *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.
 - 6.3.2 LME Value: Aluminium High Grade 3 months at the time of fixing as published by Reuters plus the contango relating to the period covered;
 - 6.3.3 Conversion from USD to Euro: the sum of the Premium and the LME value shall be converted in Euro by using the USD/Euro exchange rate as published by Reuters.
- 6.4 The price of the Products that will be sold to Rotopak Matbaacilik Ambalaj Sanayi Ve Ticaret A.S will be increased by an amount of EUR 160 (one hundred sixty Euro) per metric ton for additional freight costs.

ARTICLE 7. CURRENCY - PAYMENT TERMS - PROPERTY

- 7.1 Invoices shall be issued in Euro to each Company, who has issued the order.
- 7.2 Payments for the Products supplied under this Agreement shall be made by the Buyer to the Seller by bank transfer at 90 days from the date of invoice or at 14 days from the date of invoice, with a discount of 1 per cent.
- 7.3 In case of delayed payment, the concerned defaulting Company shall have the obligation to pay an additional charge thereon at a rate equal to one point five (1.5) x (the legal interest rate in France at the date where the payment is due).
- 7.4 The Seller reserves the right, subject to a prior written notice sent to the Buyer, to suspend the provision of Products to the Buyer where any substantial amounts are overdue until all such amounts have been duly and fully paid. As long as overdue payments concerns only one Company, the suspension of the provision of Products shall concern only said Company.
- 7.5 The Products will remain the sole and absolute property of the Seller until the Price has been paid in full, notwithstanding prior transfer to the Buyer of risks of loss, liability or other risks relating to the Products. For this purpose, the Buyer will sign any document and carry out any action or undertaking necessary or useful to perfect or protect the Seller's property rights, including any document provided for by the commercial law or any other legislation in effect in the territory of the Buyer's activity.

- 8.1 It is agreed that an annual rebate (the "REBATE") shall be granted by the Seller to the Buyer if the following conditions which are cumulative are duly fulfilled:
 - 8.1.1 overall sales over the Contractual Year, including the Missing Tonnage, are greater than *** tons including:
 - 8.1.2 at least *** tons of CHG in widths of 700 to 800 mm or 1,290 to 1,500 mm,
 - 8.1.3 at least *** tons of CHG in widths of 1,200 to 1,290 mm,
 - 8.1.4 at least *** tons of CHG in widths of 900 to 1,050 mm or 1,100 to 1,200 mm.
- 8.2 The Rebate value will be ***% of the sum of the Conversion Charges invoiced by the Seller over the Contractual Year if all the conditions are fulfilled. If any of the above mentioned conditions is not fulfilled no Rebate will be due by the Seller.
- 8.3 The amount of the Rebate shall be calculated for each Company and the portion of the Rebate due to such Company shall be paid directly to said Company at the latest on January 31 of the year following the end of the Contractual Year.

ARTICLE 9. WARRANTY - LIABILITY

- 9.1 The Seller warrants for a period of twelve (12) months from the date of delivery that the Products shall conform to the Products Specifications.
- 9.2 Notwithstanding the provisions of ARTICLE 9.1, the Seller makes no other warranty whatsoever, whether express or implied, relating to the Product, and specifically disclaims any and all other warranties, express or implied, including the warranty or merchantability and the warranty of fitness for a particular purpose. Defaults due to negligence by the purchasing party in the handling or storage of such above-mentioned Products are excluded from the warranty.
- 9.3 If the Products, as the case may be, do not conform to the warranty as defined in ARTICLE 9.1 of this Agreement, the Parties will endeavour to agree on a mutually satisfactory manner of resolving the problem.
- 9.4 The following events are excluded from the present warranty
- *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.
 - 9.4.1 normal wear and tear ;
 - 9.4.2 defects due to a negligence in the handling, storage and installation of the Product without compliance with the instructions provided by the Seller and/or for which the Seller is not liable.
- 9.5 Any claim with regard to the Seller's warranty shall be deemed waived if it is not made by the Buyer and received by the Seller within the warranty period stipulated in this ARTICLE 9.
- 9.6 In no event the Seller shall be liable to the Buyer under, or in connection with, the Agreement for any indirect and/or consequential losses, expenses or damage whatsoever, including, but not limited to loss of revenue, profits or business, inability to fulfil contracts with third parties or similar matters or events arising from the use or inability to use the Products for any purpose.
- 9.7 The Seller shall not be liable for any claim by any third party resulting from the incorporation of any of the Products sold pursuant to the Agreement into any substitute component, or the sale by the Buyer and use by third parties of such Products or substitute component provided that the Products are not evidenced defective and the Seller cannot be held liable pursuant to this ARTICLE 9.

ARTICLE 10. RISK OF LOSS

Risk of loss shall pass to the purchasing Party in accordance with the terms and conditions of the Incoterms; it being understood that the Seller shall bear the cost of insurance relating to transportation.

ARTICLE 11. HARDSHIP

11.1 Should the occurrence of event(s), not reasonably contemplated by either Party at the time of execution, cause one of the Parties severe hardship or detriment - thus fundamentally alter the equilibrium of this Agreement

and placing an excessive burden on one of the Parties in the performance of its contractual obligations – such Party may notify to the other Party that it wishes to meet and review the provisions of this Agreement in light of the changed prerequisites. The Party alleging hardship shall produce all necessary data and information as to justify its request for relief.

Any change, either directly or indirectly, in the shareholding or in the control of each Company shall never be an event that may entitle the Buyer to allege hardship pursuant to this ARTICLE 11 and both Parties will remain obliged to perform all its obligations under this Agreement. Within thirty (30) calendar days after any such notice is given, the Parties shall meet at a mutually acceptable place to negotiate in good faith possible modifications to this Agreement to help relieve such hardship in a

manner equitable to both Parties and with the objective to ensure that neither Party suffers excessive prejudice.

11.2 If within sixty (60) calendar days of the given notice, the Parties have been unable to agree on the terms of the modifications for adapting the Agreement, the Party which considers itself to be injured shall have the right to refer the matter to arbitration under ARTICLE 16 of this Agreement.

ARTICLE 12. CONFIDENTIALITY

The Parties shall, both during and three (3) years after the term of this Agreement, keep confidential all information of technical, commercial or financial nature (including documentation and advice), whether in written or any other form, which has been disclosed to one party to the other during the performance of this Agreement (the "INFORMATION") and shall procure that its officers, employees and representatives keep secret and treat as confidential the Information. The Parties shall not use the Information, neither directly nor indirectly, except as absolutely necessary for the performance of this Agreement.

ARTICLE 13. TERMINATION

13.1 A Party (the "INITIATING PARTY") may terminate this Agreement with immediate effect by written notice to the other Party (the "BREACHING PARTY") on or at any time after the occurrence of an event defined in ARTICLE 13.2 (the "TERMINATION EVENT") of this Agreement in relation to the Breaching Party.

13.2 The Termination Events are:

- 13.2.1 the Breaching Party being in material breach of a material obligation under this Agreement and, if the breach is capable of remedy, failing to remedy the breach within 30 days starting on the day following the written notice from the Initiating Party giving full details of the breach and requiring the Breaching Party to remedy the breach and stating that a failure to remedy the breach may give rise to termination under ARTICLE 13.2 of this Agreement;
- 13.2.2 the Breaching Party passing a resolution for its winding up or a court of competent jurisdiction making an order for the Breaching Party's winding up or dissolution;
- 13.2.3 the making of an administration order in relation to the Breaching Party or the appointment of a receiver over, or all or substantially all of the assets of the Breaching Party being encumbered upon request of creditors; or
- 13.2.4 the Breaching Party making an arrangement or composition with its creditors or making an application to a court of competent jurisdiction for protection from its creditors as a result of the precariousness of its financial situation.
- 13.3 The Parties agree that if the Breaching Party is any Company or any Eurofoil (the "DEFAULTING ENTITY") only and the other Companies, or other Eurofoils as the case may be, perform their obligations under the Agreement, the other Party shall be entitled to terminate this Agreement solely with respect to the Defaulting Entity and the other Companies, or other Eurofoils as the case may be, shall then remain bound by all the rights and obligations of either the Buyer or the Seller, as the case may be, under this Agreement without any alteration of the latter.
- 13.4 On or at any time after the occurrence of a Termination Event, the Initiating Party may stop the delivery of any Products in transit; suspend further deliveries of Products to the Breaching Party; or repossess and resell any Products to which it has retained title and the Initiating Party's consent to the Breaching Party's possession of the Products and

any right the Breaching Party may have to possession of the Products shall in any event cease upon the happening of any Termination Event.

- 13.5 Without prejudice to ARTICLE 13.3 of this Agreement, each Party's further rights and obligations cease immediately on termination or expiration of this Agreement, but termination or expiration does not affect:
 - 13.5.1 a Party's accrued rights and obligations at the date of termination; and
 - 13.5.2 the continued existence and validity of the rights and obligations of the Parties under ARTICLE 12 and ARTICLE 15 through ARTICLE 18 which shall survive termination or expiration.

ARTICLE 14. FORCE MAJEURE

- 14.1 In ARTICLE 14 of this Agreement, "FORCE MAJEURE" shall mean an event beyond the reasonable control of a party, irresistible and unpredictable, including without limitation, strike, lock-out, other labour dispute, act of God, fire, explosion, flood, storm, earthquake, tidal wave, riot, restrictions of municipal or other governmental authorities whether domestic or foreign, act or war (declared on undeclared) or conditions arising out of or attributable to war, and other similar causes beyond the control and without the fault or negligence of the affected Party (the "AFFECTED PARTY"), provided that no such cause shall be deemed to be Force Majeure unless the Affected Party shall notify the other Party without undue delay and in no event no later than five (5) Business Days following the occurrence of said cause, and the Affected Party shall thereafter exert all possible diligence to overcome such cause of prevention and hindrance, to resume performance and shall give the non affected Party prompt notice when this Agreement can be resumed.
- 14.2 Notwithstanding any other provision of this Agreement, neither Party shall be deemed to be in breach of this Agreement, or otherwise be liable to the other, to the extent that it is prevented or hindered or delayed from complying with its obligations by Force Majeure of which it has notified the other Party. The obligations so affected shall be suspended during the period of Force Majeure.

Except payments due under this Agreement, if either Party is prevented, delayed or hindered from complying with its obligations under this Agreement in whole or in part by reason of Force Majeure and the other Party as a consequence thereof is obliged to obtain such Products, as the case may be, elsewhere, then such Party shall be entitled to deduct tonnages obtained elsewhere from its commitments hereunder. Neither Party shall be liable for any loss or damage suffered by the other party as a result thereof.

14.3 Should an event of Force Majeure last for longer than sixty (60) Business Days, the non affected Party may immediately terminate this Agreement by notice in writing served on the Affected Party, unless the Parties otherwise agree.

ARTICLE 15. GOVERNING LAW

This Agreement shall be performed in accordance with its terms. This Agreement shall be governed by and shall be construed in accordance with French law regardless of the laws that might be applicable under principle of conflict of law rules.

ARTICLE 16. DISPUTES

- 16.1 Any and all disputes with respect to the interpretation of this Agreement or other disputes between the Parties arising under or in connection with this Agreement, which cannot be resolved by discussion between the Parties, shall be finally settled by arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or three arbitrators appointed in accordance with the said Rules.
- 16.2 The arbitration shall take place in Paris. The language of proceedings shall be English.

ARTICLE 17. NOTICES

- 17.1 All notices and other communications hereunder shall be in writing and shall be sent by registered mail, facsimile (confirmed by registered mail) or personally delivered (written acknowledgement of receipt shall be obtained in the latter case).
- 17.2 All notices shall be done to the following addresses (or until either Party advises a change of address):

17.2.1 As to the Buyer: Tscheulin Rothal GmbH Postfach 11 51

D-79325 Teningen

Germany

Attention: Mr. Manfred Stephan

17.2.2 As to the Seller: Pechiney Eurofoil Luxembourg
Zone industrielle de Riedgen
BP 91

L-3401 Dudelange

Luxembourg
Attention : Mr. Pierre Labat

17.3 The Parties agree that, until either Party notices a change in the provisions of this ARTICLE 17.3, (i) any notice served by the Seller on Tscheulin Rothal GmbH will be deemed to be served on the Buyer and each Company and (ii) any notice served by the Buyer on Pechiney Eurofoil Luxembourg will be deemed to be served on the Seller and each of Pechiney Eurofoil Luxembourg, Pechiney Eurofoil Belgium and Pechiney Rhenalu.

ARTICLE 18. ASSIGNMENT

Neither Party shall assign or transfer, or purport to assign or transfer, any of its rights or obligations under this Agreement to any third Party without first having obtained the prior written consent of the other Party. Any assignment without such consent shall be null and void.

ARTICLE 19. MISCELLANEOUS

- 19.1 The failure by a Party to exercise or the delay by a Party in exercising a right or remedy provided by the terms and conditions of this Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by under this Agreement or by law prevents a further exercise of the right or remedy or the exercise of another right or remedy.
- 19.2 The invalidity, illegality or unenforceability of the whole or part of any provision of this Agreement does not affect or impair the continuation in force of the remainder of such provision or this Agreement.
- 19.3 The Annexes referred to in this Agreement and attached to it are an integral part of this Agreement; in the event of discrepancy or conflict between the present general

provisions and the Annexes, the present general provisions shall prevail over the Annexes. This Agreement constitutes the entire agreement between the parties and supersedes all previous oral and written agreements, contracts, understandings and communications of the parties in respect of the subject matter of this Agreement. Its content shall prevail over general conditions of sale and/or purchase to be issued by the Parties by performing this Agreement.

19.4 No variation of this Agreement (or any document entered into pursuant to this Agreement) shall be valid unless it is in writing and signed by the Parties to this Agreement.

Unless expressly so agreed, no such variation shall constitute or be construed as a general waiver of any provisions of this Agreement and the rights and obligations of the Parties under this Agreement shall remain in full force and effect, except and only to the extent that they are so varied.

- 19.5 The headings of the Articles of the Agreement have been included only for convenience, and shall not be deemed in any manner to modify or limit any of the provisions of the Agreement, or be used in any manner in the interpretation of the Agreement.
- 19.6 Neither Party shall make any declaration, announcements, or disclosures to the public with respect to this Agreement or the relationship between the Parties without first obtaining the written consent of the other party.

* *

IN WITNESS HEREOF, the Parties have caused the Agreement to be signed and executed in five (5) original copies by their respective duly authorised officers, and each Party shall retain one original.

Tscheulin Rothal GmbH Pechiney Eurofoil Luxembourg Mr. Wolfgang Czizegg Mr. Jean-Marc Germain Mr. Joerg Hemker Societe Alsacienne d'Aluminium Pechiney Eurofoil Belgium Mr. Jean-Marc Germain Mr. Jean-Paul Bartholme Mr. Peter Braeuer Bp europack SpA Pechiney Rhenalu Mr. Walter Ometto
Mr. Marco Razeti Mr. Jean-Marc Germain Rotopak Mr. Walter Ometto Mr. Jan Mol

[TRANSLATION]

AGREEMENT TO PURCHASE RAW MATERIALS

BETWEEN

SOPLARIL S.A., a joint stock corporation with a share capital of (Euro)7,500,000, whose head office is situated at 1, rue de l'Union - 92500 Rueil-Malmaison - FRANCE, registered in the Corporate and Commercial Register under the number RCS NANTERRE B 542 015 904,

herein represented by Mr. Jean-Michel KLEINE, in his capacity as Chairman of the Board of Directors

hereinafter collectively referred to as "SOPLARIL"

PECHINEY EMBALLAGE FLEXIBLE EUROPE, a joint stock corporation with a share capital of (Euro) 49,782,300, whose head office is situated at 1, rue de l'Union, 92500 Rueil-Malmaison - FRANCE, registered in the Corporate and Commercial Register under the number RCS NANTERRE B 389 703 844,

herein represented by Mr. Jean-Michel KLEINE, in his capacity as Chairman of the Board of Directors

hereinafter referred to as "PEFE"

and hereinafter collectively referred to as "PSFE"

Party of the First Part

AND

PECHINEY RHENALU, a French corporation with a share capital of (Euro)123,547,875, whose head office is situated at 7 place du Chancelier Adenauer, 75116 Paris, France, represented by Mr. Pierre Labat, in his capacity as Director, Commercial and Marketing Operations

PECHINEY EUROFOIL LUXEMBOURG, a joint stock corporation with a share capital of (Euro) 41,000,000, whose head office is situated in the Riedgen Industrial Zone, P.O. Box 91, 3401 Dudelange - Luxembourg, registered in the Corporate and Commercial Register under the number B 19358 and herein represented by Mr. Pierre Labat, in his capacity as Director, Commercial and Marketing Operations;

PECHINEY EUROFOIL BELGIQUE S.A., a Belgian corporation with a share capital of (Euro) 20,000,000, whose head office is situated at Rue Sompre 52, B-4400 Flemalle, Belgium, herein represented by Mr. Pierre Labat, in his capacity as Director, Commercial and Marketing Operations

hereinafter collectively referred to as the "Supplier"

Party of the Second Part

Hereinafter collectively referred to as the "Parties" or, individually, as a "Party".

[TRANSLATION]

SECTION 1 - PURPOSE OF THE AGREEMENT

The purpose of this agreement is to define the terms and conditions pursuant to which PSFE shall purchase from the Supplier, who agrees to sell to PSFE, the products specified in Schedule 1 (hereinafter referred to as the "Products").

SECTION 2 - ACKNOWLEDGMENT OF RECEIPT

The Order shall be deemed final when PSFE receives a dated and signed acknowledgment from the Supplier without additions or deletions.

SECTION 3 - PRODUCT CONFORMITY

The Supplier shall deliver Products that conform to the technical specifications agreed between the Parities in quantities that correspond to the purchase order.

3.1 QUALITY

The Purchase of the Products shall be conditional upon the Supplier maintaining a technical quality and service that satisfies PSFE's needs.

The Supplier agrees to comply fully with the technical specification(s) of the Products to which the order pertains in accordance with the book of specifications signed between the PSFE and Pechiney Rhenalu - Pechiney Eurofoil sites.

If a deficiency of any kind in the supply (e.g., conformity with the technical specifications, performance of the product, quality of the packaging, etc.) could influence the quality of the product manufactured by PSFE and more generally the quality of the products and/or services that PSFE offers its customers, PSFE may request the Supplier to provide PSFE with evidence that it exercises adequate control over the quality of the supply, from the purchase of raw materials to delivery.

In the event of disagreements as to the quality, an expert report may be sought from a laboratory approved by the Parties, the results of which report shall be considered definitive. The cost of the report shall be borne by the Party in the wrong.

If the Supplier proves not to have complied with the contractual specifications, the Supplier agrees to take back the merchandise at its own risk and expense within fifteen business days of the discovery of the non-conformance, and shall not claim any compensation or indemnity from PSFE.

If the Supplier's Products prove to have a latent defect, the Supplier shall assume the costs incurred as a result of such latent defect in accordance with Articles 1641 to 1648 of the Civil Code.

Such incurred costs may include, for example, materials and machine time lost as a result of a defect in the Supplier's Product.

[TRANSLATION]

3.2 QUANTITY

Within a maximum of 72 hours following the date and time of delivery, PSFE shall ensure that the quantity of Products delivered corresponds to the purchase order.

SECTION 4 - SHIPPING AND PACKING

Deliveries shall be made to the address indicated on the order. The Products shall bear a label with the order reference (in particular the number). Waybills shall bear the same references. A notice of shipment shall be prepared in duplicate for each shipment indicating:

- The order reference numbers,
- The mode of shipment,
- The destination warehouse,
- The description of the merchandise shipped and its weight.

The first copy shall be mailed to the address indicated on the order, the second copy shall accompany the merchandise. The packing materials used for the merchandise shall provide effective and adequate protection to fully preserve the quality of the said merchandise until it reaches the delivery destination.

The specific terms of the order shall specify the terms applicable to retail shipments. The packaging, which shall always be provided at the Supplier's expense, shall be adapted to the supplies, the mode of transportation and the delivery destination. The Supplier shall be liable for deterioration or loss due to the inadequacy or deficiency of the packing. The Products shall be shipped at the Supplier's risk and expense; PSFE agrees to indicate any reservations on the CMR consignment note and to notify them to the carrier by letter requiring an acknowledgment of receipt within 48 hours, upon receipt of the merchandise.

SECTION 5 - LEAD TIMES

During the whole term of this agreement, the Supplier warrants that it will be able to accept orders placed on an as-is basis with a lead time of between 6 and 8 weeks.

For orders placed with a shorter lead time than hereinabove mentioned, the Supplier shall indicate within two business days whether or not it accepts or refuses the order on an as-is basis. Failure to respond shall be deemed to constitute acceptance of the order and the lead time requested shall become the contractual lead time for the order.

In an emergency and provided blanks are available and the order does not represent more than ***% of the number of orders, the Supplier agrees on a lead time of 6 weeks.

The Supplier agrees to a lead time of 6 weeks for the replacement of a ${\tt non-conforming}$ product.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

[TRANSLATION]

SECTION 6 - WARRANTY WITH RESPECT TO LEAD TIMES

The delivery shall take place at the agreed date with a maximum variance of four (4) days in advance of the agreed date. In the event of delivery outside this period, PSFE reserves the right to refuse the delivery.

SECTION 7 - RECEPTION

The reception of the Products shall take place on the premises of PSFE, notwithstanding any prior provisional reception.

SECTION 8 - PRIOR NOTICE OF ORDER CANCELLATION

PSFE shall be entitled to cancel orders placed provided it does so at least 5 weeks before the delivery date. Naturally, PSFE should only avail itself of this possibility in exceptional circumstances. A request for cancellation on shorter notice shall be accepted at the discretion of the Supplier.

SECTION 9 - CONSIGNMENT INVENTORY

The Supplier shall establish a consignment inventory on the premises designated by PSFE. Products in consignment inventory shall be delivered upon the issuance of orders by PSFE, referenced and in quantities agreed by both Parties.

Consumption shall be invoiced by the Supplier using a statement of withdrawals from inventory submitted by PSFE between the 25th and the 26th of the month of consumption. The payment date shall be 30 days month-end (25th) (internal offset) from the consumption date.

The material shall be considered consumed no later than 2 months following delivery.

The consignment inventory shall represent not more than 15 days of monthly consumption by the PSFE site concerned. The Froges consignment inventory shall be reduced to 0 tonnes in 2003 due to the establishment of a safety stock as part of the supply chain.

SECTION 10 - INVENTORY ON CALL

The Supplier shall establish an on-call stock on its premises. The references kept in the on-call stock shall be indicated by PSFE to the Supplier.

The maximum quantity in the on-call stock shall not exceed *** tonnes and the merchandise kept in the on-call stock shall be automatically shipped two months after the desired availability date.

The payment terms provided for in section 12 shall apply and the payment terms shall be 30 days month-end (25th) (internal offset) from the date of receipt of the invoice.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

[TRANSLATION]

SECTION 11 - INVOICING

All invoices shall specify the order number and the quantity and price of the $\mbox{Products}$ delivered.

All invoices shall show the amount of refundable and non-refundable taxes, the discount terms and, more generally, all mandatory legal or regulatory information as at the date of invoicing.

SECTION 12 - PRICES - TERMS OF PAYMENT

The price list included in Schedule 1 sets the prices of the Products for 2003. It shall be effective as of January 1, 2003 and shall continue in effect for the following *** years, provided that any change in the CPI (consumer price index) of the OECD does not exceed a rate of between *** and ***%. In such case, PSFE and Pechiney Eurofoil would share the increase equally over the following two years, after the first ***%.

Payments shall be made in the currency indicated in the price list.

Payments shall be made upon receipt of the product and the corresponding invoice accepted by our respective responsible departments as follows:

PSFE France: 30 days month-end 25th (internal offset)

PSFE Darmstadt: 14 days date of invoicing less ***%

Spain - Portugal: 105 days, date of invoicing Italy: 90 days date of invoicing

If payment is made early, a discount of ***% per thirty (30) business days shall be automatically applied to the amount of invoices paid early in 2003.

If payment is made late, in accordance with Law No. 2001-420 of May 15, 2001 (section 53), a late payment interest rate equal to one and one half times the legal interest rate shall be charged. In the event that invoices are contested, the time shall be interrupted. There shall be no other compensation for late payments.

SECTION 13 - REVISION CLAUSE

If the technical, economic or social conditions existing at the time this agreement comes into effect change significantly, so that the fairness of this agreement from an economic standpoint is substantially modified and the obligations of one of the parties become in fairness impossible for it to assume, the Parties shall meet to seek a solution that corresponds to the legitimate interests of each of the Parties.

SECTION 14 - HEALTH AND SAFETY

The Supplier warrants that the Products that are the object of this Agreement are all equipped with all the regulation safety devices that are customarily used in the trade. The Supplier shall take the initiative of suggesting additional safety devices for the Products.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

[TRANSLATION]

SECTION 15 - WARRANTY

Independently of the legal warranties and regardless of the causes of any defect, the Supplier warrants the Products for at least twelve (12) months against any latent or apparent defect, starting on the date of their delivery.

The Supplier shall be bound to restore the Products to conformity with the contractual specifications and performances as soon as possible and at its sole expense, including the cost of parts, transportation, labour and adjustments.

Any repair, complete or partial replacement and/or any supply under the warranty shall be accompanied with another warranty of the Supplier for a period of twelve (12) months starting on the date of the repair, replacement or supply of the defective Product.

SECTION 16 - LIABILITY AND INSURANCE

- 16.1 The Supplier and any subcontractor whose assistance the Supplier seeks for the performance of its obligations agree to purchase general liability insurance covering the monetary amount of any bodily or property damage which could be sustained by PSFE as a result of or on the occasion of the performance of the obligations that are the object of the agreement, for an amount of twenty million Euros (Euro20,000,000).
- 16.2 Such insurance shall be kept in force for the whole duration of the liability, including the contractual warranty period (without limits per claim and per year) and shall be purchased from an insurance company that is known to be solvent.
- 16.3 A certificate of such company shall be attached to this Agreement. The Supplier agrees to communicate to PSFE a certificate for the insurance purchased by its subcontractors within the fifteen (15) calendar days preceding the involvement of the subcontractors whose services it has decided to retain.
 - The Supplier agrees to immediately inform PSFE (within 24 hours of becoming aware of an event that could lead to the suspension or termination of the general liability policy) of any change, non-payment of premium or any event that could reduce the coverage afforded by such policies.
- 16.4 If, as a result of amendments to the Agreement, PSFE deems that the coverage is no longer sufficient, it shall so inform the Supplier by registered mail with a notice of receipt specifying the new coverage to be provided by the Supplier and its subcontractors.

- 16.5 The Supplier and its subcontractors shall then, within no more than fifteen (15) business days, send an application which must be accepted in writing by PSFE and which shall be attached in the form of a rider to the agreement with the insurer's certificate attached as a schedule thereto.
- 16.6 These provisions do not constitute a waiver of claims for sums over and above the insured amounts.

[TRANSLATION]

SECTION 17 - TRANSFER OF RISKS AND OF OWNERSHIP

The transfer of risks from the Supplier to PSFE shall take place upon receipt of the Products as described in section 2.

The Products supplied shall remain the property of the Supplier until payment in full of all sums owing to the Supplier.

SECTION 18 - REBATE

A rebate shall be applied at the year-end on total sales. The percentage rebate shall be determined based on the sales volume and is specified in the table attached as Schedule 2.

Furthermore, a monthly productivity rebate shall be paid based on the foil widths ordered as specified in the table attached as Schedule 3.

SECTION 19 - TECHNICAL ASSISTANCE / DUTY TO INFORM

The Supplier shall disclose free of charge to PSFE all qualitative and quantitative information and all commercial and technical information pertaining to the Products.

The Supplier shall make suggestions and recommendations to PSFE with regard to:

- Standardization
- Substitution
- Use
- Training

in order to improve the overall economic performance of the Products.

The Supplier shall make available to PSFE the necessary material and human resources to permit the certification of the new or existing products for new customers.

The Supplier agrees to notify PSFE as soon as it becomes aware of any incident that could jeopardize the smooth implementation of the agreement, particularly as concerns its sources of supply (financial difficulties, legal changes or cessation of the operations of its suppliers...).

SECTION 20 - CONFIDENTIALITY

The Supplier agrees, on its own behalf and on behalf of its employees (including those who cease to be employed by the Supplier) and its suppliers and subcontractors, to keep confidential all information that comes to its knowledge during the performance of this agreement and for five (5) years following the end of this agreement.

[TRANSLATION]

SECTION 21 - COMMUNICATIONS AND ADVERTISEMENTS RELATING TO THE SUPPLY

The Supplier may not communicate or advertise in any way the supply of the Products pursuant to the order without the prior consent of PSFE.

SECTION 22 - ASSIGNMENT

This agreement may not be assigned in whole or in part by the Supplier without the prior written consent of the other Party, except to the successor to the Assigning Party or to a corporation that acquires all or substantially all of the capital assets in the manufacturing facility of the Assigning Party or to any affiliate in which the Party or its parent holds at least 50% of the capital directly or indirectly.

For purposes of this agreement, affiliate means any corporation, present or future, in which SOPLARIL or PEFE or their parent corporation(s) hold over 50% of the capital and/or the voting rights directly or indirectly.

This agreement has been entered into for a term of *** years. It shall take effect retroactively to January 1, 2003 and, with the exception of the provisions of section 20 relating to confidentiality, shall terminate on December 31, ***, unless it is terminated early as provided for in section 24 hereinbelow.

SECTION 24 - TERMINATION

Any default by either of the Parties to perform any of their obligations hereunder that is not cured within 30 business days following formal notice given by the other Party by registered mail with an acknowledgment of receipt shall entitle the non-defaulting Party to terminate this agreement without further notice, without prejudice to the non-defaulting Party's right to damages, unless the defaulting Party can prove that it was subject to an event of force majeure as indicated in section 25 hereinbelow.

SECTION 25 - FORCE MAJEURE

Each of the contracting Parties, after the Party invoking force majeure has exhausted all the normal recourses available to it to perform its obligations and provided that it has notified the other Party as soon as possible, shall be provisionally released from its obligations under this agreement.

Any unforeseeable and uncontrollable external event that makes it impossible for the Party invoking force majeure to perform its obligations shall constitute an event of force majeure. In any case, a strike at the establishment of the Supplier, its suppliers or its subcontractors shall not be considered to constitute an event of force majeure.

The party invoking force majeure shall notify the other party of the occurrence of an event of force majeure immediately by fax with a confirmation sent by registered mail requesting a notice of receipt within three (3) business days of knowledge of the event.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

[TRANSLATION]

In all cases of force majeure, the Party invoking force majeure shall have the onus of proving that there is a direct connection between the event of force majeure and the failure of the Party invoking force majeure to perform its obligations, which obligations shall only be suspended to the extent of the event of force majeure.

No event of force majeure that occurs after the contractual times and that exacerbates an unjustified delay shall be taken into consideration.

It is agreed that the Parties shall cooperate in good faith in order to use the most appropriate means to ensure the quickest possible and most efficient resumption by the Party affected by force majeure of the performance of its obligations under this agreement. The end of an event of force majeure shall be confirmed to the other Party on the same conditions and within the same times as applied to its occurrence.

The term of this agreement shall be extended by a duration corresponding to the duration of any application of this force majeure clause.

SECTION 26 - HEADINGS

The invalidity for any reason of any section or subsection of this agreement shall not invalidate any other provision of this document.

SECTION 27 - LITIGATION - APPLICABLE LAW

Any disagreement or claim relating to the validity, interpretation or performance of this agreement which cannot be amicably resolved by the Parties shall be brought before the Tribunal de Commerce in Nanterre, unless otherwise agreed in the order. The agreement shall be governed by French law, excluding any rules pertaining to conflict of laws.

SECTION 28 - FINAL PROVISIONS

The Agreement may only be amended by an instrument in writing signed by the authorized representatives of PSFE and the Supplier.

All of the provisions of the agreement and its schedules, including the book of specifications, shall constitute the entire agreement between the Parties on the matters contemplated therein and shall supersede and cancel all prior written or verbal agreements.

None of the provisions of this agreement shall be deemed to have been set aside, added to or amended by either of the Parties unless an amendment has been signed

by both Parties recording a decision to set aside, add to or amend the application of a clause. $\,$

[TRANSLATION]

Done at Rueil Malmaison, in 3 counterparts

SOPLARIL SA
JM KLEINE
Date:

SOPLARIL SA PECHINEY EMBALLAGE FLEXIBLE EUROPE

PECHINEY RHENALU P.LABAT Date:

PECHINEY EUROFOIL LUXEMBOURG P. LABAT Date:

PECHINEY EUROFOIL BELGIQUE S.A P. LABAT Date:

Exhibit 10.15: Form of Transitional Services Agreement between Alcan Inc. and Novelis Inc.

TRANSITIONAL SERVICES AGREEMENT

between

ALCAN INC.

and

NOVELIS INC.

Dated o, 2004

TABLE OF CONTENTS

<table></table>

<s></s>	<c> <c> <c> DEFINITIONS AND INTERDRETATION 1</c></c></c>							
1.	DEFINITIONS AND INTERPRETATION							
	1.1	Definitions 1						
	1.2	Currency 5						
2.	TRANSIT	ION SERVICE SCHEDULES						
3.	SERVICES	5						
	3.1	Services generally 5						
	3.2	Service levels 6						
	3.3	Impracticability6						
	3.4	Additional resources 6						
4.	OPERATIN	NG COMMITTEE 7						
	4.1	Organization						
	4.2	Decision making						
	4.3	Meetings						
5.	TERM	7						
6.	COMPENSA	ATION 8						
	6.1	Charges for Services						
	6.2	Payment terms						
	6.3	Taxes. 9						
	6.4	Set off9						
	6.5	Performance under Ancillary Agreements						
	6.6	Error correction; true-Ups; accounting						
	0.0	Ellor Collection, time ops, accounting						
7.	CENEDAI	OBLIGATIONS; STANDARD OF CARE						
' ·	GENERAL	OBLIGATIONS, STANDARD OF CARE						
	7.1	Performance metrics: Alcan Group						
	7.2	Performance Metrics: Novelis Group						
	7.3	Disclaimer of warranties						
	7.4	Transitional nature of Services; changes						
	7.4							
	7.6	Responsibility for errors; delays						
		Cooperation; consents						
	7.7	Alternatives						
	7.8	Personnel						
	7.9	Insurance						
0		14						
8.	TERMINA'	FION						
	0 1	manufacture and a second secon						
	8.1	Termination						
	8.2	Survival						
	8.3	Payment						
	8.4	User Ids, passwords						
<td>BLE></td> <td></td>	BLE>							
		- ii -						
<tab< td=""><td>LE></td><td></td></tab<>	LE>							
<s></s>	<c></c>	<c></c>						
9.	RELATION	NSHIP BETWEEN THE PARTIES						
10.	SUBCONTE	RACTORS						
11.	INTELLECTUAL PROPERTY							
	11.1	Allocation of rights by Ancillary Agreements						

	11.2 11.3 11.4 11.5	Existing ownership rights unaffected	18 18			
12.	NO OBLIG	ATIONS	19			
13.	CONFIDENTIALITY					
14.	LIMITATIO	ON OF LIABILITY AND INDEMNIFICATION	20			
	14.1 14.2 14.3 14.4 14.5	Indemnification Limitation of Liability Exclusions Provisions applicable with respect to Indemnification Obligations Survival	22 22 23			
15.	DISPUTE 1	RESOLUTION	23			
16.	ASSIGNME	NT	23			
	16.1 16.2	Prohibition on Assignments				
17.	MISCELLA	NEOUS	23			
<td>17.1 17.2 17.3 17.4 17.5 17.6 17.7 17.8 17.9</td> <td>Construction. Notices. Governing Law. Judgment Currency. Entire Agreement. Conflicts. Force Majeure. Waivers. Further Assurances</td> <td>24 24 24 24 24 25 25</td>	17.1 17.2 17.3 17.4 17.5 17.6 17.7 17.8 17.9	Construction. Notices. Governing Law. Judgment Currency. Entire Agreement. Conflicts. Force Majeure. Waivers. Further Assurances	24 24 24 24 24 25 25			

SCHEDULES

Schedule 1 - Form of Transition Service Schedule to Transitional Services Agreement

Schedule o - o

TRANSITIONAL SERVICES AGREEMENT

THIS AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated o, 2004.

BETWEEN: ALCAN INC., a corporation organized under the

Canada Business Corporations Act ("ALCAN");

AND: NOVELIS INC., a corporation incorporated under the

Canada Business Corporations Act ("NOVELIS").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement dated o, 2004 pursuant to which the Parties (as defined hereinafter) set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein) such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS in connection therewith, Novelis desires that Alcan and other members of Alcan Group, as applicable, provide Novelis and other members of Novelis Group, as applicable, with certain transitional services with respect to the operation of Novelis Group following the Effective Date, subject to the terms and conditions of this Agreement.

WHEREAS in connection therewith, Alcan desires that Novelis and other members of Novelis Group, as applicable, provide Alcan and other members of Alcan Group, as applicable, with certain transitional services with respect to the operation of Alcan Group following the Effective Date, subject to the terms and conditions of this Agreement.

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement, the following words and expressions and variations thereof, unless a clearly inconsistent meaning is required under the context, shall have the meanings specified or referred to in this Section 1.1:

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the

- 2 -

date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" has the meaning set forth in Article 2.

"ALCAN" means Alcan Inc., a corporation organized under the Canada Business Corporations Act.

"ALCAN CONFIDENTIAL INFORMATION" has the meaning set forth in Section 13.2.

"ALCAN GROUP" means Alcan and its Subsidiaries from time to time after the Effective Time.

"ALCAN GROUP COMPANY" means any Person forming part of the Alcan Group.

"ALCAN INDEMNIFIED PARTIES" has the meaning set forth in Section 14.1.

"ANCILLARY AGREEMENT" has the meaning ascribed thereto in the Separation Agreement.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States), is a legal holiday or (ii) a day on which banks are authorized by Applicable Law to close in the City of Montreal (Canada) or in the City of New York (United States).

"CHIEF REPRESENTATIVE" has the meaning set forth in Section 7.8(c).

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type envisaged by this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party.

- 3 -

"CONFIDENTIAL INFORMATION" has the meaning ascribed thereto in the Separation Agreement.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT" means any contract, agreement, lease, license, commitment, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under Applicable Law.

"DOLLARS" or "\$" means the lawful currency of the United States of

"EFFECTIVE DATE" means the effective date of the Separation Agreement as therein defined.

- "EFFECTIVE TIME" means 12:01 a.m. Montreal time on the Effective Date.
- "EVENT OF DEFAULT" has the meaning set forth in Section 8.1.
- "EXPIRATION DATE" has the meaning set forth in Article 5.
- "FORCE MAJEURE EVENT" has the meaning set forth in Section 17.7.
- "GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.
- "GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.
- "GROUP" means Alcan Group or Novelis Group, as the context requires.
- "IMPRACTICABILITY" has the meaning set forth in Section 3.3.
- "INTELLECTUAL PROPERTY AGREEMENT" means, individually or collectively, the Intellectual Property Agreements by and between Alcan International Limited and Novelis, as amended, restated or modified from time to time, and constituting an Ancillary Agreement to the Separation Agreement.
- "LIABILITIES" has the meaning ascribed thereto in the Separation $\mbox{\sc Agreement.}$
- "NOVELIS" means Novelis Inc., a corporation incorporated under the Canada Business Corporations Act.
- "NOVELIS CONFIDENTIAL INFORMATION" has the meaning set forth in Section 13.2.
- "NOVELIS GROUP" means Novelis and its Subsidiaries from time to time after the Effective Time.

- 4 -

- "NOVELIS INDEMNIFIED PARTIES" has the meaning set forth in Section 14.1.
- "OPERATING COMMITTEE" has the meaning set forth in Section 4.1.
- "PARTY" means each of Alcan and Novelis as a party to this Agreement and "PARTIES" means both of them.
- "PERMITTED PURPOSE" has the meaning set forth in Section 13.3.
- "PERSON" means any individual, Business Concern or Governmental Authority.
- "PRIME RATE" means the floating rate of interest established from time to time by the Royal Bank of Canada (the "BANK") as the reference rate of interest the Bank will use to determine rates of interest payable by its borrowers on US dollar commercial loans made by the Bank to such borrowers in Canada and designated by the Bank as its "prime rate" and which shall change from time to time as changed by the Bank.
- "SALES TAXES" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed pursuant to Applicable Law.
- "SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.
- "SERVICE(S)" has the meaning set forth in Section 3.1.
- "SERVICE MANAGER" has the meaning set forth in Section 7.8(c).
- "SERVICE PROVIDER" means Alcan or a member of Alcan Group when it is providing a Service to Novelis or a member of Novelis Group hereunder in accordance with a Transition Service Schedule, and Novelis or a member of Novelis Group when it is providing a Service to Alcan or a member of Alcan Group hereunder in accordance with a Transition Service Schedule.
- "SERVICE RECIPIENT" means Novelis or a member of Novelis Group when it is receiving a Service from Alcan or a member of Alcan Group hereunder in accordance with a Transition Service Schedule, and Alcan or a member of Alcan Group when it is receiving a Service from Novelis or a member

of Novelis Group hereunder in accordance with a Transition Service Schedule

"SUBCONTRACTOR" has the meaning set forth in Section 10.1.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which of a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person.

- 5 -

"TERM" has the meaning set forth in Article 5.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group and that is not an Affiliate of such Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"TRANSITION SERVICE SCHEDULE" has the meaning set forth in Article 2.

1.2 CURRENCY

Except as otherwise specified in a Transition Service Schedule, all references to currency herein are to lawful money of the United States of America.

2. TRANSITION SERVICE SCHEDULES

This Agreement will govern individual transitional Services as requested by Novelis or any other member of Novelis Group, and provided by Alcan or any other member of Alcan Group, the details of which are set forth in the Transition Service Schedules attached to and forming part of this Agreement. This Agreement will also govern individual transitional Services as requested by Alcan or any other member of Alcan Group, and provided by Novelis or any other member of Novelis Group, the details of which are set forth in the Transition Service Schedules attached to and forming part of this Agreement. Each Service shall be covered by this Agreement upon execution of a transition service schedule in the form attached hereto (each transition service schedule, a "TRANSITION SERVICE SCHEDULE").

For each Service, the Parties shall set forth in a Transition Service Schedule substantially in the form of SCHEDULE 1 hereto, among other things, (i) the time period during which the Service will be provided if different from the Term of this Agreement; (ii) a summary of the Service to be provided; and (iii) the method for determining the charge, if any, for the Service and any other terms applicable thereto. Obligations regarding a Transition Service Schedule shall be effective upon the later of the Effective Date of this Agreement or the date of execution of the applicable Transition Service Schedule. This Agreement and all the Transition Service Schedules shall be defined as the "AGREEMENT" and incorporated herein wherever reference to it is made.

3. SERVICES

3.1 SERVICES GENERALLY

Except as otherwise provided herein, for the Term hereof, (a) Alcan shall provide to Novelis and the other members of Novelis Group, and shall cause the other applicable members of Alcan Group to provide or cause to be provided to Novelis and the other members of Novelis Group, and (b) Novelis shall provide to Alcan and the other members of Alcan Group, and shall cause the other applicable members of

- 6 -

Novelis Group to provide or cause to be provided to Alcan and the other members of Alcan Group, the Services described in the Transition Service Schedule(s) attached hereto identified on such Schedules as Services to be provided by members of Alcan Group or Novelis Group, as applicable. The Service(s) described on a single Transition Service Schedule shall be referred to herein as a "SERVICE". Collectively, the services described on all the Transition Service Schedules shall be referred to herein as "SERVICES". Alcan and Novelis shall cause the members of their respective Groups to, if applicable, comply with the terms and conditions set forth in this Agreement or in the Transition Services Schedules.

Except as otherwise provided in a Transition Service Schedule for a specific service: (i) a Service Provider shall provide the Services only to the extent such Services are being provided by Alcan or any other member of Alcan Group or by Arcustarget Inc. or any of its Subsidiaries immediately prior to the Effective Date and at a level of service substantially similar to that provided by Alcan or any other member of Alcan Group or by Arcustarget Inc. or any of its Subsidiaries immediately prior to the Effective Date; and (ii) the Services will be available only for purposes of conducting the business of the Service Recipient substantially in the manner it was conducted prior to the Effective Time; provided, however, that nothing in this Agreement will require a Party to favor the other Party over its other business operations. Except as otherwise provided in a Transition Service Schedule in respect of a specific Service, the Parties will not be entitled to any new service.

3.3 IMPRACTICABILITY

A Service Provider shall not be required to provide any Service to the extent the performance of such Service becomes impracticable as a result of a cause or causes outside the reasonable control of the Service Provider, including unfeasible technological requirements, or to the extent the performance of such Services would require the Service Provider to violate any Applicable Law, or would result in the breach of any license, Governmental Authorization or Contract (an "IMPRACTICABILITY").

3.4 ADDITIONAL RESOURCES

In accordance with Section 7.8 below and except as specifically provided in a Transition Service Schedule for a specific Service, in providing the Services, a Service Provider shall not be obligated to: (i) hire any additional employees; (ii) maintain the employment of any specific employee; (iii) purchase, lease or license any additional facilities, equipment or software; or (iv) pay any costs related to the transfer or conversion of the Service Recipient's data to the Service Provider or any alternate supplier of Services.

- 7 -

4. OPERATING COMMITTEE

4.1 ORGANIZATION

The Parties shall create an operating committee (the "OPERATING COMMITTEE") and shall each appoint one (1) employee to the Operating Committee for the Term. The Operating Committee will oversee the implementation and application of this Agreement and shall attempt to resolve any dispute between the Parties. Each of the Parties shall have the right to change its Operating Committee member at any time with employees of comparable knowledge, expertise and decision-making authority.

4.2 DECISION MAKING

All Operating Committee decisions shall be taken unanimously. If the Operating Committee fails to make a decision, resolve a dispute, agree upon any necessary action, or if a Party so requests, in the event of a material breach of this Agreement, a senior officer of Alcan and a senior officer of Novelis, neither of whom shall have any direct oversight or responsibility for the subject matter in dispute, shall attempt within a period of fourteen (14) days to conclusively resolve any such unresolved issue.

4.3 MEETINGS

During the Term, the Operating Committee members shall meet, in person or via teleconference, at least once in each week. In addition, the Operating Committee shall meet as often as necessary in order to promptly resolve any disputes submitted to it by any representative of either Party.

5. TERM

The term of this Agreement shall commence on the Effective Date and end on December 31, 2005 (the "EXPIRATION DATE"), unless earlier terminated under Article 8 or extended or earlier terminated as hereinafter provided, (the "TERM"). The Parties shall be deemed to have extended this Agreement with respect to a specific Service if the Transition Service Schedule for such Service specifies a completion date beyond the Expiration Date. The Parties may agree on an earlier expiration date respecting a specific Service by specifying such date on the Transition Service Schedule for that Service. Services shall be provided up to and including the date set forth in the applicable Transition Service Schedule, subject to earlier termination as provided in Article 8. It

shall be the sole responsibility of the Service Recipient, upon and after expiration or early termination of this Agreement with respect to a specific Service, to perform, render and provide for itself (or to make arrangements with one or more Third Party service providers to perform, render and provide) such Service, and to do all necessary planning and make all necessary preparations in connection therewith.

- 8 -

6. COMPENSATION

6.1 CHARGES FOR SERVICES

The Service Recipient shall pay the Service Provider the charges, if any, set forth on the Transition Service Schedules for each of the Services listed therein as adjusted, from time to time, in accordance with the processes and procedures established under Sections 7.1 and 7.2 hereof. Unless specifically indicated otherwise on a Transition Service Schedule, such fees shall be equal to the aggregate of all direct and indirect costs and expenses incurred by the Service Provider in providing the Services plus a margin equal to five percent (5%) of all such costs and expenses. No margin shall be added to the cost of services supplied by external suppliers or subcontractors required in order to render the Services. If there is any inconsistency between the Transition Service Schedule and this Section 6.1, the terms of the Transition Service Schedule shall govern. The Parties also intend, having regard to the reciprocal and transitional nature of this Agreement and other factors, for charges to be easy to administer and justify; and, therefore, they hereby acknowledge that it may be counterproductive to try to recover every cost, charge or expense, particularly those that are insignificant or de minimus.

6.2 PAYMENT TERMS

Subject to Section 6.4 and except as otherwise specified in a Transition Service Schedule, the Service Provider shall invoice the Service Recipient monthly (or on such other basis as the Parties may mutually determine) for all charges pursuant to this Agreement. Such invoices shall specify the Services provided to the Service Recipient during the preceding month and identifying the Service fee applicable to each Service so specified, and shall be accompanied by reasonable documentation or other reasonable explanations supporting such charges. Except as otherwise specified in a Transition Service Schedule, the Service Recipient shall pay, net of applicable withholding tax, if any, the Service Provider for all Services provided hereunder within thirty (30) days after receipt of an invoice therefor by wire transfer of immediately available funds to the account designated by the Service Provider for this purpose. Late payments shall bear interest at a rate per annum equal to the Prime Rate plus 2%, calculated for the actual number of days elapsed, accrued from and excluding the date on which such payment was due up to and including the date of payment.

For the purpose of the Interest Act (Canada) and disclosure thereunder, whenever interest to be paid hereunder is to be calculated on the basis of a year of 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 360 or such other period of time, as the case may be.

- 9 -

6.3 TAXES

The fees and charges payable by the Service Recipient under this Agreement and set forth on the Transition Service Schedules shall be exclusive of any Sales Taxes or excise taxes or any customs or import charges or duties or any similar charges or duties which may be imposed by any Governmental Authority in connection with the purchase or delivery of the Services or materials to the Service Recipient. The Service Recipient shall remit to the Service Provider any Sales Taxes properly payable to the Service Provider pursuant to this Agreement. Applicable Sales Taxes shall be indicated by the Service Provider separately on all of the Service Provider's invoices. The Parties shall co-operate with each other to minimize each other's applicable Sales Taxes and each shall provide the other with any reasonable certificates or documents which are useful for such purpose.

6.4 SET OFF

Unless otherwise agreed, neither Party shall be entitled to set off against any amounts due to the other under this Agreement any amounts due to it from such other Party under this Agreement. The Parties may, by decision of the Operating Committee or otherwise, agree to consolidate all or any of their respective monthly invoicing under Section 6.2 and may further agree that the corresponding invoices will be discharged by set off, with the debtor of the larger invoice making payment of the net amount owing after deduction of the amount invoiced by such debtor to the other Party. Such practice, if commenced, may be discontinued at any time at the request of either Party. Notwithstanding any such set off, any amount in respect of Sales Taxes required to be remitted by one Party to the other Party pursuant to this Agreement shall be remitted in full as if no set off had occurred.

6.5 PERFORMANCE UNDER ANCILLARY AGREEMENTS

Notwithstanding anything to the contrary contained herein, a Service Recipient shall not be charged under this Agreement for any obligations that are specifically required to be performed under the Separation Agreement or any other Ancillary Agreement; and any such other obligations shall be performed and charged for (if applicable) in accordance with the terms of the Separation Agreement or such other Ancillary Agreement.

6.6 ERROR CORRECTION; TRUE-UPS; ACCOUNTING

The Parties shall agree to develop, through the Operating Committee or otherwise, mutually acceptable reasonable processes and procedures for conducting internal audits and making adjustments to charges as a result of the movement of employees and functions between the Parties, the discovery of errors or omissions in charges, as well as a true-up of amounts owed. In no event shall such processes and procedures extend beyond eighteen (18) months after completion of a Service.

- 10 -

GENERAL OBLIGATIONS; STANDARD OF CARE

7.1 PERFORMANCE METRICS: ALCAN GROUP

Subject to Sections 3.2 to 3.4 and any other terms and conditions of this Agreement, Alcan shall maintain, and shall cause the relevant other members of Alcan Group to maintain, sufficient resources to perform their obligations hereunder. Specific performance metrics for Alcan for a specific Service may be set forth in the corresponding Transition Service Schedule. Where none is set forth, Alcan and the other relevant members of Alcan Group shall use Commercially Reasonable Efforts to provide Services, or to cause the Services to be provided, in accordance with Alcan's policies, procedures, service levels and practices in effect before the Effective Date and shall exercise the same care and skill as Alcan exercises in performing similar services for itself or for the other members of Alcan Group. In addition, to the extent within the possession and control of Alcan and the other relevant members of Alcan Group, Alcan shall provide, and shall cause the other relevant members of Alcan Group to provide, Novelis and the other relevant members of Novelis Group with information and documentation sufficient for Novelis and the other relevant members of Novelis Group to perform the Services they are obligated to perform hereunder as they were performed before the Effective Date and shall make available, as reasonably requested by Novelis or the other relevant members of Novelis Group, sufficient resources and timely decisions, approvals and acceptances in order that Novelis and the other relevant members of Novelis Group may perform their obligations hereunder in a timely manner.

7.2 PERFORMANCE METRICS: NOVELIS GROUP

Subject to Sections 3.2 to 3.4 and any other terms and conditions of this Agreement, Novelis shall maintain, and shall cause the other relevant members of Novelis Group to maintain, sufficient resources to perform their obligations hereunder. Specific performance metrics for Novelis for a specific Service may be set forth in the corresponding Transition Service Schedule. Where none is set forth, Novelis and the other relevant members of Novelis Group shall use Commercially Reasonable Efforts to provide Services, or to cause the Services to be provided, in accordance with Alcan's policies, procedures, service levels and practices in effect before the Effective Date and shall exercise the same care and skill as Novelis exercises in performing similar services for itself or for the other members of Novelis Group. In addition, to the extent within the possession and control of Novelis and the other relevant members of Novelis Group, Novelis shall provide, and shall cause the other relevant members of Novelis Group to provide, Alcan and the other relevant members of Alcan Group with information and documentation sufficient for Alcan and the other relevant members of Alcan Group to perform the Services they are obligated to perform

hereunder as they were performed before the Effective Date and shall make available, as reasonably requested by Alcan or the other relevant members of Alcan Group, sufficient resources and timely decisions, approvals and

- 11 -

acceptances in order that Alcan and the other relevant members of Alcan Group may perform their obligations hereunder in a timely manner.

7.3 DISCLAIMER OF WARRANTIES

Except as expressly provided in this Agreement, neither Alcan nor Novelis makes any warranties or conditions, express, implied, conventional or statutory, including but not limited to, the implied warranties or conditions of merchantability, of quality or fitness for a particular purpose, with respect to the Services or other items or deliverables provided by it or any other member of its Group hereunder or any transactions contemplated herein.

7.4 TRANSITIONAL NATURE OF SERVICES; CHANGES

The Parties acknowledge the transitional nature of the Services and that a Service Provider may make changes from time to time in the manner of performing the Services if the Service Provider is making similar changes in performing similar services for itself and if the Service Provider furnishes to the Service Recipient with reasonable notice in the circumstances regarding such changes.

7.5 RESPONSIBILITY FOR ERRORS; DELAYS

Except in the case of Service Provider's gross negligence, bad faith or wilful misconduct, a Service Provider's sole responsibility to a Service Recipient:

- (a) for errors or omissions in Services, shall be to furnish correct information, payment and/or adjustment in the Services, at no additional cost or expense to the Service Recipient; provided that the Service Provider must promptly advise the Service Recipient of any such error or omission of which it becomes aware after using Commercially Reasonable Efforts to detect any such errors or omissions in accordance with the standard of care set forth in Sections 7.1 and 7.2; and
- (b) for failure to deliver any Service because of Impracticability, shall be to use Commercially Reasonable Efforts, subject to Section 3.3, to make the Services available or to resume performing the Services as promptly as reasonably practicable.

7.6 COOPERATION; CONSENTS

The Parties shall, and shall cause the other relevant members of their respective Groups to, cooperate with each other in all matters relating to the provision and receipt of Services. Such cooperation shall include exchanging information, performing true-ups and adjustments, and obtaining all Third Party Consents, licenses or sublicenses necessary to permit each Party to perform its obligations hereunder (including by way of example, not by way of limitation, rights to use Third Party software needed for the performance of Services). Pursuant to Section 11.4, the

- 12 -

costs of obtaining such Third Party Consents, licenses or sublicenses shall be borne by the Service Recipient. The Parties shall maintain, and shall cause the other relevant members of their respective Groups to maintain, in accordance with its standard document retention procedures, documentation supporting the information relevant to cost calculations contained in the Transition Service Schedules.

With respect to those Services that, in the reasonable opinion of the Service Recipient, relate to matters of internal control over financial reporting and with respect to which Alcan or Novelis, as the case may be, reasonably believes a SAS 70 Type II Report is necessary in order to permit its management to perform an adequate assessment of internal control over financial reporting (and to permit its auditors to audit its internal control over financial reporting and management's assessment thereof), upon reasonable request by Alcan or Novelis, as the case may be, no later than 30 days before the end of the 2005 calendar year, the Service Provider shall provide to Alcan or Novelis, as the case may be, a SAS 70 Type II Report within 45 days of the end of such calendar year. Such SAS 70 Type II Report must be prepared by the Service Provider's independent auditors in accordance with Statement on Auditing Standards No. 70, Service Organizations ("SAS"

70"), and must include an opinion with respect to the controls that are in effect at the Service Provider over the practices and procedures relating to the Service Provider's performance of such Services under this Agreement. The Service Provider will, and will use Commercially Reasonable Efforts to cause its external auditors to, provide information to Alcan or Novelis and Alcan's or Novelis' external auditors, as the case may be, in order to allow Alcan or Novelis, as the case may be, and Alcan's or Novelis' respective external auditors, as the case may be, to perform procedures with respect to the SAS 70 Type II Report delivered hereunder and the controls to which such report relates that are required by generally accepted auditing standards, including, without limitation, PCAOB Auditing Standard No. 2, and by Section 404 of the Sarbanes-Oxley Act and the rules promulgated thereunder. All expenditures incurred by a Service Provider in performing its obligations under this paragraph shall be payable by the Service Recipient.

7.7 ALTERNATIVES

If a Service Provider reasonably believes it is unable to provide any Service because of a failure to obtain necessary Consents, licenses or sublicenses pursuant to Section 7.6 or because of Impracticability, the Parties shall cooperate to determine the best alternative approach. Until such alternative approach is found or the problem otherwise resolved to the satisfaction of the Parties, the Service Provider shall use Commercially Reasonable Efforts subject to Sections 3.2, 3.3 and 3.4, to continue providing the Service. To the extent an agreed upon alternative approach requires the occurrence of costs or expenditures above and beyond that which is included in the Service Provider's charge for the Service in question, such additional costs and expenditures shall, unless otherwise agreed, be borne by the Service Recipient.

- 13 -

7.8 PERSONNEL

- Right to designate and change personnel. The Service Provider will make available such personnel as will reasonably be required to provide the Services described in the Transition Service Schedules. The Service Provider will have the right to designate which personnel it will assign to perform the Services. The Service Provider also will have the right to remove and replace any such personnel at any time or designate any of its Affiliates or a Subcontractor at any time to perform the Services, subject to the provisions of Article 10; provided, however, that the Service Provider will use Commercially Reasonable Efforts to limit the disruption to the Service Recipient in the transition of the Services to different personnel or to a Subcontractor. In the event that personnel with the designated level of experience are not then employed by the Service Provider, the Service Provider will use Commercially Reasonable Efforts to provide such personnel or Subcontractor personnel having an adequate level of experience; provided, however, that the Service Provider will have no obligation to retain any individual employee for the sole purpose of providing the applicable Services.
- (b) FINANCIAL RESPONSIBILITY. The Service Provider will pay for all personnel expenses, including wages, of its employees performing the Services.
- (c) SERVICE MANAGERS AND CHIEF REPRESENTATIVES. During the Term of this Agreement, each Party will appoint (i) one of its employees (the "SERVICE MANAGER") who will have overall responsibility for managing and coordinating the delivery of the Services and who shall serve as that Party's representative on the Operating Committee and (ii) one of its employees for each service as indicated in each Transition Service Schedule (the "CHIEF REPRESENTATIVE"). The Service Manager and the Chief Representatives will coordinate and consult with the Service Manager and the Chief Representatives of the other Party. Each Party may, at its discretion, select other individuals to serve in these capacities during the Term of this Agreement upon providing notice to the other Party. For greater certainty, a Chief Representative may serve as such in respect of one or more Transition Service Schedules.

7.9 INSURANCE

Each Party shall obtain and maintain at its own expense insurance of the type generally maintained in the ordinary course of its business. Except as otherwise specified in a Transition Service Schedule, neither Party shall be required to obtain and maintain any particular insurance in relation to providing or receiving any Service.

8. TERMINATION

8.1 TERMINATION

A Service Recipient may terminate this Agreement, either with respect to all or with respect to any one or more of the Services provided to the Service Recipient hereunder, with or without cause, at any time upon at least thirty (30) days prior notice to the Service Provider, unless the specific Transition Service Schedule requires otherwise. To the extent possible, the Service Recipient will give such notice of termination at the beginning of a fiscal month to terminate the Service as of the beginning of the next fiscal month to avoid the need to prorate any monthly payment charges. As soon as reasonably practicable following receipt of any such notice, the Service Provider shall advise the Service Recipient as to whether termination of such Service will (a) require the termination or partial termination of, or otherwise affect the provision of, certain other Services, or (b) result in any early termination costs, including those related to Subcontractors, which in any event, shall be borne by the Service Recipient as set forth in Section 8.3. If either will be the case, the Service Recipient may withdraw its termination notice within five (5) Business Days. If the Service Recipient does not withdraw the termination notice within such period, such termination will occur in accordance with the original notice.

In addition, the Parties agree that (a) this Agreement may be terminated in its entirety immediately at the option of the non-defaulting Party, in the event that an Event of Default occurs in relation to the other Party, and such termination shall take effect immediately upon the non-defaulting Party providing notice to the other of the termination (except as otherwise specified in clause (e) below), and that (b) either Party may terminate this Agreement (and the corresponding Transition Service Schedule) with respect to a specific Service upon providing notice to the other Party in the event that an Event of Default occurs in relation to such other Party, and such termination shall take effect immediately upon the non-defaulting Party providing such notice to the other (except as otherwise specified in clause (e) below).

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT":

- (a) in relation to the Service Recipient, if the Service Recipient defaults in payment to the Service Provider of any payments which are due and payable by it to the Service Provider pursuant to this Agreement, and such default is not cured within thirty (30) days following receipt by the Service Recipient of notice of such default;
- (b) in relation to the Service Provider, if the Service Provider defaults in payment to the Service Recipient of any payments which are due and payable by it to the Service Recipient pursuant to this Agreement (if any), and such default is not cured within thirty (30) days following receipt by the Service Provider of notice of such default;

- 15 -

- (c) either Party breaches any of its material obligations to the other Party pursuant to this Agreement (other than as set out in paragraphs (a) and (b) above), and fails to cure it within thirty (30) days after receipt of notice from the non-defaulting Party specifying the default in reasonable detail and demanding that it be rectified, provided that if such breach is not capable of being cured within thirty (30) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the thirty (30) day period, no Event of Default under this paragraph (c) shall occur;
- (d) either Party breaches any representation or warranty, or fails to perform or comply with any covenant, provision, undertaking or obligation in or of the Separation Agreement;
- (e) in relation to Novelis (1) upon the occurrence of a Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.03(b) of the Separation Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.04(e) of the Separation Agreement, in which event the

termination of this Agreement shall be effective immediately upon Alcan providing Novelis notice pursuant to Section 14.03(b) or Section 14.04(e) of the Separation Agreement; or

(f) either Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for its dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days.

8.2 SURVIVAL

Notwithstanding the foregoing, in the event of any termination or expiration with respect to one or more Services, but less than all Services, this Agreement shall continue in full force and effect with respect to any Services not terminated or expired.

8.3 PAYMENT

Immediately following the Expiration Date, the Service Provider shall cease, or cause the other members of the Group to which it belongs, or its Subcontractors to cease, providing the Services, and the Service Recipient shall promptly pay or cause the other members of the Group to which it belongs, to promptly pay all fees accrued pursuant to Article 6 but unpaid to the Service Provider, provided, however, that in case of earlier termination without cause, the Service Recipient, notwithstanding

- 16 -

Article 2129 of the Civil Code of Quebec, shall reimburse the Service Provider only to the extent of the reasonable termination costs actually incurred by the Service Provider resulting from the Service Recipient's early termination of such Services, including those owed to Subcontractors. The Service Provider will use Commercially Reasonable Efforts to mitigate such termination costs.

8.4 USER IDS, PASSWORDS

The Parties shall use Commercially Reasonable Efforts upon the termination or expiration of this Agreement or of any specific Service hereto to ensure that access by one Party to the other Party's systems is cancelled.

9. RELATIONSHIP BETWEEN THE PARTIES

Each Party is and will remain at all times an independent contractor in the performance of all Services hereunder. In all matters relating to this Agreement, each Party will be solely responsible for the acts of its employees and agents, and employees or agents of one Party shall not be considered employees or agents of the other Party. Except as otherwise provided herein, no Party will have any right, power or authority to create any obligation, express or implied, on behalf of any other Party nor shall either Party act or represent or hold itself out as having authority to act as an agent or partner of the other Party, or in any way bind or commit the other Party to any obligations. Nothing in this Agreement is intended to create or constitute a joint venture, partnership, agency, trust or other association of any kind between the Parties or Persons referred to herein, and each Party shall be responsible only for its respective obligations as set forth in this Agreement. Neither Party nor its employees shall be considered an employee or agent of the other Party for any purpose, except as expressly agreed by the Parties. Each Party shall have sole responsibility for the supervision, daily direction and control, payment of salary (including withholding of income taxes and deductions at source), worker's compensation, disability benefits and the like of its employees.

10. SUBCONTRACTORS

- 10.1 A Service Provider may, subject to Section 10.2, engage a "SUBCONTRACTOR" to perform all or any portion of the Service Provider's duties under this Agreement, provided that any such Subcontractor agrees in writing to be bound by confidentiality obligations at least as protective as the terms of Section 11.07 of the Separation Agreement regarding confidentiality and non-use of information, and provided further that the Service Provider remains responsible for the performance of such Subcontractor and for paying the Subcontractor. As used in this Agreement, "SUBCONTRACTOR" will mean any Person or entity engaged to perform hereunder.
- 10.2 In the event of a Service Provider wishes to engage a Subcontractor to perform all or any portion of the Service Provider's duties under this Agreement, as a condition precedent to any such subcontracting: (a) the Service Provider shall provide the Service Recipient with a notice of

- 17 -

with reasonable details the nature of the duties or Services the Service Provider wishes a Subcontractor to perform, the identity of the proposed Subcontractor as well as the specific terms and conditions of such proposed subcontracting; and (ii) the Service Provider shall obtain the written consent of the Service Recipient, which consent may be withheld by the Service Recipient in its absolute discretion.

- In the event of any subcontracting by a Service Provider to a non-Affiliate of the Service Provider of all or any portion of the Service Provider's duties under this Agreement, the Service Provider shall assign and transfer to the Service Recipient the full benefit of all such non-Affiliate subcontractor's performance covenants, guarantees, warranties or indemnities (if any), to the extent same are transferable or assignable, in respect of the portion of the Services provided to the Service Recipient pursuant to subcontracting; and if any such guarantees, warranties, indemnities and benefits are not assignable, the Service Provider shall use Commercially Reasonable Efforts to procure the benefit of same for the Service Recipient through other legal permissible means.
- 11. INTELLECTUAL PROPERTY
- 11.1 ALLOCATION OF RIGHTS BY ANCILLARY AGREEMENTS

This Agreement and the performance of this Agreement will not affect the ownership of any patent, trademark or copyright or other intellectual property rights allocated in the Separation Agreement or any of the Ancillary Agreements.

11.2 EXISTING OWNERSHIP RIGHTS UNAFFECTED

Neither Party will gain, by virtue of this Agreement, any rights of ownership of copyrights, patents, trade secrets, trademarks or any other intellectual property rights owned by the other. Notwithstanding the foregoing, any ideas, concepts or any results arising out of the performance of the Services (the "RESULTS") by the Service Provider hereunder shall be the exclusive property of the Service Recipient. The Service Provider shall execute all documents and perform all other acts necessary or desirable to confirm title in the name of the Service Recipient in the Results in any jurisdiction of the world including all copyrights, trade secrets and industrial designs, and provide assistance, if necessary, to protect or enforce the Service Recipient's rights under said intellectual property rights. Such obligation to execute documents and provide assistance shall survive the expiration or early termination of this Agreement.

The Service Recipient agrees to reimburse the Service Provider for any reasonable out-of-pocket expenses arising out of the obligations under this Section 11.2. The Service Provider hereby waives and shall cause its employees to waive, the whole of its and their moral rights to any copyright material developed under this Agreement.

- 18 -

11.3 CROSS LICENSE TO PRE-EXISTING WORKS

Alcan grants Novelis and the other members of Novelis Group during the Term of this Agreement, a non-exclusive, worldwide, royalty-free, non-transferable license to use, copy and make derivative works of, distribute, display, perform and transmit Alcan's pre-existing copyrighted works or other intellectual property rights solely to the extent necessary to perform its obligations under this Agreement and such copyrighted works or other intellectual property rights will remain the property of Alcan or its Affiliates, as the case may be, and Novelis and the other members of Novelis Group will have no rights or interests therein, including no sublicensing right, except as may otherwise be set forth in the Intellectual Property Agreement or in the Separation Agreement.

Novelis grants Alcan and the other members of Alcan Group during the Term of this Agreement, a non-exclusive, worldwide, royalty-free, non-transferable license to use, copy and make derivative works of, distribute, display, perform and transmit Novelis's pre-existing copyrighted works or other intellectual property rights solely to the extent necessary to perform its obligations under this Agreement and such copyrighted works or other intellectual property rights will remain the property of Novelis or its Affiliates, as the case may be, and Alcan and the other members of Alcan Group will have no rights or

interests therein, including no sublicensing right, except as may otherwise be set forth in the Intellectual Property Agreement or in the Separation Agreement.

11.4 THIRD PARTY SOFTWARE

In addition to the consideration set forth elsewhere in this Agreement, the Service Recipient shall also pay any amounts (and applicable Sales Taxes) that are required to be paid to any licensors of software that is used by the Service Provider in connection with the provision of any Service hereunder, and any amounts (and applicable Sales Taxes) that are required to be paid to any such licensors to obtain the Consent of such licensors to allow the Service Provider to provide any of the Services hereunder. Subject to the immediately preceding sentence and to the terms of the Separation Agreement, the Service Provider will use Commercially Reasonable Efforts to obtain any Consent that may be required from such licensors in order to provide any of the transition Services hereunder.

11.5 TERMINATION OF LICENCES

Any license granted hereunder by a Party shall terminate ipso facto upon the expiration or early termination of this Agreement.

- 19 -

12. NO OBLIGATIONS

Neither Party assumes any responsibility or obligation whatsoever, other than the responsibilities and obligations expressly set forth in this Agreement (including the exhibits and schedules hereto), in the Separation Agreement or in a separate written agreement between the Parties.

13. CONFIDENTIALITY

- 13.1 The terms of the Confidentiality provisions set forth in Sections 11.07 and 11.08 of the Separation Agreement shall apply to all Confidential Information disclosed in the course of the Parties' interactions under this Agreement. This Article 13 of the Agreement sets out additional requirements regarding confidential information for the purposes of this Agreement.
- 13.2 The terms "NOVELIS CONFIDENTIAL INFORMATION" and "ALCAN CONFIDENTIAL INFORMATION" shall mean all data, documents and information, whether or not explicitly designated as being confidential, disclosed or to be disclosed by Novelis or any other member of Novelis Group to Alcan or to any other member of Alcan Group, or by Alcan or any other member of Alcan Group to Novelis or to any other member of Novelis Group, concerning the business operations, assets or affairs of Novelis Group or Alcan Group respectively (including information transmitted in written, electronic, magnetic or other form, information transmitted orally and information gathered by a Party through visual inspections or observation or by any other means), and any and all information which may be developed or created, in whole or in part, directly or indirectly, from such information including all notes, summaries, analyses, compilations and other writings, but does not include information that: (a) at the time of delivery to the Service Provider has been or subsequently becomes generally available to the public other than as a result of disclosure by the Service Recipient; (b) is or subsequently becomes available to the Service Provider on a non-confidential basis from a source who is not bound by this Agreement and is not otherwise under a legal obligation not to disclose such information; or (c) is required to be disclosed by Applicable Law or any Governmental Authority.
- 13.3 The term "PERMITTED PURPOSE" means the provision of a "SERVICE" by a Service Provider to a Service Recipient under this Agreement.
- 13.4 The Novelis Confidential Information to be shared with Alcan Group, and the Alcan Confidential Information to be shared with Novelis Group, shall be limited to that which would be shared with a Third Party service provider that is providing the particular Service to the Service Recipient and shall not be used by a Service Provider for any purpose other than a Permitted Purpose or in any way that is detrimental to the Service Recipient. In particular,
 - (a) the Service Provider shall not disclose any Novelis Confidential Information or Alcan Confidential Information, as the case may be, to any employee of the

Confidential Information or Alcan Confidential Information in order to perform the Permitted Purpose;

- (b) the Service Provider shall not disclose any Novelis Confidential Information or Alcan Confidential Information, as the case may be, to any employee of the Service Provider who has line management authority related to a competing business of the Service Recipient with respect to the Service in question;
- (c) the Service Provider shall not use the Novelis Confidential Information or the Alcan Confidential Information, as the case may be, other than for such purposes as shall be expressly permitted under this Agreement; and
- (d) the Service Provider shall maintain a list of employees of the Service Provider who need to have access to Novelis Confidential Information or Alcan Confidential Information, as the case may be, for a Permitted Purpose. The Chief Representative of the Service Provider for each Transition Service shall be responsible for maintaining this list.
- The Novelis Confidential Information and the Alcan Confidential Information, including any derivative documents prepared by Alcan Group or Novelis Group, respectively, will be held in safe custody and kept confidential on the terms set forth in this Agreement. Each Alcan Group employee who is authorized to have or be aware of Novelis Confidential Information, or Novelis Group employee who is authorized to have or be aware of Alcan Confidential Information, will store that information in his possession in separate paper and electronic files.
- 13.6 The obligations of the Parties under this Article 13 shall survive the expiration or earlier termination of this Agreement.
- 14. LIMITATION OF LIABILITY AND INDEMNIFICATION

14.1 INDEMNIFICATION

Alcan shall indemnify, defend and hold harmless Novelis, each other member of Novelis Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assignors of any of the foregoing (collectively, the "NOVELIS INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Novelis Indemnified Parties incurred by, borne by or asserted against any of them relating to, arising out of or resulting from any of the following items (without duplication);

(a) the breach or the failure of performance by Alcan of any of the covenants, promises, undertakings or agreements which it is obligated to perform under this Agreement;

- 21 -

- (b) death of or injury of any person whomsoever, including but not limited to directors, officers, employees, servants or agents of Novelis, of another member of Novelis Group, or contractors to the extent that such Liabilities are not covered by worker's compensation;
- (c) loss of, or damage to, or destruction of any property whatsoever, including any loss of use thereof, including without limitation, property of Novelis, of another member of Novelis Group, or their respective directors, officers, employees, agents, subsidiaries or subcontractors; or
- (d) any claim or assertion that the execution or performance by Novelis of its obligations under this Agreement violates or interferes with any contractual or other right or obligation or relationship of Alcan to or with any other Person,

caused by, arising out of, or in any way related to this Agreement, the provision of Services as contemplated in this Agreement by Novelis, or the other members of Novelis Group, their respective directors, officers, employees, servants, agents, subsidiaries or subcontractors, but subject however to the limitations of liability provided in this Agreement.

Novelis shall indemnify, defend and hold harmless Alcan, each other member of Alcan Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assignors of any of the foregoing (collectively, the "ALCAN INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Alcan Indemnified Parties incurred by, borne by or asserted against any of them relating to, arising out of or

resulting from any of the following items (without duplication);

- (a) the breach or the failure of performance by Novelis of any of the covenants, promises, undertakings or agreements which it is obligated to perform under this Agreement;
- (b) death of or injury of any person whomsoever, including but not limited to directors, officers, employees, servants or agents of Alcan, of another member of Alcan Group, or contractors to the extent that such Liabilities are not covered by worker's compensation;
- (c) loss of, or damage to, or destruction of any property whatsoever, including any loss of use thereof, including without limitation, property of Alcan, of another member of Alcan Group, or their respective directors, officers, employees, agents, subsidiaries or subcontractors; or
- (d) any claim or assertion that the execution or performance by Alcan of its obligations under this Agreement violates or interferes with any contractual or other right or obligation or relationship of Novelis to or with any other Person,

- 22 -

caused by, arising out of, or in any way related to this Agreement, the provision of Services as contemplated in this Agreement by Alcan, or the other members of Alcan Group, their respective directors, officers, employees, servants, agents, subsidiaries or subcontractors, but subject however to the limitations of liability provided in this Agreement.

14.2 LIMITATION OF LIABILITY

Notwithstanding the provisions of Section 14.1, the total aggregate liability of Alcan to Novelis for all events, acts or omissions of Alcan under or in connection with this Agreement or the Services provided by Alcan hereunder, and the total aggregate liability of Novelis to Alcan for all events, acts or omissions of Novelis under or in connection with this Agreement or the Services provided by Novelis hereunder, in each case, whether based on an action or claim in contract, warranty, equity, negligence, tort or otherwise, shall not exceed (i) in the case of the liability of Alcan to Novelis, an amount equal to the value of the Services payable by Novelis to Alcan under this Agreement, or (ii) in the case of the liability of Novelis to Alcan, an amount equal to the value of the Services payable by Alcan to Novelis under this Agreement; provided that the foregoing limit shall not apply (i) in the case of the liability of Alcan to Novelis, with respect to any liability arising out of or relating to Alcan's gross negligence or wilful misconduct or the gross negligence or wilful misconduct of its personnel, mandataries or agents or other Persons for which it is responsible under Applicable Law, or (ii) in the case of the liability of Novelis to Alcan, with respect to any liability arising out of or relating to Novelis's gross negligence or wilful misconduct or the gross negligence or wilful misconduct of its personnel, mandataries or agents or other Persons for which it is responsible under Applicable Law.

In no event shall any member of Alcan Group or Novelis Group be liable to any member of the other Group for any special, consequential, indirect, collateral, incidental or punitive damages, lost profits, or failure to realize expected savings, or other commercial or economic loss of any kind, however caused and on any theory of liability, (including negligence) arising in any way out of this Agreement, whether or not such Person has been advised for the possibility of any such damages; provided, however, that the foregoing limitations shall not limit either Party's indemnification obligations for liabilities to with respect to Third Party Claims as set forth in Article IX of the Separation Agreement.

14.3 EXCLUSIONS

Notwithstanding any provision to the contrary in this Agreement, the foregoing limitations in this Article 14 shall not apply to Alcan's obligation to indemnify Novelis in respect of an intellectual property right infringement claim instituted or made by a Third Party in connection with Alcan's Services or software or to Novelis's obligation to indemnify Alcan in respect of an intellectual property right

14.4 PROVISIONS APPLICABLE WITH RESPECT TO INDEMNIFICATION OBLIGATIONS

Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply mutatis mutandis with respect to any Liability subject to indemnification or reimbursement pursuant to Article 14 of this Agreement.

14.5 SURVIVAL

The rights and obligations of the Parties under this Article 14 shall survive the expiration or earlier termination of this Agreement.

15. DISPUTE RESOLUTION

The Master Agreement with Respect to Dispute Resolution, effective on the Effective Date, among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

16. ASSIGNMENT

16.1 PROHIBITION ON ASSIGNMENTS

Neither Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement except as permitted by Section $7.8\,(a)$, Article 10 and Section 16.2, without the prior written consent of the other Party.

16.2 ASSIGNMENT TO ALCAN GROUP COMPANY

With the consent of Novelis, such consent not to be unreasonably withheld or delayed, Alcan may elect to have one or more of the Alcan Group Companies assume the rights and obligations of Alcan under this Agreement.

17. MISCELLANEOUS

17.1 CONSTRUCTION

The rules of construction and interpretation set forth in Section 16.04 of the Separation Agreement shall apply to this Agreement.

- 24 -

17.2 NOTICES

All notices and other communications hereunder shall be given in the manner set forth in Section 16.10 of the Separation Agreement.

17.3 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

17.4 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Dollars, whether pursuant to a court order or judgment or arbitral award or otherwise, to the extent that the amount so paid upon conversion to Dollars and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Dollars due; and each Party hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify each other Party against, and to pay to such Party on demand, in Dollars, any difference between the sum originally due in Dollars and the amount of Dollars received upon any such conversion and transfer.

17.5 ENTIRE AGREEMENT

This Agreement, the Separation Agreement and exhibits, schedules and appendices hereto and thereto and the specific agreements contemplated herein or thereby, contain the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements, negotiations, discussions, writings, understandings,

commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

17.6 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail. In case of any conflict or inconsistency between the terms and conditions of this Agreement (excluding, for the purpose of this Section 17.6, any Transition Service Schedule thereto) and the terms of any Transition Service Schedule, the provisions of the Transition Service Schedule shall prevail.

- 25 -

17.7 FORCE MAJEURE

No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from superior force ("force majeure") or any act, occurrence or omission beyond its reasonable control and without its fault or negligence, such as fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities or, in the case of computer systems, any failure in electrical or air conditioning equipment (a "FORCE MAJEURE EVENT"). If a Force Majeure Event has occurred and its effects are continuing, then, upon notice by the Party who is delayed or prevented from performing its obligations to the other Party, (i) the affected provisions or other requirements of this Agreement shall be suspended to the extent necessary during the period of such disability, (ii) the Party which is delayed or prevented from performing its obligations by a Force Majeure Event shall have the right to apportion its Services in an equitable manner to all users and (iii) such Party shall have no liability to the other Party or any other Person in connection therewith. The Party which is delayed or prevented from performing its obligations by the Force Majeure Event shall resume full performance of this Agreement as soon as reasonably practicable following the cessation of the Force Majeure Event (or the consequences thereof).

17.8 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by the Applicable Laws.

17.9 FURTHER ASSURANCES

Each Party agrees to use Commercially Reasonable Efforts to execute any and all documents and to perform such other acts as may be necessary or expedient to further the purposes of this Agreement and the relations contemplated hereby. Without limiting the foregoing and the provisions of the Separation Agreement (including Article XIV thereof) each Party shall make available during normal business hours for inspection by the other Party and such other Persons as the other

- 26 -

Party shall designate in writing, all books and records in the possession which relate to the Services and which are necessary to confirm the said Party's compliance with its obligations under this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Transitional Services Agreement to be executed by their duly authorized representatives.

	В	By:						
			Name: Title:					
	В	ву:						
		-	Name: Title:					
	N	IOVEL	IS INC.					
	В	By:					_	
			Name: Title:					
	В	Ву:						
			Name: Title:					
			SCHEDULE 1					
	FORM OF T	'RANS	ITION SERVICE SCHE	OULE T	.0			
	TRANS	SITIO	NAL SERVICES AGREEN	MENT				
TRA	NSITION SERVICE SCHEDULE:		[NAME OF SERVICE]					
	SERVICE PROVIDER							
2.	RECIPIENT							
	DESCRIPTION OF SERVICES (a) SUMMARY (b) ACTIVITIES TO BE PERFO (c) DELIVERABLES (d) PROVIDER RESPONSIBILIT (e) RECIPIENT RESPONSIBILIT	RMED						
 4.	DURATION							
	COMPENSATION							
	(a) COST OF SERVICE (b) TERMS OF PAYMENT							
	OTHER PARTICULARS (IF ANY)							
7.	CHIEF REPRESENTATIVES							
			Provider:	([],	[])	Date
			Daniminata					
			Recipient:	([],	[])	Date
 8.	APPROVAL OFFICERS							
			Provider:					
			Provider:	([],	[])	Date
			Recipient:		1,		1)	Date
NON	-CONTRACTUAL INFORMATION							
imp exp pro	ase explain why the trans ossible for Recipient to pr ensive for Recipient to be vide details sufficient ensive, etc.	covide read	e for itself on Eff y to provide by Eff	fectiv fectiv	re Da re Da	ate; ate;	prohi	bitively Please
Sig	ned in ()	, on this day	of _				200

ALCAN	INC.	
By:		
	Name:	_
	Title:	
By:		
	Name:	
	Title:	
NOVEL	IS INC.	
ву:		
	Name:	
	Title:	
D		
By:	Name:	 _
	Title:	
	iicie:	

SEPARATION AGREEMENT (Sierre Manufacturing and Production Facility)

This Separation Agreement (the "Agreement") is made and entered into as of the 30th day of November, 2004, by and between ALCAN ALUMINIUM VALAIS SA, a corporation (Aktiengesellschaft) organized under the laws of Switzerland, having its registered office in 3960 Sierre, and registered with the commercial register Zentralwallis of the Canton of Valais under number CH-626.3.000.048-9 ("AAV"), and NOVELIS VALAIS SA, a corporation (Aktiengesellschaft) organized under the laws of Switzerland, having its registered office at Route des Laminoirs 15, in 3960 Sierre, and registered with the commercial register Zentralwallis of the Canton of Valais under number CH-626.3.009.511-7 ("Novelis").

INTRODUCTION

- A. On May 18, 2004, Alcan Inc. ("Alcan") announced its intention to complete a spin-off of substantially all of the rolled products businesses that Alcan held at the time of its acquisition of Pechiney.
- B. Alcan, through its wholly-owned subsidiary, Alcan Holdings Switzerland AG, owns 100% of the issued and outstanding capital stock of AAV.
- C. AAV owns and operates, among other things, a manufacturing and production facility in Sierre, Switzerland (the "Sierre Facility").
- D. The Sierre Facility, of which the North Building is part and which includes among other things, the Sierre Cold Mill and the Sierre Hot Mill, engages in both the Aluminium Rolled Plate Products Business and the Aluminium Flat Rolled Products Business. The Aluminium Flat Rolled Products Business depends in substantial part on the Sierre Cold Mill. Both the Aluminium Rolled Plate Products Business and Aluminium Flat Rolled Products Business depend upon the Sierre Hot Mill.
- E. AAV and Novelis desire to effect a separation of the Aluminium Flat Rolled Products Business and the Aluminium Rolled Plate Products Business at the Sierre Facility by, among other things, (i) transferring to Novelis certain of the assets and certain of the liabilities of the Aluminium Flat Rolled Products Business, (ii) leasing to Novelis the North Building and the North Building Machinery, (iii) sharing and providing to each other certain services that are necessary for the operation of both the Aluminium Flat Rolled Products Business and the Aluminium Rolled Plate Products Business at the Sierre Facility, (iv) providing aluminium rolling slabs to Novelis, and (v) furnishing tolling services to AAV, all in accordance with the terms of this Agreement and the Ancillary Agreements.

NOW, THEREFORE, in consideration of the foregoing and, with respect to the Demerger, subject to the approval by the shareholders' meetings of AAV and Novelis, AAV and Novelis agree as follows:

2

ARTICLE I: SCOPE AND INTERPRETATION OF AGREEMENT

- 1.01 Ancillary Agreements. This Agreement, together with the Ancillary Agreements and the Schedules, Exhibits and Annexes attached hereto and thereto, shall at all times be read and interpreted as though they constitute a single, integrated document.
- 1.02 Interpretation. The Master Separation Agreement, the Swiss Separation Agreement, this Agreement, and the Ancillary Agreements are intended to complement each other and therefore, when possible, should be interpreted and construed in such a manner as to give effect to the terms of each of them. Nevertheless, in the event there is (a) any conflict between the terms of the Master Separation Agreement and/or the Swiss Separation Agreement on the one hand and this Agreement and/or the Ancillary Agreements on the other hand, the terms and provisions of this Agreement and/or the Ancillary Agreements shall govern and control, (b) any conflict between this Agreement and the terms and provisions of any of the Ancillary Agreements (other than the Demerger Agreement), the terms and provisions of this Agreement shall govern and control, and (c) any conflict between this Agreement and the Demerger Agreement, the terms and provisions of this Agreement shall govern and control with respect to the relationship of the parties hereto, whereas the Demerger Agreement shall govern and control in relation to third parties.
 - 1.03 Survival. This Agreement and the various covenants and obligations

of the parties hereunder, unless otherwise provided herein, shall survive the term and termination of each of the Ancillary Agreements.

ARTICLE II: DEFINITIONS

2.01 Certain Definitions. In addition to the capitalized terms that appear elsewhere in this Agreement, the following terms, whenever used in this Agreement, have the following meanings:

"Access and Easement Agreement" means the reciprocal access and easement agreement in the form attached hereto as EXHIBIT A.

"Accounts Receivable" means all accounts receivable and other claims for money due arising out of the sale of Aluminium Flat Rolled Products invoiced on or before the Demerger Effective Date and recorded in and reflected by the audited interim balance sheet established as per the Demerger Effective Date.

"Agreement" means this agreement and all its Schedules and Exhibits.

"Aluminium Flat Rolled Products" means those products produced at any time before or after the Effective Date by the Aluminium Flat Rolled Products Business.

"Aluminium Flat Rolled Products Business" means and includes the business of manufacturing, producing, selling, and distributing aluminium flat rolled products at the Sierre Facility as such business was conducted at the Sierre Facility at any time during the 12-month period immediately prior to the Effective Date and specifically excludes the Aluminium Rolled Plate Products Business.

3

"Aluminium Flat Rolled Products Business Assets" means all properties, rights and assets of every nature, kind and description, tangible and intangible (including goodwill), used or held for use solely and exclusively in connection with, or derived solely and exclusively from, the Aluminium Flat Rolled Products Business including (i) Inventories, (ii) Accounts Receivable, (iii) rights under all Transferred Contracts, including any right to assert claims or take other rightful actions in respect of breaches, defaults and other violations of such Transferred Contracts and otherwise, (iv) credits, prepaid expenses, deferred charges, advance payments, security deposits, refunds and prepaid items, (v) all books, records, manuals and other materials relating solely and exclusively to the Aluminium Flat Rolled Products Business and/or the Aluminium Flat Rolled Products Business Assets, (vi) to the extent assignable or transferable, Permits and all applications therefore relating solely and exclusively to the Aluminium Flat Rolled Products Business and/or the Aluminium Flat Rolled Products Business Assets, and (vii) claims, defenses, causes of action, rights of recovery and rights of offset solely and exclusively arising out of or relating to the Aluminium Flat Rolled Products Business and/or the Aluminium Flat Rolled Products Business Assets, including without limitation those assets listed and specifically described and identified in the inventory attached to the Demerger Agreement as ANNEX B.

"Aluminium Rolled Plate Products" means those products produced at any time before or after the Effective Date by the Aluminium Rolled Plate Products Business.

"Aluminium Rolled Plate Products Business" means and includes the business of manufacturing, producing, selling, and distributing aluminium rolled plate, cast plate, and extrusions at the Sierre Facility as such business was conducted at the Sierre Facility at any time during the 12-month period immediately prior to the Effective Date and specifically excludes the Aluminium Flat Rolled Products Business.

"Ancillary Agreements" means all agreements and instruments executed and delivered in accordance with or in connection with the consummation of the transactions contemplated by the provisions of this Agreement, including without limitation the Equipment Lease Agreement, the Real Estate Lease Agreement, the Supply Agreement, the Demerger Agreement, the Services Agreement, the Tolling Agreement, and the Access and Easement Agreement.

"Cleanup Proceeding" means all actions necessary to comply with Environmental Laws to (i) clean up, remove, treat, and/or remediate Hazardous Substances in the indoor and/or outdoor environment, (ii) prevent the Release of Hazardous Substances so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor and/or outdoor environment, (iii) perform studies, investigations, and ongoing monitoring, maintenance, and care, and/or (iv) respond to any request of a Governmental Authority for information or documents under Environmental Laws.

"CO" means the Swiss Code of Obligations.

"Confidential Information" means, collectively, all documents, data, and information, however conveyed or acquired (verbally, in writing, or through

visual inspections) and in whatever form (written, electronic, magnetic, or otherwise), whether or not explicitly designated as being confidential, including without limitation (a) information relating to customers, suppliers, employees, manufacturing data, information, processes and specifications, sales, marketing and distribution methods, plans, and strategies, finances

4

and financial books and records, products and components, product ideas, product development, and product samples and prototypes, and Proprietary Information, and (b) notes, summaries, analyses, compilations, or other writings or materials developed or created, directly or indirectly, in whole or in part, from any of the foregoing. Without limiting the generality of the foregoing, Confidential Information means and includes any of the foregoing acquired by a Receiving Party or its Representatives (including its designated members of the Relationship Committee) in the course of performing its rights and obligations under any one or more of the Ancillary Agreements, including (for illustration purposes only (i) the new alloy development activities contemplated by Section 4.06 of the Supply Agreement, (ii) the provision of services to the other under the Services Agreement, and (iii) access to and review of books and records regarding operations for the purpose of verifying the purchase price and the tolling fees under the Supply Agreement and the Tolling Agreement. Confidential Information does not mean, and shall not be deemed to include any information that (a) is already in the actual possession, custody, and control of the Receiving Party as of the date hereof and was not acquired directly from the Disclosing Party, or (b) at the time of disclosure or thereafter becomes rightfully available to the Receiving Party from a third party without secrecy restriction and who has obtained the Confidential Information through no fault of or assistance by the Receiving Party, or (c) at the time of disclosure is generally available to the public (through no action of the Receiving Party), as evidenced by generally available documents or publications.

"Contracts" means all contracts, subcontracts, agreements, commitments, options, notes, instruments, bonds, mortgages, indentures, deeds of trust, guarantees, franchises, licenses, sublicenses, arrangements, undertakings and understandings of every kind, written or oral, to which the Aluminium Flat Rolled Products Business is a party, by which it is bound, or to which the Aluminium Flat Rolled Products Business Assets are subject.

"Demerger" has the meaning ascribed to it in SECTION 3.01(a).

"Demerger Agreement" means the demerger agreement (Spaltungsvertrag) including the Annexes (Anhange) thereto in the form attached hereto as EXHIBIT D.

"Demerger Effective Date" has the meaning ascribed to it in SECTION 3.01(c).

"Disclosing Party" means the party (including its Representatives) disclosing Confidential Information to the Receiving Party (including its Representatives).

"Effective Date" means for this Agreement as well as any Ancillary Agreement referred to herein, other than the Demerger Agreement, December 31, 2004 at 23.59 h.

"EHS Liabilities" means any Liability arising from or under any Environmental Law or Occupational Health and Safety Law, including those consisting of or relating to (a) any environmental, health or safety matter or condition (including on-site or off-site contamination, occupational health and safety and regulation of any chemical substance or product, (b) any fine, penalty, judgment, award, settlement, legal or administrative proceeding, damage, loss, claim, demand or response, remedial or inspection cost or expense arising under any Environmental Law or Occupational Health and Safety Law, (c) financial responsibility under any Environmental Law or Occupational Health and Safety Law for or in connection with any Cleanup Proceeding, or (d) any other compli-

5

ance, corrective or remedial measure required under any Environmental Law or Occupational Health and Safety Law. The terms "removal," "remedial," and "response action" include the types of activities covered by the United States Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).

"Employee Liabilities" means Liabilities to the Transferring Employees arising from (a) the failure to comply with any Law relating to their employment at any time before, on, or after the Effective Date, (b) obligations and commitments arising under any benefit plan at any time before, on, or after the Effective Date, (c) obligations as of the Effective Date for unpaid wages, commissions and bonuses and unused vacation and sick leave (which either by

their terms were not required to be paid or used, or consistent with the customary and ordinary practices would not normally be paid, on or before the Effective Date), and (d) severance compensation or similar obligations resulting from the termination of any Transferring Employee's employment with AAV or the termination of any of the benefit plans and/or the employee's rights thereunder.

"Encumbrance" means any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage, hypotheque, right of way, easement, encroachment, servitude, title defect of any nature whatsoever, prior claim, assignment for security purposes, deposit arrangement, encumbrance, preference, priority, right of first option, right of first refusal or similar restriction, or restriction of any kind, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

"Environment" means the natural environment and includes soil, land surface or subsurface strata even if submerged in water or covered by a structure, surface waters (including navigable waters and ocean waters), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), all layers of the atmosphere, all organic or inorganic matters, all living organisms, including plant and animal life and any other environmental medium or natural resource and the interacting natural systems.

"Environmental Law" means any Law that requires or relates to (i) the protection of the Environment or public health or safety, and includes Environmental Law relating to the deposit, Release, loss, storage, generation, use, handling, manufacturing, processing, transportation, treatment, destruction or disposal of Hazardous Substances, (ii) advising Governmental Authorities, employees, the public, or any other Person of intended or actual Releases of pollutants or contaminants or Hazardous Substances, violations of discharges limits or other prohibitions and the commencement of activities, such as resource extraction or construction, that could have significant impact on the Environment, (iii) preventing or reducing to acceptable levels the Release of Hazardous Substances into the Environment, (iv) reducing the quantities or minimizing the hazardous characteristics of wastes that are generated or preventing their Release, (v) assuring that products are designed, formulated, packaged and used so that they do not present unreasonable risks to human health or to the Environment when used or disposed of, (vi) protecting resources, species or ecological amenities, (vii) reducing to acceptable levels the risks inherent in the transportation of Hazardous Substances or other potentially harmful substances, (viii) cleaning up Hazardous Substances that have been Released, preventing the threat of Release, or paying the costs of such Cleanup Proceeding or prevention, (ix) or making responsible parties pay private parties, or groups of them, for damages

6

done to their health or to the Environment or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"Equipment Lease Agreement" means the lease agreement (pertaining to the leasing and use of the North Building Machinery by Novelis) in the form attached hereto as EXHIBIT B.

"Excluded Assets" means, subject to all assets specifically identified in the inventory attached to the Demerger Agreement as ANNEX B, (i) all cash and cash equivalents, (ii) the North Building, (iii) the North Building Real Property, (iv) the North Building Machinery, (v) properties, rights and assets of every nature, kind and description, tangible and intangible (including goodwill), used or held for use solely and exclusively in connection with, or derived from, Aluminium Rolled Plate Products Business, (vi) all Intellectual Property (any Intellectual Property to be transferred to Novelis will be the subject of a separate master Intellectual Property Agreement), (vii) the property and assets not specifically identified as Aluminium Flat Rolled Products Business Assets, and (viii) all property and casualty and other insurance policies and all prepaid premiums with respect thereto relating to the foregoing property.

"Force Majeure" means any unforeseen condition, event, or circumstance that is beyond the control of a party that results in the delay, interruption, and/or prevention of the performance, in whole or in part, by that party of its obligations hereunder, including without limitation war, insurrection, riot, rebellion, uprising, civil disturbance, invasion, breach of peace, epidemic, embargo, flooding, fire, explosion, lightning, earthquake, storm, sabotage, labor dispute, strike, picketing, lock-out, or action or order by any Governmental Authority.

"Governmental Authority" means any (i) nation, province, state, region, urban community, county, city, town, borough, village, district or other jurisdiction, (ii) federal, provincial, state, local, municipal, foreign or other government, (iii) governmental or quasi-governmental authority of any nature, domestic or foreign, (including any department, panel, agency, branch,

department, board, bureau, commission, instrumentality, court, tribunal, authority, or other entity exercising governmental or quasi-governmental powers), (iv) multinational organization or body, (v) body, domestic or foreign, exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or (vi) official, domestic or foreign, of any of the foregoing however denominated by Law.

"Hazardous Substance" means anything including any substance, material, waste or gas which is or will foreseeably be regulated by any Governmental Authority, including anything that may impair the quality of any waters, or causes or is likely to cause an adverse effect to the land, soil or air for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to any Environmental Law, including anything which is defined, listed, designated or classified as a "hazardous waste", "hazardous material", "hazardous substance", "extremely hazardous waste", "restricted hazardous waste", "contaminant", "toxic waste", "toxic substance", "residual substance", "source of contamination", "pollutant" or which is deemed to be "hazardous", "toxic", "deleterious", "caustic" or "dangerous" under any provision of Environmental Law, and including petroleum, petroleum products, asbestos, presumed asbestos-containing material or asbestos-containing material, urea formaldehyde and polychlorinated biphenyls.

7

"Indemnitee" means any Person or Persons who is or may be entitled to seek indemnification pursuant to the provisions of ARTICLE VI hereof.

"Indemnitor" means any Person or Persons who is or may be obligated to provide indemnification pursuant to the provisions of ARTICLE VI hereof.

"Intellectual Property" means all intellectual property owned or licensed (as licensor or licensee) by a Person in which a Person has a proprietary interest, including without limitation (i) names, all assumed fictional business names, trade names, registered and unregistered trademarks, logos, service marks and applications to register the same, (ii) all patents, patent applications and inventions and discoveries that may be patentable, (iii) all industrial designs, design patents and applications to register the same, (iv) all registered and unregistered copyrights in both published works and unpublished works, including software, source code and object code, and all registrations and applications to register the same, (v) all rights in mask works, (vi) all Proprietary Information, (vii) all rights in Internet web sites and Internet domain names, and (viii) the right to use any of the foregoing.

"Inventories" means all - including all finished - goods (whether or not held at the North Building or on the North Building Real Estate or in transit thereto to or therefrom), work in process, raw materials, spare parts and all other materials and supplies to be used or consumed by the Aluminium Flat Rolled Products Business in the production of finished goods.

"Laws" (and singly, a "Law") means any domestic or foreign constitutional provision, statute, code, subordinate legislation or treaty and any applicable guideline, directive, rule, ordinance, standard, requirement, policy, order, judgment, decision, notice plan, consent, writ, directive, injunction, award or decree of a Governmental Authority having the force of law.

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute, fixed or contingent, whenever arising, whether or not accrued, disputed, liquidated, secured, vested, determinable, joint or several, due or to become due, executory, determined, determinable or otherwise, disclosed or non-disclosed, and whether or not the same is required to be accrued, reflected or otherwise disclosed on the financial statements of such Person, including without limitation any Specified Financial Liability, EHS Liability and Tax Liability.

"MA" means the Swiss Federal Act on Mergers, Demergers, Transformations and Transfers of Assets and Liabilities (the Merger Act), which entered into effect on July 1, 2004.

"Master Separation Agreement" means that certain Separation Agreement between Alcan Inc., Canada, and Novelis Inc., Canada, pertaining to the Separation.

"North Building" means the building, including all building systems, additions, and improvements now or hereafter situated or located therein or thereon, that is described and denoted in the Real Estate Lease Agreement.

8

situated or located in or on the North Building, as more particularly described in the Equipment Lease Agreement.

"North Building Real Property" means collectively the real estate, building, and all improvements therein or thereon that is described and denoted in the Real Estate Lease Agreement.

"Novelis Sierre Facility" means, collectively, the North Building, the North Building Real Property, and the North Building Machinery.

"Occupational Health and Safety Law" means any Law designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (such as those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"Operational Budget" means the annual budget established by the Relationship Committee for the operation of the Sierre Hot Mill.

"Ordinary Course of Business" means any action taken by a Person that (i) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person, (ii) does not require authorization by the board of directors or shareholders of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature, and (iii) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.

"Permits" means licenses, permits, registrations, identification numbers, certificates, orders, approvals, qualifications, variances, waivers, grants, franchises, fillings, reports, returns, notices, and authorizations issued or required by any Person.

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, joint venture, trust, union, association, or Governmental Authority.

"Proprietary Information" means engineering, research and development activities and data, trade secrets, technical charts and data, studies, data, analyses, and compilations, designs, prints, renderings, sketches, photographs, drawings, reports, formulae, test methods, processes, conditions, studies, findings, inventions, and ideas plans, techniques, specifications, trade secrets, and know-how.

"Real Estate Lease Agreement" means the lease agreement (pertaining to the leasing and use of the North Building by Novelis) in the form attached hereto as EXHIBIT C.

"Receiving Party" means the party (including its Representatives) receiving Confidential Information from the Disclosing Party (including its Representatives).

9

"Relationship Committee" has the meaning ascribed to it in SECTION 5.08 below.

"Release" means any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, escape, leaching or migration on, or into, the Environment or into, or out of, any property.

"Representatives" means any Person acting for or on behalf of another, including without limitation officers, directors, shareholders, affiliates, agents, employees, consultants, and independent contractors.

"Separation" means the transfer by Alcan Inc. to Novelis Inc., pursuant to a plan of arrangement under the Canada Business Corporations Act, of substantially all of the aluminum rolled products businesses operated by Alcan prior to December 2003 together with certain other assets, the whole as further described in various agreements between Alcan Inc. and Novelis Inc. giving effect to this transfer.

"Services Agreement" means the shared services agreement in the form attached hereto as $\mathtt{EXHIBIT}\ \mathtt{E.}$

"Sierre Cold Mill" means the cold mill, including the process line and finishing equipment, located in the North Building.

"Sierre Hot Mill" means the hot mill, including pre-heat equipment, located in the North Building.

"Sierre Facility" has the meaning ascribed to it in PARAGRAPH C of the $\operatorname{Introduction}$ above.

"Sierre Service Center" means the organization of AAV located at the Sierre Facility that provides services to AAV and Novelis pursuant to the Services Agreement.

"Specified Financial Liabilities" means, in respect of any Person, all Liabilities of a financial nature with any Person including without limitation foreign exchange contracts, letters of credit, guarantees of third-party loans, surety bonds, performance bonds, interest support agreements on third party loans, swaps or other derivatives contracts, recourse arrangements on the sale of receivables or notes, and indemnities.

"Steg Casthouse" means the aluminium casthouse owned and operated by Alcan and located at Alcan's facility in Steg, Switzerland.

"Supply Agreement" means the metal supply agreement in the form attached hereto as $\ensuremath{\mathtt{EXHIBIT}}$ F.

"Swiss Separation Agreement" means that certain separation agreement, dated as of December 13, 2004, between Alcan Holdings Switzerland Ltd., Zurich, Switzerland, and Arcustarget Inc., Toronto, Canada.

"Tax" means any income, profit, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital, capital stock,

10

franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, goods and service, transfer, value added, alternative, add-on, minimum and other fax, fee, assessment, levy, tariff, charge, contribution to any governmental plan, or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Authority or payable under any tax-sharing agreement or any other Contract.

"Tax Liability" means any and all Taxes imposed on or incurred by the Aluminium Flat Rolled Products Business for any taxable period or portions thereof ending on, before, or after the Effective Date, including Transfer Taxes.

"Tax Return" means, with respect to any Tax, any information return with respect to such Tax, any report, statement, declaration or document required to be filed under the Law in respect of such Tax, any claims for refund of Taxes paid, and any amendment or supplements to any of the foregoing.

"Third-Party Claims" means any and all (i) rights, claims or actions asserted against an Indemnitee by a third party, or (ii) liabilities of, or amounts payable by, an Indemnitee to a third party, or (iii) other Liabilities incurred by an Indemnitee in respect of any of the claims, actions or rights referred to in the foregoing clauses (i) or (ii); provided, that (in the same manner as with respect to Liabilities) all amounts to which an Indemnitee is entitled hereunder by reason of Third-Party Claims shall include any additional amount reasonably necessary to indemnify the Indemnitee against any liability for Taxes which the Indemnitee will incur as a result of the indemnity payment itself.

"Tolling Agreement" means the tolling agreement in the form attached hereto as $\mathtt{EXHIBIT}\ \mathtt{G.}$

"Transfer Tax" means all Taxes, other than Taxes measured by net income, incurred or imposed by reason of the Demerger (or a capital increase effected in connection with the Demerger) or subsequent possession or use of the Aluminium Flat Rolled Products Assets, regardless upon whom such Taxes are levied or imposed by law.

"Transferred Contracts" means those contracts listed and identified in the inventory attached to the Demerger Agreement as ANNEX B.

"Transferred Liabilities" means all Liabilities, whether arising out of contract, in tort or otherwise, including without limitation EHS Liabilities, Employee Liabilities, Tax Liabilities, Specified Financial Liabilities, accounts payable, accrued expenses, other current liabilities and all liabilities and obligations under the Transferred Contracts, relating to, arising out of, or resulting from and allocable to (a) the manufacturing and production activities conducted at the Sierre Facility for or on behalf of the Aluminium Flat Rolled Products Business or (b) the manufacturing and production of Aluminum Rolled Plate Products at the Sierre Facility at any time prior to, on, or after the Effective Date (including any Liability relating to, arising out of, or

resulting from any act or failure to act by any Person), including without limitation those Liabilities listed and specifically described and identified in the inventory attached to the Demerger Agreement as ANNEX B.

"Transferring Employees" means the employees listed in the List of Transferring Employees attached to the Demerger Agreement as ANNEX C.

1 -

"US GAAP" means generally accepted accounting principles in the United States.

2.02 Other Definitions. Unless specifically defined in SECTION 2.01 above or elsewhere in this Agreement, all capitalized terms in this Agreement have the meanings ascribed to them in the Master Separation Agreement.

ARTICLE III: SEPARATION OF THE ALUMINIUM FLAT ROLLED PRODUCTS BUSINESS FROM THE ALUMINIUM ROLLED PLATE PRODUCTS BUSINESS

3.01 Demerger.

- (a) Subject to and upon the terms and conditions set forth in a separate Demerger Agreement and the Annexes thereto, attached hereto as EXHIBIT D, AAV shall transfer to Novelis, and Novelis shall take over and assume from AAV, by way of a spin-off (Abspaltung) in accordance with the provisions of the MA, all right, title and interest in and to the Aluminium Flat Rolled Products Business Assets as well as the Transferred Liabilities (the "Demerger").
- (b) The Demerger Agreement, including the Annexes thereto, shall be in German language and shall prevail over any translation.
- (c) The Demerger shall be undertaken with effect retroactive as to September 30, 2004 (the "Demerger Effective Date") and shall be consummated with the registration in the competent commercial register prior to or on the Effective Date. In the event registration (Tagebucheintrag) has not occurred, for whatever reason, by the Effective Date, the parties shall behave in all relevant aspects, including remuneration of employees, and shall perform all rights and obligations provided by this Agreement as well as the Ancillary Agreements, as if registration had timely occurred and shall use their reasonable best efforts to obtain registration as soon as practicable after the Effective Date. The parties shall enter into all necessary agreements and shall execute all necessary instruments to give effect to this undertaking.
- (d) Each party shall inform and, if necessary, consult its employees, if any, in accordance with the terms of art. 50 and 28 MA and art. 333a CO in due time prior to the approval of the Demerger by its shareholders' meeting. The board of directors of each party shall inform the shareholders' meeting of the results of such information and consultation, as applicable, prior to the approval of the Demerger by the shareholders' meeting.
- (e) Each party shall secure the claims of its creditors in due time prior to the approval of the Demerger by its shareholders' meeting in accordance with the terms of arts. 45, 46 and 49 para. 2 MA.
- (f) The parties intend to transfer all Aluminium Flat Rolled Products Business Assets and all Transferred Liabilities by way of the Demerger set out and described in SECTION 3.01(a). However, if any of the Aluminium Flat Rolled Products Business Assets and/or the Transferred Liabilities are not transferred by way of the Demerger (by operation of law (Universalsukzession)), because such Aluminium Flat Rolled Products Business Assets and/or such Transferred Liabilities are not listed or not described specifi-

12

cally enough in the inventory attached to the Demerger Agreement as ANNEX B, AAV shall, after the entry of the Demerger in the commercial register, transfer such Aluminium Flat Rolled Products Business Assets and/or such Transferred Liabilities to Novelis at book value separately by individual transfer (Singularsukzession), and Novelis shall take over and assume from AAV such Aluminium Flat Rolled Products Business Assets and/or such Transferred Liabilities accordingly.

- 3.02 Real Estate Lease. Subject to and upon the terms and conditions set forth in a separate Real Estate Lease Agreement and the Annexes thereto, attached hereto as EXHIBIT C, AAV shall let to Novelis, and Novelis shall lease from AAV, the North Building, from which Novelis will conduct the Aluminium Flat Rolled Products Business.
- 3.03 Equipment Lease. Subject to and upon the terms and conditions set forth in a separate Equipment Lease Agreement and the Annexes thereto, attached hereto as EXHIBIT B, AAV shall let to Novelis, and Novelis shall lease from AAV, the North Building Machinery.

- 3.04 Access and Easement. Subject to and upon the terms and conditions set forth in a separate Access and Easement Agreement and the Annexes thereto, attached hereto as EXHIBIT A, AAV and Novelis shall grant to each other non-exclusive easement and access rights.
- 3.05 Tolling. Subject to and upon the terms and conditions set forth in a separate Tolling Agreement and the Annexes thereto, attached hereto as EXHIBIT G, AAV shall have certain tolling rights regarding aluminium plate as more specifically described therein.
- 3.06 Metal Supply. Subject to and upon the terms and conditions set forth in a separate Supply Agreement and the Annexes thereto, attached hereto as EXHIBIT F, AAV shall supply to Novelis, and Novelis shall purchase from AAV, aluminium rolling slabs as more specifically described therein.
- 3.07 Shared Services. Subject to and upon the terms and conditions set forth in a separate Services Agreement and the Annexes thereto, attached hereto as EXHIBIT E, AAV and Novelis shall provide to each other various services as more specifically described therein.

- 3.08 Accounts Receivable and Remittance of Payments Received.
- (a) In the event AAV receives payment on an Account Receivable or on another account that is owned or held by Novelis, AAV shall remit such payment to Novelis in accordance with SECTION 3.08(c) below. From and after receipt of any payment on an Account Receivable or on another account that is owned or held by Novelis and until remittance thereof to Novelis, AAV shall hold such payment in trust for the sole and exclusive benefit of Novelis and shall not take any action that is inconsistent with either its obligations as a trustee or the ownership rights of Novelis in and to such payment. In the event AAV receives a payment from any Person that is simultaneously an account debtor of both AAV and Novelis and the Person has not designated (or it is not otherwise apparent) that such payment is to be used in satisfaction of a particular invoice or balance due, AAV agrees that any such payment shall be applied to outstanding accounts in chronological order (regardless of ownership).
- (b) In the event Novelis receives payment on an account that is owned or held by AAV, Novelis shall remit such payment to AAV in accordance with SECTION 3.08(c) below. From and after receipt of any payment on an account that is owned or held by AAV and until remittance thereof to AAV, Novelis shall hold such payment in trust for the sole and exclusive benefit of AAV and shall not take any action that is inconsistent with either its obligations as a trustee or the ownership rights of AAV in and to such payment. In the event Novelis receives a payment from any Person that is simultaneously an account debtor of both AAV and Novelis and the Person has not designated (or it is not otherwise apparent) that such payment is to be used in satisfaction of a particular invoice or balance due, Novelis agrees that any such payment shall be applied to outstanding accounts in chronological order (regardless of ownership).
- (c) Remittances of the proceeds of accounts or the Accounts Receivable, as the case may be, shall be paid as soon as possible, but in no event later than the 2nd business day following receipt thereof, and shall otherwise be paid in accordance with the provisions of SECTION 5.14 hereof.
- (d) Each of the parties shall permit the other or its duly authorized representatives, at all reasonable times to audit its collection of accounts, including the Accounts Receivable. If any such audit reveals a discrepancy between the accounts or the Accounts Receivable, as the case may be, received and those remitted, the party that previously failed to remit such amounts shall reimburse the other for all reasonable costs incurred in connection with such audit in addition to remitting the amount shown properly to be due.

ARTICLE IV: REPRESENTATIONS AND WARRANTIES

- $4.01\,$ Representations and Warranties of Novelis. Novelis represents and warrants to AAV that:
- (a) Novelis (i) is a corporation duly organized, validly existing and in good standing under the laws of Switzerland and has the requisite power and authority to own, lease and operate its properties and assets and to carry on its business and operations as currently conducted, (ii) has taken all action to qualify to do business in each jurisdiction where its activities, properties or the conduct of its operations or business require such qualification, and (iii) has fully complied with the terms and conditions of its Articles

- (b) Novelis has the requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Novelis of this Agreement and the Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action of Novelis. This Agreement has been, and on the Effective Date the Ancillary Agreements will be, duly executed and delivered by Novelis and this Agreement constitutes, and each Ancillary Agreement when executed and delivered by Novelis shall constitute, the legal, valid and binding obligation of Novelis enforceable in accordance with their respective terms against Novelis.
- (c) The execution and delivery by Novelis of this Agreement does not, and the execution and delivery of each of the Ancillary Agreements by Novelis will not, require Novelis to obtain any consent of any other Person. Compliance by Novelis with the terms of this Agreement and the Ancillary Agreements and consummation by Novelis of the transactions contemplated hereby or thereby shall not require Novelis to obtain any consent from any Person, save for third party consents required for the transfer of Transferred Contracts in connection with the Demerger based on respective contractual provisions or statutory provisions provided for by specific laws.
- (d) The execution and delivery of this Agreement by Novelis does not, and the execution and delivery of the Ancillary Agreements by Novelis will not, and the performance by Novelis hereunder and under the Ancillary Agreements will not, (i) conflict with or result in a breach of the Articles of Incorporation or Bylaws of Novelis, (ii) violate, or conflict with, or constitute a default or give a right of termination under, or result in the creation or imposition of any Encumbrance upon its operations or business, or any of its property or assets, or (iii) violate any Law applicable to Novelis.
- (e) All of the representations and warranties of Novelis in this Agreement and in any Ancillary Agreement are true and correct in all respects on the date of this Agreement and will be true and correct in all respects on and as of the Effective Date.
- (f) Except for the express representations and warranties made in this Agreement and the Ancillary Agreements, NOVELIS MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WHATSOEVER, AND HEREBY DISCLAIMS ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- (g) The foregoing representations and warranties, together with all express representations and warranties in this Agreement and the Ancillary Agreements, other than those made in section 4.01 (f) above and the Demerger Agreement SHALL NOT survive the Effective Date.

- $4.02\,$ Representations and Warranties of AAV. AAV represents and warrants to Novelis that:
- (a) AAV (i) is a corporation duly organised, validly existing and in good standing under the laws of Switzerland and has the requisite power and authority to own, lease and operate its properties and assets and to carry on its business and operations as currently conducted, (ii) has taken all action to qualify to do business in each jurisdiction where its activities, properties or the conduct of its operations or business require such qualification, and (iii) has fully complied with the terms and conditions of its Articles of Incorporation and Bylaws in connection with the execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby.
- (b) AAV has the requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery by AAV of this Agreement and the Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby, have been duly authorised by all necessary action of AAV. This Agreement has been, and on the Effective Date the Ancillary Agreements will be, duly executed and delivered by AAV and this Agreement constitutes, and each Ancillary Agreement when executed and delivered by AAV shall constitute, the legal, valid and binding obligation of AAV enforceable in accordance with their respective terms against AAV.
- (c) The execution and delivery by AAV of this Agreement does not, and the execution and delivery of each of the Ancillary Agreements by AAV will not, require AAV to obtain any consent of any other Person. Compliance by AAV with the terms of this Agreement and the Ancillary Agreements and consummation by AAV of the transactions contemplated hereby or thereby shall not require AAV to obtain any consent from any Person, save for third party consents required for the transfer of Transferred Contracts in connection with the Demerger based on respective contractual provisions or statutory provisions provided for by specific laws.

- (d) The execution and delivery of this Agreement by AAV does not, and the execution and delivery of the Ancillary Agreements by AAV will not, and the performance by AAV hereunder and under the Ancillary Agreements will not, (i) conflict with or result in a breach of the Articles of Incorporation or Bylaws of AAV, (ii) violate, or conflict with, or constitute a default or give a right of termination under, or result in the creation or imposition of any Encumbrance upon its operations or business, or any of its property or assets, or (iii) violate any Law applicable to AAV.
- (e) During the 12-month period immediately preceding the Effective Date, Alcan has conducted the operations in the Sierre Facility, including the Aluminium Flat Rolled Products Business, only in the ordinary course consistent with past practice and has not, with respect to the Aluminium Flat Rolled Products Business (i) made any material change in accounting policies or practices (book or tax), including any change in its cost accounting methodology or its depreciation or amortization policies, (ii) taken any action to step up the basis in, or the book value of, the Aluminium Flat Rolled Products Business Assets, (iii) taken any action inconsistent with its Ordinary Course of Business to defer the payment of any expense or to defer or accelerate the accrual of any ex-

pense, or (iv) taken any action to reduce the amount and/or frequency of capital expenditures or maintenance in a manner inconsistent with its Ordinary Course of Business.

- (f) All of the representations and warranties of AAV in this Agreement and in any Ancillary Agreement are true and correct in all respects on the date of this Agreement and will be true and correct in all respects on and as of the Effective Date.
- (g) Except for the express representations and warranties made in this Agreement and the Ancillary Agreements, AAV MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WHATSOEVER, AND HEREBY DISCLAIMS ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- (h) The foregoing representations and warranties, together with all express representations and warranties in this Agreement and the Ancillary Agreements, other than those made in section 4.02 (g) above and the Demerger Agreement SHALL NOT survive the Effective Date.

ARTICLE V: COVENANTS

- 5.01 Cooperation and Further Assurances. At all times each of AAV and Novelis, and their respective affiliates, shall cooperate with the other to ensure that the rights and expectations of the other under this Agreement and under each of the Ancillary Agreements are fully respected and honored. Without limiting the generality of the foregoing, after the Effective Date, each party shall, and shall cause its Affiliates to, execute such additional instruments and take such action as may be reasonably requested by the other party to carry out the intent and purposes of this Agreement and the Ancillary Agreements.
- 5.02 Right of First Opportunity. In the event (a) for any reason, including without limitation Force Majeure, there is a temporary shutdown or temporary loss of capacity at the Neuf-Brisach (France) and/or the Issoire, France facilities of AAV's Affiliate, Pechiney Rhenalu, and (b) Novelis then has excess, undedicated capacity at the Novelis Sierre Facility (the "Excess Capacity"), Novelis shall afford AAV and its Affiliates the right of first opportunity to utilize the Excess Capacity (the "Right of First Opportunity"). Provided the foregoing conditions are both satisfied, AAV may exercise the Right of First Opportunity by providing written notice and request to Novelis. Promptly, but in no event later than 3 days following receipt of such notice and request from AAV, Novelis shall advise AAV of (x) the availability, if any, of Excess Capacity, and (y) the duration for which any such Excess Capacity is available. Novelis agrees to cooperate and work with AAV in good faith to give AAV access to any Excess Capacity and arrange production scheduling to accommodate and meet the temporary requirements of AAV. Nothing herein shall be construed to obligate Novelis to cancel or delay any existing order or incur any cost, expense, or penalty to create Excess Capacity to accommodate any notice or request by AAV.
 - 5.03 Rights of First Refusal.
- (a) In the event, at any time and from time to time during the term of any Ancillary Agreement, Novelis proposes to sell, assign (by operation of law or otherwise), or

any Person that is not an Affiliate (a "Transfer"), Novelis shall first give notice of such intention to AAV (a "Notice of Transfer"). The Notice of Transfer shall specify the precise nature of the proposed Transfer, the intended transferee, the proposed selling price or other consideration, and a description of the other terms and conditions of the intended Transfer. AAV shall thereupon have an option for 60 days after the receipt by AAV of the Notice of Transfer, to effect the purchase on the same terms and conditions as those contained in the offer by the proposed purchaser. If the proposed Transfer is by other than a bona fide sale, and if the parties are unable to agree upon the price, the price shall be determined in accordance with the provisions of clause (c) below.

- (b) In the event, at any time and from time to time during the term of any Ancillary Agreement, AAV proposes to sell, assign (by operation of law or otherwise), or in any manner whatsoever transfer, in one or more related transactions all or any portion of the assets of, or its interest in, the Sierre Facility and/or the Steg Casthouse, to any Person that is not an Affiliate (a "Transfer"), AAV shall first give a Notice of Transfer to Novelis. The Notice of Transfer shall specify the precise nature of the proposed Transfer, the intended transferee, the proposed selling price or other consideration, and a description of the other terms and conditions of the intended Transfer. Novelis shall thereupon have an option for 60 days after the receipt by Novelis of the Notice of Transfer, to effect the purchase on the same terms and conditions as those contained in the offer by the proposed purchaser. If the proposed Transfer is by other than a bona fide sale, and if the parties are unable to agree upon the price, the price shall be determined in accordance with the provisions of clause (c) below.
- (c) If the proposed Transfer is by other than a bona fide sale, and if the parties are unable to agree upon the price within 30 days after the receipt of the Notice of Transfer, the purchase price shall be the then fair market value of assets (or the equity, as the case may be) on and as of the date the option or obligation arose as determined by appraisal in the following manner. The parties shall each select an appraiser who will together in turn select a third independent competent appraiser, and the third appraiser's appraisal of such fair market value shall be conclusive. In the event either party shall fail to notify the other party of the appraiser selected by such party within 15 days of the receipt of written demand for such notification, the appraiser selected by the party making such demand shall prepare the appraisal, which shall be conclusive on both parties. In the event the two appraisers are unable to agree on a third appraiser within 10 days of the making by either party of written demand of such appraisers for the name of the third appraiser, each selected appraiser shall prepare the appraisal, and the average of such two appraisals shall be conclusive on both parties. The parties shall split the cost of all such appraisals.
- (d) In the event (i) a party provides a Notice of Transfer to the other, (ii) the recipient of the Notice of Transfer declines to exercise its option or fails to reach agreement with the other party on all of the terms of the proposed Transfer, and (iii) the party proposing the Transfer fails to consummate a Transfer to another Person on terms and conditions no more favorable than those offered to the other party within 150 days of the date of the Notice of Transfer, the rights of first refusal of the other party shall automatically (and without need for further action) come back into existence entitling such party to exercise its right of first refusal in connection with any future proposed Transfer.

18

5.04 Confidentiality.

Each of the parties acknowledges that during the term of this Agreement and the Ancillary Agreements each will from time to time come into possession of Confidential Information of the other. Each Receiving Party shall maintain the Confidential Information of the Disclosing Party in confidence and shall use it solely and exclusively for, and in connection with, the performance of its specific rights and specific obligations under this Agreement and the Ancillary Agreements and no other (the "Purpose"). Under no circumstances shall a Receiving Party disclose the Confidential Information of the Disclosing Party to any Person or use it in any manner that is detrimental to the Disclosing Party. Each Receiving Party shall take steps to minimize the dissemination or copying of such Confidential Information except to the extent that it is necessary to carry out the Purpose. Without limiting the generality of the foregoing, the parties agree that (a) the Receiving Party shall not disclose any Confidential Information of the Disclosing Party to any employee of the Receiving Party who does not have a need to know the Confidential Information of the Disclosing Party in order to perform the Purpose, (b) the Receiving Party shall not disclose any Confidential Information of the Disclosing Party to any employee of the Receiving Party who has line management authority related to a business that competes with that of the Disclosing Party, (c) the Receiving Party shall maintain a list of its employees who need to have access to the Confidential Information of the Disclosing Party for the Purpose, and (d) the Confidential Information of the Disclosing Party, including any derivative documents prepared by the Receiving Party, shall be held in safe custody and kept confidential on terms set forth in this Agreement. Each Representative of

the Receiving Party who is authorized to have or be aware of Confidential Information of the Disclosing Party, will maintain such Confidential Information in his/her possession in separate paper and electronic files.

If a Receiving Party is requested or required (by oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information, that Receiving Party shall provide the Disclosing Party with prompt notice of such request and the documents and/or information requested thereby so that the Disclosing Party may, at its option, seek an appropriate protective order and/or waive compliance with the provisions of this Agreement. If, in the absence of a protective order or the receipt of a waiver hereunder, a Receiving Party is nonetheless, in the opinion of the Receiving Party's counsel, compelled to disclose all or any portion of the Confidential Information, the Receiving Party may disclose without liability hereunder that portion of the Confidential Information which the Receiving Party's counsel advises that the Receiving Party is compelled to disclose; provided, however, that the Receiving Party shall give the Disclosing Party written notice of the Confidential Information to be disclosed as far in advance of its disclosure as is practicable. The obligations of this SECTION 5.04 shall continue and survive without limitation.

19

5.05 Competitive Activities.

- (a) For the period of 5 years from and after the Effective Date, Novelis and its Affiliates shall not, directly or indirectly, purchase, acquire, own, operate, or invest in any Person that develops, designs, manufactures, markets, sells or distributes anywhere in the world (i) plate, except for rolled plate of a thickness of less than 12 millimeters, or (ii) products destined or intended for use in or principally related to the aerospace industry.
- (b) For the period of 5 years from and after the Effective Date, each of Novelis and AAV agrees to refrain, directly and indirectly, from soliciting for employment or discouraging from remaining in the employ of the other, any individual who, on and as of the Effective Date, was an employee of the other.
- Novelis acknowledges that the time period, territory and scope of the activities proscribed in SECTION 5.05(a) and SECTION 5.05(b) describe the reasonable limitation on the time and scope of activities necessary to protect AAV and its Affiliates in the exploitation of their respective operations and businesses, and Novelis acknowledges and agrees that monetary damages cannot compensate AAV and its Affiliates in the event of a violation of any of the foregoing covenants. Accordingly, Novelis agrees that in the event of a violation or breach of any covenant set forth in SECTION 5.05(a) and SECTION 5.05(b), AAV may institute any action or proceeding to enforce such covenant at law or in equity, including, but not limited to, injunctive relief, and AAV shall be entitled to recover all costs and attorneys' fees incurred by it in connection with any successful action or proceeding to enforce such covenant. In the event that there shall be any violation of any covenant set forth in SECTION 5.05(b), then the applicable time limitation thereof shall be extended for a period of time equal to the period of time during which such violation continues; and in the event AAV is required to seek relief from such violation in any court, board of arbitration or other tribunal, then the covenant shall be extended for a period of time equal to the pendency of any such proceedings, including all appeals. In the event of a violation of SECTION 5.05(a) and SECTION 5.05(b) by Novelis, AAV shall be free to pursue its remedies in a court of competent jurisdiction and shall not be required to pursue the dispute resolution procedure in ARTICLE IX of this Agreement.
- 5.06 Use of Alcan Name. Within 60 days following the Effective Date, Novelis shall take all action necessary to cease using any commercial documentation or other materials using or bearing the name "Alcan".
- 5.07 Establishment of Relationship Committee. Promptly, but in no event later than the 10th day following the execution of this Agreement, AAV and Novelis shall establish a committee (the "Relationship Committee") comprising 4 individuals, 2 nominated and appointed by Novelis or any of its Affiliates and 2 nominated and appointed by AAV or any of its Affiliates. To foster balance and the facilitation of decision-making, the parties agree that their appointees shall be individuals of similar status and position in the respective organizations. In addition to such other authority as the parties may from time to time unanimously confer upon the Relationship Committee, the Relationship Committee shall have the following duties and responsibilities (to be effected by unanimous action of the members of the Relationship Committee): (a) approval of the Operational Budget, (b) approval of the operating schedules of the Sierre Hot Mill and the Steg Casthouse and changes thereto, (c) approval of all major maintenance and work stoppages and shutdowns at the Sierre Hot Mill and the Steg Casthouse, (d) review and discussion in advance of labor negotiations, work rules, compensation, and similar issues

to ensure coordination between and among separate but inter-dependent workforces at the Sierre Facility, (e) approval of the criteria, nomination, performance targets, and direct and indirect compensation, and replacements, of the senior management of the Sierre Hot Mill manufacturing unit so as to be fully consistent with the objectives of this Agreement and the Ancillary Agreements, (f) evaluation annually of the performance of the senior management of the Sierre Hot Mill manufacturing unit, (g) approval of any changes in accounting methodologies, systems, cost allocation, and the rules and procedures regarding the operations of the Sierre Hot Mill, and (h) participation in the preparation and review of annual operational plans and budgets for the Steg Casthouse and Sierre Service Center. Alcan shall have the right, to be exercised reasonably, to (x) from time to time convene a meeting of the Sierre Relationship Committee to review data relating to the performance of the Sierre Hot Mill and to discuss reasonable opportunities to improve the operation and the operating practices of the Sierre Hot Mill to assure compliance with the terms, conditions and intentions of this Agreement and the Ancillary Agreements, and (y) through the Relationship Committee, express concerns as regards any issues relating to technical or administrative competence or incompatibility with the obligations of Novelis and Novelis shall cause its appointees on the Relationship Committee to give reasonable consideration to any such concerns.

5.08 Reports. Each of the parties agrees to maintain (and cause to be maintained), and shall make available to the other through the Relationship Committee, all books, records, reports, data, and information required to be maintained, retained, and made available and disclosed to the other by them under any one or more of the Ancillary Agreements. All such information made available shall be subject to the obligations under SECTION 5.04 above. In addition to such statutory financial books and records as may be required to be maintained by applicable Law, all financial books and records to be maintained by the parties under this Agreement or the Ancillary Agreements shall be maintained in accordance with US GAAP and on a basis consistent with the basis on which the financial books and records of the Aluminum Flat Rolled Products Business and the Aluminum Rolled Plate Products Business were maintained prior to the Effective Date (the "US GAAP Financial Records"). The parties agree that the US GAAP Financial Records shall be those that are used in and referred to for all purposes under this Agreement and the Ancillary Agreements.

5.09 Tax Matters.

Each of the parties shall (and shall cause their respective Affiliates to) (i) provide the other with such assistance as may reasonably be requested by any of them in connection with the preparation of any Tax return, audit or other examination by any taxing authority or judicial or administrative proceedings relating to Liability for Taxes, (ii) retain and provide the other with any records or other information which may be relevant to such Tax return, audit or examination, proceeding or determination, and (iii) provide the other with any final determination of any such audit or examination, proceeding or determination that affects any amount required to be shown on any Tax return of the other for any period. Without limiting the generality of the foregoing, each party shall retain, in each case until the applicable statutes of limitations (including any extensions) have expired, copies of all Tax returns, supporting work schedules and other records or information with respect to all Tax periods or portions thereof ending before or including the Effective Date and shall not destroy or otherwise dispose of any such records without first providing the other party with a reasonable opportunity to review and copy the same.

21

- (b) Each party shall provide prompt written notice to the other of any pending or threatened Tax audit, assessment or proceeding that it becomes aware of related to whole or partial periods ending on or prior to the Effective Date, provided that (i) in any event such notice shall not be given more than 10 days after such party learns of such pending or threatened Tax audit, assessment or proceeding, and (ii) any failure to provide such notice shall not affect the obligations of an Indemnitor with respect to any such claim unless (and then only to the extent that) the Indemnitor has been prejudiced by such failure. Such notice shall contain factual information (to the extent known) describing the asserted Liability in reasonable detail and shall be accompanied by copies of any notice or other document received from or with any Tax authority in respect of any such matters.
- (c) AAV (or its Affiliates) shall (i) prepare and file all Tax returns for, and (ii) manage and control all audits and disputes which relate to, Tax periods or portions thereof ending before or including the Effective Date. Not later than 20 days prior to the due date of any such Tax return, AAV shall provide a copy of the Tax return to Novelis for its review. AAV shall not compromise any audit issue that might affect the amount of Taxes without Novelis' prior written consent, which consent shall not be unreasonably withheld or delayed. Novelis shall be afforded a reasonable opportunity by AAV to participate in any such proceeding at Novelis' sole cost and expense.
- 5.10 Community Relations. The parties agree that AAV shall control and direct public relations and communications with the local community and the local Governmental Authorities. Through the Relationship Committee, AAV shall

keep Novelis informed generally of its activities and communications with the local community and the local Governmental Authorities.

- 5.11 Exclusive Use of Rights. For so long as the Equipment Lease, the Real Estate Lease, the Metal Supply Agreement, or the Tolling Agreement are in effect, Novelis shall not, and shall cause its Affiliates not to, use all or any portion of the North Building Machinery, the North Building, or the North Building Real Estate, for the direct or indirect purpose or benefit of any activity, operation, or business relating to the development, manufacturing, production, sale, marketing, or distribution of Aluminium Rolled Plate Products for or on behalf of any Person other than AAV and its Affiliates or for any other purpose that is prohibited by the terms and conditions of this Agreement or any Ancillary Agreement.
 - 5.12 Employee Matters.
- (a) The employees whose employment relationships shall be transferred from AAV to Novelis as a result of the Demerger (the "Transferring Employees") are listed in ANNEX C of the Demerger Agreement, which is attached hereto as EXHIBIT D.
- (b) Upon entry of the Demerger in the commercial register, the employment relationships of the Transferring Employees are transferred from AAV to Novelis by operation of law, unless one or more Transferring Employee/s decline/s the transfer, in which case its/their employment terminates upon expiration of the applicable statutory notice period (all in accordance with art. 49 para. 1 MA and art. 333 CO).

22

- 5.13 Operational Budget. The parties agree to cause the Relationship Committee to establish the Operational Budget prior to September 30 of each Contract Year for the then immediately succeeding Contract Year. In the event the Relationship Committee is unable at any time to agree timely upon the Operational Budget, the Operational Budget then in effect with respect to the operation of the Sierre Hot Mill shall continue until such time as the Relationship Committee approves a new Operational Budget.
- 5.14 Payments under Ancillary Agreements. Not later than the 15th day of each calendar month, all regular and periodic payments required to be made by AAV and Novelis to the other at any time during the then immediately preceding calendar month under any of the Ancillary Agreements shall be settled and netted. AAV and Novelis shall work with each other to establish a system for settling and netting the outstanding amounts. The party that is in a net deficit position shall promptly, but in no event later than the 2nd business day thereafter, pay and deliver to the other such amount in immediately available funds.

ARTICLE VI: RELEASE AND INDEMNITIES

- 6.01 Release by Novelis. Novelis hereby forever releases and fully discharges AAV and its predecessors, together with their respective officers, directors, shareholders, employees and representatives, Affiliates, successors and assigns, from and against all Liabilities that Novelis has or will have or ever had against any one or more of them as a result of their acts or omissions in connection with the ownership, operation, maintenance, use, or occupancy of the North Building, the North Building Real Property, the North Building Machinery, and/or the conduct of the Aluminium Flat Rolled Products Business thereon or therefrom at any time on or before the Effective Date.
- 6.02 Scope and Effect of Release. Novelis hereby irrevocably waives its rights under any applicable Law, legal principle, or legal doctrine that provides that a general release does not extend to Liabilities that a releasing party does not know or suspect to exist in its favor at the time of executing such release, which if known by the releasing party would have materially affected its settlement with the released party. Novelis and AAV each acknowledges and agrees that Novelis' release does not affect any rights or claims Novelis may have against AAV arising out of the breach or non-compliance with the terms of this Agreement or any of the Ancillary Agreements.
- 6.03 Indemnity by Novelis. Novelis shall to the fullest extent permitted by Law, indemnify, defend and hold harmless AAV and its officers, directors, employees and representatives, Affiliates, successors and permitted assigns (each of whom may be an Indemnitee pursuant to this SECTION 6.03) from and against any and all Liabilities arising out of, resulting from, or relating to:
- (a) any breach or default on the part of Novelis in the performance of any covenant or agreement on the part of Novelis to be performed pursuant to the terms of this Agreement or any Ancillary Agreement;
- (b) the ownership, operation, maintenance, use, or occupancy of the North Building, the North Building Real Property, the North Building Machinery, and/or the conduct of the Aluminium Flat Rolled Products Business thereon at any

arising out of, relating to, or resulting from (i) any act or negligence of any Person occurring in, on, above, below, or about the North Building and/or the North Building Real Property, or (ii) any violation by any Person of any Environmental Law in, on, above, below, or about the North Building and/or the North Building Real Property, or (iii) any Release of Hazardous Substances in, on, above, below, or about the North Building and/or the North Building Real Property (x) in quantities or concentrations that require remediation under applicable Environmental Laws, and/or (y) that result in one or more Third-Party Claims; and

- (c) any Liabilities and Third-Party Claims arising or resulting from, or otherwise related to, the Transferred Liabilities.
- 6.04 Indemnity by AAV. AAV shall, to the fullest extent permitted by Law, indemnify, defend, reimburse and hold harmless Novelis and its shareholders, officers, directors, employees and representatives, Affiliates, successors and assigns (each of whom may be an Indemnitee pursuant to this SECTION 6.04), from and against any and all Liabilities and Third-Party Claims directly or indirectly arising or resulting from any breach or non-fulfillment by AAV of any of its covenants, warranties, representations, or other agreements set forth in this Agreement or any Ancillary Agreement.
- 6.05 Mitigation. Each Indemnitee shall take all reasonable steps to mitigate its respective Losses upon and after becoming aware of any event that could reasonably be expected to give rise to any Liabilities for which such Indemnitee may be entitled to indemnification hereunder.
- 6.06 Legal Fees; Access and Co-operation. The Indemnitor shall reimburse the Indemnitee for all reasonable legal fees and other expenses reasonably incurred by the Indemnitee in successfully pursuing any claim for indemnification against the Indemnitor hereunder. The Indemnitor shall also be responsible for the payment of all reasonable legal fees and other expenses reasonably incurred by the Indemnitee or the Indemnitor in defending any Third-Party Claims, except those legal fees incurred by an Indemnitee who elects to employ separate counsel to participate in the defense of a Third Party Claim. After the Effective Date, each Indemnitee shall cooperate fully with each Indemnitor as to all claims for indemnification hereunder, shall make available to each Indemnitor as reasonably requested all information, records and documents relating to all claims and shall preserve all such information, records and documents until the termination of any claim or the period during which any claim may be made. Further, each Indemnitee shall also make available to each Indemnitor, as reasonably requested, its personnel (including technical and scientific), agents and other representatives who are responsible for preparing or maintaining information, records or other documents, or who may have particular knowledge with respect to any claim.

24

ARTICLE VII: CONDITIONS PRECEDENT

7.01 Conditions of AAV.

- (a) The obligation of AAV to consummate the transactions (other than the Demerger) contemplated hereby shall be subject to the satisfaction, on or prior to the Effective Date, of the following conditions, any of which may be waived by AAV at its option:
 - (i) Each of the representations and warranties made by Novelis in this Agreement and the Ancillary Agreements shall be true, correct and complete on and as of the Effective Date.
 - (ii) Novelis shall have performed and complied in all material respects with all of the terms, covenants, conditions and obligations under this Agreement and the Ancillary Agreements which are to be performed or complied with by Novelis or its Affiliates on or before the Effective Date.
 - $\,$ (iii) Those transactions contemplated by the Master Separation Agreement capable of being performed on or before the Effective Date shall have been effected.
 - $% \left(iv\right) =0$ Novelis shall have executed and delivered each of the Ancillary Agreements.
 - (v) The Demerger shall have been consummated.

- (vi) The sole shareholder and the board of directors of AAV shall have approved the transactions contemplated by this Agreement and the Ancillary Agreements and shall have taken all other action required by applicable Law.
- (b) The obligation of AAV to consummate the Demerger contemplated hereby shall be subject to the satisfaction of the following conditions:
 - (i) The Demerger as well as the respective capital decrease shall have been approved by the shareholders' meeting of AAV.
 - $\,$ (ii) The Demerger as well as the respective capital increase shall have been approved by the shareholders' meeting of Novelis.
 - 7.02 Conditions of Novelis.
- (a) The obligation of Novelis to consummate the transactions (other than the Demerger) contemplated hereby shall be subject to the satisfaction, on or prior to the Effective Date, of the following conditions, any of which may be waived by Novelis at its option:
 - (i) Each of the representations and warranties made by AAV in this Agreement and the Ancillary Agreements shall be true, correct and complete in all respects on and as of the Effective Date.

- (ii) AAV shall have performed and complied in all material respects with all of the terms, covenants, conditions and obligations under this Agreement and the Ancillary Agreements which are to be performed or complied with by AAV on or before the Effective Date.
- $\,$ (iii) The transactions contemplated by the Master Separation Agreement shall have been effected.
- (iv) $\,$ AAV shall have executed and delivered each of the Ancillary Agreements.
 - (v) The Demerger shall have been consummated.
- (b) The obligation of Novelis to consummate the Demerger contemplated hereby shall be subject to the satisfaction of the following conditions:
 - (i) The Demerger as well the respective capital increase shall have been approved by the shareholders' meeting of Novelis.
 - (ii) The Demerger as well as the respective capital decrease shall have been approved by the shareholders' meeting of AAV.
- 7.03 Ancillary Agreements. In no event shall any Ancillary Agreement be effective unless and until (a) the Master Separation Agreement is executed and delivered, (b) this Agreement is executed and delivered, (c) each and every Ancillary Agreement is executed and delivered, and (d) each of the other conditions set forth in SECTION 7.01 and SECTION 7.02 have been fully satisfied or waived by the party entitled to waive it.

ARTICLE VIII: TERMINATION

This Agreement and all Ancillary Agreements may be terminated or abandoned at any time prior to the Effective Date by and in the sole and absolute discretion of AAV without the approval of Novelis, provided, however, that if and once the filing with the commercial register has been made, the transactions under the Demerger cannot be made undone. In the event of such termination, neither party shall have any liability of any kind to the other or any other Person. After the Effective Date, (a) this Agreement may not be terminated except by an agreement in writing signed by the parties, and (b) the Ancillary Agreements may be terminated only in accordance with their respective terms.

ARTICLE IX: DISPUTE RESOLUTION

9.01 In General. The procedures for discussion, negotiation and mediation set forth in this ARTICLE IX shall apply to all disputes, controversies, or claims (whether arising in contract, tort or otherwise) that may arise out of, or relate to, or arise under or in connection with, this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the date hereof), or the commercial or economic relationship of the parties relating hereto or thereto.

- (a) It is the intent of the parties to use their respective reasonable best efforts and to act in good faith to resolve expeditiously on a mutually acceptable negotiated basis, any dispute, question, controversy or claim between them with respect to the matters covered hereby that may arise from time to time. In furtherance of the foregoing, any party involved in a dispute, controversy or claim may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving representatives of the parties at a senior level of management of the parties (or if the parties agree, of the appropriate strategic business unit or division within such entity). A copy of any such Escalation Notice shall be given to the Chief Legal Officer of the ultimate corporate parent of each party (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such discussions or negotiations between the parties may be established by the parties from time to time; provided, however, that the Parties shall use their reasonable best efforts to meet within 30 days of the Escalation Notice.
- (b) If the parties are not able to resolve the dispute, question, controversy or claim through the escalation process referred to above within 30 days after the date of the relevant Escalation Notice, the matter shall be referred to a mediator for informal, non-binding mediation consisting of one or more conferences between the parties in which a mediator will seek to guide the parties to a resolution of the dispute, question, controversy or claim. The parties shall select a mutually acceptable neutral mediator. In the event the parties cannot agree on a mediator, the then Chairman of the Zurich Chamber of Commerce will appoint a mediator. The mediation process shall continue until the earliest to occur of the following: (i) the dispute, question, controversy or claim is resolved, (ii) the mediator makes a finding that there is no possibility of resolution through mediation, or (iii) 60 days have elapsed since the dispute, question, controversy or claim was first scheduled for mediation.
- Should any dispute, question, controversy or claim remain after the completion of the mediation process described above, the parties agree to submit the remaining dispute, question, controversy or claim to final and binding arbitration administered by three arbitrators in accordance with the then existing Rules of Arbitration of the International Chamber of Commerce (the "Rules"). Neither the parties (including their auditors and insurers), their respective counsel and any person necessary to the conduct of the arbitration, nor the arbitrators shall disclose the existence, content (including submissions and any evidence or documents presented or exchanged), or results of any arbitration hereunder without the prior written consent of the parties, except as required by Law. The arbitration procedure shall be instituted by the sending of a written notice to that effect by one party to the other party. Any arbitration to be conducted under this ARTICLE IX shall be conducted by a panel of three arbitrators to be appointed as follows: one arbitrator shall be appointed by AAV, one arbitrator shall be appointed by Novelis, and the third arbitrator shall be appointed by the other two arbitrators. In the event the arbitrator selected by AAV and the arbitrator selected by Novelis fail to agree upon the choice of the third arbitrator, either party may apply to the International Chamber of Commerce in Paris, France to appoint such arbitrator in accordance with the Rules. Should any arbitrator for any reason refuse or be unable to continue his functions as arbitrator, then a replacement shall either be agreed upon by the remaining arbitrators within one week of either party becoming aware of the arbitrator's inability or refusal to continue or, in default of such agreement, by the International Chamber of Commerce in Paris, France on application of any interested party. The arbitrators are without jurisdic-

tion to apply any substantive law other than the laws selected or otherwise expressly provided in this Agreement. The arbitrators shall render an award and a written, reasoned opinion in support thereof. Such award may include reasonable attorneys' fees to the prevailing party. Judgement upon the award may be entered in any court having jurisdiction thereof.

- (d) The Parties hereto understand and agree that by entering into this Agreement they are waiving their right to a jury or court trial.
- (e) Each party shall bear its own costs of mediation or arbitration, but both parties will share the costs of the mediator or arbitrators equally.
- (f) Unless otherwise agreed by the parties, the place of arbitration shall be Zurich, Switzerland, and any hearing in the course of the arbitration shall take place in Zurich, Switzerland. The arbitrators may hold hearings at a location other than at the place of the arbitration if the parties agree or if the arbitrators determine that it is reasonably necessary for the conduct of the arbitration.
 - (g) The proceedings shall be conducted in English.

- 10.01 Entire Agreement; Amendments. This Agreement, the Ancillary Agreements, and the Schedules, Exhibits and Annexes attached hereto and thereto, constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior agreements, arrangements and communications of the parties dealing with such subject matter, whether oral or written. No other promise, agreement, understanding, or representation will be binding unless made in writing and signed by the parties hereto. This Agreement and the Ancillary Agreements may not be changed or modified orally, but may be changed or modified only in a written agreement executed by an authorized representative of each of Novelis and AAV.
- 10.02 Assignment. This Agreement and the Ancillary Agreements, and the rights and obligations hereunder and thereunder, may be assigned and delegated by either party subject to (a) the right of the non-assigning party to require reasonably satisfactory evidence (assessed from a reasonable commercial perspective) as to the assignee's credit-worthiness, commercial, technical, and operating capabilities, its ability to perform under the Ancillary Agreements, and its reputation for business ethics, and (b) the assignee's direct and express written assumption of this Agreement and each and every Ancillary Agreement, and the liabilities and obligations hereunder and thereunder, all in form and substance satisfactory to the non-assigning party.
- 10.03 Force Majeure. If either party is affected by a Force Majeure, it shall promptly give notice thereof to the other and shall indicate in such notice, as accurately as possible, the effect of such Force Majeure on its capacity to perform its obligations hereunder and/or under the Ancillary Agreements. Subject to the giving of the notice provided for in the immediately preceding sentence, (a) the non-fulfilment of any obligation (other than an obligation to pay money) by reason of Force Majeure shall not constitute a default hereunder or under any of the Ancillary Agreements and shall not give rise to damages or to any recourse in specific performance or of any other nature whatsoever, and (b) any time period provided for the performance of an obligation (other than

an obligation to pay money) shall be postponed or extended for and by a duration equal to the period during which the event of Force Majeure shall continue to exist.

- 10.04 Nature of Relationship. Nothing contained in this Agreement or any of the Ancillary Agreements shall be construed to constitute either party as anything other than independent contractors in the conduct of the activities contemplated in this Agreement or the Ancillary Agreements. Without limiting the generality of the foregoing, neither party shall be deemed to be an agent, attorney-in-fact or general partner of the other.
- 10.05 Third-Party Rights. Except as specifically set forth herein or therein, nothing in this Agreement or in the Ancillary Agreements shall (a) be deemed to create any right of any third party, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party, or (b) entitle any Person other than the parties hereto and their respective permitted successors to use or rely upon any representation, warranty, or covenant in this Agreement or the Ancillary Agreements or to assert or base any claim, cause of action, remedy or right of any kind under or on this Agreement or the Ancillary Agreements or to assert or covenant contained herein or therein.
- 10.06 Successors. This Agreement and the Ancillary Agreements shall be binding upon, and inure to the benefit of, the parties' respective permitted successors.
- 10.07 Notices. Any notice, report or consent required or permitted by this Agreement or the Ancillary Agreements to be given or delivered shall be in writing and shall be deemed delivered if delivered in person or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by facsimile, with confirmed answer back, as follows:

If to Novelis:

Novelis Valais SA Route des Laminoirs 15 CH-3960 Sierre Attention: General Manager

With copies to:

Novelis AG Feldeggstrasse 4 CH-8008 Zurich Attention: Legal Department Alcan Aluminium Valais SA CH-3960 Sierre Attention: General Manager

With copies to:

29

Alcan Holdings Switzerland Ltd. Feldeggstrasse 4 CH-8008 Zurich Attention: Legal Department

Any such notice, report or consent shall be effective upon delivery if delivered in person, or upon receipt if sent by telex, or on the third business day following mailing, if mailed.

- 10.08 Governing Law. This Agreement and each of the Ancillary Agreements shall be governed by, and construed in accordance with, the internal laws and not the conflicts of law rules of Switzerland, without presumption or construction against the party preparing them.
- Agreements shall be severable for purposes of enforcement. If any provision of this Agreement or the Ancillary Agreements is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws effective during the term hereof or thereof, then it is the intention of the parties hereto that the remainder of this Agreement and the Ancillary Agreements shall not be affected thereby, and it is also the intention of the parties that in lieu of each such provision which is invalid, illegal or unenforceable, there be added as part of this Agreement or the Ancillary Agreements, as the case may be, a provision which shall be as similar in terms of such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable, and that deals equitably with the intended benefits and obligations of the parties.
- 10.10 Waiver. No failure or delay on the part of either party to enforce any provision of this Agreement or any Ancillary Agreement or to exercise any right granted to it hereby or thereby shall operate as a waiver thereof unless or until the right to enforce any such provision or to exercise any such right has been waived in writing. Any waiver of any provision hereof or thereof or right hereunder or thereunder shall be effective only in accordance with its terms and may be restricted in any way. No waiver of any provision hereof or thereof or any right hereunder or thereunder shall constitute a waiver of a continuance or reoccurrence of the failure to perform, except as provided in such waiver.
- 10.11 Remedies. The rights and remedies of the parties under this Agreement and the Ancillary Agreements are cumulative and the exercise by a party of any of its rights or remedies under this Agreement shall not preclude or limit its rights or remedies under any one or more of the Ancillary Agreements (and vice versa); provided, however, that no party shall be entitled to recover duplicate damages or duplicate payment for the same Liability.
- 10.12 Titles and Headings. The titles and headings of the various articles and sections of this Agreement and the Ancillary Agreements are for convenience of reference only, shall not be deemed to be a part hereof or thereof, and shall not affect the meaning or construction of any provision hereof or thereof.
- 10.13 Counterparts; Facsimiles. This Agreement and the Ancillary Agreements may be executed in one or more counterparts, each of which shall be considered

30

an original, and all of which taken together shall constitute one and the same instrument. A facsimile copy of a signature hereto or to any of the Ancillary Agreements shall be fully effective as of the Effective Date as if it constituted an original signature hereto or thereto. Without limiting the effectiveness of the facsimile signatures, the parties agree to deliver or cause to be delivered to each other the original signatures hereto or thereto as soon as reasonably practicable following the Effective Date.

10.14 Limitation of Liability. In no event shall either party (or its respective Affiliates) be liable to the other for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, however caused and on any theory of liability, (including negligence) arising in any way out of this Agreement or any of the Ancillary Agreements, whether or not

such Person has been advised of the possibility of any such damages; provided, however, that the foregoing limitations shall not limit either Party's indemnification obligations for Liabilities to Third-Party Claims.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ALCAN ALUMINIUM VALAIS, S.A.	
Ву:	_
Michel Jacques	
By:	
Urs Fischer	
NOVELIS VALAIS SA	
By:	
Christopher Bark-Jones	
By:	
Erwin Faust	

LIST OF EXHIBITS AND SCHEDULES

31

Exhibit A	Access and Easement Agreement
Exhibit B	Equipment Lease Agreement
Exhibit C	Real Estate Lease Agreement
Exhibit D	Demerger Agreement
Exhibit E	Services Agreement
Exhibit F	Supply Agreement
Exhibit G	Tolling Agreement

TECHNICAL SERVICES AGREEMENT

between

NOVELIS TECHNOLOGY AG

and

ALCAN TECHNOLOGY & MANAGEMENT AG

WITH RESPECT TO THE RESEARCH & DEVELOPMENT FACILITIES LOCATED IN NEUHAUSEN, SWITZERLAND

Dated December 13, 2004

TABLE OF CONTENTS

1.	DEFINITIONS4
2.	SCOPE OF AGREEMENT7
3.	TECHNOLOGY8
4.	TECHNOLOGY AND TECHNICAL ASSISTANCE LIMITATIONS
5.	OWNERSHIP AND RIGHT TO USE
6.	CONSIDERATION
7.	PROTECTION OF INFORMATION
8.	TERM AND TERMINATION
9.	SURVIVAL OF OBLIGATIONS
10.	REPRESENTATIONS AND WARRANTIES
11.	DISCLAIMER OF WARRANTY AND INDEMNITY
12.	TRADEMARK, TRADE NAME AND LOGO
13.	NON-WAIVER
14.	NO PARTNERSHIP, JOINT VENTURE
15.	FURTHER ASSURANCES

16.	NOTICES	17
17.	ASSIGNMENT	18
18.	LIMITATION OF LIABILITY AND INDEMNIFICATION	18
19.	ENTIRE AGREEMENT.	19
20.	CONFLICTS	20
21.	FORCE MAJEURE	20
22.	LANGUAGE	20
23.	AMENDMENTS	21
24.	GOVERNING LAW	21
25.	DISPUTE RESOLUTION	21
26.	EXECUTION IN COUNTERPARTS.	21

TECHNICAL SERVICES AGREEMENT

THIS AGREEMENT made and entered into as of the 13th day of December, 2004.

BETWEEN: NOVELIS TECHNOLOGY AG, a company having its registered office at Badische Bahnhofstrasse 16, 8212 Neuhausen am

Rheinfall ("NOVELIS TECHNOLOGY");

AND: ALCAN TECHNOLOGY & MANAGEMENT AG., a company organized and existing under the laws of Switzerland and having its

registered office at Badische Bahnhofstrasse 16, 8212

Neuhausen, Switzerland ("ATM").

RECITALS:

WHEREAS, on or before December 31, 2004 Alcan Inc. and Novelis Inc. have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein) such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis Inc. (such agreement, as amended, restated or modified from time to time, the "MASTER SEPARATION AGREEMENT").

WHEREAS, as a consequence of the Master Separation Agreement, ATM and Novelis Technology have entered into a Local Separation Agreement as well as a Demerger Agreement for the transfer of assets and liabilities by ATM to Novelis Technology relating to the Research & Development activities dedicated to the rolled products business.

WHEREAS ATM develops, owns and manages certain technology on behalf of and for the benefit of Alcan Inc. and other members of Alcan Group (as defined below).

WHEREAS in connection with the Local Separation Agreement, the Parties desire that ATM, a member of Alcan Group, provide Novelis Technology, a member of Novelis Group, with certain technical assistance and services following the Effective Date from ATM's research and development facility located in Neuhausen, Switzerland ("NEUHAUSEN FACILITY"), and that Novelis Technology provide ATM with certain technical assistance and services from Novelis Technology's research and development facility located in Neuhausen, Switzerland, following the Effective Date, subject to the terms and conditions of this Agreement.

WHEREAS ATM is willing and in a position to provide Novelis Technology with such technical assistance and services, and Novelis Technology is willing and in a position to provide ATM with such technical assistance and services, subject to the terms and conditions of this Agreement.

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, for and in consideration of the agreements set forth below, Novelis Technology and ATM agree as follows:

Page 3 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG $\,$

For the purposes of this Agreement, the following words and expressions and variations thereof, unless a clearly inconsistent meaning is required under the context, shall have the meanings specified or referred to in this Article 1:

"ADDITIONAL FEES" has the meaning set forth in Section 6.2.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Technical Services Agreement, including all of the Schedules and Exhibits hereto.

"ALCAN GROUP" means Alcan Inc. and its Subsidiaries, whether held directly or indirectly; for greater certainty, Alcan Group excludes Novelis, Inc. Arcustarget Inc. and their respective Subsidiaries.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"ATM" means Alcan Technology and Management AG.

"ATM INDEMNIFIED PARTIES" has the meaning set forth in Section 18.2.

"ATM TECHNICAL ASSISTANCE SERVICES" has the meaning set forth in Section 2.1.

"BASIC FEE" has the meaning set forth in Section 6.1.

"BASIC RATES" or "BR" has the meaning set forth in Section 6.6.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the Canton of Schaffhausen (Switzerland), is a legal holiday.

"CHF" means Swiss Francs.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"EFFECTIVE DATE" means the date shown on the certificate of arrangement issued by the director under the Canada Business Corporations Act giving effect to the Separation.

Page 4 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG $\,$

"FORCE MAJEURE EVENT" has the meaning set forth in Article 21.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"GROUP" means Alcan Group or Novelis Group, as the context requires.

"HOURLY RATE" has the meaning set forth in Section 6.1(a).

"INFORMATION" means, without being limitative, all Results and all data, documents and information relating to the Technology as well as to any Technical Assistance Service, improvement, know how, engineering, manufacturing and other techniques and procedures, including systems, plans, methods, processes and techniques of inspection, quality control and tests, made available to ATM or Novelis Technology under this Agreement.

"LAB YEAR" means the services equating to one qualified technical person for one year spread reasonably evenly throughout the time period during which the Services are to be provided.

"LICENSE AGREEMENT" means the agreement entitled "IP Agreement between Alcan International Limited and Novelis Inc." entered into and effective as of THE EFFECTIVE DATE.

"LOCAL SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"MASTER SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"NEUHAUSEN FACILITY" has the meaning set out in the Preamble to this Agreement.

"NOVELIS GROUP" means Novelis Inc. and its Subsidiaries, whether held directly or indirectly; for greater certainty, Novelis Group include Arcustarget Inc. and its Subsidiaries.

"NOVELIS INDEMNIFIED PARTIES" has the meaning set forth in Section 18.2.

"NOVELIS TECHNOLOGY" means Novelis Technology AG.

"NOVELIS TECHNOLOGY TECHNICAL ASSISTANCE SERVICES" has the meaning set forth in Section 2.3.

"PARTY" means each of ATM and Novelis Technology as a party to this Agreement and "PARTIES" means both of them.

Page 5 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

"PERSON" means any individual, Business Concern or Governmental Authority.

"REIMBURSABLE COSTS" has the meaning set forth in Section 6.4.

"RESULTS" means data, reports and conclusions produced in the course of providing the Services.

"SEPARATION" means the transfer by Alcan Inc. to Novelis Inc., pursuant to a plan of arrangement under the Canada Business Corporations Act, of substantially all of the aluminum rolled products businesses operated by Alcan prior to december 2003 together with certain other assets, the whole as further described in the Master Separation Agreement as well as various other agreements between Alcan Inc. and Novelis Inc. giving effect to these transfers.

"SERVICES" means the Technical Assistance Services and other services provided by either Party to the other under this Agreement, including the Services on Reguest.

"SERVICE ON REQUEST" has the meaning set forth in Section 2.4.

"SUBLEASE AGREEMENT" shall have the meaning set forth in Section 2.2.3.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which of a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person.

"TECHNICAL ASSISTANCE SERVICES" means individually or collectively, the ATM Technical Assistance Services and the Novelis Technology Technical Assistance Services.

"TECHNOLOGY" means any and all patents, patent applications, trade secrets, inventions, designs and similar rights either conceived or first reduced to practice in the course of providing the Services hereunder, but excludes any and all Results.

"TERM" has the meaning set forth in Section 8.1.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group and that is not an Affiliate of such Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"VAT" means value added tax applicable in Switzerland as well as any similar indirect tax, duty or charge imposed pursuant to Applicable Law.

Page 6 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

SCOPE OF AGREEMENT

ATM and Novelis Technology will provide technical assistance and other services to the other consistent with their respective resources. The Parties shall mutually agree on the scope, timing and content of the services to be provided in each area identified. Such services are divided into the following main categories:

2.1 TECHNICAL ASSISTANCE SERVICES BY ATM

The technical assistance services to be provided by ATM or other members of Alcan Group to Novelis Technology during the Term of this Agreement will consist of the following services (hereinafter referred to as "ATM TECHNICAL ASSISTANCE SERVICES") as more fully described in SCHEDULE 2.1:

- 2.1.1 materials characterization support;
- 2.1.2 chemical analysis support;
- 2.1.3 mechanical testing and formability evaluation support; and
- 2.1.4 general technical support.

The ATM Technical Assistance Services will comprise a minimum of four (4) Lab Years of effort during the year 2005, commencing on the Effective Date. The Parties shall meet and discuss at mutually agreed upon times the ATM Technical Assistance Services then being provided with the objective of making effective use of the ATM Technical Assistance Services in light of Novelis Inc.'s plans and R&D programs. Prior to October 1, 2005, the Parties shall mutually agree upon the level and nature of ATM Technical Assistance Services to be provided during the year 2006. In the event the Parties do not agree upon any changes in the nature and level of ATM Technical Assistance Services to be provided, the ATM Technical Assistance Services shall continue at the 2005 level, subject to early termination of this Agreement pursuant to Article 8.

2.2 ADDITIONAL SERVICES AND SUPPORT BY ATM

In addition to the ATM Technical Assistance Services, ATM shall provide the following services to Novelis Technology during the Term of this Agreement:

- 2.2.1 access to service areas and equipment at Neuhausen Facility while Novelis Technology's personnel remain at Neuhausen Facility;
- 2.2.2 access to ATM's information technology services (library and literature research) while Novelis Technology's personnel remain at Neuhausen Facility; and
- 2.2.3 use of office space , laboratory and storage at Neuhausen Facility for approximately thirty-two (37) technical and IP personnel and two to three (2-3) administrative personnel, including all utilities (heat,

Page 7 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

electricity (excluding Building 15 and CTC energy consumption) and services (housekeeping, security, maintenance, etc.)) normally provided to ATM's personnel located at Neuhausen Facility and phone fixnet services. All other communications services (phone, internet and computer network access) are excluded. The office space arrangements are more fully

described in a separate sublease agreement between the Parties (the "SUBLEASE AGREEMENT") and SCHEDULE 2.2.3.

2.3 TECHNICAL ASSISTANCE SERVICES BY NOVELIS TECHNOLOGY

Novelis Technology shall provide access to the GD-OES surface probe material characterization equipment and XRD equipment to ATM during the Term of this Agreement (the "NOVELIS TECHNOLOGY TECHNICAL ASSISTANCE SERVICES").

2.4 ADDITIONAL SERVICES TO BE PROVIDED UPON REQUEST

The Parties may from time to time during the Term of this Agreement, agree on additional services to be provided hereunder by one Party to the other ("SERVICES ON REQUEST"). The terms and conditions of Services on Request will be subject to a separate agreement between the Parties on a case-by-case basis but based on the fee structure described in this Agreement.

Each Party will make a reasonable effort to provide the Services on Request subject, however, to the availability of the necessary resources. Furthermore either party shall be free, for whatever reason, to decline any specific demand for Services on Request.

TECHNOLOGY

3.1 INFORMATION EXCHANGE

In connection with the planning, managing, providing and communicating the results of the Services, ATM and Novelis Technology shall communicate and meet periodically as mutually agreed. The topics to be discussed shall be agreed before each meeting and recorded on an agenda. Actual discussion topics shall be recorded in minutes of the meeting. A written record of other communications shall also be retained.

3.2 REPORTING OF RESULTS

All Results generated in the course of providing the Services shall be promptly reported to the Party requesting the Services. These reports may be oral or written as specified by the Party requesting the Services. The preparation of such reports shall be considered part of the provision of the Services.

Page 8 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG $\,$

4. TECHNOLOGY AND TECHNICAL ASSISTANCE LIMITATIONS

- 4.1 Nothing herein limits in any way the rights and benefits granted to ATM and Novelis Technology in the License Agreement.
- 4.2 Subject to Section 4.1 but notwithstanding anything contained elsewhere in this Agreement, ATM and Novelis Technology shall be under no obligation to:
 - 4.2.1 provide any Information, the disclosure of which is restricted due to contractual obligations; or
 - 4.2.2 provide Information the transmission of which is prohibited by Applicable Law, protocol or directive of the Governmental Authority of the country from which it is to be provided.
- 4.3 The Parties agreement to provide each other the Technical Assistance Services described in Sections 2.1 and 2.3 is conditional upon the continued availability of the personnel identified for the provision of such Technical Assistance Services. In the event that one or more individuals who was identified for performance of any portion of the Technical Assistance Services becomes unavailable to continue to provide the Technical Assistance Services, the Parties shall meet and discuss appropriate actions and each Party shall have the option to modify the description of the Technical Assistance Services and the corresponding obligation to pay for such services and to delete any portion of the Technical Assistance Services expected to have been performed by such person but not actually performed by such person.

5. OWNERSHIP AND RIGHT TO USE

5.1 The Party that requested Services performed under this Agreement shall receive and own all Results generated in the course of

performing such Services, including any copyright therein.

- 5.2 This Agreement does not restrict Novelis Technology or ATM from obtaining technology from other sources as long as Information acquired from the other Party is not disclosed.
- 5.3 Any equipment and supplies purchased pursuant to the Reimbursable Cost mechanism described in Section 6.4 and not actually consumed at the termination of this Agreement shall be the property of the Party that funded their purchase. The Parties shall cooperate in the packaging, shipment or other disposal of such equipment and supplies, provided, however, that all related costs shall be for the account of the Party that owns the equipment or supplies.

Page 9 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

6. CONSIDERATION

In consideration for the Services rendered by ATM under this Agreement, Novelis Technology shall pay to ATM the following fees:

6.1 BASIC FEE PAYABLE BY NOVELIS TECHNOLOGY

Novelis Technology shall pay to ATM during the Term of this Agreement a basic annual fee of CHF *** ("BASIC FEE") with respect to the year 2005. The Basic Fee for the year 2005 can be broken down as described below. For the year(s) following 2005, the Basic Fee is subject to escalation as provided in Section 6.6.

(a) CHF *** of Services.

The Services actually provided to Novelis Technology will be tracked by ATM and Novelis Technology, as appropriate. In the event the charges for Services actually provided by ATM exceed the charge for Services included in the Basic Fee, then Novelis Technology shall pay for such additional Services as if they were Additional Fees.

The Services shall be charged based on the qualifications of the personnel providing such Services in accordance with the following grid:

<table></table>					
<s></s>	<c></c>	<c></c>			
FP1:	Master or PHD Scientist with responsibility for for team or group:	***	CHF	per	hour
FP2:	Master/Bachelor or equivalent scientist with average experience:	***	CHF	per	hour
FP3:	Qualified Technicians:	***	CHF	per	hour
FP4:	Assistants:	***	CHF	per	hour
FP5:	Lab assistants, training on the job:	***	CHF	per	hour
FP6:	Apprentices or students:	***	CHF	per	hour.

</TABLE>

The above rates (the "HOURLY RATES") are applicable to working time rendered during a normal five-day workweek. For overtime and Services performed on the weekend, the rates shall be increased as required by Swiss Applicable Law. The Basic Fee for Services covers all fully absorbed costs related to the provision of Services and information including all salary and benefits for the persons providing the services, all overhead costs including rent, utilities, maintenance, management and corporate charges, and other similar charges.

The Basic Fee does not include the cost of metal and equipment required for the performance of the Services, travel related costs and special project costs, which shall be in addition to the Basic Fee and shall be reimbursed at cost by Novelis Technology to ATM, separately from the Basic Fee;

^{***} Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

- (b) CHF *** for the sublease of office, laboratory and storage space, as described in subsection 2.2.3 and the Sublease Agreement. For the avoidance of doubt, the rent under the Sublease Agreement is to be understood to be in lieu of, and not cumulative to, this charge set out in this subparagraphs (b) of Section 6.1;
- (c) CHF *** for infrastructure, including maintenance and repair of infrastructure, standard electrical supply excluding special equipment (CTC-Line), heating EHS, cleaning, fire service, info centre, logistic, waste management, neutralisation and site security, as further described in subsection 2.2.3; and
- (d) CHF *** for access to and the use of service areas, equipment and information technology services at the Neuhausen Facility, as described in subsections 2.2.2 and 2.2.2.

6.2 FEES PAYABLE BY ATM

In consideration for the Technical Assistance Services provided by Novelis Technology, ATM shall pay to Novelis Technology, during the Term of this Agreement, a service fee equal to CHF *** per hour for the use of the GD-OES equipment plus, if applicable, an hourly charge for an operator at the applicable Hourly Rates.

6.3 ADDITIONAL SERVICES AND ADDITIONAL FEES

In the event the charges for the Services actually provided by ATM to Novelis Technology exceed the charge for Services included in the Basic Fee on a cumulative basis for a calendar year, then Novelis Technology shall pay ATM for such additional Services at the Hourly Rates (the "ADDITIONAL FEES"). The Parties shall attempt to manage the level of Services to correspond to the Basic Fee for Services. No refund shall be payable or due to Novelis Technology in the event Novelis Technology does not request Services at least equal to the Services included in the Basic Fee. An appropriate reduction in the Basic Fee will be made in the event ATM does not perform Services, as the case may be, reasonably requested by Novelis Technology. The fees for the sublease of office space, infrastructure and access described in Sections 6.1(b), (c) and (d) are fixed.

6.4 REIMBURSABLE COSTS

For all the Services set forth in Sections 2.1, 2.2 and 2.3 rendered to Novelis Technology or ATM inside or outside of Switzerland, metal and equipment acquisition costs, special project costs and travel related expenses reasonably incurred, such as air tickets, cost of car hires and other travelling expenses, transportation of personnel baggage, accommodation, meals including beverages, sundry items, laundry services, etc., are not included in the Basic Fee or Hourly Rates and they shall be reimbursed at cost (the "REIMBURSABLE COSTS"). All travel related expenses shall be incurred and reimbursed in accordance with Alcan Inc.'s travel policy.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Page 11 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

6.5 PAYMENT TERMS

Payments shall be made as follows:

6.5.1 Basic Fee

ATM will invoice Novelis Technology for one-twelfth (1/12) of the Basic Fee (being the sum of CHF *** with respect to the year 2005) at the end of each month during the Term of this Agreement, with the payment due within thirty (30) days from the date of the invoice.

6.5.2 Additional Fees

ATM will invoice the Additional Fees accrued per Section 6.1 or 6.3 to the other at the end of each month, if applicable, during the Term of this Agreement, with the payment due within thirty (30) days from the date of the invoice. ATM will combine, where applicable, the invoicing of the Additional Fees with the monthly invoice for the Basic Fee.

Novelis Technology will invoice ATM for the charges accrued per Section 6.2 at the end of each month during the Term of this Agreement, with the payment due within thirty (30 days from the date of the invoice.

6.5.3 Reimbursable Costs

ATM and Novelis Technology will include in the invoices described in subsections 6.5.1 and 6.5.2 any Reimbursable Cost. All invoices will be against a purchase order and will be supported, as applicable, by reasonably detailed reports and documentation about time spent and expenses incurred.

6.5.4 Taxes and Charges

All amounts payable hereunder are exclusive of VAT. Each Party shall pay VAT applicable to Services performed for the benefit of such Party, and shall remit the amount of such Sales Taxes to the other Party as required by Applicable Law. All invoices shall separately identify VAT payable in respect of the Services.

6.5.5 Payment Address

All amounts due under this Agreement shall be paid to ATM by electronic transfer to ATM's account indicated on ATM's invoice, with a confirmation of such transfer sent to the accounting department of ATM, or to Novelis Technology at Novelis Technology's account indicated in Novelis Technology's invoice, with a confirmation of

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Page 12 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG $\,$

such transfer sent to the accounting department of Novelis Technology, at the addresses provided in Article 16 or in such manner as ATM or Novelis Technology may from time to time notify to the other Party.

6.6 ESCALATION

The Basic Fee for Services and the Hourly Rates (referred to in this Section 6.6 as "BASIC RATES" or "BR") are valid until December 31, 2005. For each of the years following 2005, the Basic Rates are subject to escalation as per the following formula: ***

6.7 SET-OFF

Each Party shall be entitled to set-off against any amounts due to the other under this Agreement any amounts due to it from such other Party under this Agreement. Such right of set-off shall not extend to amounts owed to a Party by the other Party under any other agreement. Any amount by which either Party's obligation to make a payment under this Agreement is reduced shall be treated as discharging the obligation of the other Party to the extent of the amount set-off.

7. PROTECTION OF INFORMATION

- 7.1 Each of ATM and Novelis Technology hereby agree that the Information produced or developed for the other Party at any time is confidential information of the Party that requested that the Services be performed and shall not be disclosed to any Third Party except as may be expressly provided for herein and that the Party that generated the Information shall have only such rights in the Information as expressly provided herein.
- 7.2 The obligations of confidentiality and non-disclosure shall

not apply to Information to the extent that said Information:

- 7.2.1 is in the public domain through no fault of the other Party, or lawfully is or becomes public knowledge through no breach of this Agreement; or
- *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Page 13 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

- 7.2.2 was received from any Third Party on a non-confidential basis,
- 7.2.3 was disclosed pursuant to legal process, governmental request, or regulatory requirement.

Specific information shall not be deemed to be within the exceptions of Section 7.2 merely because such specific information may be construed as being within broader, non-confidential information which is either in the public domain or in the possession of the receiving party on the Effective Date, nor shall a combination of features which form confidential information be deemed to be non-confidential information merely because the individual features, without being combined, are non-confidential.

- 7.3 The Party that performed the Services shall not use the Information produced hereunder for any other purpose other than that specified in this Agreement without first obtaining written consent from the other Party.
- Fach Party may disclose the Information it produces hereunder for the other Party to its own officers, employees, contractors, suppliers, customers, representatives and others to the extent necessary for the normal operation of its business. Each Party shall take reasonable precautions, consistent with past practices to preserve the value of the Information. Each Party shall advise the appropriate officers, employees, contractors, suppliers, customers, representatives and others to whom such Information is supplied of the confidentiality obligation hereunder, and shall ensure that, where appropriate, they have agreed to comply with the provisions of this Article 7.
- 7.5 The obligations of confidentiality with respect to specific Information received under this Agreement or otherwise shall expire on the tenth (10th) anniversary date of the Effective Date.
- 7.6 The Parties recognize that a breach of this Article 7 may give rise to irreparable injury that cannot be adequately compensated by monetary damages. Accordingly, in the event of a breach or threatened breach, the other Party may be entitled to preliminary and permanent injunctive relief to prevent or enjoin a violation of this Article 7 and the unauthorized use or disclosure of any confidential Information in addition to such other remedies as may be available for such breach or threatened breach, including the recovery of damages.
- 7.7 No provision of this Agreement shall be construed to require either Party to furnish any information (i) acquired from others on terms prohibiting or restricting disclosure, or (ii) the furnishing of which is in contravention of any Applicable Law or Governmental Authorization. Each Party shall use its commercially reasonable efforts to avoid conditions that prevent the exchange of information under this Agreement.

Page 14 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

8. TERM AND TERMINATION

8.1 The term of this Agreement (the "TERM") shall be from the Effective Date until the date which is the two (2) year anniversary thereof, unless terminated earlier pursuant to the

provisions of this Agreement or except as expressly otherwise provided in this Agreement.

- 8.2 Should there be a default in the performance of any material obligation of the other Party under this Agreement (or under the Local Separation Agreement) and such default is not cured within thirty (30) days following written notification of such default from the aggrieved Party, the aggrieved Party's obligations and this Agreement shall terminate on the date specified on such notice which shall not be less than thirty (30) days following the date of such notice unless the default is cured before such specified termination date. Early termination shall not prejudice either Party's right to recover any amounts due at the time of such termination nor shall it prejudice any other remedy or cause of action or claim accrued or to accrue jointly or severally on account of any such default.
- This Agreement may be terminated with immediate effect by 8.3 either Party by giving written notice to the other Party should any of the following events of default occur:
 - the other Party or any of its Affiliates declares bankruptcy or insolvency or is declared bankrupt or insolvent;;
 - (b) the other Party becomes subject to receivership or comes under the control of a receiver for the assets or any other official appointed by a Governmental Authority;
 - (c) the other Party or any of its Affiliates makes ${\tt a}$ general assignment for the benefit of creditors,;
 - (d) the institution by the other Party of proceedings for a moratorium or a composition agreement under the Swiss Federal Act on Debt Enforcement and Bankruptcy for the relief of debtors.
- 8.4 In addition, this Agreement shall terminate (1) upon the occurrence of a Non Compete Breach (as defined in the Master Separation Agreement) and the giving of notice of such termination by Alcan Inc. to Novelis Inc. pursuant to Section 14.03(b) of the Master Separation Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Master Separation Agreement) and the giving of notice of such termination by Alcan Inc. to Novelis Inc. pursuant to Section 14.04(e) of the Master Separation Agreement, and the termination of this Agreement shall be effective immediately upon Alcan Inc. providing Novelis Inc. notice pursuant to Section 14.03 or Section 14.04 of the Separation Agreement.

Page 15 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

- 8.5 Subject to the provisions of Sections 8.3 and 8.4, termination will take effect thirty (30) days after receipt of the notice without any further notice being given, unless the event of default is rectified or diligent efforts to rectify the event of default commence within the 30-day period.
- 8.6 Such right of termination shall not be exclusive of any other remedies or means of redress to which a Party may be entitled under Applicable Law.
- 8 7 This Agreement may be terminated at the option of either Party on or after the first (1st) anniversary of the Effective Date, by providing notice to the other Party at least six (6) months before the termination is to become effective, provided all payments owed under Article 6 have been remitted by the terminating Party to the other Party. For clarity, the earliest date on which early termination by Novelis Technology or by ATM can become effective under this Section 8.7 is July 1, 2006. In addition, each Party will endeavour, to the extent possible, to keep the other Party informed on a heads up basis of events that could lead to the possible early termination of this Agreement.

Except as otherwise provided in this Agreement and unless otherwise agreed in writing by the Parties, the rights and obligations of the Parties under Articles 6, 7, 10, 11, 14, 16, 18, 24 and 25 shall survive the expiration or earlier termination of this Agreement.

10. REPRESENTATIONS AND WARRANTIES

- 10.1 Each Party represents that it has full power and authority to enter into this Agreement and to perform all its obligations hereunder.
- 10.2 No representation or warranty of any nature or kind is given by either Party (whether express, implied, statutory, contractual or other in nature and whether relating to the enforceability, merchantability, fitness for purpose, non-infringement, absence of rights of Third Parties or other) in respect of the Technology or other rights to be licensed or transferred by it pursuant to the terms of this Agreement.
- 10.3 Nothing in this Agreement shall be construed as a warranty or representation that the Services will produce any specific result or Technology or that any product made, used, sold or otherwise disposed with the benefit of any rights or license granted pursuant to this Agreement is or will be free from infringement of patents of Third Parties.

11. DISCLAIMER OF WARRANTY AND INDEMNITY

Except to the limited extent provided in Article 10, ATM expressly disclaims all and any liability or responsibility whatsoever for any liability arising out of the use of the Technology or the provision of any Service. ATM AND NOVELIS TECHNOLOGY DO NOT WARRANT THAT THE TRANSFERRED TECHNOLOGY, LICENSED TECHNOLOGY OR SERVICES PROVIDED BY ATM OR NOVELIS

Page 16 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

TECHNOLOGY, OR THAT ANY PRODUCT, IS OR WILL BE OF MERCHANTABLE QUALITY OR FIT FOR ANY PARTICULAR PURPOSE FOR WHICH IT MAY BE BOUGHT OR USED. ATM and Novelis Technology shall in no event be liable to the other, or any other Person, for any damage, injury or loss, including loss of use arising from any activities or obligations under this Agreement, or for any direct or indirect, incidental or consequential damages.

12. TRADEMARK, TRADE NAME AND LOGO

No right is conveyed by either Party to the other under this Agreement for the use, either directly, indirectly, by implication or otherwise, of any trademark, trade name or logo owned by Novelis Technology or ATM or any of their respective Affiliates. The Parties will enter into a separate trademark license agreement if appropriate.

13. NON-WAIVER

The failure of any Party to insist in any one or more instances upon the strict performance of any one or more of the obligations of this Agreement or to exercise any election herein contained, shall not be construed as a waiver for the future of the performance of such one or more obligations of this Agreement or of the right to exercise such election. No waiver of any breach or default of this Agreement shall be held to be a waiver for any subsequent breach.

14. NO PARTNERSHIP, JOINT VENTURE

The Parties to this Agreement agree and acknowledge that the Agreement does not create a partnership, joint venture or any other relationship between ATM and Novelis Technology save the relationship specifically set out herein and solely for the limited purposes herein.

15. FURTHER ASSURANCES

The Parties to this Agreement shall sign or cause their respective employees to execute any documents necessary to file any desired registrations and applications to protect any Technology originating in the course of the Services and receive any patents, copyrights, design rights, mask works or other forms of legal protection resulting from such applications and registrations in any selected countries and co-operate using their respective commercially reasonable efforts to obtain any necessary Consent of Third Parties. Nothing contained in this Agreement shall be interpreted to oblige any Party to do anything more than use its commercially reasonable efforts (without material

expense to it) to obtain any Consent which may be required to give full effect to the terms and conditions hereof.

16. NOTICES

All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery, if delivered personally, (b) on the first Business Day following the date of dispatch if delivered by a nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or

Page 17 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted. If sent by telefax, a confirming copy of such notice shall be sent by regular mail to the addressee. All notices hereunder shall be delivered as follows:

IF TO ATM, TO:

Alcan Technology and Management AG Badische Bahnhofstrasse 16, CH-8212 Neuhausen, Switzerland Attention: General Manager

IF TO NOVELIS TECHNOLOGY, TO:

Novelis Technology AG Badische Bahnhofstrasse 16, CH-8212 Neuhausen, Switzerland Attention: General Manager

Any Party may, by notice to the other Party as set forth herein, change the address to which such notices are to be given.

17. ASSIGNMENT

This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party hereto without the prior written consent of the other, and any attempt to assign any rights or obligations under this Agreement without such consent shall be void and deemed to be in breach hereof.

18. LIMITATION OF LIABILITY AND INDEMNIFICATION

18.1 LIMITATION OF LIABILITY

Except as otherwise provided herein and as permitted by Applicable Law, neither Party shall be liable to the other Party for any special, consequential, indirect, collateral, incidental or punitive damages, lost profits, or failure to realize expected savings, or other commercial or economic loss of any kind, however caused and on any theory of liability, (including negligence) arising in any way out of this Agreement, whether or not such Person has been advised of the possibility of any such damages.

18.2 INDEMNIFICATION

ATM shall indemnify, defend and hold harmless Novelis Technology, each other member of Novelis Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (collectively, the "NOVELIS INDEMNIFIED PARTIES"), from and against any and all liabilities of the Novelis Indemnified

Page 18 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

Parties incurred by, borne by or asserted against any of them relating to, arising out of or resulting from any of the following items (without duplication):

- (a) the breach or the failure of performance by ATM of any of the covenants, promises, undertakings or agreements which it is obligated to perform under this Agreement; and
- (b) the use of any Technology by any member of Novelis Group or its customers or the provision by ATM of any Service hereunder,

but subject however to the limitations of liability provided in Section 18.1.

Novelis Technology shall indemnify, defend and hold harmless ATM, each other member of Alcan Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (collectively, the "ATM INDEMNIFIED PARTIES"), from and against any and all liabilities of the ATM Indemnified Parties incurred by, borne by or asserted against any of them relating to, arising out of or resulting from any of the following items (without duplication):

- (a) the breach or the failure of performance by Novelis Technology of any of the covenants, promises, undertakings or agreements which it is obligated to perform under this Agreement; and
- (b) the use of any Technology by any member of Alcan Group or its customers or the provision by Novelis Technology of any Service hereunder,

but subject however to the limitations of liability provided in Section 18.1.

19. ENTIRE AGREEMENT

This Agreement, the Local Separation Agreement and exhibits, schedules and appendices hereto and thereto and the specific agreements contemplated herein or thereby, contain the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

Notwithstanding the foregoing, the rights and interests transferred, assigned or granted to Novelis Technology, its Affiliates and the other members of Novelis Group, or to ATM, its Affiliates and the other members of Alcan Group, or otherwise to be made available to them pursuant to the terms of this Agreement, shall in all respects be subject to the provisions of the Master Separation Agreement as well as the Local Separation Agreement and nothing in this Agreement shall entitle Novelis Technology or ATM to have any rights or pursue any activity which would otherwise be restricted by the Master Separation Agreement or the Local Separation Agreement. The Master Separation Agreement shall not in defining the assets, businesses, rights and obligations to form part

Page 19 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG

of Novelis Technology, be interpreted so as to grant, convey or confirm, directly or indirectly, any rights in respect of Technology which would be greater than those established herein.

20. CONFLICTS

In the event of any conflict between this Agreement, the Local Separation Agreement and the Master Separation Agreement, the following order of priority shall apply:

- 1. the Master Separation Agreement;
- 2. the Local Separation Agreement; and
- 3. this Agreement.

21. FORCE MAJEURE

No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from superior force ("force majeure") or any

act, occurrence or omission beyond its reasonable control and without its fault or negligence, such as fires, explosions, accidents, strikes, lockouts or labour disturbances, except strikes, lockouts and labour disturbances of the employees of the Alcan Group or the Novelis Group respectively, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities or, in the case of computer systems, any failure in electrical or air conditioning equipment (a "FORCE MAJEURE EVENT"). In the event of a Force Majeure Event, then, upon notice by the Party who is delayed or prevented from performing its obligations to the other Party, (i) the affected provisions or other requirements of this Agreement shall be suspended to the extent necessary during the period of such disability, (ii) the Party which is delayed or prevented from performing its obligations by a Force Majeure Event shall have the right to apportion its Services in an equitable manner to all users and (iii) such Party shall have no liability to the other Party or any other Person in connection therewith. The Party which is delayed or prevented from performing its obligations by the Force Majeure Event shall resume full performance of this Agreement as soon as reasonably practicable following the cessation of the Force Majeure Event (or the consequences thereof).

22. LANGUAGE

The Parties hereto have requested that this Agreement and, subject to mandatory provisions of Applicable Law, all other documents, notices or written communications relating thereto, be in the English language.

Page 20 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG $\,$

23. AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

24. GOVERNING LAW

Recognizing the numerous jurisdictions associated with this Agreement and the activities contemplated by it, the Parties agree that this Agreement shall be governed, construed and interpreted in accordance with the laws of Switzerland without the application of the provisions relating to the conflict of laws. Any provision in this Agreement prohibited by Applicable Law or by court decree shall be ineffective to the extent of such prohibition without in any way invalidating or affecting the remaining provisions of this Agreement, and this Agreement shall be construed as if such prohibited provision had never been contained herein. ATM and Novelis Technology hereby agree, however, to negotiate an equitable amendment of this Agreement if a material provision is adversely affected. The terms of the United Nations (Vienna Convention) on Contracts for the International Sale of Goods shall not apply to this Agreement or the obligations of the Parties hereunder.

25. DISPUTE RESOLUTION

All disputes, controversies, or claims (whether arising in contract, tort or otherwise) that may arise out of, or relate to, or arise under or in connection with, this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby shall be resolved in accordance with and governed by the provisions of Article IX of the Local Separation Agreement, with the exception that section 9.02 (c) to (g) shall be replaced by the following: The competent court in the Canton Schaffhausen shall have exclusive jurisdiction in respect to such dispute, controversy or claim.

26. EXECUTION IN COUNTERPARTS

This Agreement shall be executed in three counterparts, all of which shall be considered one and the same agreement, and shall become effective when having been signed by each of the Parties and delivered to the other Party.

IN WITNESS WHEREOF, the Parties hereto have caused this Technical Services Agreement to be executed by their duly authorized representatives.

Page 21 of 23

Technical Services Agreement between NOVELIS Technology AG and Alcan Technology & Management AG $\,$

NOVEL:	IS TECHNOLOGY AG
By:	
	Name: Title: President of the Board
By:	
	Name: Title: Board Member
ALCAN	TECHNOLOGY & MANAGEMENT AG
Ву:	
_	Name:
	Title: President of the Board
By:	
	Name: Title: Board Member

Page 22 of 23

ELECTRICITY PURCHASE AGREEMENT

BETWEEN

NOVELIS INC.

AND

ALCAN, ENERGIE ELECTRIQUE, A DIVISION OF ALCAN INC.

TABLE OF CONTENTS

Article	I - INTERPRETATION	
	II - PURCHASE AND USE OF ELECTRICITY4	
Article	III - TERM5	,
Article	IV - VOLTAGE AND FREQUENCY5	,
Article	V - AVAILABLE CAPACITY5	,
Article	VI - CONTRACT PRICE	,
Article	VII - BILLING)
Article	VIII - DELIVERY POINTS; MINIMUM POWER FACTOR	!
	IX - TITLE AND RISK OF LOSS	
	X - ELECTRICAL APPARATUS	
Article	XI - METERS8	j
Article	XII - RIGHT OF WAY; RIGHT OF ENTRY10)
Article	XIII - SERVICE CONTINUITY)
Article	XIV - TERMINATION	
Article	XV - LIABILITY	
	XVI - FORCE MAJEURE	
Article	XVII - CONFIDENTIALITY	
Article	XVIII - GENERAL PROVISION	3

ELECTRICITY PURCHASE AGREEMENT

THIS AGREEMENT made and entered into as of the $$\operatorname{day}$$ of $$\operatorname{day}$$ of with effect as of the Effective Date.

 ${\tt BETWEEN:} \qquad \qquad {\tt NOVELIS\ INC.,\ a\ corporation\ incorporated\ pursuant\ to\ the}$

laws of Canada ("PURCHASER")

AND: ALCAN, ENERGIE ELECTRIQUE, a division of Alcan Inc., a

corporation incorporated pursuant to the laws of Canada $\hfill\Box$

("SUPPLIER")

WHEREAS Alcan Inc. and Novelis Inc. have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined in the Separation Agreement), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis Inc. (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Separated Businesses held by Novelis Inc. include the operation of the Saguenay Plant (as defined hereinafter) by the Purchaser (being a wholly owned subsidiary of Novelis Inc.).

WHEREAS the Saguenay Plant will initially be transferred to Arcustarget Inc., a wholly-owned subsidiary of Alcan Inc., which corporation will amalgamate with

Purchaser at the Effective Time (as defined in the Separation Agreement).

WHEREAS the Supplier wishes to supply, and the Purchaser wishes to purchase, subject to the terms and conditions of this Agreement, electricity required by the Saguenay Plant.

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the parties hereby agree as follows:

ARTICLE I -- INTERPRETATION

1.1 DEFINITIONS. For the purposes of this Agreement, the following terms and expressions and variations thereof unless a clear inconsistent meaning is required under the context, shall have the meanings specified or referred to in this Section 1.1:

-2-

- (a) "APPARENT POWER DEMAND" means the maximum power, measured in kilovolt-amperes, taken over a Metering Period during a Consumption Period by a demand metering device pursuant to this Agreement;
- (b) "ARCUSTARGET" means Arcustarget Inc., a Canadian corporation;
- (c) "AVAILABLE POWER" means the maximum power available to Purchaser hereunder, established in accordance with Section 5.1;
- (d) "CONTRACT PRICE" means the contract price as established under Section 6.1;
- (e) "CONSUMPTION PERIOD" means the period, normally one calendar month, during which electricity is delivered by Supplier to the Saguenay Plant and which is scheduled between the two dates used for the calculation of the bill;
- (f) "DELIVERED ENERGY" means the energy delivered by Supplier to the Purchaser at the Delivery Points;
- (g) "DELIVERY OF ELECTRICITY" means the application and maintenance of voltage at the Delivery Points, with or without the use of electricity;
- (h) "DELIVERY POINTS" means the delivery points at which Supplier shall effect the Delivery of Electricity to Purchaser being described as the load side of the two 13,200 volt disconnect switches (US 1 and US 2) connected between Supplier's transmission lines and Purchaser's insulated cables;
- "EFFECTIVE DATE" means the effective date on which ownership of the Saguenay Plant will be transferred from Alcan Inc. to Arcustarget;
- (j) "ENERGY" means the quantity of electricity delivered over a period of time, expressed in kilowatt-hours or in decimal multiples hereof;
- (k) "EVENT OF FORCE MAJEURE" means an event, condition or circumstance (and the effects thereof) which is not within the reasonable control of the party affected by it, and which by the exercise of due diligence such party is unable to overcome or cause to be overcome. For greater certainty, "Events of Force Majeure" may include, but are not restricted to, events in the nature of:
 - (i) acts of God;
 - (ii) fire, flooding, earthquake, wind, lightning, ice;
 - (iii) an explosion;
 - (iv) war, civil disturbance, riot, insurrection, military or guerrilla action, terrorist activity, sabotage, invasion, bombardment;
 - (v) an economic sanction, blockade or embargo;

- (vi) an action or restraint by a governmental authority (so long as the affected party has not applied for or assisted in the application for such action or restraint), or by military or usurped power or by the public enemy;
- (vii) an order of any court or judgment granted in bona fide adverse legal proceedings or actions; or

provided however, that neither (a) any event arising due to a party's lack of funds or financing, nor (b) the loss of such party's markets shall constitute an Event of Force Majeure;

- (1) "L RATE" means the L Rate applicable to Hydro-Quebec's industrial customers for the sale of power of five thousand (5,000) kilowatts or more and associated energy established under Hydro-Quebec Bylaw number 634 establishing electricity rates and their conditions of application and any amendment, modification and replacement of such Bylaw 634;
- (m) "MAXIMUM POWER DEMAND" means, for each Consumption Period, the higher of:
 - (i) the highest Real Power Demand (kilowatts) during such Consumption Period; and
 - (ii) the highest Apparent Power Demand (kilovolt-amperes) measured over such Consumption Period; multiplied by the minimum Power Factor (as established in article 8.2);
- (n) "METERING PERIOD" means a period of 15 minutes used to determine the power demands measured by the integration of Energy consumption;
- (o) "METERING POINT" means the location of the electrical meters connected to the 13,200 Volt source;
- (p) "PERSON" means any individual, corporation, trust, association, company, partnership, limited liability company or joint venture, any governmental authority or any other entity whatsoever;
- (q) "POWER FACTOR" means the ratio of Real Power Demand (kilowatts) over Apparent Power Demand (kilowatt-amperes) during a Metering Period;
- (r) "REAL POWER DEMAND" means the maximum power, in kilowatts, taken over a Metering Period during a Consumption Period, as measured by a demand metering device pursuant to this agreement;
- (s) "\$" or "DOLLAR" means Canadian Dollar;

-4-

- (t) "SAGUENAY PLANT" means an aluminium transformation facility located at Ville de Saguenay, in the Province of Quebec;
- (u) "SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement;
- "SUPPLIER'S SUBSTATION" means all Supplier's electrical equipment on
 the source side of the Delivery Points.
- 1.3 HEADINGS. The division of this Agreement into Articles, Sections, Subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation hereof.
- 1.4 SEVERABILITY. Any Article, Section, Subsection or other subdivision of this Agreement or any other provision of this Agreement which is, or becomes, illegal, invalid or unenforceable shall be severed herefrom and shall be ineffective to the extent of such illegality, invalidity

or unenforceability and shall not affect or impair the remaining provisions hereof, which provisions shall (a) be severed from any illegal, invalid or unenforceable Article, Section, Subsection or other subdivision of this Agreement or any other provision of this Agreement, and (b) otherwise remain in full force and effect.

- 1.5 ENTIRE AGREEMENT. This Agreement together with its Schedules any instruments to be delivered pursuant hereto constitute the entire agreement between the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties in respect of the subject matter hereof.
- 1.6 CURRENCY. All of dollar amounts mentioned in this Agreement or in the Schedules annexed hereto shall be in lawful money of Canada, unless otherwise specifically denominated.
- 1.7 EFFECTIVENESS. As, of and from the Effective Date and at all times prior to the Separation Time, Arcustarget shall be the Purchaser for all purposes hereunder. The named Parties to this Agreement reflect the assumption that Arcustarget and Purchaser will amalgamate at the Separation Time in the manner described in the Separation Agreement. If it is subsequently determined that the Separation Time will not occur in circumstances where this Agreement has already become effective, Arcustarget shall continue to act as Purchaser hereunder, this agreement shall remain in effect and Novelis will be deemed never to have become the Purchaser hereunder.

ARTICLE II -- PURCHASE AND USE OF ELECTRICITY

2.1 PURCHASE. Purchaser agrees to purchase electricity from Supplier, and Supplier agrees to supply and deliver electricity to Purchaser, all in accordance with and subject to the terms of this Agreement.

-5-

2.2 USE. Purchaser shall use the electricity pursuant to this Agreement exclusively for the operation of the Saguenay Plant. Purchaser shall not resell the electricity supplied or delivered by Supplier.

ARTICLE III -- TERM

3.1 TERM. The term of this Agreement (the "TERM") shall be from the Effective Date until the date which is the three (3) year anniversary thereof, unless terminated earlier as contemplated in Section 14.1. No interruption to the obligations of the parties hereunder shall operate to extend the term hereof, whether due to Supplier Force Majeure or Purchaser Force Majeure.

ARTICLE IV -- VOLTAGE AND FREQUENCY

- 4.1 CHARACTERISTICS. Electricity supplied hereunder shall be delivered to the Delivery Points normally at a frequency of approximately sixty (60) Hertz, at 13,200 volts +/- 6% three-phase delta.
- 4.2 VARIATION. Supplier shall use reasonable commercial efforts to maintain voltage variations according to characteristic provided in Section 4.1, except when sudden variations in production or load occur, upon the occurrence of an Event of Force Majeure or in the case of an emergency or accident in order to ensure the reliability of Supplier's electrical system, or when such variations are due to the characteristics of Purchaser's equipment.

ARTICLE V -- AVAILABLE CAPACITY

- 5.1 AVAILABLE POWER. The maximum Available Power to Purchaser under this Agreement is 8 000 kilovolt-amperes.
- 5.2 EXCESS POWER. Purchaser's Maximum Power Demand shall not exceed the Available Power without the prior written authorization of Supplier. Supplier may attach to its authorization such conditions as Supplier may determine in its sole discretion.

ARTICLE VI -- CONTRACT PRICE

- 6.1 CONTRACT PRICE. Purchaser shall pay to Supplier a purchase price equal to \$ ***/MWh (the "CONTRACT PRICE") starting as of the Effective Date.
- 6.2 INDEXATION. The Contract Price shall be adjusted in accordance with any modification of the L Rate. For illustrative purposes, a 2% increase of

the L Rate will result in a 2% increase of the Contract Price.

- 6.3 Successor Rate. If, at any time during the term hereof, there is no "L Rate" in effect, the reference rate for the purposes of section 6.2 shall be such successor rate as is applied by Hydro-Quebec (or any successor entity) for customers equivalent to the Saquenay Plant.
- *** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

-6-

- 6.4 TRANSFORMATION AND DISTRIBUTION FEE. Purchaser shall pay to Supplier a fee for the transformation and distribution of electricity equal to \$48,000 per annum. This amount shall be adjusted annually in accordance with the increase of Supplier's cost for the transformation and distribution of electricity, which cost increase shall be applied on a pro rata basis based on Purchaser's consumption of electricity.
- 6.5 TAXES.

All taxes pertaining to this Agreement levied by any government, federal, provincial, municipal or other, called tax or not, shall be billed to and paid by Purchaser. The term "tax" excludes: a) income and profit tax, b) tax for which claim for reimbursement from others is prohibited by law, and c) tax assessed by virtue of the Watercourses Act.

ARTICLE VII -- BILLING

- 7.1 INVOICE. On or before the fifteenth (15th) day of every month, Supplier shall present an invoice to the Purchaser with the payment due for the immediately preceding Consumption Period. This invoice shall include the amount for Delivered Energy and the transformation and distribution fee provided in section 6.4.
- 7.2 TRANSMISSION. Each invoice shall be sent by Supplier to Purchaser by telecopier or by any other means that Supplier considers appropriate.
- 7.3 PAYMENT. Each invoice shall be payable in full on or before the forty-fifth (45th) day of the date of the invoice. All amounts due under this Agreement shall be paid in lawful money of Canada by electronic transfer to Supplier's account as shall be specified in writing by Supplier from time to time.
- 7.4 INTEREST. Any amount due but not paid within the period indicated at Section 7.3 shall bear interest at an annual rate equal to the sum of:
 (i) the prime rate of interest announced by the Royal Bank of Canada applicable to commercial loans denominated in Canadian dollars, in effect on the last banking day of the relevant Consumption Period, plus (ii) one (1) percentage point.
- 7.5 DEDUCTIONS. Purchaser may not, in any case, deduct from any amount due hereunder any amount relating to any claim or counterclaim which Purchaser may have or allege to have against Supplier.
- 7.6 SUSPENSION. If Purchaser fails to pay Supplier within the period set forth at Section 7.3 any amount due to Supplier hereunder together with interests thereon, Supplier may:
 - (a) give to Purchaser a first notice of Supplier's intent to suspend the Delivery of electricity to Purchaser until full payment of any arrears, such notice to be given no less than twenty (20) days prior to the effective date of such suspension; and
 - (b) give to Purchaser a second notice no less than five (5) days prior to such suspension; and

-7-

(c) if such default continues unremedied, suspend the electricity service to Purchaser on the date indicated in such notices until full payment of arrears together with applicable interest thereon, if any; and

- (d) the whole without prejudice to Supplier's other rights or recourses, including under Article XIV, and without any responsibility on its own behalf for such suspension. Such suspension by Supplier shall not release Purchaser of any of its obligations hereunder.
- 7.7 Sections 7.1 to 7.4 will be applicable as of the date that Purchaser will have a separate accounting system. Prior to such date, payments will be made by Purchaser in accordance with Transition Service Schedule FINTS15 relating to transition financial services between Alcan Primary Metal Group-Canada and Novelis Inc. dated as of Effective Date

ARTICLE VIII -- DELIVERY POINTS; MINIMUM POWER FACTOR

- 8.1 DELIVERY. Supplier shall make available the Available Power and deliver Energy to Purchaser pursuant to this Agreement solely at the Delivery Points.
- 8.2 MINIMUM POWER FACTOR. The minimum Power Factor at the Metering Point shall be eighty-five percent (85%). If required for reasons of power quality or to maintain the integrity of the distribution network, Supplier may, at its sole discretion and upon written notice to Purchaser, require that the minimum Power Factor of the Saguenay Plant be increased to 95%; Purchaser shall pay all Modification Costs directly to the Persons performing the modification work as and when due. The term "Modification Costs" means all direct and indirect costs and expenditures (whether or not capitalizable) incurred in making modifications to the Saguenay Plant in order to increase the power factor to 95%.

ARTICLE IX -- TITLE AND RISK OF LOSS

- 9.1 TITLE AND RISK OF LOSS.
 - (a) As between the parties, Supplier shall be deemed to be in exclusive control of the Energy prior to its delivery by Supplier at the Delivery Points and Purchaser shall be deemed to be in exclusive control of Delivered Energy at and after the Delivery Points.
 - (b) Title to and risk of loss related to Delivered Energy shall transfer from Supplier to Purchaser at the Delivery Points.

ARTICLE X -- ELECTRICAL APPARATUS

10.1 OWNERSHIP OF EQUIPMENT. Supplier owns the two incoming 13,200 Volt overhead distribution lines (MAL and MC2), (ii) their dead-end poles and (iii) the disconnect switches (US1 and US2) mounted thereon. Supplier also owns the electrical metering $\begin{array}{c} -8- \end{array}$

apparatus, including associated instrument transformers and associated equipment. Purchaser owns the 13,200 Volt insulated cables including the terminal pot heads inside the Saguenay plant. Supplier shall be responsible for the maintenance of such insulated cables at Purchaser's expense.

- OPERATION AND MAINTENANCE. During the term hereof, Purchaser shall operate and maintain its electrical apparatus so as not to cause disturbance to Supplier's electrical system nor interfere with Supplier's supply to other customers or to its own operations. Supplier shall have the right to audit Purchaser's maintenance registry.

 Maintenance shall be made in accordance with Supplier's standards to be communicated to Purchaser upon request.
- 10.3 PLANS AND SPECIFICATIONS.
 - (a) Supplier may at any time require that Purchaser provide Supplier with a copy of the plans and technical specifications of any new substantial electrical installation or of any substantial modification to an existing electrical installation and may conduct, upon reasonable advance notice to Purchaser of no less than forty-eight (48) hours and during normal business hours, any inspection or verification of such installations.
 - (b) Such inspection and verification by Supplier of the plans and technical specifications and of the electrical installations of Purchaser shall be made solely to ensure the safety and good operating condition of Supplier's electrical system; in no event shall such inspection or verification constitute or be interpreted as constituting a warranty of the operational status, performance or safety of Purchaser's electrical

installation.

10.4 OBLIGATION TO CONNECT AND SUPPLY. Supplier shall not be obligated to maintain the connection between its electrical system and Purchaser's electrical installation or to supply electricity to Purchaser in accordance with this Agreement if Purchaser's electrical installation does not satisfy the provisions of Section 10.1

ARTICLE XI -- METERS

- 11.1 METERING DEVICES. Subject to Section 11.2, metering devices and other related devices used to record the Maximum Power Demand and the quantity of Delivered Energy hereunder shall be:
 - (a) of a type and make approved by Industry Canada for billing purposes;
 - (b) owned and maintained by Supplier at Supplier's expense;
 - (c) provided and installed by Supplier at Purchaser's expense; and

-9-

- (d) tested, calibrated and sealed by Industry Canada in accordance with applicable laws in the presence of one or more representatives of each party hereto duly appointed for such purposes.
- 11.2 INSTALLATION. Supplier shall install the metering devices and Purchaser shall provide appropriate space for their installation.
- 11.3 INTERIM METERING DEVICES.
 - (a) Supplier and Purchaser acknowledge and agree that the existing metering devices installed at the Saguenay Plant on the date hereof are not of a type and model approved by Industry Canada for billing purposes.
 - (b) Supplier undertakes to modify, on or before December 31, 2005 such existing metering devices and installation to meet Industry Canada standards for billing purposes.

Supplier and Purchaser shall accept the existing metering devices for the purposes of this Agreement, until the date on which Industry Canada approves the modified metering devices and installation for billing purpose.

- 11.4 DEFICIENCY. All claims concerning the accuracy of metering devices shall be resolved in accordance with the Electricity and Gas Inspection Act (R.S.C. 1985, c.E-4), as amended or replaced from time to time.
- 11.5 DISPUTE.
 - (a) If a dispute arises as to the establishment of the Maximum Power Demand and Delivered Energy, Supplier and Purchaser shall use all reasonable efforts to resolve promptly any such dispute.
 - (b) If an invoice or part of an invoice is subject to such dispute, Purchaser shall pay Supplier in accordance with the terms of Article VII.
 - (c) Should the parties fail to reach a settlement within ten (10) business days of it becoming known to them, then the dispute shall be submitted to the appropriate senior executive offices or each party for conciliation.
 - (d) During the course of such resolution proceedings, all reasonable requests made by either of Purchaser or Supplier to the other for relevant information shall be honoured.
 - (e) Each of Purchaser and Supplier shall use all reasonable efforts to cause the resolution of any such dispute by way of the foregoing process as soon as practicable. If no settlement is reached through such efforts following twenty (20) business days after the expiration of the aforesaid period of ten (10) business days, either of the parties to this Agreement may seek the legal remedies entitled to them under this Agreement or by law.

-10-

11.6 ACCESS. Supplier's employees authorized for such purpose shall have access at all times during normal business hours to Supplier's metering

devices to read, inspect and verify Supplier's meters. Supplier's employees shall comply with all rules and regulations in effect from time to time at the Saguenay Plant.

ARTICLE XII -- RIGHT OF WAY; RIGHT OF ENTRY

- 12.1 RIGHT OF WAY. Purchaser agrees to convey to Supplier, for the Term of this Agreement and without charge, all servitudes and other rights of way reasonably necessary for the operation, maintenance, replacement and removal of Supplier's equipment, apparatus, metering devices upon, across or within Purchaser's property, including Supplier's Substation, in order to supply and deliver electricity under this Agreement; provided however that upon the termination of this Agreement, any such servitudes and rights of way shall revert automatically to Purchaser.
- 12.2 RIGHT OF ENTRY. Supplier shall be entitled to access, during normal business hours, Purchaser's property in order to install, operate, maintain or remove Supplier's equipment, apparatus, and metering devices, and shall also be entitled to prune or remove, at its expense and for such purposes, all trees, shrubs or any other similar objects which may be found on, above or below said property. Supplier shall comply with all rules and regulations in effect from time to time at the Saguenay Plant.
- 12.3 OBLIGATION REGARDING ELECTRICAL APPARATUS. Purchaser undertakes not to erect any building, structure or other construction on, above or below Supplier's electrical lines, equipment, apparatus and metering devices, without the prior written authorization of Supplier.

ARTICLE XIII -- SERVICE CONTINUITY

- 13.1 SYSTEM RELIABILITY. Purchaser acknowledges and agrees that Supplier's obligation to supply and deliver electricity hereunder is subject to curtailment or interruption in order for Supplier to maintain and repair equipment or to otherwise ensure the reliability of its electrical system. In addition, in the event of any adverse condition or disturbance on Supplier's electrical system or the Delivery of Electricity, Supplier may curtail or interrupt the transmission of Energy on Supplier's electrical system or the Delivery of Electricity to:
 - (i) limit the extent or damage of the adverse condition or disturbance;
 - (ii) prevent damage to generating or transmission facilities; or
 - (iii) expedite restoration of service.

-11-

13.2 CURTAILMENT OR INTERRUPTION.

- (a) In the event that Supplier deems a curtailment or interruption necessary for the reasons mentioned in Section 13.1, Supplier shall advise Purchaser, if possible, prior to the hour on which the period of curtailment or interruption is to begin.
- (b) Supplier may cancel such curtailment or interruption by verbal notice to Purchaser to ensure the reliability of Supplier's electrical system.
- 13.3 CURTAILMENT OR INTERRUPTION PERIODS. Supplier shall use reasonable commercial efforts to limit the duration and frequency of such periods of curtailment or interruption.

ARTICLE XIV -- TERMINATION

- 14.1 EVENT OF DEFAULT. Purchaser shall be in default hereunder under the following circumstances:
 - (a) the failure by Purchaser to make when due any payment required under this Agreement if such failure is not remedied within thirty (30) days after the date on which it is due; or
 - (b) Purchaser exceeds Available Power and as a result, Supplier is required to interrupt or curtail the supply of electricity to Purchaser to ensure the reliability of Supplier's electrical system.

(each, an "EVENT OF DEFAULT")

14.2 TERMINATION UPON AN EVENT OF DEFAULT. In addition to and without limiting any other damages, recourse or remedy which may be available to Supplier if, at any time during the Term hereof, an Event of Default occurs, Supplier shall have the right to forthwith terminate this

ARTICLE XV -- LIABILITY

- 15.1 LIMITATION OF LIABILITY.
 - (a) GENERAL. Other than as expressly provided in this Article XV, in no case shall either party be liable to the other party for any damages or losses it may cause to the other party or the other party's property resulting from the supply, delivery or taking of, or the failure to supply, deliver or take electric power or Energy, at the Saguenay Plant.
 - (b) System Failure. Supplier shall not be responsible for accident, damages or losses to property resulting from:
 - (i) fluctuations in voltage or frequency, mechanical failures or any other event of similar nature which may occur on its electrical system; or
 - (ii) any interruption or reduction in service due to interruptions for maintenance, repair, modification, and stabilization of its electrical system.
- 15.2 SUPPLIER'S LIABILITY. Subject to Section 15.1, Supplier shall indemnify and hold harmless Purchaser from any liability incurred by it in connection with damages or losses caused by the fault or negligence of Supplier, its officers, agents or employees in supplying and delivering electric power pursuant to the terms hereof.
- 15.3 PURCHASER'S LIABILITY. Purchaser shall indemnify and hold harmless Supplier from any liability incurred by it in connection with damages or losses caused by Purchaser's fault or negligence, or by the fault or negligence of persons over whom it has control, or by things under its care.

ARTICLE XVI -- FORCE MAJEURE

16.1 FORCE MAJEURE. If a party is rendered unable by an Event of Force Majeure to carry out, in whole or in part, its obligations under the Agreement and it gives notice and full details of the event to the other party as soon as practicable after the occurrence of the event, then from the date of such notice, the obligations of the first party shall be suspended from the inception and during the continuance of the Event of Force Majeure. Each party shall use reasonable commercial efforts to remedy such Event of Force Majeure with all reasonable dispatch; provided however that this provision shall not require Supplier to deliver Energy at points other than the Delivery Points.

ARTICLE XVII -- CONFIDENTIALITY

- 17.1 All information of a party which is of a technical or business nature and which is disclosed by a party (the "Disclosing Party") to the other party (the "Receiving Party") under this Agreement, including the content of this Agreement, whether directly or indirectly, shall be considered to be and treated as "Proprietary Information", unless or until such information was or is:
 - (i) already known to or otherwise in the Receiving Party's possession at the time of receipt under this Agreement; or
 - (ii) publicly available or otherwise in the public domain without breach of this Agreement by the Receiving Party; or
 - (iii) rightfully obtained by the Receiving Party from any third party, without restriction and without breach of this Agreement by the Receiving Party.
- 17.2 Proprietary Information shall be maintained in confidence by Receiving Party, using the same safeguards it uses to protect its own confidential information of a similar nature, but using at least reasonable care. Except as authorized herein, Receiving Party shall not publish or disclose to third persons any Proprietary Information of Disclosing Party without the prior express written consent of Disclosing Party.

-13

17.3 Receiving Party in the ordinary course of its business may disclose Proprietary Information of Disclosing Party to its consultants, contractors, suppliers and others with whom Receiving Party has a business relationship. Receiving Party shall advise all such persons to whom Proprietary Information is supplied of the Receiving Party's confidentiality obligation hereunder and shall ensure that such recipients of Proprietary Information have agreed to comply with the

provisions of this Section.

- 17.4 Purchaser and Supplier shall prevent their directors, officers, employees, subcontractors and any other person from disclosing Proprietary Information, except to those of its employees, subcontractors and any other person specifically required for the purpose of this Agreement.
- 17.5 The foregoing obligations of confidentiality, use and non-disclosure shall not apply to information that must be disclosed by law.

ARTICLE XVIII -- GENERAL PROVISION

- 18.1 ASSIGNMENT. No party shall assign or transfer this agreement, in whole or in part, or any interest or obligation arising under this agreement, without the prior written consent of the other party.
- 18.2 NOTICES. All notices or other communications under this agreement shall be in writing and shall be deemed to be duly given when delivered in person or successfully transmitted by facsimile, addressed as follows:
 - (a) in the case of Supplier, to it at:

Alcan Energie Electrique 1954 Davis Street, P.O. Box 1800, Jonquiere, QC G7S 4R5

Attention: Director

Telecopier: 418-699-2132

Electronic mail: donald.dube@alcan.com

(b) in the case of Purchaser, to it at:

NOVELIS INC. Usine Saguenay 2040 rue Fay, C. P. 1010 Jonquiere, QC G7S 4K6

Attention: Plant Manager
Telecopier: 418-699-5293

Electronic mail: luc.boivin/CNT-SAG@alcan.com

Any party may, by notice to the other party as set forth herein, change the address or fax number to which such notices are to be given

- 18.3 GOVERNING LAW; CONSENT TO JURISDICTION. This Agreement shall be governed by and interpreted and construed in accordance with the laws presently in force in the Province of Quebec and the laws of Canada applicable therein. Each party hereby submits to the exclusive jurisdiction of the competent court in the Province of Quebec for the purpose of any action or proceeding arising out of or relating to this Agreement.
- 18.4 AMENDMENT. No amendment shall be binding unless expressly provided in a written instrument duly executed by the parties.
- 18.5 WAIVER. No waiver, whether by conduct or otherwise, of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in an instrument duly executed by the parties to be bound thereby.
- DELAY. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the day which is the reference day in calculating such period shall be excluded. If the day on which such delay expires is not a business day then the delay shall be extended to the next following business day. For the purposes of this Agreement "business day" shall mean any day other than a Saturday, Sunday or any other day on which the principal commercial banks in Montreal, Quebec are not open for business during normal banking hours.
- 18.7 SURVIVAL. Any obligation to pay any amount due, or any accrued or exigible liability arising from or as a result of this Agreement shall survive termination of this Agreement.
- 18.8 NO THIRD PARTY BENEFICIARIES. Except as otherwise expressly provided herein, nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action,

remedy or right of any kind.

18.9 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed an original and such counterparts together shall constitute one and the same instrument.

18.10 LANGUAGE. The parties acknowledge that they have requested and are satisfied that this Agreement and all related documents be drawn up in the English language. Les parties aux presentes reconnaissent avoir requis que la presente entente et les documents qui y sont afferents

soient rediges en anglais.	
IN WITNESS WHEREOF, the parties have execute place first above mentioned.	cuted this Agreement on the date and at
	NOVELIS INC.
	Per:
	Name: Title:
	ALCAN, ENERGIE ELECTRIQUE, A DIVISION OF ALCAN INC.
	Per:
	Name: Title:

ARCUSTARGET INC. hereby agrees to be bound by this Agreement in accordance with its terms, including those set forth in section 1.7 of this Agreement.

ARCUSTARGET INC.

______ Name: Title:

SEPARATION AGREEMENT (Neuhausen Research and Development Center)

This Separation Agreement (the "Agreement") is made and entered into as of the 30th day of November, 2004, by and between ALCAN TECHNOLOGY & MANAGEMENT AG, a corporation (Aktiengesellschaft) organized under the laws of Switzerland, having its registered office at Badische Bahnhofstrasse 16, in 8212 Neuhausen am Rheinfall, and registered with the commercial register of the Canton of Schaffhausen under number CH-290.3.001.200-8 ("ATM"), and NOVELIS TECHNOLOGY AG, a corporation (Aktiengesellschaft) organized under the laws of Switzerland, having its registered office at Badische Bahnhofstrasse 16, Bau 5, in 8212 Neuhausen am Rheinfall and registered with the commercial register of the Canton of Schaffhausen under number CH-290.3.014.907-1 ("Novelis Technology").

INTRODUCTION

- A. On May 18, 2004, Alcan Inc., Canada ("Alcan"), announced its intention to complete a spin-off of the Separated Businesses that Alcan held at the time of its acquisition of Pechiney.
- B. Alcan, through its wholly-owned subsidiary, Alcan Holdings Switzerland AG, owns 100% of the issued and outstanding capital stock of ATM.
- C. ATM owns and operates, among other things, a research and development facility located at Badische Bahnhofstrasse 16, 8212 Neuhausen am Rheinfall, Switzerland (the "Neuhausen Facility"). Before the Neuhausen Facility was dedicated to research and development activities, other commercial and industrial activities took place there, including aluminum rolling operations.
- D. A portion of the Neuhausen Facility and various employees who work at the Neuhausen Facility are dedicated to the conduct of research and development activities for and on behalf of Novelis Techology and/or its Affiliates.
- E. ATM and Novelis Technology desire to (a) effect a separation of the research and development activities by, among other things (i) transferring to Novelis Technology certain of the equipment used at the Neuhausen Facility that is used, and certain employees who work at the Neuhausen Facility whose activities are dedicated, solely and exclusively for the conduct of research and development activities for and on behalf of Novelis Technology and/or its Affiliates, (ii) sharing and providing to each other certain services that are necessary for the operation of both the research and development activities for and on behalf of Novelis Technology and/or its Affiliates and ATM's remaining business and (iii) leasing to Novelis Technology certain premises at the Neuhausen Facility, all in accordance with the terms of this Agreement and the Ancillary Agreements, and (b) address various other matters concerning the Neuhausen Facility, including the allocation of certain liabilities.

NOW, THEREFORE, in consideration of the foregoing and, with respect to the Demerger, subject to the approval by the shareholders' meetings of ATM and Novelis Technology, ATM and Novelis Technology agree as follows:

ARTICLE I: SCOPE AND INTERPRETATION OF AGREEMENT

- 1.01 Ancillary Agreements. This Agreement, together with the Ancillary Agreements and the Schedules, Exhibits and Annexes attached hereto and thereto, shall at all times be read and interpreted as though they constitute a single, integrated document.
- 1.02 Interpretation. The Master Separation Agreement, the Swiss Separation Agreement, this Agreement, and the Ancillary Agreements are intended to complement each other and therefore, when possible, should be interpreted and construed in such a manner as to give effect to the terms of each of them. Nevertheless, in the event there is (a) any conflict between the terms of the Master Separation Agreement and/or the Swiss Separation Agreement on the one hand and this Agreement and/or the Ancillary Agreements on the other hand, the terms and provisions of this Agreement and/or the Ancillary Agreements shall govern and control, (b) any conflict between this Agreement and the terms and provisions of any of the Ancillary Agreements (other than the Demerger Agreement), the terms and provisions of this Agreement shall govern and control, and (c) any conflict between this Agreement and the Demerger Agreement, the terms and provisions of this Agreement shall govern and control with respect to the relationship of the parties hereto, whereas the Demerger Agreement shall govern and control in relation to third parties.
- 1.03 Survival. This Agreement and the various covenants and obligations of the parties hereunder, unless otherwise provided herein, shall survive the term and termination of each of the Ancillary Agreements.

2.01 Certain Definitions. In addition to the capitalized terms that appear elsewhere in this Agreement, the following terms, whenever used in this Agreement, shall have the following meanings:

"Agreement" means this agreement and all its Schedules and Exhibits.

"Ancillary Agreements" means all agreements and instruments executed and delivered in accordance with or in connection with the consummation of the transactions contemplated by the provisions of this Agreement, including without limitation the Demerger Agreement, the Services Agreement, and the Real Estate Lease Agreement.

"Cleanup Proceeding" means all actions necessary to comply with Environmental Laws to (i) clean up, remove, treat, and/or remediate Hazardous Substances in the indoor and/or outdoor environment, (ii) prevent the Release of Hazardous Substances so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor and/or outdoor environment, (iii) perform studies, investigations, and ongoing monitoring, maintenance, and care, and/or (iv) respond to any request of a Governmental Authority for information or documents under Environmental Laws.

2

"Closure" means an action, transaction, or event, or a series of actions, transactions, or events, that results in the cessation of all or substantially all of the activities of the Neuhausen Facility, including without limitation closure, shutdown, relocation, and/or sale of all or substantially all of the assets, a reduction in the workforce, restructuring, down-sizing, reorganization, and/or other economic or strategic decision that substantially reduces the capacity, scope, nature, or level of activity of the Neuhausen Facility.

"Closure Costs" means, collectively, all Liability (however arising or evidenced, whether by contract, custom, practice, procedure, employee benefit plan, social plan, applicable Law, or otherwise) incurred by the owner, operator, and/or employer and resulting from, relating to, or in connection with a Closure, including without limitation (a) payments of unpaid wages, commissions and bonuses, unused vacation and sick leave, severance compensation, and/or other similar obligations resulting from, or payable at or after, the termination of any employee's employment, (b) contributions or payments resulting from the termination of any of employee benefit plans and/or the employees' rights thereunder, and (c) all incidental costs, expenses, write-downs, write-offs, or charges including without limitation the costs, fees, premiums, commissions, and expenses to (i) disassemble, rig, pack, transport, relocate, and/or warehouse and store the assets located on or at the Neuhausen Facility, (ii) board-up, mothball, insure, and/or secure (including the costs of maintaining an on-site security system or security personnel) the physical plant and the buildings, fixtures, and improvements at the Neuhausen Facility, (iii) advertise, market, auction, sell, transfer, assign, or otherwise dispose of the physical plant and the buildings, fixtures, assets, or improvements comprising the Neuhausen Facility, (iv) tie up, cap off, and otherwise safely detach all utilities in a safe manner in compliance with all applicable Laws, (v) remove, remediate or otherwise address, to the extent required by applicable Law, any environmental, health, or safety condition that exists in, on, or about the Neuhausen Facility, and (vi) liquidate, compromise, settle, and fully satisfy all Third-Party Claims that arise or become due and payable as a result of the Closure.

"CO" means Swiss Code of Obligations.

"Demerger" has the meaning ascribed to it in SECTION 3.01(a).

"Demerger Agreement" means the demerger agreement (Spaltungsvertrag) including the Annexes (Anhange) thereto in the form attached hereto as EXHIBIT $^{\mathtt{A}}$

"Demerger Effective Date" has the meaning ascribed to it in SECTION 3.01(c).

"Disclosing Party" means the party (including its Representatives) disclosing Confidential Information to the Receiving Party (including its Representatives).

"Effective Date" means for this Agreement as well as any Ancillary Agreement referred to herein, other than the Demerger Agreement, December 31, 2004 at 23.59 h.

"EHS Liabilities" means any Liability arising from or under any Environmental Law or Occupational Health and Safety Law, including those consisting of or relating to (a) any environmental, health or safety matter or condition (including on-site or off-site contamination, occupational health and

3

proceeding, damage, loss, claim, demand or response, remedial or inspection cost or expense arising under any Environmental Law or Occupational Health and Safety Law, (c) financial responsibility under any Environmental Law or Occupational Health and Safety Law for or in connection with any Cleanup Proceeding, or (d) any other compliance, corrective or remedial measure required under any Environmental Law or Occupational Health and Safety Law, arising out of, relating to, or resulting from any and all operations, business, and activities conducted at the Neuhausen Facility at any time prior to, on, or after the Effective Date (including any Liability relating to, arising out of, or resulting from any act or failure to act by any Person).

"Employee Liabilities" means Liabilities to the Transferring Employees arising from (a) the failure to comply with any Law relating to their employment at any time before, on, or after the Effective Date, (b) obligations and commitments arising under any benefit plan at any time before, on, or after the Effective Date, (c) obligations as of the Effective Date for unpaid wages, commissions and bonuses and unused vacation and sick leave before, on, or after the Effective Date, and (d) severance compensation or similar obligations resulting from the termination of any Transferring Employee's employment with ATM, the termination of any Transferring Employee's employment by Novelis Technology on or after the Effective Date, or the termination of any of the benefit plans and/or the employee's rights thereunder at any time before, on, or after the Effective Date.

"Force Majeure" means any unforeseen condition, event, or circumstance that is beyond the control of a party that results in the delay, interruption, and/or prevention of the performance, in whole or in part, by that party of its obligations hereunder, including without limitation war, insurrection, riot, rebellion, uprising, civil disturbance, invasion, breach of peace, epidemic, embargo, flooding, fire, explosion, lightning, earthquake, storm, sabotage, labor dispute, strike, picketing, lock-out, or action or order by any Governmental Authority.

"Indemnitee" means any Person or Persons who is or may be entitled to seek indemnification pursuant to the provisions of ARTICLE VI hereof.

"Indemnitor" means any Person or Persons who is or may be obligated to provide indemnification pursuant to the provisions of ARTICLE VI hereof.

"Liability" means, with respect to any Person, any liability or obligation of, or Third-Party Claim against, such Person of any kind, character or description, whether known or unknown, absolute, fixed or contingent, whenever arising, whether or not accrued, disputed, liquidated, secured, vested, determinable, joint or several, due or to become due, executory, determined, determinable or otherwise, disclosed or non-disclosed, and whether or not the same is required to be accrued, reflected or otherwise disclosed on the financial statements of such Person.

"MA" means the Swiss Federal Act on Mergers, Demergers, Transformations and Transfers of Assets and Liabilities (the Merger Act), which entered into effect on July 1, 2004.

"Master Separation Agreement" means that certain separation agreement, between Alcan Inc., Canada, and Novelis Inc., Canada pertaining to the Separation.

4

"Neuhausen Facility" has the meaning ascribed to it in PARAGRAPH C of the Introduction above.

"Real Estate Lease Agreement" means the lease agreement including the Annexes thereto in the form attached hereto as EXHIBIT C.

"Receiving Party" means the party (including its Representatives) receiving Confidential Information from the Disclosing Party (including its Representatives).

"Representative" means any Person acting for or on behalf of another, including without limitation officers, directors, shareholders, affiliates, agents, employees, consultants, and independent contractors.

"Services Agreement" means the Technology Services Agreement including the Annexes thereto in the form attached hereto as EXHIBIT B.

"Swiss Separation Agreement" means that certain separation agreement, dated as of December 13, 2004, between Alcan Holdings Switzerland Ltd, Zurich, Switzerland, and Arcustarget Inc., Toronto, Canada.

"Separation" means the transfer by Alcan Inc. to Novelis Inc., pursuant to a plan of arrangement under the Canada Business Corporations Act, of substantially all of the aluminum rolled products businesses operated by Alcan prior to December 2003 together with certain other assets, the whole as further described in various agreements between Alcan Inc. and Novelis Inc. giving effect to this transfer.

"Transfer Tax" means all Taxes, other than Taxes measured by net income, incurred or imposed by reason of the Demerger (or a capital increase effected in connection with the Demerger) or subsequent possession or use of the Transferred Assets, regardless upon whom such Taxes are levied or imposed by law.

"Transferred Assets" means all assets used at the Neuhausen Facility solely for the conduct of research and development activities for and on behalf of Novelis Technology and/or its Affiliates including without limitation those assets listed and specifically described and identified in the inventory attached to the Demerger Agreement as ANNEX B.

"Transferred Liabilities" means all Liabilities, whether arising out of contract, in tort or otherwise, including without limitation EHS Liabilities and Employee Liabilities, solely relating to, arising out of, or resulting from the research and development activities conducted at the Neuhausen Facility for or on behalf of Novelis Technology and/or its Affiliates or the operations and businesses being transferred to them under the Master Separation Agreement at any time prior to, on, or after the Effective Date (including any Liability relating to, arising out of, or resulting from any act or failure to act by any Person), including without limitation those Liabilities listed and specifically described and identified in the inventory attached to the Demerger Agreement as ANNEX B.

"Transferring Employees" means the employees listed in the List of Transferring Employees attached to the Demerger Agreement as ANNEX C.

5

2.02 Other Definitions. Unless specifically defined in SECTION 2.01 above or elsewhere in this Agreement, all capitalized terms in this Agreement have the meanings ascribed to them in the Master Separation Agreement.

ARTICLE III: SEPARATION OF THE RESEARCH AND DEVELOPMENT ACTIVITIES FOR AND ON BEHALF OF THE SEPARATED BUSINESSES FROM ATM'S REMAINING BUSINESS

3.01 Demerger.

- (a) Subject to and upon the terms and conditions set forth in a separate Demerger Agreement and the Annexes thereto, ATM shall transfer to Novelis Technology, and Novelis Technology shall take over and assume from ATM, by way of a spin-off (Abspaltung) in accordance with the provisions of the MA, all right, title and interest in and to the Transferred Assets and the Transferred Liabilities (the "Demerger").
- (b) The Demerger Agreement, including the Annexes thereto, shall be in German language and shall prevail over any translation.
- (c) The Demerger shall be undertaken with effect retroactive as to September 30, 2004 (the "Demerger Effective Date") and shall be consummated with the registration in the competent commercial register prior to or on the Effective Date. In the event registration of the Demerger (Tagebucheintrag) has not occurred, for whatever reason, by the Effective Date, the parties shall behave in all relevant aspects, including remuneration of employees, and shall perform all rights and obligations provided by this Agreement as well as any Ancillary Agreements, as if registration had timely occurred and shall use their reasonable best efforts to obtain registration as soon as practicable after the Effective Date. The parties shall enter into all necessary agreements and shall execute all necessary instruments to give effect to this undertaking.
- (d) Each party shall inform and, if necessary, consult its employees, if any, in accordance with the terms of art. 50 and 28 MA and art. 333a CO in due time prior to the approval of the Demerger by its shareholders' meeting. The board of directors of each party shall inform the shareholders' meeting of the results of such information and consultation, as applicable, prior to the approval of the Demerger by the shareholders' meeting.
- (e) Each party shall secure the claims of its creditors in due time prior to the approval of the Demerger by its shareholders' meeting in accordance with the terms of arts. 45, 46 and 49 para. 2 of the MA.
- (f) The parties intend to transfer all Transferred Assets and all Transferred Liabilities by way of the Demerger set out and described in SECTION 3.01(a). However, if any of the Transferred Assets and/or the Transferred Liabilities are not transferred by way of the Demerger (by operation of law (Universalsukzession)), because such Transferred Assets and/or such Transferred

Liabilities are not listed or not described specifically enough in the inventory attached to the Demerger Agreement as ANNEX B, ATM shall, after the entry of the Demerger in the commercial register, transfer such Transferred Assets and/or such Transferred Liabilities to Novelis Technology at book value separately by individual transfer (Singularsukzession), and Novelis Technology

6

shall take over and assume from ATM such Transferred Assets and/or such Transferred Liabilities accordingly.

- 3.02 Services. Subject to and upon the terms and conditions set forth in a separate Services Agreement and the Annexes thereto, (i) ATM shall provide to Novelis Technology various services, and (ii) Novelis Technology shall provide to ATM various services.
- 3.03 Real Estate Lease. Subject to and upon the terms and conditions set forth in a separate Real Estate Lease Agreement and the Annexes thereto, ATM shall let to Novelis Technology, and Novelis Technology shall lease from ATM, certain premises, from which Novelis Technology will conduct its research and development activities for and on behalf of itself and/or its Affiliates.

ARTICLE IV: REPRESENTATIONS AND WARRANTIES

No Representations and Warranties of ATM. ATM makes no representations or warranties, and HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, concerning the Transferred Assets, including without limitation their condition, suitability, merchantability, or fitness. Novelis Technology acknowledges and agrees that it is receiving the Transferred Assets "AS IS, WHERE IS".

ARTICLE V: COVENANTS

- 5.01 Cooperation and Further Assurances. At any time, and from time to time after the Effective Date, each party shall, and shall cause its Affiliates to, execute such additional instruments and take such action as may be reasonably requested by the other party to carry out the intent and purposes of this Agreement and the Ancillary Agreements.
- 5.02 Confidentiality. Each of the parties acknowledges that during the term of this Agreement and the Ancillary Agreements each will from time to time come into possession of Confidential Information of the other. Each Receiving Party shall maintain the Confidential Information of the Disclosing Party in confidence and shall use it solely and exclusively for, and in connection with, the performance of its obligations under this Agreement and the Ancillary Agreements and no other (the "Purpose"). Without limiting the generality of the foregoing, the Receiving Party shall not disclose the Confidential Information of the Disclosing Party to any Person or use it in any manner that is detrimental to the Disclosing Party. Each Receiving Party shall take steps to minimize the dissemination or copying of such Confidential Information except to the extent that it is necessary to carry out the Purpose. If a Receiving Party is requested or required (by oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information, that Receiving Party shall provide the Disclosing Party with prompt notice of such request and the documents and/or information requested thereby so that the Disclosing Party may, at its option, seek an appropriate protective order and/or waive compliance with the provisions of this Agreement. If, in the absence of a protective order or the receipt of a waiver hereunder, a Receiving Party is nonetheless, in the opinion of the Receiving Party's counsel, compelled to disclose all or any portion of the Confidential Information, the Receiving Party may disclose without liability hereunder that portion of the

7

Confidential Information which the Receiving Party's counsel advises that the Receiving Party is compelled to disclose; provided, however, that the Receiving Party shall give the Disclosing Party written notice of the Confidential Information to be disclosed as far in advance of its disclosure as is practicable. The obligations of this SECTION 5.02 shall continue without limitation.

5.03 Employee Matters.

- (a) The employees whose employment relationships shall be transferred from ATM to Novelis Technology as a result of the Demerger (the "Transferring Employees") are listed in ANNEX C of the Demerger Agreement, which is attached hereto as EXHIBIT A.
- (b) Upon entry of the Demerger in the commercial register, the employment relationships of the Transferring Employees are transferred from ATM to Novelis Technology by operation of law, unless one or more Transferring Employee/s decline/s the transfer, in which case its/their employment terminates

upon expiration of the applicable statutory notice period (all in accordance with art. 49 para. 1 MA and art. 333 CO).

- 5.04 Redundancy Costs. If at any time during the term of the Services Agreement any one or more of the services thereunder (the "Services") is discontinued or terminated at the request of Novelis Technology, ATM shall have the right to collect from, and Novelis shall be obligated to pay, an amount equal to (x) 100% of the actual and direct Liability (however arising or evidenced, whether by contract, custom, practice, procedure, employee benefit plan, social plan, applicable Law, or otherwise) incurred by ATM in terminating any employees who provided the discontinued or terminated Services to Novelis, including without limitation payments of severance compensation, and/or other similar obligations resulting from, or payable at or after, the termination of any affected employee's employment, plus (y) 100% of the actual and direct costs of canceling or terminating contracts with third-parties, plus (z) 100% of the actual and direct costs, expenses, write-downs, write-offs, or charges relating to the discontinued use of any assets, if any, used in connection with the provision of the discontinued or terminated Services.
- 5.05 Closure Costs. If, at any time during the period (a) commencing on the date on which either party provides a notice of termination under Section 8.6 of the Services Agreement (the "Notice"), and (b) ending on the 3rd anniversary of the date of the Notice, the Neuhausen Facility is or becomes the subject of a Closure (whether or not any such Closure is effected or completed on or before such 3rd anniversary and/or whether any other services are then being provided under the Services Agreement), ATM shall be entitled to reimbursement from, and Novelis Technology shall promptly remit and pay to ATM following demand therefor, an amount equal to 20% of all Closure Costs actually incurred by ATM. Novelis Technology shall be liable for such Closure Costs unless the Closure giving rise to such Closure Costs is clearly and demonstrably caused solely and exclusively by ATM and was not precipitated in any manner, in whole or in part, by the acts of Novelis Technology, including without limitation the giving of the Notice by Novelis Technology. All amounts that may become due and payable under this SECTION 5.05 shall (x) not be subject to reduction or offset by the proceeds, if any, of any sale or other disposition of the Neuhausen Facility (or any property or assets located thereon) by ATM, and (y) be in addition to, and not a substitute for, any amounts that

8

may become due and payable to ATM under SECTION 6.03(b), (c), or (d) below; provided, however, that in no event shall ATM be entitled to duplicate payment as a result of the application of this SECTION 5.05 and SECTION 6.03(b), (c), or (d) below.

ARTICLE VI: RELEASE AND INDEMNITIES

- 6.01 Release by Novelis Technology. Novelis Technology hereby forever releases and fully discharges ATM and its predecessors, together with their respective officers, directors, shareholders, employees and representatives, Affiliates, successors and assigns, from and against all Liabilities that Novelis Technology has or will have or ever had against any one or more of them as a result of their acts or omissions in connection with the ownership, operation, maintenance, use, or occupancy of the Neuhausen Facility and/or the equipment and other property and assets (including the Transferred Assets) thereat at any time on or before the Effective Date.
- 6.02 Scope and Effect of Release. Novelis Technology hereby irrevocably waives its rights under any applicable Law, legal principle, or legal doctrine that provides that a general release does not extend to Liabilities that a releasing party does not know or suspect to exist in its favor at the time of executing such release, which if known by the releasing party would have materially affected its settlement with the released party. Novelis Technology and ATM each acknowledges and agrees that Novelis Technology's release does not affect any rights or claims Novelis Technology may have against ATM arising out of the breach or non-compliance with the terms of this Agreement or the Ancillary Agreements.
- 6.03 Indemnity by Novelis Technology. Novelis Technology shall to the fullest extent permitted by Law, indemnify, defend and hold harmless ATM and its officers, directors, employees and representatives, Affiliates, successors and permitted assigns (each of whom may be an Indemnitee pursuant to this SECTION 6.03) from and against:
- (a) any and all Liabilities arising out of, resulting from, or relating to any breach or default on the part of Novelis Technology in the performance of any covenant or agreement on the part of Novelis Technology to be performed pursuant to the terms of this Agreement or any Ancillary Agreement;
- (b) any and all Liabilities arising out of, resulting from, or relating to the ownership, operation, maintenance, use, or occupancy of the Neuhausen Facility and/or the equipment and other property and assets (including the Transferred Assets) thereat at any time after the Effective Date, arising out of, relating to, or resulting from (i) any act or omission of Novelis

Technology occurring on or at the Neuhausen Facility, or (ii) any violation by Novelis Technology of any applicable Law, or (iii) any violation by Novelis Technology of an Environmental Law in, on, above, below, or about the Neuhausen Facility, or (iv) any Release of Hazardous Substances by Novelis Technology in, on, above, below, or about the Neuhausen Facility (x) in quantities or concentrations that require remediation under applicable Environmental Laws, and/or (y) that result in one or more Third-Party Claims;

(c) any and all Employee Liabilities; and

9

- (d) any and all EHS Liabilities arising out of, resulting from, or relating to the ownership, operation, maintenance, use, or occupancy of the Neuhausen Facility and/or the equipment and other property and assets thereat at any time on or before the Effective Date; provided that Novelis Technology' liability for such EHS Liabilities under this clause (d) shall be limited to 20% of their aggregate sum.
- 6.04 Indemnity by ATM. ATM shall, to the fullest extent permitted by Law, indemnify, defend, reimburse and hold harmless Novelis Technology and its shareholders, officers, directors, employees and representatives, Affiliates, successors and assigns (each of whom may be an Indemnitee pursuant to this SECTION 6.04), from and against any and all Liabilities and Third-Party Claims directly or indirectly arising or resulting from any breach or non-fulfilment by ATM of any of its covenants, warranties, representations, or other agreements set forth in this Agreement or any Ancillary Agreement.
- 6.05 Mitigation. Each Indemnitee shall take all reasonable steps to mitigate its respective Losses upon and after becoming aware of any event that could reasonably be expected to give rise to any Liabilities for which such Indemnitee may be entitled to indemnification hereunder.
- 6.06 Legal Fees; Access and Cooperation. The Indemnitor shall reimburse the Indemnitee for all reasonable legal fees and other expenses reasonably incurred by the Indemnitee in successfully pursuing any claim for indemnification against the Indemnitor hereunder. The Indemnitor shall also be responsible for the payment of all reasonable legal fees and other expenses reasonably incurred by the Indemnitee or the Indemnitor in defending any Third-Party Claims, except those legal fees incurred by an Indemnitee who elects to employ separate counsel to participate in the defense of a Third Party Claim. After the Effective Date, each Indemnitee shall cooperate fully with each Indemnitor as to all claims for indemnification hereunder, shall make available to each Indemnitor as reasonably requested all information, records and documents relating to all claims and shall preserve all such information, records and documents until the termination of any claim or the period during which any claim may be made. Further, each Indemnitee shall also make available to each Indemnitor, as reasonably requested, its personnel (including technical and scientific), agents and other representatives who are responsible for preparing or maintaining information, records or other documents, or who may have particular knowledge with respect to any claim.
- 6.07 Survival. The obligations of the parties in this ARTICLE VI shall survive without any temporal limitation. The obligations of Novelis Technology under SECTION 6.03 (b), (c) and (d) above shall survive any sale or other disposition of all or any portion of the Neuhausen Facility by ATM or any Affiliate of ATM.

ARTICLE VII: CONDITIONS PRECEDENT

- 7.01 Conditions of ATM. The obligation of ATM to consummate the transactions (other than the Demerger) contemplated hereby shall be subject to the satisfaction, on or prior to the Effective Date, of the following conditions, any of which may be waived by ATM at its option:
- (a) Novelis Technology shall have performed and complied in all material respects with all of the terms, covenants, conditions and obligations under this

10

Agreement that are to be performed or complied with by Novelis Technology or its Affiliates on or before the Effective Date.

- (b) The transactions contemplated by the Master Separation Agreement shall have been effected.
- (c) Novelis Technology shall have executed and delivered the Ancillary Agreements.
 - (d) The Demerger shall have been consummated.

The obligation of ATM to consummate the Demerger contemplated hereby

shall be subject to the satisfaction of the following conditions:

- (a) The Demerger as well as the respective capital decrease shall have been approved by the shareholders' meeting of ATM.
- (b) The Demerger as well as the respective capital increase shall have been approved by the shareholders' meeting of Novelis Technology.
- 7.02 Conditions of Novelis Technology. The obligation of Novelis Technology to consummate the transactions (other than the Demerger) contemplated hereby shall be subject to the satisfaction, on or prior to the Effective Date, of the following conditions, any of which may be waived by Novelis Technology at its option:
- (a) ATM shall have performed and complied in all material respects with all of the terms, covenants, conditions and obligations under this Agreement which are to be performed or complied with by ATM on or before the Effective Date.
- (b) Those transactions contemplated by the Master Separation Agreement to be effected on or before the Effective Date shall have been effected.
 - (c) ATM shall have executed and delivered the Ancillary Agreements.
 - (d) The Demerger shall have been consummated.

The obligation of Novelis Technology to consummate the Demerger contemplated hereby shall be subject to the satisfaction of the following conditions:

- (a) The Demerger as well as the respective capital increase shall have been approved by the shareholders' meeting of Novelis Technology.
- (b) The Demerger as well as the respective capital decrease shall have been approved by the shareholders' meeting of ATM.

ARTICLE VIII: TERMINATION

This Agreement and the Ancillary Agreements may be terminated or abandoned at any time prior to the Effective Date by and in the sole and absolute discretion of ATM without the approval of Novelis Technology, provided, however, that if and once the filing with the commercial register has been made, the transactions under the Demerger

11

cannot be made undone. In the event of such termination, neither party shall have any liability of any kind to the other or any other Person. After the Effective Date, (a) this Agreement may not be terminated except by an agreement in writing signed by the parties, and (b) the Ancillary Agreements may be terminated only in accordance with their respective terms.

ARTICLE IX: DISPUTE RESOLUTION

- 9.01 In General. The procedures for discussion, negotiation and mediation set forth in this ARTICLE IX shall apply to all disputes, controversies, or claims (whether arising in contract, tort or otherwise) that may arise out of, or relate to, or arise under or in connection with, this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the date hereof), or the commercial or economic relationship of the parties relating hereto or thereto.
 - 9.02 Escalation; Mediation; Arbitration.
- (a) It is the intent of the parties to use their respective reasonable best efforts and to act in good faith to resolve expeditiously on a mutually acceptable negotiated basis, any dispute, question, controversy or claim between them with respect to the matters covered hereby that may arise from time to time. In furtherance of the foregoing, any party involved in a dispute, controversy or claim may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving representatives of the parties at a senior level of management of the parties (or if the parties agree, of the appropriate strategic business unit or division within such entity). A copy of any such Escalation Notice shall be given to the Chief Legal Officer of the ultimate corporate parent of each party (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such discussions or negotiations between the parties may be established by the parties from time to time; provided, however, that the Parties shall use their reasonable best efforts to meet within 30 days of the Escalation Notice.
 - (b) If the parties are not able to resolve the dispute, question,

controversy or claim through the escalation process referred to above within 30 days after the date of the relevant Escalation Notice, the matter shall be referred to a mediator for informal, non-binding mediation consisting of one or more conferences between the parties in which a mediator will seek to guide the parties to a resolution of the dispute, question, controversy or claim. The parties shall select a mutually acceptable neutral mediator. In the event the parties cannot agree on a mediator, the then Chairman of the Zurich Chamber of Commerce will appoint a mediator. The mediation process shall continue until the earliest to occur of the following: (i) the dispute, question, controversy or claim is resolved, (ii) the mediator makes a finding that there is no possibility of resolution through mediation, or (iii) 60 days have elapsed since the dispute, question, controversy or claim was first scheduled for mediation.

(c) Should any dispute, question, controversy or claim remain after the completion of the mediation process described above, the parties agree to submit the remaining dispute, question, controversy or claim to final and binding arbitration administered by three arbitrators in accordance with the then existing Rules of Arbitration of the International Chamber of Commerce (the "Rules"). Neither the parties

12

(including their auditors and insurers), their respective counsel and any person necessary to the conduct of the arbitration, nor the arbitrators shall disclose the existence, content (including submissions and any evidence or documents presented or exchanged), or results of any arbitration hereunder without the prior written consent of the parties, except as required by Law. The arbitration procedure shall be instituted by the sending of a written notice to that effect by one party to the other party. Any arbitration to be conducted under this ARTICLE IX shall be conducted by a panel of three arbitrators to be appointed as follows: one arbitrator shall be appointed by ATM, one arbitrator shall be appointed by Novelis Technology, and the third arbitrator shall be appointed by the other two arbitrators. In the event the arbitrator selected by ATM and the arbitrator selected by Novelis Technology fail to agree upon the choice of the third arbitrator, either party may apply to International Chamber of Commerce in Paris, France to appoint such arbitrator in accordance with the Rules. Should any arbitrator for any reason refuse or be unable to continue his functions as arbitrator, then a replacement shall either be agreed upon by the remaining arbitrators within one week of either party becoming aware of the arbitrator's inability or refusal to continue or, in default of such agreement, by the International Chamber of Commerce in Paris, France on application of any interested party. The arbitrators are without jurisdiction to apply any substantive law other than the laws selected or otherwise expressly provided in this Agreement. The arbitrators shall render an award and a written, reasoned opinion in support thereof. Such award may include reasonable attorneys' fees to the prevailing party. Judgment upon the award may be entered in any court having jurisdiction thereof.

- (d) The Parties hereto understand and agree that by entering into this Agreement they are waiving their right to a jury or court trial.
- (e) Each party shall bear its own costs of mediation or arbitration, but both parties will share the costs of the mediator or arbitrators equally.
- (f) Unless otherwise agreed by the parties, the place of arbitration shall be Zurich, Switzerland, and any hearing in the course of the arbitration shall take place in Zurich, Switzerland. The arbitrators may hold hearings at a location other than at the place of the arbitration if the parties agree or if the arbitrators determine that it is reasonably necessary for the conduct of the arbitration.
 - (g) The proceedings shall be conducted in the English language.

ARTICLE X: GENERAL PROVISIONS

10.01 Entire Agreement; Amendments. This Agreement, the Ancillary Agreements and the Schedules, Exhibits and Annexes attached hereto and thereto, constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior agreements, arrangements and communications of the parties dealing with such subject matter, whether oral or written. No other promise, agreement, understanding, or representation will be binding unless made in writing and signed by the parties hereto. This Agreement and the Ancillary Agreements may not be changed or modified orally, but may be changed or modified only in a written agreement executed by an authorized representative of each of Novelis Technology and ATM.

13

10.02 Assignment. This Agreement and the rights and obligations hereunder may be assigned and delegated by either party subject to (a) the right of the non-assigning party to require reasonably satisfactory evidence (assessed from a reasonable commercial perspective) as to the assignee's credit-

worthiness, commercial, technical, and operating capabilities, its ability to perform under this Agreement and its reputation for business ethics, and (b) the assignee's direct and express written assumption of this Agreement and the liabilities and obligations hereunder and thereunder, all in form and substance satisfactory to the non-assigning party.

- 10.03 Force Majeure. If either party is affected by a Force Majeure, it shall promptly give notice thereof to the other and shall indicate in such notice, as accurately as possible, the effect of such Force Majeure on its capacity to perform its obligations hereunder and/or under the Ancillary Agreements. Subject to the giving of the notice provided for in the immediately preceding sentence, (a) the non-fulfillment of any obligation (other than an obligation to pay money) by reason of Force Majeure shall not constitute a default hereunder or under any of the Ancillary Agreements and shall not give rise to damages or to any recourse in specific performance or of any other nature whatsoever, and (b) any time period provided for the performance of an obligation (other than an obligation to pay money) shall be postponed or extended for and by a duration equal to the period during which the event of Force Majeure shall continue to exist.
- 10.04 Nature of Relationship. Nothing contained in this Agreement or any of the Ancillary Agreements shall be construed to constitute either party as anything other than independent contractors in the conduct of the activities contemplated in this Agreement or the Ancillary Agreements. Without limiting the generality of the foregoing, neither party shall be deemed to be an agent, attorney-in-fact or general partner of the other.
- 10.05 Third-Party Rights. Except as specifically set forth herein or therein, nothing in this Agreement or in the Ancillary Agreements shall be deemed to create any right of any third party, and this Agreement or any of the Ancillary Agreements shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.
- 10.06 Successors. This Agreement and the Ancillary Agreements shall be binding upon, and inure to the benefit of, the parties respective permitted successors.

14

10.07 Notices. Any notice, report or consent required or permitted by this Agreement or the Ancillary Agreements to be given or delivered shall be in writing and shall be deemed delivered if delivered in person or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by facsimile, with confirmed answer back, as follows:

If to Novelis Technology:

Novelis Technology AG Badische Bahnhofstrasse 16 Bau 5 CH-8212 Neuhausen am Rheinfall Attention: General Manager

With copies to:

Novelis AG Feldeggstrasse 4 CH-8034 Zurich Attention: Legal Department

If to ATM:

Alcan Technology & Management AG Badische Bahnhofstrasse 16 CH-8212 Neuhausen am Rheinfall Attention: General Manager

With copies to:

Alcan Holdings Switzerland AG Feldeggstrasse 4 CH-8034 Zurich Attention: Legal Department

Any such notice, report or consent shall be effective upon delivery if delivered in person, or upon receipt if sent by telex, or on the third business day following mailing, if mailed.

10.08 Governing Law. This Agreement and each of the Ancillary Agreements shall be governed by, and construed in accordance with, the internal laws and not the conflicts of law rules of Switzerland, without presumption or construction against the party preparing it.

10.9 Severability. All provisions of this Agreement and the Ancillary

Agreements shall be severable for purposes of enforcement. If any provision of this Agreement or the Ancillary Agreements is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws effective during the term hereof or thereof, then it is the intention of the parties hereto that the remainder of this Agreement or the Ancillary Agreements shall not be affected thereby, and it is also the intention of the parties that in lieu of each such provision which is invalid, illegal or

15

unenforceable, there be added as part of this Agreement or the Ancillary Agreements a provision which shall be as similar in terms of such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable, and that deals equitably with the intended benefits and obligations of the parties.

- 10.10 Waiver. No failure or delay on the part of either party to enforce any provision of this Agreement or any Ancillary Agreement or to exercise any right granted to it hereby or thereby shall operate as a waiver thereof unless or until the right to enforce any such provision or to exercise any such right has been waived in writing. Any waiver of any provision hereof or thereof or right hereunder or thereunder shall be effective only in accordance with its terms and may be restricted in any way. No waiver of any provision hereof or thereof or any right hereunder or thereunder shall constitute a waiver of a continuance or reoccurrence of the failure to perform, except as provided in such waiver.
- 10.11 Titles and Headings. The titles and headings of the various articles and sections hereof and of the Ancillary Agreements are for convenience of reference only, shall not be deemed to be a part hereof or thereof, and shall not affect the meaning or construction of any provision hereof or thereof.
- 10.12 Counterparts; Facsimiles. This Agreement and the Ancillary Agreements shall be executed in 3 counterparts, each of which shall be considered an original, and all of which taken together shall constitute one and the same instrument. A facsimile copy of a signature hereto or to any of the Ancillary Agreements shall be fully effective as of the Effective Date as if it constituted an original signature hereto or thereto. Without limiting the effectiveness of the facsimile signatures, the parties agree to deliver or cause to be delivered to each other the original signatures hereto or thereto as soon as reasonably practicable following the Effective Date.
- 10.13 No Third Party Beneficiaries. Except as specifically set forth herein or therein, nothing in this Agreement and the Ancillary Agreements shall entitle any Person other than the parties hereto and their respective permitted successors, to use or rely upon any representation, warranty, or covenant in this Agreement or the Ancillary Agreements or to assert or base any claim, cause of action, remedy or right of any kind under or on this Agreement or the Ancillary Agreements or any representation, warranty, or covenant contained herein or therein.

16

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ALCAN TECHNOLOGY & MANAGEMENT AG

By:

Michel Jacques

By:

Urs Fischer

NOVELIS TECHNOLOGY AG

By:

Christopher Bark-Jones

By:

Erwin Faust

17

LIST OF EXHIBITS

Exhibit A Demerger Agreement

Exhibit B

Exhibit C Real Estate Lease Agreement

Services Agreement

FOIL SUPPLY AND DISTRIBUTION AGREEMENT

This foil supply and distribution agreement ("Agreement") is entered into as of the Effective Date (as hereinafter defined).

Between: Alcan Inc. having an office at 1188 Sherbrooke Street West,

Montreal, Quebec, H3A 3G2, Canada (hereinafter "Alcan")

And: NOVELIS Foil Products, a division of NOVELIS Inc. having an

office at 191 Evans Avenue Etobicoke, Ontario Canada M8Z 1J5

(hereinafter "NOVELIS")

Whereas, NOVELIS has agreed to manufacture and supply to or on behalf ALCAN, all of Alcan's requirements for retail and industrial packages of ALCAN brand aluminum foil, including retail packages of Alcan brand foil, bulk retail packages of Alcan brand foil and industrial rolls of Alcan brand foil, but excluding master rolls of foil intended to be rewound onto smaller rolls and resold, or foil sold under other brand names (hereinafter "Foil") for sale in Canada on the terms and conditions contained in this Agreement

Whereas, NOVELIS will manufacture the Foil at its manufacturing facilities, and through any sub-manufacturers that may be selected by NOVELIS and approved by ALCAN. NOVELIS will be solely responsible for material acquisition and the manufacturing process.

Whereas, the design of all Foil packaging is and remains exclusively that of ALCAN.

NOVELIS and ALCAN mutually agree on the following:

1. PURPOSES OF THE AGREEMENT

ALCAN hereby engages NOVELIS to manufacture certain Foil products for ALCAN. ALCAN further engages NOVELIS to provide a turn key sales and marketing service with respect to such Foil in Canada including the advertising, marketing, sales, warehousing, shipment, invoicing, collection, and accounting with respect to Foil sales in Canada.

2. TERM OF AGREEMENT

This Agreement shall become effective as of the Effective Date and will remain in effect until December 31, 2006 unless otherwise terminated as provided in Sections 8 or 16.4 of this Agreement.

"EFFECTIVE DATE" means the effective date of the arrangement under s. 192 of the Canada Business Corporations Act (the "CBCA") proposed by Alcan in its management proxy circular dated November 23, 2004 (the "Arrangement"), being the date shown on

1

the certificate of arrangement issued by the director under the CBCA giving effect to the Arrangement, which date the Parties currently expect to be January 1, 2005.

3. PURCHASE OF FOIL

ALCAN agrees to purchase from NOVELIS and NOVELIS agrees to manufacture and sell to ALCAN 100% of ALCAN's requirements for Foil, as further described in this Agreement.

Promptly upon execution of this Agreement and at the beginning of each calendar quarter thereafter during the term of this agreement ALCAN shall provide NOVELIS with a blanket purchase order for its requirements of Foil during such calendar quarter. The price for the Foil shall be determined in accordance with the procedures set out in Annex 1.

4. SERVICES BY NOVELIS

In addition to the supply of Foil described in this agreement, NOVELIS shall provide on behalf of and for the benefit of ALCAN comprehensive sales, marketing, logistics, payment collection and customer support services in respect of the Foil sold under this agreement. Including the following:

o NOVELIS shall market the Foil throughout Canada in a manner designed to maintain the value of the Alcan brand for such Foil products. The

advertising budget, marketing plan and promotions shall be proposed by NOVELIS and approved by ALCAN.

- O NOVELIS shall sell the Foil to customers in the retail, bulk retail and industrial markets on behalf of and as agent for ALCAN. ALCAN, in consultation with NOVELIS, shall set quarterly sales targets for Foil sales in Canada. NOVELIS may utilize sales representatives who are not employees of NOVELIS to promote these sales and the level of sales commissions to be paid to such sales representatives shall be mutually agreed by Alcan and NOVELIS.
- o NOVELIS shall ship Foil on behalf of ALCAN to the customers and shall coordinate the logistics of such shipments in a commercially reasonable manner intended to meet the needs of the marketplace for Foil.
- O NOVELIS shall invoice the customers for the foil and shall collect the payments for the foil on behalf of and as agent for Alcan. NOVELIS shall maintain true and accurate records relating to all sales and payments for Foil.

ALCAN shall oversee the provision of such services through a marketing contact person to be employed by ALCAN.

In consideration for providing the services described above, ALCAN shall pay to

2

NOVELIS a Service Fee determined in accordance with the procedures set out in Annex 1. In addition to the NOVELIS Service Fee, ALCAN shall reimburse NOVELIS for the agreed costs for advertising, sales representative commissions and promotions.

5. REPORTS AND PAYMENTS

- 5.1. Within thirty (30) days after the end of each calendar quarter during the term of this agreement, NOVELIS shall report to ALCAN the Foil sales broken down into retail, bulk retail and industrial sales during the previous quarter. For each category, NOVELIS shall report the volume of sales, the price charged per unit and the total amount collected on behalf of Alcan. Together with the report NOVELIS shall pay to Alcan the net amount due to ALCAN with respect to such sales, after certain adjustments, determined in accordance with the procedures set out in Annex 1.
- 5.2. Payments due hereunder shall be made in Canadian Dollars to the address or bank account specified by ALCAN from time to time.

6. SHIPMENT AND TITLE

- 6.1. All Foil shall be shipped freight prepaid to a destination designated by the customer, or as otherwise agreed between NOVELIS and the customer.
- 6.2. All risk of loss, including loss due to damage, shall pass from NOVELIS to the customer as determined between NOVELIS and the customer. Until that time, risk of loss shall be that of NOVELIS. At no time shall the risk of loss pass to ALCAN.

7. INSPECTION AND COORDINATION

- 7.1. ALCAN shall have the right to designate a person (the "ALCAN Representative") to coordinate with NOVELIS the activities of ALCAN under this Agreement, and to communicate to NOVELIS any problems relating thereto. The ALCAN Representative shall have the right to inspect the Foil at reasonable times in order to verify that the Foil meets the specifications and quality requirements established by ALCAN and communicated to NOVELIS from time to time.
- 7.2. ALCAN or its customer will advise NOVELIS of any quality defects promptly after they are discovered. Foil not conforming with the quality specifications will be returned to NOVELIS in the manner designated by NOVELIS.

8. TERMINATION FOR DEFAULT

8.1. Either party may terminate this Agreement at any time due to material default of the other party to comply with any relevant term or condition. Prior to a termination for default, a written notice of default(s) shall be issued to the defaulting party, specifying the default(s) and the time period for the default(s) to be remedied, which shall be a period reasonably necessary to enable the defaulting party to correct the particular

default, but not less than 60 days. If the default(s) are remedied within the specified time period, the termination notice will be voided.

8.2. Upon termination of this Agreement, the defaulting party shall be liable to the non-defaulting party for its costs and expenses resulting from the default. Notwithstanding the foregoing, the non-defaulting party will make reasonable efforts to mitigate the defaulting party's liabilities in accordance with reasonable commercial practices.

9. GENERAL LIABILITY

- 9.1. ALCAN's liability to NOVELIS for actual damages for any cause whatsoever is limited to the amount paid by NOVELIS to ALCAN.
- 9.2. NOVELIS's liability to ALCAN for actual damages for any cause whatsoever is limited to the amount due to ALCAN for Foil actually sold by NOVELIS.
- 9.3. Under no circumstances will either party be liable to the other for exemplary, special, indirect, incidental or consequential damages, including without limitation any actual or prospective lost revenue or profits.

10.0 QUALITY AND CONTROL

- 10.1 Form of Use. NOVELIS shall use the Alcan brand including without limitation use on products, labels, packaging, point-of-sale displays, electronic and print advertising and promotional pieces, and business and commercial stationery and forms, as for example, purchase orders, invoices, price lists and business agreements in the form and manner consistent with the Alcan Trademark Manual as may be amended by Alcan from time to time and the use made of the Alcan brand on the Effective Date. NOVELIS shall not use the Alcan brand in connection with any other trademark or service mark without the written approval of ALCAN.
- 10.2 Quality Standards for Products, Services and Trademark Use. The nature and quality of all (a) services rendered and (b) Foil manufactured, sold and distributed by NOVELIS, in connection with the use of the Alcan brand shall meet the standards set by ALCAN therefor and, in any event, shall be at least as high as the normally accepted standards of the industry for such services or Foil.
- 10.3 Preservation of Good Will. NOVELIS shall act in such a manner as to ensure the preservation of the goodwill associated with the Alcan brand and will comply with all applicable laws and regulations, and obtain all governmental approvals that may be necessary. NOVELIS shall not, by any act, tarnish, degrade or dilute the distinctiveness of the Alcan brand or injure the reputation and goodwill associated therewith.

11.0 INSPECTION

11.1 ALCAN shall have the right to such inspection and supervision of the processes and material of manufacture as it may determine to be necessary to adequately assure the quality of the Products as required under this Agreement; and NOVELIS agrees to permit ALCAN's authorized representative upon reasonable notice, during regular

4

business hours to enter NOVELIS's premises where the Foil is being manufactured to inspect same. All expenses to ALCAN resulting from quality control procedures authorized hereunder, including the cost of inspection and supervision, shall be borne entirely by ALCAN.

- 11.2 ALCAN shall have the right and discretion to terminate forthwith NOVELIS's right to use the Alcan brand on any Foil which ALCAN deems in its own judgement do not meet the quality standards specified by ALCAN under this Agreement.
- 12.0 OWNERSHIP OF THE ALCAN BRAND
- 12.1 ALCAN's Ownership Rights. All right, title and interest in and to the Alcan brand, applications therefor and registrations or renewal thereof shall remain vested in ALCAN. NOVELIS shall not act in any manner inconsistent with such ownership. All uses of the Alcan brand by NOVELIS shall inure to the benefit of and be on behalf of ALCAN. No rights are assigned with respect to the Alcan brand except for the right to use the Alcan brand pursuant to this Agreement.
- 12.2 NOVELIS's Acknowledgement of ALCAN's Ownership Rights. NOVELIS confirms ALCAN's ownership of the Alcan brand and goodwill pertaining thereto, and agrees not to take or cause any action which may interfere with ALCAN's ownership of the Alcan brand and goodwill represented thereby, and not to use or authorize the use of the Alcan brand directly or indirectly with, or in relation to, any aspect of NOVELIS's business except as specifically authorized by this Agreement. Without limiting the generality of the foregoing, NOVELIS shall not seek or obtain protection in the Alcan brand of any kind, including registration of the Alcan brand, and NOVELIS agrees that it will not contest ALCAN's exclusive ownership of the Alcan brand. At the request of ALCAN, NOVELIS shall

execute any papers or documents necessary to protect the Alcan brand.

12.3 Representation and Warranties. ALCAN makes no representation or warranty, express or implied, in respect of the Alcan TM.

13. NON-COMPETITION

Except as specifically provided in this agreement, neither party shall have the right to otherwise use the brands, trademarks or trade names of the other party, either directly or indirectly, in connection with any product, promotion or publication without the prior written approval of the other party.

NOVELIS further agrees that during the term of this agreement it will not market retail packages of foil in Canada under a brand name that competes directly with the ALCAN brand. However, NOVELIS may manufacture and sell retail packages of foil to third parties who market such foil under brand names or trademarks owned or controlled by such third parties such as "house brands".

14. WARRANTY

14.1. NOVELIS warrants to ALCAN that:

5

- 14.1.1. Foil will be free from defects in materials and workmanship at the time of shipment; and
- 14.1.2. Foil will conform to the approved sample for each Foil product offered by NOVELIS in dimensions, appearance and surface finish within commercially reasonable variations. The gauge of the stock used to produce the Foil shall be within $\pm 10\%$ of gauge of the stock used to produce the approved samples.
- 14.2. If any Foil does not conform to the foregoing warranties, ALCAN or its customer shall request instructions from NOVELIS regarding the return or other disposition of the non-conforming Foil. At its expense, NOVELIS will repair or replace the non-conforming Foil and ship the repaired or replaced Foil to the destination specified in writing by ALCAN or its customer.
- 14.3. NOVELIS shall indemnify ALCAN and hold it harmless from and against any liability, expense, damage, cost or claim (including property damage, injury or death) ("Loss") asserted by any person or entity arising from any use or sale of the Foil by NOVELIS on behalf of ALCAN, unless the Loss was due to the negligent, willful or wanton misconduct of ALCAN.

15. GENERAL TERMS

- 15.1. Neither party may directly or indirectly sell, transfer, assign, or delegate in whole or in part this Agreement, or any rights, duties, obligations or liabilities under the Agreement, without prior written consent of the other. Notwithstanding the foregoing, ALCAN and NOVELIS shall have the right for its convenience to assign and delegate this Agreement to a subsidiary or its controlling shareholder or a company owned or controlled by its controlling shareholder; provided that any assignment and delegation shall not relieve ALCAN or NOVELIS of liability hereunder.
- 15.2. Any $\mbox{ modification }$ to this Agreement shall be agreed to in writing by both parties.
- 15.3. This Agreement and the related Orders shall be governed by and interpreted according to Ontario law.

16. GENERAL PROVISIONS

- 16.1. Section headings are for convenience of reference only and shall not be considered in the interpretation of this Agreement.
- 16.2. All notices required or permitted hereunder shall be in writing and shall be personally delivered or dispatched by prepaid, first-class mail, or by fax, sent to the address indicated in the preamble to this Agreement.
- 16.3. Any consents or approvals given or required to be given under this Agreement shall be effective only if given in writing and executed by the duly authorized

6

representative of the party granting that consent or approval.

16.4. Neither party shall be liable hereunder to the other for delays in the performance of its obligations caused by circumstances beyond its reasonable

control, including but not limited to, acts of god, wars, riots, strikes, floods, labor disputes, accidents, inability to obtain appropriate metal or other raw materials and governmental restrictions; provided that, if any such delay shall continue for a period of sixty (60) days or more, either party shall have the right to terminate this Agreement by written notice to the other.

16.5. The parties acknowledge that they have read this Agreement, understand it, and agree to be bound by its terms and conditions. Further, they agree that it is the complete and exclusive statement of the agreement between the parties relating to the subject matter of this Agreement. This statement of their agreement supersedes all proposals or other prior documents, proposals, invoices, acknowledgements, oral representations, sales agreements, letters of intent or other prior communication or agreements, written or oral, between the parties relating to this subject. Any reproduction of this Agreement by reliable means will be considered an original of this document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first above written.

Accepted and Agreed to

NOVELIS Inc.	ALCAN Inc.
By:	By:
Title:	Title:

AGREEMENT WITH RESPECT TO DISPUTE RESOLUTION

DATED O, 2004 WITH EFFECT AS OF THE EFFECTIVE DATE

AGREEMENT WITH RESPECT TO DISPUTE RESOLUTION

THIS AGREEMENT (the "AGREEMENT") entered into in the City of Montreal, Province of Quebec, is dated December o, 2004, with effect as of the Effective Date.

BETWEEN: NOVELIS INC., a corporation incorporated under the Canada

Business Corporations Act ("NOVELIS"),

AND: NOVELIS FOIL FRANCE, a company organized under the laws of

France ("NOVELIS RUGLES"),

AND: NOVELIS PAE VOREPPE, a company organized under the laws of

France ("NOVELIS PAE"),

AND: NOVELIS SPECIALITES FRANCE, ANNECY, a company organized

under the laws of France ("NOVELIS SPECIALITES"),

AND: NOVELIS LUXEMBOURG SA, a company organized under the laws of

Luxembourg ("NOVELIS LUXEMBOURG"),

AND: NOVELIS DO BRASIL LTDA., a Brazilian limited liability

company incorporated under the laws of Brazil ("NOVELIS $\,$

BRAZILIAN AFFILIATE"),

AND: ARCUSTARGET INC., a corporation incorporated under the

Canada Business Corporations Act ("ARCUSTARGET"),

AND: ALCAN INC., a corporation organized under the Canada

Business Corporations Act ("ALCAN"),

AND: ALCAN CORPORATION, a corporation incorporated under the

Canada Business Corporations Act ("ALCAN CORPORATION"),

AND: ALCAN ALUMINUM CORPORATION, a corporation incorporated under

the Canada Business Corporations Act ("AAC"),

AND: ALCAN INTERNATIONAL LIMITED, a corporation organized under

the laws of Canada ("ALCANINT"),

-2-

RECITALS:

WHEREAS Alcan and Novelis have entered concurrently with this Agreement into a Separation Agreement (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT") pursuant to which Alcan and Novelis set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined in the Separation Agreement).

WHEREAS pursuant to the provisions of the Separation Agreement, Alcan and Novelis have each covenanted and agreed to execute and deliver or, as applicable, cause the appropriate members of their respective Groups (as defined below) to execute and deliver, on or prior to the Effective Date (as defined below), each of the Ancillary Agreements (as such term is defined in the Separation Agreement) including each of the agreements identified on EXHIBIT "A" attached to this Agreement.

WHEREAS the parties hereto wish to set out in this Agreement the procedures for the resolution of all disputes, controversies or claims between Novelis and any member of Alcan Group (as defined below) or between Alcan and any member of Novelis Group (as defined below), that may arise out of, or relate to, or arise under or in connection with any of the agreements identified on EXHIBIT "A" attached to this Agreement.

NOW THEREFORE, in consideration of the agreements, covenants and other provisions set forth in the Separation Agreement and in this Agreement, the Parties (as defined below) hereby agree as follows:

ARTICLE I INTERPRETATION

1.01 DEFINITIONS

In this Agreement the following terms and variations thereof have the meanings specified or referred to in this Section 1.01 and capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Separation Agreement;

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" has the meaning set out at the beginning of this Agreement.

"ALCAN" has the meaning set out at the beginning of this Agreement.

-3-

"ALCAN GROUP" means Alcan, Alcan Corporation, AAC, Alcanint and Alcan Pechiney.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"DISPUTE" has the meaning set forth in Section 2.01.

"EFFECTIVE DATE" means the effective date of the Separation Agreement as defined therein.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GROUP" means Alcan Group or Novelis Group, as the context requires.

"NOVELIS" has the meaning set out at the beginning of this Agreement.

"NOVELIS GROUP" means Novelis, Novelis Brazilian Affiliate, Novelis Rugles, Novelis PAE, Novelis Specialites, Novelis Luxembourg and Arcustarget.

"PARTIES" means Novelis Inc., Novelis Do Brasil Ltda., Novelis Foil France, Novelis PAE Voreppe, Novelis Specialites France, Annecy, Novelis Luxembourg SA, Arcustarget Inc., Alcan Inc., Alcan Corporation, Alcan Aluminum Corporation, Alcan International Limited and Pechiney Centre de Recherches de Voreppe and "PARTY" means each one of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"SEPARATION AGREEMENT" has the meaning set out in the preamble to this Agreement.

ARTICLE II DISPUTE RESOLUTION

2.01 DISPUTE RESOLUTION

The procedures for dispute resolution set forth in Article XII of the Separation Agreement (which is reproduced on EXHIBIT "B" attached to this Agreement) shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise), whether between Novelis and any member of Alcan Group or between Alcan and any member of Novelis Group that may arise out of, or relate to, or arise under or in connection with any of the agreements identified on EXHIBIT "A" attached to this

-4-

Agreement, or the transactions contemplated thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the date hereof), or the commercial or economic relationship of the Parties relating thereto (a "DISPUTE").

For the purposes of EXHIBIT "A" attached to this Agreement, each of Novelis Brazilian Affiliate, Novelis Rugles, Novelis PAE, Novelis Specialites, Novelis Luxembourg and Arcustarget shall be deemed to constitute a member of Novelis Group and each of Alcan Corporation, AAC, Alcanint and Alcan PechineY shall be deemed to constitute a member of Alcan Group.

2.02 APPOINTMENT OF AGENT

- (a) Each member of Novelis Group hereby appoints and designates Novelis as its irrevocable agent, nominee and appointee to institute and conduct any proceeding or process for the purposes of the resolution of any Dispute between itself and any member of Alcan Group, and for the purposes of resolving any such Dispute each member of Novelis Group hereby agrees to refrain from unilaterally instituting any such proceeding or process and to abide by any decision of Novelis in connection therewith. Each member of Novelis Group further confirms and accepts hereby the authority of Novelis, and agrees to be bound by Novelis's acts and decisions, in connection with any and all matters governed by the provisions of Section 2.01 hereof and of Article XII of the Separation Agreement reproduced on EXHIBIT "B" attached to this Agreement.
- (b) Each member of Alcan Group hereby appoints and designates Alcan as its irrevocable agent, nominee and appointee to institute and conduct any proceeding or process for the purposes of the resolution of any Dispute between itself and any member of Novelis Group, and for the purposes of resolving any such Dispute each member of Alcan Group hereby agrees to refrain from unilaterally instituting any such proceeding or process and to abide by any decision of Alcan in connection therewith. Each member of Alcan Group further confirms and accepts hereby the authority of Alcan, and agrees to be bound by Alcan's acts and decisions, in connection with any and all matters governed by the provisions of Section 2.01 hereof and of Article XII of the Separation Agreement reproduced on EXHIBIT "B" attached to this Agreement.

ARTICLE III

3.01 NOTICES

All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when delivered in person or successfully transmitted by facsimile, addressed as follows:

IF TO ALCAN, TO:

Alcan Inc. 1188 Sherbrooke Street West Montreal, Quebec H3A 3G2 Fax: 514-848-8115

Attention: Chief Legal Officer

IF TO NOVELIS, TO:

Novelis Inc. Suite 3800 Royal Bank Plaza, South Tower P.O. Box 84 200 Bay Street Toronto, Ontario M5J 2Z4

Fax: 416-216-3930

Attention: Chief Executive Officer

Any Party may, by notice to the other Party as set forth herein, change the address or fax number to which such notices are to be given.

Any communication given to Alcan in accordance with the foregoing provisions shall be deemed to be effective notice to any other member of Alcan Group and each of Alcan Corporation, AAC, Alcanint and Alcan Pechiney hereby appoints Alcan as its irrevocable agent, nominee and appointee for the purpose of receiving any communication or notice addressed to it. Novelis shall be entitled to and shall act on any communication given or agreement entered into by Alcan on Alcan's behalf or on behalf of any of Alcan Corporation, AAC, Alcanint and Alcan Pechiney.

Any communication given to Novelis in accordance with the foregoing provisions shall be deemed to be effective notice to any other member of Novelis Group and each of Novelis Brazilian Affiliate, Novelis Rugles, Novelis PAE, Novelis Specialites, Novelis Luxembourg and Arcustarget hereby appoints Novelis as its irrevocable agent, nominee and appointee for the purpose of receiving any communication or notice addressed to it. Alcan shall be entitled to and shall act on any communication or agreement entered into by Novelis on Novelis's behalf or on behalf of any of Novelis Brazilian Affiliate, Novelis Rugles, Novelis PAE, Novelis Specialites, Novelis Luxembourg and Arcustarget.

-6-

ARTICLE IV MISCELLANEOUS

4.01 CONSTRUCTION

In this Agreement, unless a clear contrary intention appears:

- reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement;
- (b) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated, and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth
- reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;
- "herein", "hereby", "hereunder," "hereof," "hereto," and words of (d) similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

- "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (f) headings are for convenience of reference only and shall not affect the construction or interpretation hereof; and
- references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

4.02 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

4.03 ENTIRE AGREEMENT

This Agreement and the specific agreements contemplated herein, contain the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein.

-7-

4.04 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail.

4.05 EXECUTION IN COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties.

4.06 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

4.07 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

4.08 ASSIGNMENT

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns; provided, however, that no Party may assign its rights or obligations under this Agreement without the express prior written consent of the other Parties.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement with Respect to Dispute Resolution to be executed by their duly authorized representatives.

NOVELIS INC.

Name: Title:

Ву:	Name: Title:
NOVEL:	IS DO BRASIL LTDA.
ву:	Name: Title:
ву:	Name: Title:
NOVEL	IS FOIL FRANCE
ву:	Name: Title:
Ву:	Name: Title:
-2-	
NOVEL:	IS PAE VOREPPE
ву:	Name: Title:
ву:	Name: Title:
NOVI	ELIS SPECIALITES FRANCE, ANNECY
Ву:	Name: Title:
Ву:	Name: Title:
NO	VELIS LUXEMBOURG SA
Ву	Name: Title:
Ву	: Name:

Title:

By:	
	Name:
	Title:
By:	
4 .	Name:
	Title:
ALCAN	INC.
By:	
21.	Name:
	Title:
By:	
	Name:
	Title:
ALCAN	CORPORATION
By:	
	Name:
	Title:
By:	
-	Name:
	Title:
ALCAN	ALUMINUM CORPORATION
By:	
21.	Name:
	Title:
<u>.</u>	
By:	Name:
	Title:
-4-	
AT.CAM	INTERNATIONAL LIMITED
THOMN	INIDAWATIOWAN DIFFILED
By:	
	Name:
	Title:
B	
By:	Name:
	Title:
	-
PECHI	NEY CENTRE DE RECHERCHES DE VOREPPE
D	
By:	Namo
	Name: Title:
	11010.
By:	
	Name:
	Title:

EXHIBIT 10.30

JOINT PROCUREMENT OF GOODS AND SERVICES PROTOCOL

<TABLE>

PARTIES

<C>

Alcan Inc. ("Alcan")
Novelis Inc. ("Novelis")

PURPOSE

Joint Procurement collaboration is contemplated with a view to mitigating procurement dis-synergies resulting from the Spin-off and to adopt value-maximizing practices in procurement matters.

PRINCIPAL AREAS OF COLLABORATION

- 1. Global
 - (i) IT software, hardware and telecom
 - (ii) Transport
 - (iii) Travel
 - (iv) Alloys
- 2. Europe
 - (i) Refractories and casthouse supplies
 - (ii) Inks, varnishes, packing materials, coatings
 - (iii) Energy
 - (iv) MRO
 - (v) Plant Operating Supplies
- 3. Americas
 - (i) General goods Electrical supplies
 - Cores , corrugated , stretch film
 - MRO
 - Refractories and casthouse supplies
 - Plant Operating Supplies
 - (ii) Raw materials LA
 - Caustic
 - Aluminum fluoride and fine bath
 - Cathodes

Procurement executives of each party to oversee all agreed joint procurement initiatives (with delegation to appropriate regional procurement managers) and to meet at regular intervals to discuss additional possible joint procurement initiatives.

All such discussion will be private and strictly limited to procurement matters. $% \left(1\right) =\left(1\right) \left(1\right) +\left(1\right) \left(1\right) \left(1\right) +\left(1\right) \left(1\right$

Joint procurement activities to be conducted in strict compliance with all applicable laws, including competition and

RESTRICTIONS

</TABLE>

<S>

<C>

antitrust laws.

PROCESS

No legal obligation on either party in relation to joint procurement; to be done on a "reasonable commercial efforts basis".

Each party will limit the information that it gives to or makes known to the other party to such information as is necessary to carry out this protocol. All such information will be held in safe custody and kept confidential with internal access to information restricted to procurement personnel and other legitimate recipients (e.g. legal, executive oversight) on a strict need-to-know basis.

</TABLE>

Exhibit 21.1

Mexico

NOVELIS INC.

<TABLE>

JURISDICTION OF
NAME OF ENTITY

ORGANIZATION

<S>
<C>

Novelis de Mexico, S.A. de C.V. (known as Alcan de Mexico, S.A. de C.V. prior to the separation of Novelis Inc. from Alcan Inc.)

4260856 Canada Inc. Canada

4260848 Canada Inc. Canada

Al Dotcom Sdn Bhd Malaysia

Alcom Aluminium Service Sdn Bhd Malaysia

Alcom Nikkei Specialty Coatings SDN Berhad Malaysia

Aluminium Company of Malaysia Berhad Malaysia

Aluminium Gemeinschaft Gbr Germany

Aluminium Norf GmbH Germany

Consorcio Candonga (unincorporated joint venture) Brazil

EuroNorca Partners New York, United States

Jen Wu Machinery Sdn Bhd Malaysia

Logan Aluminum Inc.

Delaware,
United States

</TABLE>

- 2 -

<TABLE> <CAPTION>

JURISDICTION OF NAME OF ENTITY ORGANIZATION

SS> CC> (ovelis Automotive UK Ltd. (known as Alcan Products UK Ltd. prior to United Kingdom

Novelis Automotive UK Ltd. (known as Alcan Products UK Ltd. prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis Belgium (known as Pechiney Eurofoil Belgique S.A. prior to Belgium

Novelis Benelux NV (known as N.V. Alcan Aluminium Products Benelux Belgium

S.A)

the separation of Novelis Inc. from Alcan Inc.)

Novelis Beteiligungsgesellschaft mbH (known as Alcan Aluminium Germany Beteiligungsgesellschaft mbH prior to the separation of Novelis Inc.

Beteiligungsgesellschaft mbH prior to the separation of Novelis Inc. from Alcan Inc.; will be transferred by Alcan Inc. to Novelis Inc. immediately following the completion of the plan of arrangement)

Novelis Cast House Technology Ltd. (known as Cast House Technology,
Ltd. prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis Corporation (known as Alcan Aluminum Corporation prior to the separation of Novelis Inc. from Alcan Inc.)

United States

Novelis Deutschland GmbH (known as Alcan Deutschland GmbH prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis do Brasil Ltda. (known as Alcan Aluminio do Brasil Ltda. Brazil prior to the separation of Novelis Inc. from Alcan Inc.)

Eurofoil Inc.

New York,
United States

Novelis Europe Holdings Limited United Kingdom

Novelis UK Ltd. (known as Alcan Packaging Bridgnorth Ltd. prior to United Kingdom

the separation of Novelis Inc. from Alcan Inc.) $\ensuremath{^{</}}$ TABLE>

- 3 -

<TABLE>

JURISDICTION OF
NAME OF ENTITY

<S>
Novelis Foil France (known as Pechiney Eurofoil France prior to the

JURISDICTION OF
ORGANIZATION

<C>
France

Novelis Foil France (known as Pechiney Eurofoil France prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis Aluminium Holding Company (known as Alcan Holdings Ireland Co. Ireland prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis Italia s.r.l. Italy

Novelis Korea Ltd. (known as Alcan Taihan Aluminum Limited prior to Korea the separation of Novelis Inc. from Alcan Inc.)

Novelis Lamines France (known as Alcan Lamines France prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis Luxembourg Luxembourg

Novelis PAE (known as Pechiney IOTA 99 prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis PAE Corporation (known as Pechiney Aluminium Engineering, Delaware, Inc. prior to the separation of Novelis Inc. from Alcan Inc.)

United States

Novelis Specialites France (known as Pechiney MU 99 prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis Sweden AB (known as Stocktuna AB prior to the separation of Sweden Novelis Inc. from Alcan Inc.)

Novelis AG (known as Alcan Capital Market Ltd. prior to the separation of Novelis Inc. from Alcan Inc.)

Novelis Technology AG Switzerland </TABLE>

- 4 -

<TABLE> <CAPTION>

JURISDICTION OF NAME OF ENTITY

ORGANIZATION

<C>

Novelis Valais S.A. Switzerland </TABLE>

Exhibit No. 99.1: Information Statement

The information in this preliminary information statement is not complete and may be changed. This information statement is not an offer to sell nor does it seek an offer to buy any securities.

Subject to Completion. Dated December 20, 2004.

PRELIMINARY U.S. INFORMATION STATEMENT



Common Shares

This information statement includes excerpts from the prospectus that we, Novelis Inc., are filing with provincial and territorial securities regulatory authorities in Canada to enable us to become a reporting issuer under applicable securities legislation in those provinces and territories in connection with the distribution of our common shares pursuant to Alcan Inc.'s planned capital reorganization. This information statement is identical to the prospectus except for the omission of certain information that is solely required for Canadian regulatory purposes. We refer throughout this information statement to the excerpts of the prospectus as the prospectus. We are filing this information statement with the United States Securities and Exchange Commission, or the SEC, as an exhibit to our registration statement on Form 10 under the Securities Exchange Act of 1934.

In reviewing this informations of the second sections.	ation statement, you should c	carefully consider the matters described	under the cap	otion "Risk Fa	ectors" beginning o	n page 12 of the attac	ched
	0	ommission nor any State securities commentation to the contrary is a criminal of		proved or dis	approved these seco	urities or determined	l if this
This information stateme	ent does not constitute an off	er to sell or the solicitation of an offer to	buy any secu	rities.			
		The date of this information statement	is	, 2004.			

The information in this amended preliminary non-offering prospectus is not complete and may be changed. This prospectus is not an offer to sell nor does it seek an offer to buy any securities.

This is an amended preliminary non-offering prospectus, a copy of which has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but which has not yet become final. Information contained in this preliminary prospectus may not be complete and may have to be amended.

Subject to Completion. Dated December 20, 2004.

AMENDED PRELIMINARY NON-OFFERING PROSPECTUS



Common Shares

No securities are being offered or sold pursuant to this prospectus. We, Novelis Inc., are filing this prospectus with provincial and territorial securities regulatory authorities in Canada to enable us to become a reporting issuer under applicable securities legislation in those provinces and territories in connection with the distribution of our common shares pursuant to Alcan Inc.'s planned capital reorganization, the steps of which we refer to in this prospectus as the reorganization transactions. We are also filing excerpts of this prospectus with the United States Securities and Exchange Commission, or the SEC, as an exhibit to our registration statement on Form 10 under the Securities Exchange Act of 1934. Since no securities are being sold pursuant to this prospectus, no proceeds will be raised. Expenses in connection with the preparation and filing of this prospectus and the registration statement on Form 10 will be borne by Alcan Inc., or Alcan, from its general funds.

The reorganization transactions are subject to, among other things, the approval of Alcan shareholders at a special meeting scheduled for December 22, 2004. Assuming that Alcan shareholders approve the reorganization transactions, Alcan obtains a final order of the Quebec Superior Court approving the arrangement that implements the reorganization transactions, and Alcan's board of directors subsequently approves the reorganization transactions, we expect that the reorganization transactions will be effective on and that our common shares will be distributed to holders of Alcan common shares of record as of the close of business on , 2005, which will be the record date. Alcan shareholders of record will receive one of our common shares for every five common shares of Alcan held on the record date as soon as practicable after the record date. No fractional shares will be issued, and Alcan shareholders will receive cash equal to the fair market value of any fractional shares to which they otherwise would have been entitled. Alcan shareholders will not be required to pay for our common shares to be received by them in the distribution, or to tender or surrender their Alcan common shares in order to receive our common shares or to take any other action in connection with the distribution.

Alcan will be seeking shareholder approval of the reorganization transactions and Alcan's request for a proxy is being made to Alcan shareholders pursuant to a separate solicitation document. We are not asking you for a proxy and you are requested not to send us one.

There is no current trading market for our common shares. The Toronto Stock Exchange has conditionally approved the listing of our common shares under the symbol "NVL", subject to the filing of the usual documentation. We intend to apply to list our common shares on the New York Stock Exchange under the symbol "NVL".

In reviewing this prospectus, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 12.

No securities regulatory authority in Canada has expressed an opinion about these securities and it is an offence to claim otherwise. Neither the United States Securities
1 Exchange Commission nor any State securities commission has approved or disapproved these securities or determined if this non-offering prospectus is truthful or uplete. Any representation to the contrary is a criminal offense.
This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.
Shareholders of Alcan with inquiries related to the reorganization transactions or the distribution should review Alcan management's proxy circular dated November 23, 2004.
The date of this prospectus is , 2004.

TABLE OF CONTENTS

	Page
Enforceability of Certain Civil Liabilities	3
Explanatory Information	3
Special Note Regarding Forward-Looking Statements and Market Data	6
<u>Summary</u>	7
Risk Factors	12
Risks related to our separation from Alcan	12
Risks related to our business and the market environment	16
Risks related to our industry	20
Risks related to ownership of our common shares	22
Our Business	24

<u>Our history</u>	24
<u>Our industry</u>	25
Our business strengths	36
Our business strategy	37
Our business groups	39
Raw materials and suppliers	45
Our customers	47
<u>Distribution and backlog</u>	48
Research and development	48
Our employees	49
<u>Intellectual property</u>	49
<u>Legal proceedings</u>	50
Environment, health and safety	52
Arrangements Between Novelis and Alcan	53
Capitalization	61
<u>Dividend Policy</u>	62
Selected Combined Financial Data	63
<u>Unaudited Pro Forma Combined Financial Data</u>	64
Management's Discussion and Analysis of Financial Condition and Results of Operations	71
<u>Management</u>	101
Ownership of Our Shares	118
Certain Canadian and United States Income Tax Considerations	121
Description of Our Share Capital	127
<u>Validity of Shares</u>	130
<u>Experts</u>	130
<u>Promoter</u>	130
<u>Material Contracts</u>	130
Statutory Rights of Withdrawal and Rescission	130
Certain Relationships and Related Transactions	130
Shares Eligible for Future Sale	131
<u>Indemnification of Directors and Officers</u>	131
Additional Information	133
Index to Audited Combined Financial Statements	F-1
Index to Unaudited Interim Combined Financial Statements	F-52

In this prospectus, the terms "we," "our," "us," "Group," "Novelis" and "Novelis Group" refer to Novelis Inc., a company incorporated in Canada under the Canada Business Corporations Act, or CBCA, and the businesses to be contributed to us by Alcan pursuant to the reorganization transactions.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are incorporated in Canada under the CBCA. Our registered office as well as a substantial portion of our assets are located outside the United States. Also, some of our directors and officers and some of the experts named in this prospectus reside outside the United States and all or a substantial portion of their assets are located outside the United States. Therefore, it may be difficult for United States shareholders to effect service within the United States upon those persons who are not residents of the United States or to realize in the United States upon judgments of courts of the United States predicated upon the civil liability provisions of the United States federal securities laws. Ogilvy Renault, our Canadian counsel, has advised us that, in their opinion, there is doubt as to the enforceability in Canada against us or against our directors, officers and experts who are not residents of the United States, in original actions or in actions for enforcement of judgments of United States courts, of liabilities predicated solely upon United States federal securities laws.

EXPLANATORY INFORMATION

On November 23, 2004, Alcan convened its shareholders to a special meeting to consider and vote on a special resolution implementing a plan of arrangement under section 192 of the CBCA. Implementation of the plan of arrangement, which is also subject to the approval of the Quebec Superior Court and the final approval of Alcan's board of directors, will, through a reorganization of Alcan's capital, effect the transfer to us of the businesses described below and the distribution of our common shares to Alcan shareholders. Throughout this prospectus, we refer to the various steps in the capital reorganization as the reorganization transactions.

On or prior to the effective date of the plan of arrangement, Alcan will transfer substantially all of the aluminum rolled products businesses it operated prior to its December 2003 acquisition of Pechiney, together with some of its alumina and primary metal-related businesses in Brazil and four former Pechiney rolling facilities in Europe to its wholly-owned subsidiary Arcustarget Inc., or Arcustarget. The reorganization transactions will be implemented on the effective date of the plan of arrangement immediately following the last of these transfers. The various steps of the reorganization transactions effecting the transfer of the businesses to us and the distribution of our shares can be summarized as follows:

- · Alcan's articles of incorporation will be amended to create an unlimited number of Alcan Class A common shares and an unlimited number of Alcan special shares.
- Each Alcan common share outstanding on the effective date will be exchanged for one new Alcan Class A common share and one Alcan special share.
- Each outstanding Alcan special share will then be transferred by the holder thereof to us in exchange for the issuance by us to such holder of one of our common shares for each five Alcan special shares so transferred. This step results in the distribution of our common shares to Alcan shareholders.
- Our articles of incorporation will be amended to create an unlimited number of special shares, series 1.
- Alcan will transfer to us all of the common shares of Arcustarget held by it in exchange for our special shares, series 1. This step results in the transfer of the businesses to us.
- We will redeem for cancellation our special shares, series 1, held by Alcan, and Alcan will redeem for cancellation the Alcan special shares held by us. The redemption amounts will be paid through

the issuance by us and by Alcan, respectively, of a redemption note. The redemption notes will be set off against each other in full satisfaction of the respective obligations and cancelled.

· We will amalgamate with Arcustarget.

The plan of arrangement also reflects the current intention to exchange the options granted under the Alcan Executive Share Option Plan held by Alcan employees becoming our employees after the separation for options to purchase our common shares. Similarly, in connection with the separation, Alcan stock appreciation units held by Alcan employees becoming our employees will be replaced by our stock appreciation units. See "Management — Alcan stock options — Treatment of Alcan stock options" and "Management — Alcan stock appreciation units — Treatment of Alcan stock appreciation units."

We describe in this prospectus the businesses to be transferred to us by Alcan pursuant to the reorganization transactions and to be operated by us following the reorganization transactions as if they were our businesses for all historical periods described. These businesses include the assets, liabilities and operations relating to the portions of the Sierre and Neuhausen facilities transferred to us as described under "Arrangements Between Novelis and Alcan — Sierre agreements" and "Arrangements Between Novelis and Alcan — Neuhausen agreements," respectively. For further information on our businesses and the reorganization transactions, see "Our Business."

Following the reorganization transactions, we will be an independent public company. Accordingly, our historical financial results as part of Alcan contained in this prospectus may not reflect our financial results in the future as an independent company or what our financial results would have been had we operated the businesses to be transferred to us by Alcan as a stand-alone company during the periods presented. In addition, the market position information presented throughout this prospectus reflects the circumstances with respect to the aluminum rolled products businesses to be transferred to us that existed while we were part of Alcan. There can be no assurance that we will be able to improve or maintain our market position as a stand-alone company. Please see "Risk Factors — Risks related to our separation from Alcan" for more information.

The financial information contained in this prospectus is presented in accordance with United States Generally Accepted Accounting Principles, or U.S. GAAP, unless otherwise indicated. All figures are unaudited unless otherwise indicated. All dollar figures are in U.S. dollars unless otherwise indicated.

We prepare our financial statements in U.S. dollars. 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. You should note the rates set forth below may differ from the actual rates used in our accounting processes and in the preparation of our combined financial statements.

Year ended December 31,	At period end	Average rate(1)	High	Low
1999	1.4440	1.4827	1.5302	1.4440
2000	1.4995	1.4871	1.5600	1.4350
2001	1.5925	1.5519	1.6023	1.4933
2002	1.5800	1.5702	1.6128	1.5108
2003	1.2923	1.3916	1.5750	1.2923
2004 (through December 17)	1.2257	1.4182	1.3970	1.1813

⁽¹⁾ The average of the noon buying rates on the last day of each month during the period.

Throughout this prospectus, we refer to the products we manufacture as aluminum rolled products. This term is synonymous with the terms "flat rolled products" and "FRP" commonly used by manufacturers and third-party analysts in our industry.

All tonnages are stated in metric tonnes. One metric tonne is equivalent to 2,204.6 pounds. One kilotonne, or kt, is 1,000 metric tonnes.

Throughout this prospectus, references to our shipment totals, results of operations and cash flows prior to January 1, 2004 do not include production from the facilities to be transferred to us by Alcan that were initially acquired by Alcan as part of the acquisition of Pechiney in December 2003. Unless otherwise indicated, market position data relating to our company and other aluminum rolled products producers is based on information from CRU International Limited, or CRU.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA

This prospectus 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 "Summary," "Risk Factors," "Our Business" and "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. 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 after we distribute this prospectus, whether as a result of new information, future events or otherwise.

This prospectus 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, including CRU, quoted herein. This information includes, but is not limited to, data concerning production capacity, product shipments and share of production. Actual market results may differ from those predicted. While we do not know what impact any of these differences may have on our business, our results of operations, financial condition and the market price of our securities may be materially adversely affected. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things:

- our separation from Alcan, the level of our indebtedness and our ability to generate cash following the separation;
- · relationships with, and financial and operating conditions of, our customers and suppliers;
- · changes in the prices and availability of raw materials we use;
- · 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;
- · changes in the relative values of various currencies;
- · factors affecting our operations, such as litigation, labour 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;
- · cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; and
- · changes in government regulations, particularly those affecting environmental, health or safety compliance.

We caution you that the above list of factors is not exclusive. Some of these and other factors are discussed in more detail under "Risk Factors" in this prospectus. These forward-looking statements are made as of the date of this prospectus.

SUMMARY

The following is a summary of some of the information contained in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of holding and investing in our common shares discussed under "Risk Factors," and our financial statements.

We describe in this prospectus the businesses to be transferred to us by Alcan pursuant to the reorganization transactions described under "Our Business — Our history" and to be operated by us following the reorganization transactions as if they were our businesses for all historical periods described. Following the reorganization transactions, we will be an independent public company. Accordingly, our historical financial results as part of Alcan contained in this prospectus may not reflect our financial results in the future as an independent company or what our financial results would have been had we operated the businesses to be transferred to us by Alcan as a stand-alone company during the periods presented.

Our business

We are the world's leading aluminum rolled products producer based on shipment volume in 2003, with total aluminum rolled products shipments of approximately 2,478 kilotonnes during that year. In 2003, we were the largest aluminum rolled products producer in terms of shipments in each of Europe, Asia-Pacific and South America, and the second largest in North America. With operations on four continents comprised of 38 operating facilities in 12 countries, we are the only company of our size and scope focused solely on aluminum rolled products markets and capable of local supply of technically sophisticated products in all of these geographic regions. We had sales and operating revenues of \$6.2 billion in 2003.

We produce and sell a wide range of aluminum rolled products. Our facilities have the capacity to manufacture products in any common aluminum alloy, a range of tempers (hardness), gauges (thickness) and widths with a variety of coatings and finishes. We also make products according to specific customer requirements. Important end-use applications for our business groups include aluminum beverage cans, semi-rigid aluminum containers and packaging, building products, automotive sheet for body structure and panels, heat exchanger finstock, marine and rail transportation products, electronics, appliances and other industrial applications.

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 business groups:

- · Novelis North America;
- Novelis Europe;
- · Novelis Asia; and
- · Novelis South America.

Our history

We are a Canadian corporation formed on September 21, 2004 to acquire and independently carry on substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney. In addition to those businesses, we will own and operate some of Alcan's alumina and primary metal-related businesses in Brazil and four former Pechiney rolling facilities in Europe. These businesses will be transferred to us as part of the reorganization transactions.

Our business strengths

For nearly 90 years, our business has evolved within Alcan's integrated aluminum business. Continuing as an aluminum rolled products company independent of Alcan, we intend to build on the business strengths we developed while part of Alcan. Our key strengths are:

- With 38 operating facilities located in 12 countries and on four continents, we have a broad geographical presence that we believe allows us to better serve our increasingly global customer base as well as diversify our sources of cash flow and offset risk across different regions;
- · We maintain long-standing supply relationships with many of our customers;
- We are the world's leading aluminum rolled products producer based on shipment volume in 2003, with an estimated 18% share of worldwide aluminum rolled products shipments during that year. In 2003, we were the largest aluminum rolled products producer in terms of shipments in each of Europe, Asia-Pacific and South America, and the second largest in North America;
- We operate highly automated and well-maintained facilities using modern manufacturing technologies for the efficient production of aluminum rolled products in many regions of the world. Our large production base within each of our business groups allows us to combine similar production runs and dedicate facilities for focused and cost-efficient production;
- We have a diversified metal supply, experience to manage our metal needs as well as comprehensive hedging capabilities to assist our customers in managing metal price risk;
- We endeavor to be at the forefront of developing next generation technologies in the aluminum rolled products industry in which we operate and believe that we are the world leader in continuous casting technology, as owner of technology relating to the two main continuous casting processes; and
- We have a management team that has significant experience in the aluminum rolled products industry. The members of our senior management team have over 200 years of combined experience in the aluminum industry and bring a wide range of skills in manufacturing, engineering, marketing and sales, human resource management and finance.

Our business strategy

Our primary objective is to maximize shareholder value by increasing our revenues and profitability in the North American, European, Asia-Pacific and South American aluminum rolled products markets. We intend to achieve our objective through the application of our business strengths to the strategic initiatives outlined below. We intend to:

- enhance value to our customers by improving the quality of our products and services. We intend to conduct research and development that generates new products and processes to enable us to maintain long term partnerships with our key customers. We also plan to work in partnership with our customers to develop new uses for our various products by substituting highly engineered aluminum rolled products for other materials, thereby developing new markets for our products;
- implement a new metal conversion business model which will focus on the aluminum rolled products markets and emphasize product line selection based on higher value added rather than volume, economies of utilization and a higher focus on recyclables. We believe the resulting change will allow us to react more quickly in all markets and better align our business with customer requirements;
- optimize our production capacity in order to focus on achieving attractive returns on our capital assets without investing significant amounts of capital. We believe that our separation from Alcan and its vertically integrated production chain will offer us further opportunities to improve sourcing logistics and increase working capital efficiency;

- continue working with our suppliers to further leverage economies of scale in our purchase of primary aluminum, supplies and services. Our metal management strategy includes plans to develop our recycling program further with a focus on sources of material such as used beverage cans, as well as other forms of recycled material in all regions in which we operate, which will expand our access to more cost effective sources of aluminum;
- use our international presence in order to capture growth opportunities in targeted aluminum rolled products markets such as food and beverage cans and the growing automotive component market on the North American, European and Asian continents; and
- use our management team, large scale operations, technical resources, market focus and operating cash flow to identify and take advantage of appropriate expansion and acquisition opportunities as they may arise.

We expect that implementation of these strategic initiatives will enable us to generate stable earnings and cash flow from operating activities. In the near-term, we expect to use a portion of our excess cash flow to repay debt and reduce our leverage, which is consistent with the anticipated terms of the debt we expect to incur in connection with the reorganization transactions. In the longer term, we will consider investment opportunities and increased return of cash to shareholders consistent with achieving and maintaining a strong non-investment grade debt rating.

Dividend policy

Subject to applicable law, we expect our board of directors to adopt a policy of quarterly dividend payments on our common shares. The ultimate decision and dividend rate will be established by our 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 and other relevant factors.

Summary historical and pro forma combined financial data

The following table presents our summary combined financial data as of and for the periods indicated. The combined statements of income data for the years ended December 31, 2003, 2002 and 2001 and the combined balance sheet data as of December 31, 2003 and 2002 set forth below are derived from our audited combined financial statements which are included elsewhere in this prospectus. The unaudited condensed combined statements of income data for the years ended December 31, 2000 and 1999 and the unaudited condensed combined balance sheet data as of December 31, 2001, 2000 and 1999 set forth below are derived from historical financial information based on Alcan's accounting records. The unaudited condensed combined statements of income data for the nine months ended September 30, 2004 and September 30, 2003 and the unaudited condensed combined balance sheet data as of September 30, 2004 set forth below are derived from our unaudited interim combined financial statements which are included elsewhere in this prospectus. The unaudited condensed combined balance sheet data as of September 30, 2003 set forth below is derived from historical financial information based on Alcan's accounting records. In management's opinion, the unaudited interim financial statements have been prepared on substantially the same basis as the audited combined financial statements and include all adjustments, consisting only of

normal recurring adjustments, necessary for a fair presentation of such statements for the periods presented.

For the nine months ended September 30,

For the years ended December 31,

	2004	2003	2003	2002	2001	2000	1999
	(\$ mi	llions)			(\$ millions)		
Sales and operating revenues	\$5,739	\$4,685	\$6,221	\$5,893	\$5,777	\$5,668	\$4,773
Net income (Loss)	148	103	157	(9)	(137)	82	113
Total assets	6,076	4,738	6,316	4,558	4,390	4,943	4,085
Long-term debt (including current portion)	1,119	656	1,659	623	514	584	692
Other debt	915	339	964	366	445	498	111
Cash and time deposits	27	24	27	31	17	35	65
Invested equity	1,948	2,305	1,974	2,181	2,234	2,562	2,079

- (1) In December 2003, Alcan acquired Pechiney. A portion of the acquisition cost relating to four plants that are included in the Novelis Group was allocated to us and accounted for as additional invested equity. The net assets of the Pechiney plants are included in the combined financial statements as at December 31, 2003 and the results of operations and cash flows are included in the combined financial statements beginning January 1, 2004.
- (2) On January 1, 2002, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under this standard, goodwill and other intangible assets with an indefinite life are no longer amortized but are carried at the lower of carrying value and fair value and are tested for impairment on an annual basis. An impairment of \$84 million was identified in the goodwill balance as at January 1, 2002, and was charged to income as a cumulative effect of accounting change in 2002 upon adoption of the new accounting standard. The amount of goodwill amortization was \$3 million in 2001.
- (3) In 2001, Alcan implemented a restructuring program that included certain businesses we will acquire from it in the reorganization transactions. Restructuring and asset impairment charges of \$208 million, \$25 million and \$(24) million were recorded in 2001, 2002 and 2003, respectively, relating to this program.
- (4) In October 2000, Alcan acquired Alusuisse Group Ltd (algroup). A portion of the acquisition cost relating to two plants that are included in the Group was allocated to us and accounted for as additional invested equity. The net assets of the algroup plants are included in the combined financial statements as at October 31, 2000 and the results of operations and cash flows are included in the combined financial statements beginning October 1, 2000.

The following table presents summary unaudited pro forma combined information for the year ended December 31, 2003 and the nine months ended September 30, 2004. The unaudited pro forma financial information set forth below reflects our historical combined financial information, adjusted to give effect to transactions described below as if they had occurred as of September 30, 2004, in the case of the combined balance sheet, and January 1, 2003, in the case of the combined statements of income. The following transactions, which are discussed in more detail in the notes to our unaudited pro forma combined financial statements, are reflected in the pro forma financial information:

- the debt that is expected to be issued in connection with the reorganization transactions;
- the interest, including debt issuance costs, and tax effect of the issuance of the debt described above;
- the expected settlement of all loans payable and receivable from Alcan;
- the expected settlement of \$963 million of third party borrowings;

- the expected payment to Alcan of \$1,750 million following the issuance of the debt securities (the exact amount will be determined only at the effective date of the reorganization and will be based on the value of Alcan's net investment in the assets being spun-off); and
- other adjustments described in the notes to our unaudited pro forma combined financial statements.

	For the nine months ended September 30, 2004	For the year ended December 31, 2003
	(\$ millions except	t per share data)
Sales and operating revenues	\$5,739	\$6,221
Net income	53	21
Net income per common share — basic	0.72	0.28
Net income per common share — diluted		0.28
Total assets	5,256	N/A
Long-term debt (including current portion)	2,948	N/A
Other debt	_	N/A
Cash and time deposits	27	N/A

The unaudited pro forma financial information is based upon available information and assumptions that management believes are reasonable. The pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our financial condition or results of operations would have been had the transactions described above occurred on the dates indicated. The pro forma information also is not necessarily indicative of our future financial condition or results of operations. The summary historical combined and pro forma combined financial data should be read in conjunction with our audited combined financial statements and notes to the audited combined financial statements included elsewhere in this prospectus. You should also read "Selected Combined Financial Data," "Unaudited Pro Forma Combined Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Certain income tax considerations

You should carefully read the information under the heading "Certain Canadian and United States Income Tax Considerations."

Our relationship with Alcan after the separation

Following the separation, we will be an independent public company. We and Alcan will enter into a separation agreement and several ancillary agreements for the purpose of accomplishing the transfer of Alcan's rolled products businesses to us and the distribution of our shares to Alcan common shareholders. These agreements will also govern our relationship with Alcan following the separation and provide for the allocation of employee benefits, tax and some other liabilities and obligations attributable to periods prior to and, ir some cases, after the separation. These agreements also include arrangements with respect to transitional services and commercial arrangements for the supply and sale of alumina, foil and primary aluminum after the separation. The separation agreement includes an obligation to indemnify Alcan against liabilities arising out of the rolled products businesses being transferred to us and certain other liabilities and a reciprocal indemnity under which Alcan will generally be obligated to indemnify us against liabilities arising out of Alcan's retained businesses

Risk factors

You should carefully consider the matters discussed under the heading "Risk Factors" beginning on page 12 of this prospectus.

RISK FACTORS

You should carefully consider the following risk factors and all the other information contained in this prospectus in evaluating us and our common shares.

Risks related to our separation from Alcan

We have no history operating as an independent company and we may be unable to make on a timely or cost-effective basis the changes necessary to operate as an independent company.

Prior to the separation, our business was operated by Alcan primarily within two business groups of its broader corporate organization rather than as a stand-alone company. Alcan performed various corporate functions for us, including, but not limited to, the following:

- · treasury administration;
- · selected benefits administration functions;
- · selected employee compensation functions;
- · selected information technology services; and
- · metal, energy and currency hedging.

Following the separation, Alcan will have no obligation to provide these functions to us other than as part of the transitional services that will be provided by Alcan and that are described in "Arrangements Between Novelis and Alcan — Transitional services agreement."

If we do not have in place our own systems and business functions, we do not have agreements with other providers of these services or we are not able to make these changes cost effectively, once our transitional services agreement with Alcan expires, we may not be able to operate our business effectively, we may be unable to maintain our market position in the various markets in which we compete and our profitability may decline. If Alcan does not continue to perform the transitional services it has agreed to provide to us effectively, we may not be able to operate our business effectively after the separation.

Historically we have benefited from Alcan's size and purchasing power in procuring goods, technology and services. Although we expect to enter into group purchasing arrangements for certain goods and services with Alcan, we may be unable to obtain goods, technology and services as a separate, stand-alone company, at prices and on terms as favourable as those available to us prior to the separation and we may not have access to financial and other resources comparable to those available to us prior to the separation.

Following the separation, the level of our indebtedness, which will be relatively higher than that of Alcan, will subject us to various restrictions, result in higher interest costs and potentially limit our financial flexibility.

Immediately following the separation, we expect to have an aggregate of \$2.9 billion of debt outstanding. In addition, we may incur additional debt in the future. We expect that as a result of this indebtedness, our interest expense will be higher than it has been in the past. Please see "Unaudited Pro Forma Combined Financial Data" for more information. This indebtedness will be governed by instruments that we expect will impose a number of restrictions and covenants on us that could limit our strategic alternatives or our ability to respond to market conditions or take advantage of business opportunities. We also expect to enter into a revolving credit facility that will be available for operating working capital and other requirements. This credit facility is expected to be in the aggregate amount of \$500 million. Any additional debt we incur in the future could impose further limits on us, increase our interest expense and reduce our profitability.

A deterioration of our financial position or a credit rating downgrade following the separation could increase our borrowing costs and have an adverse effect on our business relationships. We intend, from time to time, to enter into various forms of hedging activities against currency or metal price fluctuations

and to trade metal contracts on the London Metal Exchange, or LME. Financial strength and credit ratings are important to the pricing of these hedging and trading activities and, as a result, any downgrade of our credit ratings may make it more costly for us to engage in these activities and our anticipated level of indebtedness may make it more costly for us to engage in these activities than it has been as a part of the Alcan group.

Our agreements with Alcan may not reflect what two unaffiliated parties might have agreed to.

The allocation of assets, liabilities, rights, indemnifications and other obligations between Alcan and us under the separation and ancillary agreements we will enter into with Alcan may not reflect what two unaffiliated parties might have agreed to. Had these agreements been negotiated with unaffiliated third parties, their terms may have been more favourable, or less favourable, to us.

As a separate company, we will 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. In 2003, we purchased the majority of our third party sheet ingot requirements from Alcan's primary metal group. We will enter into a metal supply agreement with Alcan upon terms and conditions substantially similar to market terms and conditions for the continued purchase of sheet ingot from Alcan. If Alcan is unable to deliver sufficient quantities of this material on a timely basis or if Alcan terminates the agreement, our production may be disrupted and our sales and profitability 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. In 2003, Alcan's primary metal group supplied 162 kilotonnes of such material to us, representing all of the molten aluminum used at Saguenay Works in 2003. We will enter into a metal supply agreement with Alcan upon terms and conditions substantially similar to market terms and conditions 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 sales and profitability 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 will provide that if we experience a change in control in our voting shares either within the first year of the date of separation or during the following four years if the entity acquiring control does not agree with Alcan not to compete in the plate and aerospace markets, Alcan may terminate any or all of certain agreements we have with it. The termination of any of these agreements could deprive us of key 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, sales and profitability. 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 favourable to us or at all.

We could incur significant tax liability, or be liable to Alcan, if certain transactions occur which violate tax-free spin-off rules.

Under Section 55 of the Income Tax Act (Canada), we and/or Alcan will recognize a taxable gain on our spin-off from Alcan if, among other specified circumstances, (1) within three years of our spin-off from Alcan, we engage in a subsequent spin-off or split-up transaction under Section 55, (2) a shareholder who (together with non-arm's length persons and certain other persons) owns 10% or more of our common shares or Alcan common shares, disposes to a person unrelated to such shareholder of any such shares (or

property that derives 10% or more of its value from such shares or property substituted therefor) as part of the series of transactions which includes our spin-off from Alcan, (3) there is a change of control of us or of Alcan that is part of the series of transactions that includes our spin-off from Alcan, (4) we sell to a person unrelated to us (otherwise than in the ordinary course of operations) as part of the series of transactions that includes our spin-off from Alcan, property acquired in our spin-off from Alcan that has a value greater than 10% of the value of all property received in the spin-off from Alcan, (5) within three years of our spin-off from Alcan, Alcan completes a split-up (but not spin-off) transaction under Section 55, (6) Alcan makes certain acquisitions of property before and in contemplation of our spin-off from Alcan, (7) certain shareholders of Alcan and certain other persons acquired shares of Alcan (other than in specified permitted transactions) in contemplation of our spin-off from Alcan, or (8) Alcan sells to a person unrelated to it (otherwise than in the ordinary course of operations) as part of the series of transactions or events which includes our spin-off from Alcan, property retained by Alcan on the spin-off that has value greater than 10% of the value of all property retained by Alcan on our spin-off from Alcan. If any of the above events were to occur and to cause the spin-off to be taxable to us or to Alcan under Section 55, we and/or Alcan would be liable for tax. We would generally be required to indemnify Alcan for tax under the tax sharing and disaffiliation agreement if Alcan's tax liability arose because of (i) a breach of our representations, warranties or covenants in the tax sharing and disaffiliation agreement, or (ii) certain acts or omissions by Alcan (such as a transaction described in (5) above). These liabilities and the related indemnity payments could be significant and could have a material adverse effect on our financial results.

Our U.S. subsidiary will also agree under a tax sharing and disaffiliation agreement to certain restrictions that are intended to preserve the tax-free status of the reorganization transactions in the United States for United States federal income tax purposes, and that will, among other things, limit our U.S. subsidiary's ability to issue or sell stock or other equity-related securities, to sell its assets outside the ordinary course of business, and to enter into any other corporate transaction that would result in a person acquiring, directly or indirectly, a majority of our U.S. subsidiary, including an interest in our U.S. subsidiary through holding our shares. If we breach any of these covenants, we generally will be required to indemnify Alcan Corporation, the intermediate holding company for Alcan's U.S. operations, against the United States federal income tax resulting from a failure of the reorganization transactions in the United States to be tax-free for United States federal income tax purposes. These liabilities and the related indemnity payments could be significant and could have a material adverse effect on our financial results.

These potential liabilities could prevent us from entering into business transactions at favourable terms to us or at all.

We may be required to satisfy certain indemnification obligations to Alcan, or may not be able to collect on indemnification rights from Alcan.

We and Alcan have agreed to indemnify each other for certain liabilities and obligations related to, in the case of our indemnity, the business transferred to us, and in the case of Alcan's indemnity, the business retained by Alcan. These indemnification obligations could be significant. We cannot determine whether we will have to indemnify Alcan for any substantial obligations after the separation. We also cannot assure you that if Alcan has to indemnify us for any substantial obligations, Alcan will be able to satisfy those obligations.

We may have potential business conflicts of interest with Alcan with respect to our past and ongoing relationships that could harm our business operations.

A number of our commercial arrangements with Alcan that existed prior to the reorganization transactions, our separation arrangements and our post-separation commercial agreements with Alcan

could be the subject of differing interpretation and disagreement following our separation. These agreements may be resolved in a manner different from the manner in which disputes were resolved when we were part of the Alcan group. This could in turn affect our relationship with Alcan and ultimately harm our business operations.

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

We have agreed not to compete with Alcan for a period of five years 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. Please see "Arrangements Between Novelis and Alcan — Separation agreement."

Neither our historical nor our pro forma financial information may be representative of results we would have achieved as an independent company or our future results.

The historical financial information we have included in this prospectus has been derived from Alcan's consolidated financial statements and does not necessarily reflect what our results of operations, financial position or cash flows would have been had we been an independent company during the periods presented. For this reason, as well as the inherent uncertainties of our business, the historical financial information does not necessarily indicate what our results of operations, financial position, cash flows or costs and expenses will be in the future.

Although our pro forma adjustments reflect certain changes that we expect will occur in our capital structure as a result of our separation from Alcan and other adjustments, they do not necessarily indicate the actual changes in capital and cost structure that may occur as we separate from Alcan and operate as a publicly traded, independent company.

We expect to have to spend significant amounts of time and resources to build a new brand identity.

We have previously marketed our products under the Alcan name, which has a strong reputation within the markets we serve. Following the separation, we will adopt new trademarks and trade names to reflect our new company name. Although we plan to engage in significant marketing activities and intend to spend significant amounts of time and resources to develop a new brand identity, potential customers, business partners and investors generally may not associate Alcan's reputation and expertise with our products and services. Furthermore, our name change also may cause difficulties in recruiting qualified personnel. If we fail to build brand recognition, we may not be able to maintain the leading market positions that we have developed while we were part of Alcan, which could harm our financial results.

As we build our information technology infrastructure and transition our data to our own systems, we could experience temporary interruptions in business operations and incur additional costs.

We are in the process of creating our own, or engaging third parties to provide, information technology infrastructure and systems to support our critical business functions, including accounting and reporting, in order to replace many of the systems Alcan currently provides to us. We may incur temporary interruptions in business operations if we cannot transition effectively from Alcan's existing operating systems, databases and programming languages that support these functions to our own systems. Our failure to implement the new systems and transition our data successfully and cost-effectively could disrupt our business operations and have a material adverse effect on our profitability. In addition, our costs for the operation of these systems may be higher than the amounts reflected in our historical combined financial statements.

Risks related to our business and the market environment

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 39% of our total sales in 2003, with Rexam Plc and its affiliates representing approximately 9.6% of our total sales and operating revenues in that year. A significant downturn in the business or financial condition of our significant customers could materially adversely affect our results of operations. 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 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 "Our 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 could be adversely affected. The markets in which we operate are competitive and customers may seek to consolidate supplier relationships or change suppliers to accrue cost savings and other benefits.

Our profitability could be adversely affected by increases in the cost or disruptions in the availability of raw materials.

Prices for the raw materials we require are subject to continuous volatility and may increase from time to time. Although our sales are generally made on the basis of a "margin over metal price," if prices increase, 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 can 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 profitability. In addition, sales contracts currently representing approximately 20% of our total annual sales provide for a ceiling over which metal prices cannot contractually be passed through to our customers, which could potentially also have a material adverse effect on our financial results. Although we attempt to mitigate the risk of this occurrence through the purchase of hedging contracts or options, this hedging policy may not successfully or completely eliminate these effects. Finally, a sustained material increase in raw materials prices may cause some of our customers to substitute other materials for our products.

Our operations are energy-intensive and our profitability 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; and
- the inability to extend energy supply contracts upon expiration on economical terms.

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

We may not have sufficient cash and 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 satisfy working capital, 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 will have rights and preferences and privileges senior to those of holders 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. If we raise funds through the issuance of equity, the proportional ownership interests of our shareholders could be diluted.

Adverse changes in currency exchange rates could negatively affect our financial results 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. Currency risk management for our business has historically been considered within Alcan's overall treasury operations. As part of this strategy, Alcan has used financial instruments to reduce its exposure to adverse movements in currency exchange rates. As an independent company, we plan to implement a hedging policy that will attempt 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.

We prepare our combined 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 United States and the amount of our equity.

Primary aluminum and aluminum recyclables represent between 45% and 80% of the cost of our rolled products and these input materials are purchased based upon LME aluminum trading prices denominated in U.S. dollars. As a result, and because we generally sell our rolled products on a "margin over metal" price, increases in the relative value of the U.S. dollar against the local currency in which sales are made can make aluminum rolled products less attractive to our customers than substitute materials, such as steel or glass, whose manufacturing costs may be more closely linked to the local currency, which in turn could have a material adverse effect on our financial results.

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 two-thirds of our employees are represented by labour 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 worldwide 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 labour 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

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. Further, because many of our customers are, to varying degrees, dependent on planned deliveries from our plants, 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, potentially 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 and we could incur uninsured losses and liabilities arising from such events, including damage to our reputation, loss of customers and suffer substantial losses in operational capacity, any of which could have a material adverse effect on our financial results.

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.

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

We may not be able to adequately protect proprietary rights to our technology.

Although we attempt to protect our proprietary technology and processes and other intellectual property through patents, trade secrets, copyrights, confidentiality and nondisclosure agreements and other measures, these measures may not be adequate to protect our intellectual property. Because of differences in intellectual property laws throughout the world, our intellectual property may be substantially less protected in various international markets than it is in the United States and Canada. Failure on our part to adequately protect our intellectual property may materially adversely affect our

financial results. Furthermore, we may be subject to claims that our technology infringes the intellectual property rights of another. Even if without merit, those claims could result in costly and prolonged litigation, divert management's attention and could materially adversely affect our business. In addition, we may be required to enter into licensing agreements in order to continue using technology that is important to our business. However, we may be unable to obtain license agreements on terms that are acceptable to us or at all.

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

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.

Our four former Pechiney rolling facilities in Europe were acquired by Alcan in December 2003. Because of the recency of their acquisition, and the fact that two of these facilities, at Rugles and Annecy in France, have been subject to "hold separate" obligations to meet competition requirements imposed on Alcan, we have yet to complete our integration of their businesses and our analysis of the extent of the assets and liabilities associated with their operations. The existence of unanticipated liabilities 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 United States and in Brazil, which was terminated in June 2004, unfunded pension benefits in Germany, and lump sum indemnities payable to our employees in France, Korea and Malaysia upon retirement. Our pension plan assets consist primarily of listed stocks and bonds. Our estimates of liabilities and expenses for pensions and other post-retirement 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.

In addition to existing defined benefit pension plans, we will be required to assume pension liabilities from pension plans that we currently share with Alcan, mainly in Switzerland and the United Kingdom. The assumption of such liabilities will occur by our becoming the principal employer under these plans or by the establishment of new pension plans. The risks described above will also apply to these plans.

In the United Kingdom, the change of principal employer under a particular plan occurring as a result of the reorganization transactions is subject to the consent of the plan's board of trustees who may decide, at such time or at any point in the future in view of the best interest of the plan's members, to wind-up the plan and require an accelerated payment of the plan's deficit. Any such wind-up of our plan could have a material adverse effect on our financial results.

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. Under the governing documents or agreements for 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.

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.

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 some of our competitors.

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

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 the beverage/food cans and automotive end-use markets. In the past, customers have demonstrated a willingness to substitute other materials for aluminum. The willingness of customers to accept substitutes for aluminum products could have a material adverse effect on our financial results.

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

Certain end-use markets for aluminum rolled products, such as the construction and industrial and transportation markets, 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. 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.

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

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, and the remediation of environmental contamination and working conditions for our employees. The costs of complying with these laws and regulations, including participation in assessments and remediation of sites and installation of pollution control facilities, have been and could be significant. In addition, these laws and regulations may also result in substantial environmental liabilities, including liabilities associated with divested assets 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 or 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. We have established reserves for environmental remediation activities and liabilities where appropriate. However, environmental matters 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

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. Should this occur, 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.

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. In the event that any of these substances or related residues proves to be toxic, we may be liable for certain costs, including, among others, costs for health-related claims or removal or retreatment of such substances. In addition, although we have developed environmental, health and safety programs for our employees 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 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, 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 are discussed below under "Business — 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.

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 products 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 sales. We generally maintain insurance against many product liability risks but there can be no assurance that this coverage will be adequate for 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.

Risks related to ownership of our common shares

Because there has not been any public market for our common shares, the market price and trading volume of our shares may be volatile and you may not be able to resell your shares at or above the initial market price of our shares following the separation.

Prior to the separation, there will have been no trading market for our common shares. We cannot predict the extent to which investors' interest will lead to a liquid trading market or whether the market price of our shares will be volatile. Furthermore, the combined trading prices of our shares and Alcan shares following the separation could be less than, equal to or greater than the trading price of Alcan common shares prior to the separation.

The market price of our common shares could fluctuate significantly for many reasons, including for reasons unrelated to our specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within our industry experience declines in their stock price, our share price may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company.

A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

Sales of large numbers of our common shares following the separation or a perception that such sales may occur may cause our share price to decline.

Any sales of substantial amounts of our common shares in the public market or the exercise of significant amounts of options or the perception that such sales or exercise might occur, whether as a result of the separation or otherwise, may cause the market price of our common shares to decline. Upon completion of the separation, we will have outstanding an aggregate of 73,747,482 common shares based upon the number of shares of Alcan common shares outstanding on September 30, 2004 and the distribution ratio of one of our common shares for every five Alcan common shares outstanding.

Distributions to shareholders whose investment profile may not be consistent with our investment profile may lead to sales of our common shares or a perception that such sales may occur, either of which could have a material adverse effect on the market for and market price of our common shares.

The terms of our separation from Alcan and our shareholder rights plan could delay or prevent a change of control that you may consider favourable.

If any of the events described under "— Risks related to our separation from Alcan — We could incur significant tax liability, or be liable to Alcan, if certain transactions occur which violate tax-free spin-off rules" were to occur and cause the spin-off to be taxable to Alcan, we would be required to indemnify Alcan for the resulting tax. This indemnity obligation, or our potential tax liability, either of which could be significant, might discourage, delay or prevent a change of control that you may consider favourable.

The rights of Alcan to terminate certain of our agreements in circumstances described under "— Risks related to our separation from Alcan — We may lose key rights if a change in control of our voting shares were to occur" also might discourage, delay or prevent a change of control that you may consider favourable.

Our shareholder rights plan, which will be in effect after the separation, also may discourage, delay or prevent a merger or other change of control that shareholders may consider favourable.

Please see "Arrangements Between Novelis and Alcan" and "Description of Our Share Capital" for a more detailed description of these agreements and provisions.

OUR BUSINESS

We are the world's leading aluminum rolled products producer based on shipment volume in 2003, with total aluminum rolled products shipments of approximately 2,478 kilotonnes during that year. In 2003, we were the largest aluminum rolled products producer in terms of shipments in each of Europe, Asia-Pacific and South America, and the second largest in North America. With operations on four continents comprised of 38 operating facilities in 12 countries, we are the only company of our size and scope focused solely on aluminum rolled products markets and capable of local supply of technically sophisticated products in all of these geographic regions. We had sales and operating revenues of \$6.2 billion in 2003.

Our history

We are a Canadian corporation formed on September 21, 2004 to acquire and independently carry on substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney. In addition to those businesses, we will own and operate some of Alcan's alumina and primary metal-related businesses in Brazil and four former Pechiney rolling facilities in Europe. These businesses will be transferred to us as part of the reorganization transactions.

The general terms and conditions relating to the reorganization transactions are set out in a separation agreement between us and Alcan, described below under "Arrangements Between Novelis and Alcan — Separation agreement." A summary of the steps in the reorganization transactions is set out under "Explanatory Information."

We inherited our processes, structure, and values from Alcan. In 1902, the Canadian subsidiary of the Pittsburgh Reduction Company (later Alcoa Inc., or Alca) was first chartered as Northern Aluminum Company, Limited. When Alcoa divested most of its interests outside the United States in 1928, Alcan was formed as a separate company from Alcoa to assume control of most of these interests. In the following years, Alcan expanded globally building or acquiring hydroelectric power, smelting, packaging and fabricated product facilities currently run by approximately 88,000 employees in 58 countries.

The first Alcan rolling operation began in September 1916 in Toronto, Canada, with an 84-inch hot mill and three finishing mills. Many of our mills were originally constructed by Alcan, including many among the largest aluminum rolling operations in each of the geographic regions in which we operate including:

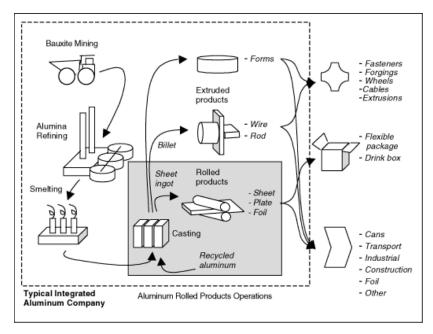
- Oswego, United States in 1963, a major producer of can stock and industrial sheet;
- Norf, Germany in 1967, a joint venture, owned at 50%, which operates the largest hot mill rolling facility in the world in terms of capacity;
- · Saguenay Works, Canada in 1971, which operates the largest capacity continuous caster in the world; and
- · Pindamonhangaba, Brazil in 1977, the only South American plant that produces beverage can body and end stock.

More recent expansion has been through acquisitions and modernization of existing mills, including Alcan's acquisition of an interest in the Logan, Kentucky facility, which is dedicated to the production of can stock, from Arco Aluminum, or Arco, in 1985, our investment in a new production line at Logan which increased our share of the total production capacity from 40% to approximately 67%, as well as the purchase of a majority ownership interest in the Yeongju and Ulsan facilities in Korea in 1999 and 2000, respectively. Alcan's acquisition of Alusuisse Group Ltd. in 2000 and Pechiney in 2003 provided us with additional sheet and foil rolling facilities.

Our industry

The aluminum rolled products market represents the 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. According to CRU, worldwide aluminum rolled products consumption in 2003 was approximately 13,679 kilotonnes, which we believe generated approximately \$36 billion in revenues and constituted approximately 35% of worldwide aluminum use.

The figure below illustrates the aluminum production chain. The grey area represents the portion of the chain in which we mainly operate, while the area surrounded by a dashed line represents the operations of a typical vertically integrated aluminum company such as Alcan or Alcoa.

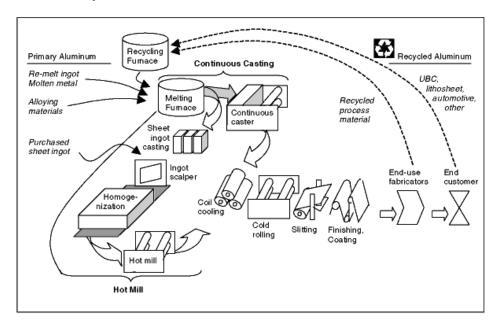


Aluminum rolled products are semi-finished aluminum products that constitute the raw material for the manufacture of finished goods ranging from automotive body panels to household foil. There are two major types of manufacturing processes for aluminum rolled products differing mainly in the process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

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.

The figure below illustrates the rolled aluminum process flow.



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

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

Recycled aluminum is also an important source of input material. Aluminum is infinitely recyclable and recycling it requires approximately 5% of the energy needed to produce primary aluminum. As a result, in regions where aluminum is widely used, manufacturers are active in setting up collection processes where used beverage cans 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 remelted and rolled into the same product again.

The market for aluminum rolled products tends to be less subject to demand cyclicality than the market for primary aluminum which is affected by commodity price cyclicality. A significant share of total aluminum rolled products that are produced is used in consumer staples, which have historically experienced relatively stable demand characteristics. In addition, most aluminum rolled products are priced in two components: a pass-through aluminum price component based on the LME quotation and local market premia, plus a "margin over metal" or conversion charge based on the cost to roll the product. As a result, most of the raw material price risk is absorbed by the customer, reducing the volatility of the producers' margins and cash flows. Aluminum rolled products companies also use recycled aluminum, which provides sourcing flexibility for, and reduces the volatility of, input material. These three factors combine to create an industry that has lower cyclicality than the primary aluminum industry.

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 the same strength as previous generation containers,

resulting in a lower cost unit. As a result of this trend, aluminum tonnage across the spectrum of aluminum rolled products, and particularly for the beverage/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: construction and industrial, beverage/food cans, foil products and 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.

The table below sets forth market information for the four broad end-use markets.

		Global Market Consumption(i)		End-use Applications (2003 Share of End-use North American Market	Key Market	
End-use Market	2003	2002	2001	Category Total)	Drivers(iii)	
		(kt)				
Construction and						
Industrial	5,637	5,369	5,113	Construction — 57% Electrical/Machinery — 22% Consumer Durables — 18% Lithographic sheet — 3%	Housing starts, capital spending and economic growth	
Beverage/Food Cans	3,614	3,684	3,643	Beverage cans — 95% Food cans — 5%	Disposable income, package choice, weather and seasonality	
Foil Products	2,927	2,787	2,689	Converter foil — 43%(ii) Household foil — 32%(ii) Container foil — 25%(ii)	Disposable income	
Transportation	1,501	1,428	1,365	Automotive — 39% Truck, Bus, Trailer — 30% Aerospace — 13% Marine/Rail/Other — 18%	Auto sales, environmental regulations and fuel cost	
Total	13,679	13,267	12,809			

- (i) Source: CRU The Aluminium Flat Rolled Products Quarterly Market Service (May 2004).
- (ii) Based on our market estimates for consumption.
- (iii) Source: our management.

Please also see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for information regarding the percentage of our sales and operating revenues derived from each of the end-use markets listed above.

Construction and Industrial

Construction is the largest application within this end-use market in terms of shipments. Aluminum rolled products developed for the construction industry are often decorative, 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 and canopies.

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 (which use finstock in heat exchangers), 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.

Beverage/Food Cans

Beverage cans are the largest aluminum rolled products application, accounting for approximately a quarter of worldwide shipments in 2003, based on CRU information. 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, or PET plastic, which are materials that deteriorate with every iteration. Aluminum beverage cans also offer advantages in fabricating efficiency and 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.

Due to the downgauging trend, the weight of an aluminum can has decreased by approximately 0.8% from 2001 to 2003. 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 body, 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.

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 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 from 60 microns to 200 microns.

Transportation

Currently, the largest application for aluminum rolled products in the truck and automobile categories of the transportation end-use market is in heat exchangers such as radiators and air conditioners. Original equipment manufacturers 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 goods.

There has been recent growth 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 recent efforts to reduce vehicle weight to comply with stricter emissions standards.

Based on CRU information, in 2003, approximately 11% of the global shipments for the transportation end-use market was directed towards aerospace applications, a segment of the transportation market in which we do not compete. Aerospace-related consumption of aluminum rolled products in 2003, including for aircraft skin and airframe, was 153 kilotonnes, or 1.1% of the total aluminum rolled products market shipments, a decrease from a high of 229 kilotonnes, or 1.7% of the total aluminum rolled products market shipments, in 2000 due to a lower volume of commercial aircraft production.

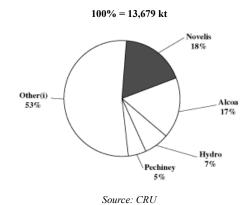
Aluminum is also used in the construction of ships' hulls and superstructures and passenger rail cars because of its strength, light weight, formability and corrosion resistance.

Market structure, size and growth

The aluminum rolled products industry is characterized by economies of scale, significant capital investments required to achieve and maintain technological requirements, and demanding customer qualification standards. The service and efficiency demands of large customers have encouraged consolidation among suppliers of aluminum rolled products. To overcome these obstacles in small but growing markets, established Western companies have entered into joint-ventures with local companies to provide necessary product and process know-how and capital.

Based on CRU information, the top four aluminum rolled products producers together represented 47% of the global shipments in 2003, as shown on the graphic below. Alcoa and Norsk Hydro A.S.A., or Hydro, are integrated aluminum companies with operations that range from bauxite mining, alumina refining, primary metal smelting to the manufacture of cast, rolled and extruded products that are supplied to end-users or further enhanced by their in-house engineered products and packaging businesses. Alcan acquired Pechiney, an integrated aluminum company, in December 2003. As part of the reorganization transactions, Alcan will transfer to us certain of Pechiney's rolling assets, and will retain selected rolling assets to support its continuing involvement in the plate and aerospace markets, to support its engineered products business group and to satisfy certain regulatory requirements related to its acquisition of Pechiney.

Global Aluminum Rolled Products Shipments for 2003



i) Includes aluminum rolled products producers with less than 5% of global aluminum rolled products shipments in 2003.

Based on CRU information, the global market for aluminum rolled products has grown on average at a rate of 3.3% per year from 2001 to 2003. A sluggish economy impacted demand in North America, while currency devaluations caused a temporary decline in South America, resulting in weak demand and substitution of other materials for aluminum. In contrast, European production was strengthened by growth in Eastern Europe while Asia-Pacific experienced significant demand growth.

The table below sets forth market size information by geographic region.

	Market Consumption			Country
Region	2003	2002	2001	(2003 Share of Region Total)
		(kt)		
North America	4,654	4,724	4,630	US – 93% Canada/Mexico – 7%
Europe	4,075	3,954	3,814	Germany – 27% Italy – 12% UK – 11% France – 11% Other EU – 23% E. Europe/CIS(i) – 16%
Asia-Pacific	3,895	3,549	3,296	China – 38% Japan – 30% Korea – 9% Other(ii) – 23%
South America	504	509	554	Brazil – 73% Venezuela – 10% Other – 17%
Rest of the World	551	532	516	Saudi Arabia – 20% Turkey – 19% Iran – 13% South Africa – 11% Other – 37%
Total	13,679	13,268	12,810	

⁽i) Includes Russia.

Source: CRU, The Aluminium Flat Rolled Products Quarterly Market Service (May 2004).

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 Europe, a few mills in Asia, and one mill in South America, our Pindamonhangaba, or Pinda, facility, produce beverage can body and end stock. In addition, individual aluminum rolling mills generally supply a limited range of end-use applications, and seek to maximize profits by producing high volumes of the highest margin mix 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, Africa, Russia and China. However, at this time we believe that these producers are generally unable to meet the quality requirements, lead times and specifications of customers for 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.

⁽ii) Includes India – 5%, Taiwan – 4%, Australia – 3%, and other countries.

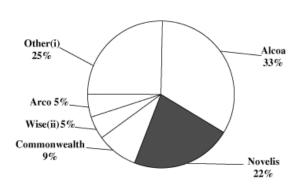
North America

Based on CRU information, Alcoa, Novelis and Commonwealth Industries, Inc., or Commonwealth, were the top three producers of aluminum rolled products in North America in terms of shipments in 2003 with an aggregated share of shipments of 64%. The North American markets have experienced the exit of several producers through consolidation, restructuring or bankruptcy, reducing production capacity in the last few years. The resulting tighter supply in many end-use markets has led to margin and portfolio improvements. Established competitors have been able to improve their production capacity utilization as the industry has recovered.

In North America, the average operating rate of the aluminum rolled products production capacity was 72% in 2003 according to CRU. The operating rate is determined by dividing estimated production by available capacity. Because of seasonality in demand, temporary shutdown of equipment for scheduled maintenance and equipment specialization, we estimate the effective maximum operating rate is approximately 90%.

North America Aluminum Rolled Products Shipments for 2003





Source: CRU

- (i) Includes aluminum rolled products producers with less than 5% of North American aluminum rolled products shipments in 2003.
- (ii) Refers to Wise Metals Group LLC.

North American aluminum rolled products consumption reached a high of 5,274 kilotonnes in 1999 and then fell to 4,654 kilotonnes in 2003, which we believe was a result of the economic recession, the impact of the September 11, 2001 events and inventory drawdown effects. We believe that demand has since shown signs of recovery from the economic downturn. Construction and industrial uses of aluminum rolled products have rebounded with the economic pickup. According to CRU, the overall market for beverage containers is growing, but a slow packaging mix change towards single serve containers is expected to keep North American demand for aluminum cans relatively flat for the foreseeable future. Increased use of aluminum in automobile production is expected by CRU to increase transportation demand, the fastest growing end-use market in this region.

Europe

Based on CRU information, Novelis, Hydro, and Pechiney were the top three producers of aluminum rolled products in Europe in terms of shipments in 2003 with an aggregated share of shipments of 53%. Other suppliers of aluminum rolled products in Europe include Alcoa, Corus Group Plc, or Corus, RusAl, Alcan Aluminium werk Umma AG (AMAG) and Elval S.A.

In Europe, the average operating rate of the aluminum rolled products production capacity was 76% in 2003 according to CRU.

We believe that overcapacity in common alloy sheet and plate, used in applications such as building materials and industrial products, has weakened prices, resulting in generally lower profits than in North America. In end-use applications exhibiting growth, such as can, automotive, foil and lithographic sheet, the tighter supply and demand has led to margin and portfolio improvements. We believe there will be opportunities to focus on additional operational improvements and profitable products by more closely aligning individual product supply with market demand.

Europe Aluminum Rolled Products Shipments for 2003 100% = 4.075 kt



Source: CRU

Pechiney

14%

(i) Includes aluminum rolled products producers with less than 5% of European aluminum rolled products shipments in 2003.

Alcoa

11%

Based on CRU information, European output increased on average at a rate of 3.4% per year from 2001 to 2003, driven mainly by strong demand growth in Eastern Europe. We believe the demand for automotive sheet has improved as automotive manufacturers have increasingly substituted aluminum components for steel parts. We also believe that, as a relatively new market, there is potential for growth in automotive sheet.

We expect that economic growth and demand from construction projects in Eastern Europe will continue to support growth of aluminum sheet. We expect demand for aluminum beverage cans to grow as aluminum continues to displace steel as the favoured packaging material. In Europe, we estimate that steel cans currently represent approximately 38% of all beverage can production, compared to less than 1% in North America.

Asia-Pacific

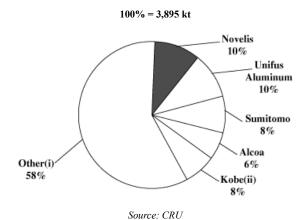
The market for aluminum rolled products in Asia-Pacific, the larger geographic market defined by CRU within which Novelis Asia competes, has been characterized by strong growth but high fragmentation. Based on CRU information, Novelis, Unifus Aluminum Co., Ltd. and Sumitomo Light Metal Company, Ltd. were the top three producers of aluminum rolled products in Asia-Pacific in terms of shipments in 2003 with an aggregated share of shipments of 28%. The majority of Asian-Pacific aluminum rolled products is consumed in China, Japan and Korea.

In Asia-Pacific, the average operating rate of the aluminum rolled products production capacity was 73% in 2003 according to CRU.

Based on CRU information, consumption of aluminum rolled products in the Asia-Pacific region has grown on average at a rate of 8.7% per year from 2001 to 2003. We believe this rise in demand has been

fuelled by growth in local demand as well as by growth in exports of goods with aluminum content. According to CRU, industrial production growth in China continues in line with averages since 1997. This is driven by multinational manufacturing, or offshoring, infrastructure development, and an emerging consumer market. China's aluminum consumption pattern since 1997 generally mirrors that of a developing economy, overweight relative to Western industrial nations in building and construction, power infrastructure and manufacturing. Based on the historical positive correlation between aluminum consumption and increases in disposable income, we believe there is substantial room for growth in China in the aluminum can and automotive end-use applications, in the medium to long term. In the Asia-Pacific region, there has not yet been a complete shift from steel to aluminum in beverage cans, and as a result, we believe this end-use market represents a longer term opportunity for growth. Except for heat exchangers, the use of aluminum rolled products in automobiles is in its infancy in Korea and China.

Asia-Pacific Aluminum Rolled Products Shipments for 2003



- (i) Includes aluminum rolled products producers with less than 5% of Asian-Pacific aluminum rolled products shipments in 2003.
- (ii) Refers to Kobe Steel Ltd.

We believe that China has the highest potential for growth but is also the most fragmented Asia-Pacific market with many small aluminum rolled products producers. There are over 80 plants in China, most with an average capacity of 25 kilotonnes, compared to North America where average plant capacity is approximately 129 kilotonnes. There is limited hot mill capacity in China and a significant amount of sheet ingot (input metal) for local plants is imported from other countries. Most local production is from continuous casting plants that are only capable of producing industrial, construction and commodity aluminum rolled products. China's strong growth has driven a variety of capacity expansions and new additions and more are planned.

In Japan, there has been some market consolidation resulting from a long period of limited or no economic growth. Some mills are shifting emphasis from can and foil to industrial products to support Japanese demand, which we believe has provided us with an opportunity to expand our position in the Japanese can market. Our two hot mills in Korea, at Ulsan and Yeongju, together accounted for 64% of Korea's production capacity in 2003. Both mills are active exporters to China and other Asian countries.

According to CRU, demand for foil products is expected to grow significantly in the Asia-Pacific region, driven by cigarette and liquor packaging, which also correlates with disposable income. In addition, producers of liquid crystal displays, or LCDs, represent a small but rapidly growing market for aluminum sheet in Korea, China and Japan, where most new production capacity is being installed.

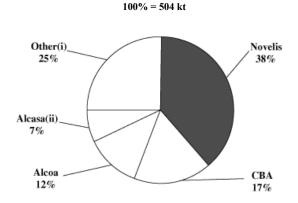
South America

There are few producers in the South American region. Based on CRU information, Novelis, Companhia Brasileira de Alumínio, or CBA, and Alcoa were the top three producers of aluminum rolled products in South America in terms of shipments in 2003 with an aggregated share of shipments of 67%, and all three producers are located in Brazil. We have the ability to cast sheet ingot, and we have the only large-scale hot mill on the continent allowing us to produce a broad range of aluminum rolled products, including can sheet. Our competitors produce primarily commodity sheet and foil from continuous casting mills.

In South America, the average operating rate of the aluminum rolled products production capacity was 68% in 2003 according to CRU.

Brazilian sheet industry capacity increased from 300 kilotonnes in 1999 to 499 kilotonnes in 2001 due mainly to the expansion of our Pinda plant, the only can sheet producer in South America. CBA has announced the expansion of its plant to increase its rolling capacity to produce commodity sheet and foil through the installation of two new finishing mills to be operational in 2006. Some sheet capacity has been redirected to exports following local currency devaluations. There have been no new entrants or market consolidation in recent years.

South America Aluminum Rolled Products Shipments for 2003



Source: CRU

- (i) Includes aluminum rolled products producers with less than 5% of South American aluminum rolled products shipments in 2003.
- (ii) Refers to Corporacion Venevolana de Guayana.

The Brazilian aluminum can market grew at a high rate during the past decade, from 3.8 billion cans in 1996 to 9.9 billion in 2002. Since primary aluminum prices on the LME are U.S. dollar based, devaluations of the Brazilian and Argentinean local currencies in 2001 and 2002 have dampened aluminum consumption. At the same time, Venezuela faced a political and economic crisis that reduced overall consumption. Once general price levels adjusted to the currency devaluation, the market resumed growth. Over the longer term, we believe the most important variable impacting aluminum rolled products consumption in South America has been disposable income.

The industrial products market in South America has not grown in recent years, which we believe is mainly because of economic recession and substitution of aluminum by other materials, such as steel, plastics and vinyl which are priced locally.

We believe aluminum foil consumption in South America will grow as food and beverage manufacturers continue to take advantage of the benefits of flexible packaging. The transportation end-use market does not yet have significant automotive volume and consists primarily of aerospace.

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, although there are no companies that compete with us in all of those regions and end-use markets. 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 regions and 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 within the aluminum rolled products industry as discussed above in "— Market structure, size and growth," we, as well as other aluminum rolled products manufacturers, face competition from non-aluminum materials, as fabricators and end-users have, in the past, demonstrated a willingness to substitute other materials for aluminum. In the beverage/food cans end-use market, aluminum rolled products' primary competitors are glass, PET plastic and steel. In the transportation end-use market, aluminum rolled products compete mainly with steel. Aluminum competes with wood 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 demand for aluminum rolled products:

Economic growth. We believe that economic growth is 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 aluminum for other materials 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 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. 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.

LME and local currency effect. U.S. dollar denominated trading of primary aluminum on the LME has two primary effects on demand. First, significant shifts between the value of the local currency of the end-user and the U.S. dollar may affect the cost of aluminum to the end-user relative to substitute materials, depending on the cost of the substitute material in local currency. Second, the uncertainty of primary metal movements on the LME may discourage product managers in industries such as automotive from making long term commitments to use aluminum parts. Long term forward contracts can be used by manufacturers to reduce the impact of LME price volatility.

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 the same number of units require 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 enhanced overall market economics for both users and producers of aluminum rolled products.

Seasonality. Demand for certain aluminum rolled products is significantly affected by seasonal factors. As the temperature increases so does consumption of beer and soft drinks packaged in aluminum cans. Summer construction starts also increase demand for aluminum sheet used in the construction and industrial end-use market. For these reasons, revenues typically peak in the northern hemisphere in the second and third quarters, while sales in the southern hemisphere, which account for a relatively small portion of our revenues but are important to our smelter business, are highest in the first and fourth quarters.

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 in some markets 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 permits 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 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.

Our business strengths

For nearly 90 years, our business has evolved within Alcan's integrated aluminum business. Continuing as an aluminum rolled products company independent of Alcan, we intend to build on the business strengths we developed while part of Alcan. Our key strengths are outlined below.

International presence and scale. With 38 operating facilities located in 12 countries and on four continents, we have a broad geographical presence that we believe allows us to better serve our increasingly global customer base as well as diversify our sources of cash flow and offset risk across different regions. Our size allows us to service a wide variety of customer needs, leverage our selling, administrative, research and development and other general expenses, establish new uses for aluminum rolled products and access new markets for such products.

Strong customer relationships. We maintain long-standing supply relationships with many of our customers. Our major customers include Agfa-Gevaert N.V., Alcan's packaging business group, Anheuser-Busch Companies, Inc., Ball Corporation, various bottlers of the Coca-Cola system, Crown Cork & Seal Company, Inc., Daching Holdings Limited, DaimlerChrysler AG, Kodak Polychrome Graphics GmbH, Ford Motor Company, General Motors Corporation, Integris Metals Corporation, Pactiv Corporation, Rexam Plc, Tetra Pak Ltd. and Visteon Corporation. We endeavor to gain strong customer loyalty by anticipating and meeting the specific technical standards demanded by our customers with a high level of quality, technical support and customer service.

Leading market positions. We are the world's leading aluminum rolled products producer based on shipment volume in 2003, with an estimated 18% share of worldwide aluminum rolled products shipments during that year. In 2003, we were the largest aluminum rolled products producer in terms of shipments in each of Europe, Asia-Pacific and South America, and the second largest in North America. We hold a top two market position on a worldwide basis in each of the four principal end-use markets for aluminum

rolled products. In 2003, we held the number one position in terms of shipments in the beverage/food cans end-use market with a 31% market share and the number one position in terms of shipments in the foil products end-use market with a 15% market share. We held the number one position in terms of shipments in the construction and industrial end-use market with a 13% market share and the number two position in terms of shipments in the transportation end-use market with a 13% market share.

Efficient producer. We operate highly automated and well-maintained facilities using modern manufacturing technologies for the efficient production of aluminum rolled products in many regions of the world. Our large production base within each of our business groups allows us to combine similar production runs and dedicate facilities for focused and cost-efficient production.

Metal supply management. We have a diversified metal supply, extensive experience managing our metal needs as well as comprehensive hedging capabilities, including our agreements with Alcan that should provide us with the ability to fix metal forward and hedge contracts with Alcan as counterparty, to assist our customers in managing metal price risk. The metal supplied by Alcan's primary aluminum group to its aluminum rolled products units has historically been transferred at arm's length market prices. In connection with the reorganization transactions, Alcan will enter into ongoing metal supply agreements with us on a basis consistent with past practice. These supply arrangements will supplement supply from our primary operations in Brazil, our use of recycled aluminum and our own market purchases of primary aluminum.

Innovation leader with proprietary technologies. We endeavor to be at the forefront of developing next generation technologies in the aluminum rolled products industry in which we operate and believe that we are the world leader in continuous casting technology, as owner of technology relating to the two main continuous casting processes. We have approximately 300 employees dedicated to research and development and customer technical support, located in many of our plants and research centers.

Experienced and dedicated management and employees. We have a management team that has significant experience in the aluminum rolled products industry. The members of our senior management team have over 200 years of combined experience in the aluminum industry and bring a wide range of skills in manufacturing, engineering, marketing and sales, human resource management and finance. In continuing as an independent aluminum rolled products company, we inherit Alcan's core business principles, with its focus on continued improvement, value-based management and best practices in environmental management, health, safety and quality.

Our business strategy

As a separate company, our management will be free to focus on aluminum rolled products, which we believe will enable us to respond more quickly to market demands and maximize the efficient allocation of our capital, technical and human resources. As a separate company, we will also be able to provide incentives to our management and employees that more closely align their interests with the performance of the aluminum rolled products business.

Our primary objective is to maximize shareholder value by increasing our revenues and profitability in the North American, European, Asia-Pacific and South American aluminum rolled products markets. We intend to achieve our objective through the application of our business strengths to the strategic initiatives outlined below. We intend to:

Address customer needs with innovative and market-driven products. Our future success is impacted by our ability to innovate in anticipation of our customers' needs. To that end, we intend to enhance value to our customers by improving the quality of our products and services. We intend to conduct research and development that generates new products and processes to enable us to maintain long term partnerships with our key customers. Significant growth opportunities in aluminum rolled products consumption have typically come from product substitution opportunities, such as thin aluminum foil in packaging applications, automotive body panels and aluminum building materials. We plan to work in partnership with our customers to develop new uses for our various products by substituting highly engineered

aluminum rolled products for other materials, thereby developing new markets for our products. We believe that our experience in process innovation, developing new technologies in surface treatment, casting, alloying, laser semi-finishing, forming and joining, and our ability to develop specialized aluminum rolled products solutions, will assist our efforts. We plan to address higher technology and more profitable end-use markets with proprietary products and processes that will be unique and attractive to our customers.

Develop and implement a new metal conversion business model. We intend to implement a new metal conversion business model focused on the aluminum rolled products markets and more closely aligned with the current requirements of those markets. Our new business model will emphasize product line selection based on higher value added rather than volume, economies of utilization and a higher focus on recyclables. We believe the resulting change will allow us to react more quickly in all markets and better align our business with customer requirements.

Improve production from existing assets and reduce capital needs. We have achieved a leading position in aluminum rolled products markets in part through the development and the acquisition of quality assets in our four geographic regions. Having established this position, we intend to optimize our production capacity in order to focus on achieving attractive returns on our capital assets without investing significant amounts of new capital. Our modern mills in North America, Europe, Asia and South America give us the ability to manufacture a wide range of value-added differentiated aluminum rolled products enabling us to selectively move production among our mills within these regions based on market demand. We believe that our separation from Alcan and its vertically integrated production chain will offer us further opportunities to improve sourcing logistics and increase working capital efficiency. Other opportunities for capital reductions include increasing the use of tolling which reduces our capital requirements because the metal being processed is owned by the customer. Tolling allows us to generate revenues by converting the metal without having to utilize capital on maintaining inventory.

Leverage economies of scale in raw material sourcing. As an independent rolled products producer, we expect to be the largest purchaser of aluminum in the world and one of the largest recyclers. We will also be equipped with significant sheet ingot casting capability. We believe these attributes will enable us to source metal flexibly and advantageously. We intend to continue working with our suppliers to further leverage economies of scale in our purchase of primary aluminum, supplies and services. Our metal management strategy includes plans to develop our recycling program further with a focus on sources of material such as used beverage cans, as well as other forms of recycled material in all regions in which we operate, which will expand our access to more cost effective sources of aluminum. We will also have the ability to expand our sheet ingot casting capacity in the different regions in which we operate, which can be used to reduce reliance on, or maintain costs from, third party sheet ingot suppliers.

Capture growth in targeted markets. Our international presence has enabled us to capture growth opportunities in targeted aluminum rolled products markets such as beverage and food cans and the growing automotive component market on the North American, European and Asian continents. We also own technology relating to the two main types of continuous casting processes, namely belt caster and twin roll caster, providing us with a substantial cost advantage when examining options to profitably serve common alloy aluminum rolled products production in emerging markets such as China, Eastern Europe and South America. We intend to use these strengths, through joint ventures with local partners or on a standalone basis, to grow profitably when opportunities arise in these emerging markets.

Pursue selected expansion or acquisition opportunities. We intend to use our management team, large scale operations, technical resources, market focus and operating cash flow to identify and take advantage of appropriate expansion and acquisition opportunities as they may arise.

We expect that implementation of these strategic initiatives will enable us to generate stable earnings and cash flow from operating activities. In the near-term, we expect to use a portion of our excess cash flow to repay debt and reduce our leverage, which is consistent with the anticipated terms of the debt we expect to incur in connection with the reorganization transactions. In the longer term, we will consider

investment opportunities and increased return of cash to shareholders consistent with achieving and maintaining a strong non-investment grade debt rating.

Our business groups

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 business groups. The business groups are Novelis North America (NNA), Novelis Europe (NE), Novelis Asia (NA) and Novelis South America (NSA).

The table below sets forth the contribution of each of our business groups to our sales and operating revenues, business group profit, total assets and shipments for the years ended December 31, 2003, 2002 and 2001. The measure of profitability of operating segments historically used by Alcan is referred to as business group profit, or BGP. BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring, impairment and other special charges and pension actuarial gains, losses and other adjustments and mark to market adjustments on derivatives, that are not under the control of our business groups or are not considered in the measurement of their profitability.

Business Group(i)	2003	2002	2001
		(All amounts in \$ millions, except shipments, which are in kt)	
Novelis North America		•	
Sales and operating revenues	2,385	2,517	2,506
BGP	206	277	202
Total assets	1,131	1,130	1,162
Shipments	1,083	1,165	1,112
Novelis Europe			
Sales and operating revenues	2,510	2,218	2,158
BGP	173	130	80
Total assets	2,167	1,650	1,571
Shipments	1,000	955	850
Novelis Asia			
Sales and operating revenues	918	785	724
BGP	68	35	26
Total assets	837	824	798
Shipments	429	378	336
Novelis South America			
Sales and operating revenues	414	379	393
BGP	112	90	107
Total assets	733	720	710
Shipments	258	244	249

⁽i) The sales and operating revenues and shipment information presented in the table above excludes intersegment revenues and shipments.

Our 38 operating facilities in 12 countries provide us with highly automated, flexible and advanced manufacturing capabilities. In addition to the aluminum rolled products plants, NSA operates bauxite mining, aluminum refining 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, see note 24 to our audited combined financial statements.

Novelis North America

Through a network of 12 aluminum rolled products facilities, including two dedicated recycling facilities, NNA manufactures aluminum sheet and light gauge products. Important end-use applications for NNA include beverage cans, containers and packaging, automotive and other transportation applications, building products and other industrial applications.

In 2003, NNA had sales and operating revenues of \$2.4 billion, representing 38% of our total sales and operating revenues, and shipments of 1,083 kilotonnes, including tolled metal, representing 39% of our total shipments. Tolled metal refers to the process by which customers provide their own aluminum to us to be converted into a rolled product, and are charged a value-added conversion cost, instead of the metal plus value-added conversion cost.

Approximately two-thirds of NNA's production is directed to beverage can sheet. The beverage can end-use market is technically demanding to supply and pricing is very competitive. Producers with low-cost and technologically advanced manufacturing facilities and technical support capability have a competitive advantage. Recycling is important in the manufacturing process and NNA has three facilities that collect and remelt 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 NNA's can sheet production plants.

Facilities

The table below sets forth plant processes, end-use markets and production information about our North American facilities.

Location	Plant Process	Major End-Use Markets	2003 Production (kt)(i)
Oswego, New York	Hot rolling, cold rolling	Can stock,	510
	recycling	Construction/Industrial,	
		Semi-finished coil	
Logan, Kentucky(ii)	Hot rolling, cold rolling	Can stock	460(iii)
Saguenay, Quebec	Continuous casting	Semi-finished coil	160
Kingston, Ontario	Cold rolling	Automotive,	155
		Construction/Industrial	
Terre Haute, Indiana	Cold rolling, finishing	Foil	100
Warren, Ohio	Coating	Can stock	60
Fairmont, West Virginia	Cold rolling, finishing	Foil	50
Toronto, Ontario	Finishing	Foil, foil containers	15
Louisville, Kentucky	Cold rolling, finishing	Foil	10
Burnaby, British Columbia	Finishing	Foil containers	2

⁽i) The sum of all production totals for each of our North American facilities set forth in this table will not equal the total 2003 production for NNA because production from one facility may be delivered to and further processed by one or more of our other facilities depending on end-use markets.

(iii) Our share of output.

Our Oswego, New York, facility operates modern equipment for used beverage cans recycling, ingot casting, hot rolling, cold rolling and finishing. 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 our Fairmont, West Virginia, facility, which produces light gauge sheet.

The Logan, Kentucky, facility is a processing joint venture between us and Arco Aluminium, a subsidiary of BP plc. Our original investment in the joint venture was 40%, while Arco held the remaining 60% interest. Subsequent equipment investments have resulted in us now having access to approximately

⁽ii) We own 40% of the shares of Logan Aluminium Inc., but we have made subsequent equipment investments such that we now have access to approximately 67% of Logan's total production capacity.

67% 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, efficient workforce and product focus. A portion of the can end stock is coated at NNA'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 us.

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. Management of Logan is led jointly by two executive officers, one nominated by us and one nominated by Arco, who are subject to approval by at least five members of the board of directors.

Our Saguenay Works, Quebec, facility operates the world's largest continuous caster, which produces feedstock for our three foil rolling plants located in Terre Haute, Indiana, Fairmont, West Virginia and Louisville, Kentucky. The continuous caster was developed through internal research and development and we own the process technology. Our Saguenay Works facility produces aluminum rolled products directly from molten metal, which will be sourced under long term supply arrangements we expect to have with Alcan.

The table below sets forth 2003 production information about our North American recycling facilities.

Location	2003 Production (kt)
Berea, Kentucky	250
Oswego, New York	200
Greensboro, Georgia	130

Along with our recycling center in Oswego, we own two other fully dedicated recycling facilities 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.

Novelis Europe

NE provides European markets with value-added sheet and light gauge products through its 18 plants. In 2003, NE had sales and operating revenues of \$2.5 billion, representing 40% of our total sales and operating revenues, and shipments of 1,000 kilotonnes, including tolled metal, representing 36% of our total shipments.

NE serves a broad range of aluminum rolled product end-use applications. Construction and industrial represents the largest end-use market in terms of shipment volume by NE. NE supplies plain and painted sheet for building products such as roofing, siding, panel walls and shutters, where, due to the material's recyclability, aluminum products compare favourably with non-metallic building materials that usually have to be disposed of in landfills after demolition. NE is a global leader, in terms of shipments, in the production of lithographic sheet, a specialized product requiring technical production. NE is the second largest supplier of foil and beverage can sheet in Europe in terms of shipments, and is one of the major suppliers for ultra thin gauge foil for aseptic liquid packaging of milk and juices. Finally, NE held the number two position in terms of shipments in the European transportation end-use market in 2003 with a 16% market share.

Facilities

The table below sets forth plant processes, end-use markets and production information about our European facilities.

Location	Plant Process	Major End-Use Markets	2003 Production (kt)(i)
Norf, Germany(ii)	Hot rolling, cold rolling	Can stock, foilstock, reroll	650(iii)
Göttingen, Germany	Cold rolling, finishing	Construction/Industrial Can end, Lithographic, Painted	200
		sheet	
Rogerstone, United Kingdom	Hot rolling, cold rolling	Foilstock, paintstock, reroll	170
Nachterstedt, Germany	Cold rolling, finishing	Construction/Industrial, Automotive	155
Sierre, Switzerland(iv)	Hot rolling cold rolling	Automotive sheet	105
Pieve, Italy	Continuous casting, cold rolling	Paintstock, industrial	85
Ohle, Germany	Cold rolling, finishing	Foil	65
Bresso, Italy	Finishing	Painted sheet	50
Falkirk, United Kingdom(v)	Cold rolling	Construction/ Industrial	45
Rugles, France	Continuous casting, cold rolling,	Foil	45
Dudelange, Luxembourg	finishing Continuous casting, cold rolling, finishing	Foil	45
Bridgnorth, United Kingdom	Cold rolling, finishing	Foil	30
Annecy, France	Cold rolling, finishing	Painted sheet, circles	25
Ludenscheid, Germany	Cold rolling, finishing	Foil	25
Flemalle, Belgium(vi)	Cold rolling, finishing	Foil	20
Berlin, Germany	Finishing	Foil	10

⁽i) The sum of all production totals for each of our European facilities set forth in this table will not equal the total 2003 production for NE because production from one facility may be delivered to and further processed by one or more of our other facilities depending on end-use markets. Further, production from our Annecy, Flemalle, Rugles and Dudelange facilities has only been accounted for since January 1, 2004, following Alcan's acquisition of these facilities in the Pechiney transaction in December 2003.

- (ii) Operated as a joint venture between us, 50% interest, and Norsk Hydro Aluminium Deutschland GmbH, 50% interest.
- (iii) Our share of output.
- (iv) As discussed in "Arrangements Between Novelis and Alcan Sierre agreements", we intend to enter into an agreement with Alcan pursuant to which Alcan will retain a portion (to be determined by reference to historical uses of the facility) of the total production capacity of the Sierre hot mill following the separation.
- (v) Closure of the facility is planned for December 31, 2004.
- (vi) Closure of the facility is planned for mid-2005.

Aluminium Norf GmbH in Germany, a 50/50 production sharing joint venture between us and Norsk Hydro Aluminium Deutschland GmbH, is a large scale, modern manufacturing hub for several of our operations in Europe. Norf is the largest aluminum rolling mill in the world. With total production of approximately 1,300 kilotonnes in 2003, Norf production represented approximately one quarter of aluminum rolled products production in Europe. 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 in Rugles, France. Together with Norsk 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, in principle, shared 50/50.

We own 50% of the equity interest in Norf and Norsk Hydro owns the other 50%. We share control of the management of Norf with Norsk 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 Norsk Hydro.

Rogerstone's hot mill in the United Kingdom supplies the Bridgnorth foil plant with foilstock and produces paintstock reroll for Pieve and Annecy. In addition, Rogerstone produces standard sheet and coil for the United Kingdom distributor market. The Pieve plant, located in Milan, Italy, produces continuous cast coil that is cold rolled into paint stock and sent to the Bresso plant, also located in Milan.

The Dudelange foil plant in Luxembourg utilizes continuous twin roll casting equipment and is one 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 is Europe's leading producer of automotive sheet in terms of shipments and also supplies plate stock to Alcan.

The table below sets forth 2003 production information about our European recycling facilities.

	Location	2003 Production (kt)
Latchford, United Kingdom		150
Borgofranco, Italy		70

Our recycling operations at Borgofranco, Italy and Latchford, United Kingdom position us as one of the major recyclers in Europe. Latchford is the only recycling plant in Europe dedicated to used beverage cans.

NE also manages Pechiney Aluminum Engineering (Voreppe, France), which sells casthouse technology, including liquid metal treatment devices, such as degassers and filters, direct cast automation packages and twin roll continuous casters, in many parts of the world.

Novelis Asia

NA operates three manufacturing facilities in the Asian region and manufactures a broad range of sheet and light gauge products.

In 2003, NA had sales and operating revenues of \$918 million, representing 15% of our total sales and operating revenues, and shipments of 429 kilotonnes, including tolled metal, representing 15% of our total shipments.

NA production is balanced between the foil products, construction and industrial, and beverage/food can end-use markets. NA is the second largest supplier to China in terms of shipments, which is, based on CRU information, Asia-Pacific's fastest growing market. Due primarily to capacity increases through our subsidiary in Korea, NA's production capabilities have increased by 70% from 2001 to 2003. As the second largest supplier to the Chinese market, we believe that NA is well-positioned to benefit from further economic development in China.

Facilities

The table below sets forth plant processes, end-use markets and production information about our Asian facilities.

Location	Plant Process	Major End-Use Markets	2003 Production (kt)(i)
Ulsan, Korea(ii)	Hot rolling, cold rolling	Can stock,	210
		Construction/Industrial, Foil stock	
Yeongju, Korea(iii)	Hot rolling, cold rolling	Can stock,	145
		Construction/Industrial, Foil stock	
Bukit Raja, Malaysia(iv)	Continuous casting	Foil, finstock	25

- (i) The sum of all production totals for each of our Asia-Pacific facilities set forth in this table will not equal the total 2003 production for NA because production from one facility may be delivered to and further processed by one or more of our other facilities depending on end-use markets.
- (ii) We hold a 68% equity interest in the Ulsan plant.
- (iii) We hold a 68% equity interest in the Yeongju plant.
- (iv) Ownership of the Bukit Raja plant corresponds to our 59% shareholding in Aluminium Company of Malaysia Berhad. We increased our ownership from 36% to 59% in 2003.

Our Korean subsidiary, in which we hold a 68% interest, was formed through acquisitions in 1999 and 2000. Since our acquisitions, production at our Ulsan and Yeongju plants has increased from 198 kilotonnes in 2000 to 353 kilotonnes in 2003, which represents a 78% increase. In addition, product capability has been developed to address higher margin markets such as can sheet.

In 2003, we increased from 36% to 59% our participation in the Aluminium Company of Malaysia, a publicly traded company that controls the Bukit Raja, Selangor light gauge rolling facility. Unlike our production sharing joint ventures at Norf and Logan, our Korean and Malaysian partners are financial partners and we market 100% of the plants' output.

NA also operates a recycling furnace in Ulsan, Korea for the conversion of customer and third party recycled aluminum, including used beverage cans. Ulsan's total production for 2003 was 20 kilotonnes. Metal from recycled aluminum purchases represented 10% of NA's total shipments in 2003.

Novelis South America

NSA operates two rolling plants and primary aluminum production facilities in South America. NSA manufactures various aluminum rolled products, including can stock, automotive and industrial sheet and light gauge for the beverage/food can, construction and industrial and transportation end-use markets.

In 2003, NSA had sales and operating revenues of \$414 million, representing 7% of our total sales and operating revenues, and shipments of 258 kilotonnes, including tolled metal, representing 9% of our total shipments. These figures exclude sales and operating revenues and shipments associated with NSA's primary aluminum operations.

The primary aluminum produced by NSA's mine, refinery and smelters is used by our Brazilian aluminum rolled products operations, with any excess production being sold on the market in the form of aluminum billets. In 2003, NSA earned an additional \$84 million from third party sales of 54 kilotonnes of primary metal. NSA generates a portion of its own power requirements. NSA also owns options to develop additional hydroelectric power facilities.

Facilities

The table below sets forth plant processes, end-use markets and production information about our South American aluminum rolled products and recycling facilities.

Location	Plant Process	Major End-Use Markets	2003 Production (kt)(i)
Pindamonhangaba, Brazil	Hot rolling, cold rolling	Construction/Industrial, can stock, foil stock	225
Utinga, Brazil	Finishing	Foil	20

(i) The sum of all production totals for each of our South American facilities set forth in this table will not equal the total 2003 production for NSA because production from one facility may be delivered to and further processed by one or more of our other facilities depending on end-use markets.

Our Pinda facility 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. Our Pinda facility supplies foil stock to our Utinga foil plant, which produces converter, household and container foil.

Our Pinda rolling and recycling facility in Brazil 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. Our Pinda plant recycles primarily used beverage cans, and is engaged in tolling recycled metal for our customers. Pinda produced 70 kilotonnes of recycled metal in 2003.

The table below sets forth plant processes, end-use markets and production information about our South American primary metal operations.

Location	Plant Process	Major End-Use Markets	2003 Production (kt)
Aratu, Brazil	Smelting	Primary aluminum (sheet ingot and billets)	60(i)
Petrocoque, Brazil(ii)	Refining calcined coke	Carbon products (smelter anodes)	53(iii)
Ouro Preto, Brazil	Hydroelectric, Bauxite mining, Aluminum refining, Smelting	Primary aluminum (sheet ingot and billets)	50(i)

- (i) Refers to production of primary aluminum.
- (ii) Operated as a joint venture between us, 25% interest, Petrobas Quimica S.A., 35% interest, Universal Comércio e Empreendimentos Ltda., 25% interest, and Companhia Brasileira de Aluminio, 15% interest.
- (iii) Refers to our share of total production of calcined coke.

We conduct bauxite mining, alumina refining, primary aluminum smelting and hydroelectric power generation operations at our Ouro Preto facility in Saramenha, Brazil. Our owned power generation supplies 70% of the Ouro Preto smelter needs. In the Ouro Preto region, we own rights to approximately 10 million tonnes of bauxite reserves. There are additional reserves in the Cataguases and Carangola regions sufficient to meet our requirements in the foreseeable future.

We also conduct primary aluminum smelting operations at our Aratu 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 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 purchases. We purchased approximately 2,000 kilotonnes of primary aluminum in 2003 in the form of sheet ingot and standard ingot, as quoted on the LME. We purchased 48% of our primary aluminum requirements from Alcan in 2003. Following our separation from Alcan, we expect to continue to source aluminum from Alcan pursuant to the metal supply agreements described under "Arrangements Between Novelis and Alcan."

Primary aluminum production. We produced approximately 90 kilotonnes of our own primary aluminum requirements in 2003 through our smelter and related facilities in Brazil.

Recycled aluminum products. We operate facilities in several plants to recycle post-consumer aluminum, such as used beverage cans 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 their recycled aluminum products and 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. We purchased approximately 800 kilotonnes of recycled material in 2003.

The majority of recycled material collected and re-melted is directed back through can-stock plants. The net effect of these activities is that 28% of our aluminum rolled products production in 2003 was made with recycled material. On a regional basis this translated into 41% of our North American aluminum rolled products shipments, 44% of our South American shipments, 17% of our European shipments and 10% of our Asian shipments.

Sheet Ingot. We have the ability to cast sheet ingot, which are the slabs of aluminum that are fed into hot rolling mills to make aluminum rolled products. Casting, which requires precise control of heat and metal alloys, can have a major impact on the quality of the sheet ingot produced and all aluminum rolled products that are subsequently produced from that sheet ingot. We are currently able to supply 72% of our internal needs for sheet ingot, which helps us to control the quality of the sheet ingot we use, and generates cost savings and sourcing flexibility. We purchase the remainder from Alcan and other providers on longer term contracts. Following the separation, we expect to continue to source a portion of our sheet ingot requirements from Alcan pursuant to the metal supply agreements described under "Arrangements Between Novelis and Alcan."

Energy

We use several sources of energy in the manufacture and delivery of our aluminum rolled products. Natural gas and electricity represent more than 75% of our energy consumption by cost. We also use fuel oil and transport fuel. The majority of energy usage occurs at our casting centers 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. Recent natural gas pricing volatility in the United States has increased our energy costs. We are considering the relative costs of stabilizing our future exposure to natural gas prices through forward purchase contracts. 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. NSA has its own hydroelectric facilities that meet a substantial portion of its local electricity requirements for smelting operations.

Others

We also have bauxite and alumina requirements. We expect to satisfy some of our alumina requirements for the near term by entering into an alumina supply agreement with Alcan, as discussed below under "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 2003, approximately 39% of our total 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., Alcan's packaging business group, Anheuser-Busch Companies, Inc., affiliates of Ball Corporation, various bottlers of the Coca-Cola system, Crown Cork & Seal Company, Inc., Daching Holdings Limited, DaimlerChrysler AG, Kodak Polychrome Graphics GmbH, Ford Motor Company, General Motors Corporation, Integris Metal Corporation, Pactiv Corporation, Rexam Plc, Tetra Pak Ltd. and Visteon Corporation.

We sell most of our products under long-term contracts with pricing based on "margin over metal" pricing, which is subject to periodic adjustments based on market factors.

In our 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. The bottlers are not responsible for the contractual performance by the can fabricators that we supply under these umbrella agreements. Among these umbrella agreements is one, referred to as the CC agreement, with several North American bottlers of Coca-Cola branded products, including Coca-Cola Enterprises and its affiliates. This agreement is based on arrangements that have been in place since 1997 and is subject to periodic renewal. Under the CC agreement we shipped approximately 379 kilotonnes of beverage can sheet, including tolled metal, in 2003. 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 and benefit from its terms by committing a specified percentage of the can sheet required by their can fabricators to us. Pricing under the CC agreement is set for the duration of the agreement, but is subject to change in the event of changes in the competitive environment or to the competitive industry price structure.

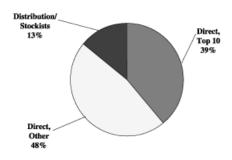
Purchases by Rexam Plc and its affiliates from our operations in all of our business segments represented approximately 9.6%, 11.3% and 11.1% of our total sales and operating revenues in 2003, 2002 and 2001, respectively. Rexam Plc's North American affiliates are the largest customers purchasing under the CC agreement.

Distribution and backlog

We have two principal distribution channels for the end-use markets in which we operate: direct sales and distributors (who are sometimes referred to as stockists). The figure below sets forth the percentage of our total sales and operating revenues for each sales channel for 2003.

Novelis Rolled Products Sales by Channel, 2003

100% = \$6.2 billion



Source: Novelis management

Direct Sales

We supply various end-use markets in approximately 88 countries 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. Long standing 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 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 and South America 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, 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 produce aluminum rolled products primarily to meet our customers' requirements established under annual or multi-year contracts, which are typically not "take-or-pay" contracts and we do not believe that order backlog is a material aspect of our business.

Research and development

In 2003, we spent \$62 million on research and development activities in our plants and modern research facilities, which included mini-scale production lines equipped with hot mills, can lines and

continuous casters. We conduct research and development activities at our mills 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 300 employees dedicated to research and development and customer technical support, located in many of our plants and research centers.

Based on our extensive experience in can sheet, automotive sheet, lithographic sheet, painted sheet, foil and anodizing production techniques, we have the ability to supply advanced aluminum rolled products and support our customers. Our technological leadership has led to the design of products to address various needs in different regions of the world. Examples include:

- Jaguar XJ. We are the exclusive provider of aluminum body panels for this high end automobile using aluminum vehicle technology, or AVT, which makes possible the volume production of monocoque, or unibody, aluminum vehicle structures, similar in principle to comparable stamped steel structures, but much lighter and stiffer;
- Radiator cooling fins. We developed a long-life brazing alloy with downgauged material that led to high performance auto radiators, heaters and air conditioner units, with reduced environmental impact;
- AA1200 high strength foil. We implemented process modifications that led to significantly enhanced material performance that substantially increased value to the customer and end-user; and
- Can-stock downgauging. We collaborated with can makers to reduce can weight by 6.3% over the past seven years.

Our employees

At November 30, 2004, we had approximately 13,600 employees. A significant portion of our employees, approximately 7,000, are employed in our European operations and approximately 3,000 are employed in North America. With respect to the remainder of our workforce, approximately 1,600 are employed in Asia and approximately 2,000 are employed in South America and other areas. Approximately two-thirds of our employees are represented by labour unions and their employment conditions 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 labour relations in all our operations and have not experienced a significant labour stoppage in any of our principal operations during the last decade.

Intellectual property

In connection with our separation from Alcan, Alcan will assign or license to us a number of important patents, trademarks and other intellectual property rights owned by Alcan and required for our business. Ownership of intellectual property that is used by both us and Alcan will be 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 are required to be transferred to us for regulatory reasons will be assigned to us with no license back to Alcan.

We own technology relating to the two main types of continuous casting processes. Continuous casting mills are an alternative technology for making aluminum rolled products, using a process that converts molten aluminum directly into hot coils for further processing. Because small incremental capacity additions of between 10 kilotonnes and 175 kilotonnes can be made at lower capital investment than a hot mill, continuous casting mills offer the industry a better way of matching supply and demand. We developed the belt caster technology named Flexcaster through internal research and development, and acquired the twin roll casting machine technology through the Pechiney acquisition. We will continue to specialize in the development and sales of casthouse equipment in order to maintain our position as the world leading manufacturer of continuous casting machines.

Legal proceedings

In connection with our separation from Alcan, we will assume 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, or defend, 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 taxes and social security contributions, and a dispute with taxation authorities in Italy). In addition to these assumed liabilities and contingencies, we are likely in the future to 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. 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 obligations or materially affect our financial condition or liquidity. The following describes certain environmental matters relating to our business for which we expect to assume liability as a result of our separation from Alcan.

Environmental matters

We are involved in proceedings under the U.S. Superfund or analogous state provisions regarding the usage, storage, treatment or disposal of hazardous substances 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. 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 related remediation or compliance actions. Although we cannot reasonably estimate all of the costs that are likely to ultimately be borne by us, we have provided for the currently anticipated costs associated with ongoing environmental remediation or compliance actions, and we have no reason to believe that such remediation and compliance actions will 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 an estimated claim. Management generally 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 potential liable parties, unless otherwise noted.

PAS Site. Alcan's subsidiary, Alcan Aluminum Corporation, or Alcancorp, and third parties were defendants in a lawsuit instituted in July 1987 by the U.S. Environmental Protection Agency, or EPA, relating to the Pollution Abatement Services site, a third-party disposal site, in Oswego, New York, or PAS. Alcancorp was alleged to have contaminated this site through the disposal of waste materials disposed by contractors employed by Alcancorp (and other companies). Alcancorp's defense was that the waste was not hazardous. In January 1991, the U.S. District Court for the Northern District of New York found Alcancorp liable for a share of the clean-up costs for the site, and in December 1991 determined the amount of such share to be \$3,175,683. Alcancorp appealed this decision to the United States Court of Appeals, Second Circuit. In April 1993, the Second Circuit reversed the District Court and remanded the case for a hearing on what liability, if any, might be assigned to Alcancorp depending on whether

Alcancorp could prove that waste did not contribute to the costs of remediation at the site. This matter was consolidated with another case, instituted in October 1991 by the EPA against Alcancorp in the U.S. District Court for the Northern District of New York seeking clean-up costs in regard to the Fulton Terminals Superfund site in Oswego County, New York, which is also owned by PAS. The remand hearing was held in October of 1999. The trial court re-instituted its judgment holding Alcancorp liable. The amount of the judgment plus interest was \$13.5 million as of December 2000. The case was appealed. In the first quarter 2003, the Second Circuit affirmed the decision of the trial court. Alcancorp sought a rehearing but the motion was denied. Alcancorp filed a petition for certiorari in U.S. Supreme Court, which was denied. In 2004, Alcancorp paid \$13.9 million in respect of the EPA claim, representing the full amount of the judgment plus interest, and \$1.6 million to the State of New York, and is currently responsible for future oversight costs, which are currently estimated at approximately \$500,000.

PAS Oswego Site Performing Group. A group of ten potentially responsible parties, or PRPs, have instituted legal proceedings against Alcancorp seeking contribution from Alcancorp for the \$6.4 million in remediation costs (plus accrued interest) these PRPs claim to have collectively incurred at the PAS site from 1990 to the present. Based upon information currently available to it, Alcancorp is disclaiming responsibility for any of the costs incurred by the PRPs.

Oswego North Ponds. In the late 1960s and early 1970s, Alcan Oswego used an oil containing polychlorinated biphenyls, or PCBs, in its re-melting operations. At the time, Alcan utilized a once-through cooling water system that discharged through a series of constructed ponds and wetlands, collectively referred to as the North Ponds. In the early 1980s, low levels of PCBs were detected in the cooling water system discharge and Alcan performed several subsequent investigations. The PCB-containing hydraulic oil Pydraul, which was eliminated from use by Alcan in the early 1970s, was identified as the source of contamination. In the mid-1980s, the Oswego North Ponds site was classified as an "inactive hazardous waste disposal site" and added to the New York State Registry under Alcan Sheet and Plate Company. Alcan ceased discharge through the North Ponds in mid-2002.

In cooperation with the New York State Department of Environmental Conservation, or NYSDEC, and the New York State Department of Health, Alcan entered into a consent agreement in August 2000 to develop and implement a remediation program to address the PCB contamination at the Oswego North Ponds site. A remediation investigation report was submitted to the NYSDEC in January 2004, and we anticipate that the NYSDEC will issue a proposed remediation action plan and record of decision during the first quarter of 2005. We expect that the remediation plan will be implemented in 2006. The estimated costs associated with the remediation of the Oswego North Ponds are approximately \$25 million.

Butler Tunnel Site. Alcancorp was a party in a 1989 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 Alcancorp in the amount of \$473,790 for alleged disposal of hazardous waste. After unsuccessful appeals, in 1995 Alcancorp paid the entire judgment plus interest.

The United States government filed a second cost recovery action against Alcan seeking recovery of expenses associated with the installation of a early warning system for potential future releases for the Butler site. The complaint does not disclose the amount of costs sought by the government. The case has been held in abeyance since shortly after it was filed and therefore there has been no opportunity for discovery to determine the specific remediation action sought, the estimated cost, the existence of other settlements or the existence of other non-settling PRPs, if any, for potential contribution. As a result, Alcan has been unable to determine what, if any, exposure it may have in respect of this cost recovery section.

Alcancorp instituted a separate proceeding against several third parties alleged to have disposed of waste at the site to recover part of the amounts paid to the government in the Butler Tunnel Site, as well as seeking contribution for costs and expenses associated with the installation of the early warning system. This separate proceeding was dismissed in 2004.

Tri-Cities Site. In 1994 Alcancorp and other companies responded to an EPA inquiry concerning the shipment of old drums to Tri-Cities Inc. (New York). Prior to that, Alcancorp had reprocessed the barrels. In 1996 the EPA issued an administrative order directing the PRPs to clean up the site. Alcancorp refused to participate, claiming that the drums sent to Tri-Cities were empty at the time of delivery. The PRPs sent Alcancorp a settlement offer and proposed Consent Decree by which Alcancorp would agree to join other PRPs in the clean-up. Alcancorp rejected the offer as it disagreed with the drum count attributed to it. In September 2002, Alcancorp received notice from the EPA contending that Alcancorp was responsible for response costs totaling \$170,512 plus interest and future response costs for its violation of the administrative order. Alcancorp responded by a letter outlining its objections to the EPA's determination. The EPA has since indicated that the matter has been referred to the Department of Justice, or DOJ, for enforcement. Alcancorp has responded with a letter stating that the EPA's claims are unsupported. In 2003, Alcancorp met with the DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of \$2.1 million.

Quanta Resources Facility. In June 2003, the DOJ filed a Superfund costs recovery action in U.S. District Court for the Northern District of New York against Alcancorp and Quanta Resources, seeking unreimbursed response costs, stemming from the disposal of rolling oil emulsion at a Mahler facility in Syracuse, New York. The parties are in the process of discovery. In the fall of 2003, Alcancorp met with the DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of \$1.4 million.

Sealand Site. New York State claims Alcancorp's waste at the Sealand, New York site is hazardous, which Alcancorp disputes. There are several PRPs at this site. In 1993, Alcancorp declined a request to participate in a program to provide drinking water to area residents, contending that Alcancorp's waste did not cause or contribute to the harm caused at the site. In 2003, Alcan met with the DOJ and the EPA who quantified potential liability for unreimbursed costs in the amount of \$2.6 million.

Environment, health and safety

We own and operate numerous manufacturing and other facilities in various countries around the world. Our operations are subject to numerous and increasingly stringent laws and regulations governing the protection of the environment, health and safety. We regularly monitor and conduct environment, health and safety assessments of our facilities. Environment, health and safety is a key component of our management operating system. We believe we have well-developed processes and we expect to continue to focus on this component going forward.

ARRANGEMENTS BETWEEN NOVELIS AND ALCAN

General

In connection with our separation from Alcan, we and Alcan will enter into a separation agreement and several ancillary agreements to complete the transfer of the businesses to be contributed to us by Alcan and the distribution of our shares to Alcan common shareholders. The separation agreement and various ancillary agreements are summarized below. In addition to the agreements described below, we may enter into other agreements with Alcan prior to or concurrently with the separation that would relate to other aspects of our relationship with Alcan following the separation. The subject matters and terms of these agreements are in the process of being established. Following the separation, we may enter into other commercial agreements with Alcan from time to time, the terms of which will be determined at the relevant times.

Separation agreement

The separation agreement sets forth the agreement between us and Alcan with respect to: the principal corporate transactions required to effect our separation from Alcan; the transfer to us of the contributed businesses; the distribution of our shares to Alcan shareholders; and other agreements governing the relationship between Alcan and us following the separation. Under the terms of the separation agreement, we will assume and agree to perform and fulfill all of the liabilities and obligations of the contributed businesses and of the entities through which such businesses shall be contributed, including liabilities and obligations related to discontinued rolled products businesses conducted by Alcan prior to the separation, in accordance with their respective terms.

Releases and indemnification

The separation agreement will provide for a full and complete mutual release and discharge of all liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the separation, between or among us or any of our subsidiaries, on the one hand, and Alcan or any of its subsidiaries other than us, on the other hand, except as expressly set forth in the agreement. The liabilities released or discharged will include liabilities arising under any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the separation, other than the separation agreement, the ancillary agreements described below and the other agreements referred to in the separation agreement.

We will agree to indemnify Alcan and its subsidiaries and each of their respective directors, officers and employees, against liabilities relating to, among other things:

- · the contributed businesses, liabilities or contracts;
- liabilities or obligations associated with the contributed businesses, as defined in the separation agreement, or otherwise assumed by us pursuant to the separation agreement;
 and
- any breach by us of the separation agreement or any of the ancillary agreements described below.

Alcan will agree to indemnify us and our subsidiaries and each of our respective directors, officers and employees against liabilities relating to:

- liabilities of Alcan other than those of an entity forming part of our group or otherwise assumed by us pursuant to the separation agreement;
- any liability of Alcan or its subsidiaries, other than us, retained by Alcan under the separation agreement; and
- any breach by Alcan of the separation agreement or any of the ancillary agreements described below.

The separation agreement will also specify procedures with respect to claims subject to indemnification and related matters.

Further assurances

Subject to Alcan's sole and absolute discretion to determine whether to proceed with all or any part of the reorganization transactions, in addition to the actions specifically provided for elsewhere in the separation agreement, both we and Alcan will agree to use our commercially reasonable efforts, prior to, on and after the separation, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary or advisable under applicable laws and agreements to complete the transactions contemplated by the agreement and the other ancillary agreements described below.

Non-solicitation of employees

Except with the written approval of the other party and subject to certain exceptions provided in the agreement, we and Alcan will agree not to, for a period of two years following the separation, (1) directly or indirectly solicit for employment or recruit the employees of the other party or one of its subsidiaries, or induce or attempt to induce any employee of the other party or one of its subsidiaries to terminate his or her relationship with that other party or subsidiary, or (2) enter into any employment, consulting, independent contractor or similar arrangement with any employee or former employee of the other party or one of its subsidiaries, until one year after the effective date of the termination of such employee's employment with the other party or one of its subsidiaries, as applicable.

Non-competition

We will agree not to engage, directly or indirectly, in any manner whatsoever, for a period of five years following the separation, in the manufacturing, production and sale of certain products for the plate and aerospace markets, unless expressly permitted to do so under the terms of the agreement.

Change of control

We will agree (1) not to undergo a change of control event, as defined in the separation agreement, for a period of 12 months following the separation, and (2) in the event of a change of control (including a change of control achieved in an indirect manner), during the four-year period following the first anniversary of the separation, to provide Alcan, within 30 days thereafter with a written undertaking of the acquirer that such acquirer shall be bound by the non-compete covenants set forth in the separation agreement during the remainder of the four-year period, to the same extent as if it had been an original party to the agreement.

If a change of control event occurs during the 12-month period following the separation, or if, at any time during the four-year period following the first anniversary of the separation a change of control of our company occurs and the person or group of persons who acquired control of our company fails to execute and deliver the undertaking mentioned above or refuses, neglects or fails to comply with any of its obligations pursuant to such undertaking (each a "control-related event"), Alcan will have a number of remedies, including terminating any or all of the metal supply agreements, the technical services agreements, or the intellectual property licenses granted to us or any of our subsidiaries in the intellectual property agreements, or the transitional services agreement.

Transitional services agreement

Prior to or concurrently with the separation, we and Alcan intend to enter into a transitional services agreement pursuant to which Alcan will provide to us or we will provide 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 will generally be intended to 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 will be added to the cost of services supplied by external suppliers.

In general, the services will begin on the separation date and will cover a period generally not expected to exceed 12 months following the separation. With respect to particular services, we or Alcan, depending on who is the recipient of the relevant services, may terminate the agreement with respect to one or more of those services upon prior written notice.

With respect to all or any of the services, the agreement may be terminated by Alcan (1) upon a breach by us or any of our affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "— Separation agreement — Change of control" above).

Metal supply agreements

Prior to or concurrently with the separation, we and Alcan or one of our respective subsidiaries intend to enter into one or more metal supply agreements pursuant to which Alcan will supply us with specified quantities of metal at a negotiated price during a specific period. These agreements are anticipated to provide us with the ability to cover some metal requirements through a fixed price purchase mechanism. The terms of these agreements are in the process of being established.

The agreements may be terminated by Alcan (1) upon a breach by us or any of our affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "— Separation agreement — Change of control" above).

In addition, we expect that certain metal supply agreements currently in effect between us and Alcan will remain in effect following the separation.

Foil supply agreements

Foil supply agreement (Rorschach)

Prior to or concurrently with the separation, we intend to enter into a foil supply agreement 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. The agreement will be for a five-year term during the course of which we would supply 95% of the requirement of Alcan's Rorschach facility in 2005, 94% in 2006, 93% in 2007, 92% in 2008 and 90% in 2009. Specific quantities of foil to be supplied will be based on annual budgets submitted to us by Alcan. Supplied quantities will be within 7% of the budgeted amount. Pricing for the supply of foil will be based on the aggregate of metal price plus conversion price, where metal price is based on an agreed upon formula, being the aggregate of the LME market price and EC duty paid premium less an agreed discount by reference to the LME market price. In the event Alcan provides to us ingots utilized for the production of foil to be supplied under this agreement, the contract price payable for the foil under this agreement will be equal only to the conversion price. The conversion price will vary by reference to alloy, temper, gauge and width.

The agreement may be terminated by mutual consent of the parties, as a result of force majeure, or at the election of the non-defaulting party upon the occurrence of an event of default specified in the agreement, which include events of non-payment, failure to comply with other obligations under the agreement, breach of representation or covenant under the separation agreement, or bankruptcy related events.

Foil supply agreement (South America)

Prior to or concurrently with the separation, we intend to enter into a foil supply agreement with Alcan for the supply of foil from our facilities located in Utinga, Brazil to Alcan's packaging facility located in Maua, Brazil. The agreement will be for a five-year term and will provide that Alcan will purchase from us at least 70% of the foil requirements of its packaging facility in Maua. The agreement

will also provide for our undertaking to deliver in each year a quantity of foil of up to 115% of the base quantity of 5,500 metric tonnes.

Alcan would provide budgets of its foil requirements on an annual basis, and will undertake to purchase amounts within 15% of the amounts so budgeted. The contract price applicable to foil supplied under this agreement will be either an aggregate local currency price consistent with market prices in Brazil, or a US dollar price which is an aggregate of the metal price and conversion price. The metal price will be specified as the average daily official LME 3 month aluminum high grade price in the month preceding the month of shipment, plus a premium amount equal to the lowest premium paid by Alcan in Brazil for aluminum ingot code P1020. The conversion price will reflect our cost of conversion from metal to foil, will be based on classifications of foil, and will vary with the US consumer price index.

The agreement may be terminated by mutual consent of the parties, as a result of force majeure, or at the election of the non-defaulting party upon the occurrence of an event of default specified in the agreement, which include events of non-payment, failure to comply with other obligations under the agreement, breach of representation or covenant under the separation agreement, or bankruptcy related events.

In addition, we expect that two foil supply agreements currently in effect between us and Alcan will remain in effect following the separation.

Alumina supply agreement

Prior to or concurrently with the separation, we intend to enter into a ten-year alumina supply agreement with Alcan pursuant to which we will purchase from Alcan, and Alcan will supply 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 85,000 metric tonnes to 126,000 metric tonnes. The agreed upon price for each metric tonne of alumina delivered to us by Alcan pursuant to the agreement will be based on an agreed percentage of the LME selling price for primary high grade aluminum applicable during the three months preceding the date of determination.

The agreement may be terminated by mutual consent of the parties, as a result of force majeure, or at the election of the non-defaulting party upon the occurrence of an event of default specified in the agreement, which include events of non-payment, failure to comply with other obligations under the agreement, breach of representation or covenant under the separation agreement, or bankruptcy related events.

In addition, we expect that an alumina supply agreement currently in effect between Alcan Deutschland GmbH, which will become part of our company following the separation, and Alcan will remain in effect following the separation.

Intellectual property agreements

Prior to or concurrently with the separation, we and Alcan or one of our respective subsidiaries intend to enter into intellectual property agreements pursuant to which Alcan will assign or license to us a number of important patents, trademarks and other intellectual property rights owned by Alcan and required for our business. Ownership of intellectual property that is used by both us and Alcan will be 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 are required to be transferred to us for regulatory reasons will be assigned to us with no license back to Alcan.

The agreements may be terminated by Alcan (1) upon a breach by us or any of our affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "— Separation agreement — Change of control" above).

Sierre agreements

Prior to or concurrently with the separation, we and Alcan intend to enter into a number of agreements pursuant to which:

- Alcan will transfer to us certain assets and liabilities of the automotive and other aluminum rolled products businesses relating to the sales and marketing output of the Sierre North Building, which comprises a portion of the Sierre facility in Switzerland, at a transfer price to be determined by a valuation made by an independent third party, pursuant to the terms of the separation and asset transfer agreements;
- Alcan will lease to us the Sierre North Building and the machinery and equipment located in the Sierre North Building (including the hot and cold mills) for a term of 15 years, renewable at our option for additional five-year periods at an annual base rent in an amount equal to 8.5% of the book value of the Sierre North Building, the leased machinery or equipment, as applicable, pursuant to the terms of the real estate lease and equipment lease agreements;
- We and Alcan will have access to, and use of, property and assets that are common to each of our respective operations at the Sierre facility, pursuant to the terms of the access and easement agreement;
- Alcan will supply us with all our requirements of aluminum rolling slabs for the production of aluminum rolled products at the Sierre facility for a term of ten years, subject to availability, and provided the aluminum rolling slabs meet applicable quality standards and are competitively priced, pursuant to the terms of the metal supply agreement;
- Alcan will provide certain services to us at the Sierre facility, including services consisting of or relating to environmental testing, chemical laboratory services, utilities, waste disposal, facility safety and security, medical services, employee food service and rail transportation, and we will provide certain services to Alcan at the Sierre facility, including services consisting of or relating to hydraulic and mechanical maintenance, roll grinding, and recycled process material for a two-year renewable term, pursuant to the terms of the shared services agreement; and
- Alcan will retain access to all of the total plate production capacity of the Sierre facility, which represents a portion of Sierre's total hot mill production capacity. The formula for the price to be charged to Alcan for products from the Sierre hot mill will be based upon its proportionate share of the fixed production costs relating to the Sierre hot mill (determined by reference to actual production hours utilized by Alcan) and the variable production costs (determined by reference to the volume of product produced for Alcan). Under the tolling agreement, we will agree to maintain the current standards of maintenance, management and operation of the Sierre hot mill.

With respect to the use of the machinery or equipment in the Sierre North Building, we will agree to refrain from making or authorizing any use of it which may benefit any business relating to the sale, marketing, manufacturing, development or distribution of plate or aerospace products.

Neuhausen agreements

Transfer of assets and employees agreement

Prior to or concurrently with the separation, we and Alcan intend to enter into an agreement pursuant to which (1) Alcan will transfer to us various laboratory and testing equipment used in the aluminum rolling sheet business located in Neuhausen, Switzerland, and (2) approximately 35 employees will transfer from Alcan to us at the Neuhausen facility.

Technical services agreement

Prior to or concurrently with the separation, we and Alcan intend to enter into a technical services agreement pursuant to which (1) Alcan will provide us with materials characterization, chemical analysis, mechanical testing and formability evaluation and other general support services at the Neuhausen facility, (2) Alcan will provide us and our employees with access to and use of those portions of the Neuhausen facility where the laboratory and testing equipment mentioned above is located, and office space suitable for our technical and administrative personnel, and (3) we will provide Alcan with access to specific technical equipment and additional services upon request from Alcan, in consideration for agreed upon service fees for a period of two years. Following the first year of the term of the technical services agreement, either party may terminate the agreement by providing the other with at least six months' prior written notice.

The agreement may be terminated by Alcan (1) upon a breach by us or any of our affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "— Separation agreement — Change of control" above).

Assumption of certain obligations

We will assume certain obligations in connection with the operations of the Neuhausen facility, including (1) the obligation to reimburse Alcan for 100% of its actual and direct costs incurred in terminating employees, cancelling third-party agreements, and discontinuing the use of assets in the event we request Alcan to discontinue or terminate services under the services agreement, (2) the obligation to reimburse Alcan for 20% of the costs to close the Neuhausen facility in certain circumstances, and (3) the obligation to indemnify Alcan for (a) all liabilities arising from the ownership, operation, maintenance, use, or occupancy of the Neuhausen facility and/ or the equipment at any time after the separation date and resulting from our acts or omissions or our violation of applicable laws, including environmental laws, (b) all liabilities relating to the employees that will transfer from Alcan to us arising before, on or after the separation date, and (c) an amount equal to 20% of all environmental legacy costs related to the Neuhausen facility.

Tax sharing and disaffiliation agreement

Prior to or immediately following the separation, we and Alcan and certain of our respective subsidiaries or affiliates intend to enter into one or more agreements (which may include the separation agreement) with respect to certain tax matters. Such agreements will include certain factual representations. They will also provide an indemnification if such 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 separation, including the reorganization transactions. They will further govern 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 they will allocate taxes accrued prior to the separation and after the separation as well as transfer taxes resulting therefrom. They will also allocate obligations for filing tax returns and the management of certain pending or future tax contests and create mutual collaboration obligations with respect to tax matters. The specific terms of these agreements are currently being established.

Employee matters agreement

Prior to or concurrently with the separation, we and Alcan intend to enter into an employee matters agreement pursuant to which we will allocate between us assets, liabilities and responsibilities with respect to certain employee compensation, pension and benefit plans, programs and arrangements and certain employment matters and, more specifically, to set out the terms and conditions pertaining to the transfer to us of certain Alcan employees.

Employee transfers and liabilities

As of the separation date, we will hire or employ all of the employees of Alcan and its affiliates who are currently involved in the businesses to be contributed to us by Alcan. During a one-year period following the separation, such employees' terms and conditions of employment, including pension and benefit plans as well as employment policies, will be comparable, in the aggregate, to the terms and conditions of employment in effect immediately prior to the separation. Employees who will transfer to us from Alcan will also receive credit for their years of service with Alcan prior to the separation. Effective as of the separation date, we will generally assume all employment, compensation and employee benefit liabilities relating to our employees.

Pension and benefit plans

Our employees will generally cease to actively participate in, and accrue benefits under all Alcan pension, savings and other similar plans as of the separation date. As of the separation date, we will establish, in most jurisdictions where we have employees, pension, savings and other similar plans which will provide our employees with benefits that are equivalent to and on substantially the same terms and conditions as those in effect at Alcan prior to the separation. In the remaining jurisdictions where we have employees, our employees will continue to participate in, and accrue benefits under Alcan pension, savings and other similar plans for a period of one year following the separation.

With respect to group benefits, our employees will generally cease to be covered by the Alcan group benefits plans as of the separation date. As of the separation date, we will assume the Alcan group benefit plans that are stand-alone plans or policies and, in other cases, we will put in place our own group benefit plans that will provide our employees with benefits that are equivalent to and on substantially the same terms and conditions as those in effect under the Alcan group benefit plans prior to the separation. Our group benefit plans will recognize years of service of our employees in the way they are currently recognized under the applicable Alcan plans. In the remaining jurisdictions where we have employees, our employees will continue to participate in, and accrue benefits under Alcan group benefits plan for a period of one year following the separation.

Equity compensation plans

Any rights enjoyed by any of our employees under any of Alcan's stock options, stock price appreciation units or other similar compensation plans, will be cancelled or forfeited, as applicable, as of the separation date. As of and following the separation date, our employees will be entitled to participate in our equity compensation plans, which will provide them with rights and benefits of comparable value, in the aggregate.

Alcan stock options and stock price appreciation units held by our employees immediately prior to the separation will be treated in the manner described under "Management — Alcan stock options — Treatment of Alcan stock price appreciation units," respectively. Any incentives in the Alcan total shareholder return performance plan held by our employees immediately prior to the separation will be converted in the manner described under "Management — Alcan total shareholder return performance plan — Treatment of incentives granted under the Alcan total shareholder return performance plan."

Technical services agreements

Prior to or concurrently with the separation, we and Alcan or one or more of our respective subsidiaries, intend to enter into technical services agreements pursuant to which (1) Alcan will provide technical support and related services to certain of our facilities in Canada, Brazil and France, and (2) we will provide similar services to certain Alcan facilities in Canada. These agreements are not expected to be long term agreements with the exception of the technical support agreement in Brazil and all are expected to be on arm's length terms. The specific terms of these agreements are currently being established.

The agreements may be terminated by Alcan (1) upon a breach by us or any of our affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "— Separation agreement — Change of control" above).

Ohle agreement

Prior to or concurrently with the separation, we and Alcan or one or more of its subsidiaries, intend to enter into an agreement pursuant to which (1) we will lease from Alcan certain equipment used in the production of pet food containers, and (2) we will supply pet food containers to Alcan, which Alcan will market in connection with its related packaging activities. The specific terms of this arrangement are currently being established.

Foil supply and distribution agreement

Prior to or concurrently with the separation, we and Alcan intend to enter into a two-year foil supply and distribution agreement pursuant to which (1) we will manufacture and supply to, or on behalf of, Alcan certain retail and industrial packages of Alcan brand aluminum foil, and (2) we will provide certain services to Alcan in respect of the foil we supply to Alcan under this agreement, such as marketing and payment collection. We will receive a service fee based on a percentage of the foil sales under the agreement.

Pursuant to the terms of the agreement, we have agreed we will not market retail packages of foil in Canada under a brand name that competes directly with the Alcan brand during the term of the agreement.

The agreement may be terminated by either party upon 60 days prior written notice due to material default of the other party to comply with any relevant term or condition of the agreement.

Joint procurement of goods and services protocol

We and Alcan will agree to use reasonable commercial efforts to jointly purchase a number of goods and services, such as transport and travel services, supplies and software, where there is an economic advantage for both of us to do so.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2004:

- · on a historical basis; and
- · on a pro forma basis giving effect to the following transactions
 - the debt that is expected to be issued in connection with the reorganization transactions;
 - the interest, including debt issuance costs, and tax effect of the issuance of the debt described above;
 - the expected settlement of all loans payable and receivable from Alcan;
 - the expected settlement of \$963 million of third party borrowings;
 - the expected payment to Alcan of \$1,750 million following the issuance of the debt securities (the exact amount will be determined only at the effective date of the reorganization and will be based on the value of Alcan's net investment in the assets being spun-off); and
 - other adjustments described in the notes to our unaudited pro forma combined financial statements.

You should read the following table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited pro forma combined financial statements and the related accompanying notes included elsewhere in this prospectus. For an explanation of the pro forma adjustments made to our historical combined financial statements for the distribution and related transactions to derive the pro forma capitalization described below please see "Unaudited Pro Forma Combined Financial Data."

	As of Septemb	per 30, 2004
	Historical	Pro Forma
	(\$ milli	ons)
Short-term borrowings		
Third parties	\$ 850	\$ —
Alcan	65	_
Debt maturing within one year		
Third parties	27	15
Alcan	285	2
Debt not maturing within one year		
Third parties	86	1,485
Alcan	721	1,446
Total debt	2,034	2,948
Shareholders' equity/Invested equity		
Share capital		
 First preferred shares 	_	_
 Second preferred shares 	_	_
 Common shares 	_	164
Owner's net investment	1,917	_
Accumulated other comprehensive income	31	31
Shareholders' equity/Invested equity	1,948	195
	_	
Total capitalization	3,982	3,143
	_	

Our ability to issue additional equity is constrained because our issuance of additional shares may cause the distribution to be taxable to us or to Alcan. Under the separation agreement and other agreements relating to tax matters, we may be required to indemnify Alcan against any such tax incurred by it.

DIVIDEND POLICY

Subject to applicable law, we expect our board of directors to adopt a policy of quarterly dividend payments on our common shares. The ultimate decision and dividend rate will be established by our 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 and other relevant factors.

SELECTED COMBINED FINANCIAL DATA

You should read the following selected combined financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and the accompanying notes included elsewhere in this prospectus.

The combined statements of income data reflect the combined operations of the Novelis Group. We derived the combined statements of income data for the years ended December 31, 2003, 2002 and 2001, and the combined balance sheets data as of December 31, 2003 and 2002, as set forth below, from our audited combined financial statements, which are included elsewhere in this prospectus. We derived the unaudited condensed combined statements of income data for the years ended December 31, 2000 and 1999 and the unaudited condensed combined balance sheet data as of December 31, 2001, 2000 and 1999, from historical financial information based on Alcan's accounting records. We derived the unaudited condensed combined statements of income data for the nine months ended September 30, 2004 and 2003 and the unaudited condensed combined balance sheet data as of September 30, 2004 from our unaudited interim combined financial statements which are included elsewhere in this prospectus. The unaudited condensed combined balance sheet data as of September 30, 2003 is derived from historical financial information based on Alcan's accounting records. In management's opinion, these unaudited condensed combined financial statements have been prepared on substantially the same basis as the audited combined financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the combined financial information for the periods presented. The historical results do not necessarily indicate results expected for any future period nor are they necessarily indicative of the results of operations or financial position that we would have obtained if we had been an independent company during the periods presented.

	For the nine months ended September 30,			For the years ended December 31,			
	2004	2003	2003	2002	2001	2000	1999
	(\$ mill	ions)			(\$ millions)		
Sales and operating revenues	5,739	4,685	\$6,221	\$5,893	\$5,777	\$5,668	\$4,773
Net income (Loss)	148	103	157	(9)	(137)	82	113
Total assets	6,076	4,738	6,316	4,558	4,390	4,943	4,085
Long-term debt (including current portion)	1,119	656	1,659	623	514	584	692
Other debt	915	339	964	366	445	498	111
Cash and time deposits	27	24	27	31	17	35	65
Invested equity	1,948	2,305	1,974	2,181	2,234	2,562	2,079

- (1) In December 2003, Alcan acquired Pechiney. A portion of the acquisition cost relating to four plants that are included in the Novelis Group was allocated to us and accounted for as additional invested equity. The net assets of the Pechiney plants are included in the combined financial statements as at December 31, 2003 and the results of operations and cash flows are included in the combined financial statements beginning January 1, 2004.
- (2) On January 1, 2002, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under this standard, goodwill and other intangible assets with an indefinite life are no longer amortized but are carried at the lower of carrying value and fair value and are tested for impairment on an annual basis. An impairment of \$84 million was identified in the goodwill balance as at January 1, 2002, and was charged to income as a cumulative effect of accounting change in 2002 upon adoption of the new accounting standard. The amount of goodwill amortization was \$3 million in 2001.
- (3) In 2001, Alcan implemented a restructuring program that included certain businesses we will acquire from it in the reorganization transactions. Restructuring and asset impairment charges of \$208 million, \$25 million and \$(24) million were recorded in 2001, 2002 and 2003, respectively, relating to this program.
- (4) In October 2000, Alcan acquired Alusuisse Group Ltd (algroup). A portion of the acquisition cost relating to two plants that are included in the Group was allocated to us and accounted for as additional invested equity. The net assets of the algroup plants are included in the combined financial statements as at October 31, 2000 and the results of operations and cash flows are included in the combined financial statements beginning October 1, 2000.

UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following tables set forth condensed pro forma combined financial information of Novelis Inc. for the year ended December 31, 2003, and as of and for the nine months ended September 30, 2004. This information is unaudited and has been derived from the historical combined financial statements of the Novelis Group. This Group is comprised of substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney, together with some of Alcan's alumina and primary metal-related businesses in Brazil and four former Pechiney rolling facilities in Europe. Included within the Group are the assets, liabilities and operations relating to the portions of the Sierre and Neuhausen facilities transferred to us as described under "Arrangements Between Novelis and Alcan — Sierre agreements" and "Arrangements Between Novelis and Alcan — Neuhausen agreements," respectively. You should read this information in conjunction with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes which are included elsewhere in this prospectus.

The unaudited pro forma combined financial information set forth below reflects our historical combined financial information, adjusted to give effect to transactions described below as if they had occurred as of September 30, 2004, in the case of the combined balance sheet, and January 1, 2003, in the case of the combined statements of income. The following transactions are reflected in the pro forma financial information:

- the debt that is expected to be issued in connection with the reorganization transactions;
- the interest, including debt issuance costs, and tax effect of the issuance of the debt described above;
- the expected settlement of all loans payable and receivable from Alcan;
- the expected settlement of \$963 million of third party borrowings;
- the expected payment to Alcan of \$1,750 million following the issuance of the debt securities (the exact amount will be determined only at the effective date of the reorganization and will be based on the value of Alcan's net investment in the assets being spun-off); and
- · other adjustments described below.

The unaudited pro forma information below is based upon available information and assumptions that management believes are reasonable. The unaudited pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our financial condition or results of operations would have been had the transactions described above occurred on the dates indicated. The unaudited pro forma information also is not necessarily indicative of our future financial condition or results of operations.

General corporate expenses include costs incurred relating to human resources, legal, treasury, insurance, finance, internal audit, strategy, public affairs and other services. For each of the year ended December 31, 2003 and the nine months ended September 30, 2004, Alcan allocated costs to us relating to general corporate expenses of \$24 million. Including this allocation, total head office costs are \$42 million and \$41 million for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively. Immediately following the separation, we will assume responsibility for substantially all of these services and their related expenses. We expect the total cost of these services to aggregate approximately \$65 million to \$70 million in 2005. In addition to the amounts above, we expect to incur approximately \$30 million of non-recurring costs associated with the transition to operating as a separate company. We expect substantially all of these costs to be incurred in 2005.

In addition to the pro forma adjustments to our historical combined financial statements, various other factors will have an effect on our financial condition and results of operations after the completion of this registration statement, including those discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

NOVELIS INC.

Unaudited pro forma combined balance sheet

As at September 30, 2004

	Historical	Pro Forma Adjustments	Pro Forma
A CODUTO		(\$ millions)	
ASSETS Company assets			
Current assets	\$ 27	¢	\$ 27
Cash and time deposits Trade receivables, net	834	\$ <u> </u>	834
Other receivables	834	_	834
— Third parties	128	_	128
— Alcan Inc.	1,188	(860)(a)	328
Other related parties	39	(800)(a)	39
Inventories	1,112		1,112
miventories	1,112		1,112
Total current assets	3,328	(860)	2,468
Deferred charges and other assets	239	40 (b)	279
Long-term receivables from related parties	97		97
Property, plant and equipment, net	2,325	(19)(k)	2,306
Intangible assets, net	26	(17)(K)	26
Goodwill	61	_	61
Coounini			
Total assets	\$6,076	\$ (839)	\$5,237
		(653)	77,27
LIABILITIES AND INVESTED EQUITY			
Current liabilities			
Payables and accrued liabilities, net	\$1,398	\$ —	\$1,398
Short-term borrowings	\$1,370	\$ —	\$1,390
— Third parties	850	(850)(c)	
— Alcan Inc.	65	(65)(a)	
Debt maturing within one year	03	(03)(a)	_
— Third parties	27	15 (b)	15
Time parties	21	(27)(c)	13
— Alcan Inc.	285		2
— Alcan Inc.	263	(285)(a)	2
		2 (k)	
Tr. 4-1	2.625	(1.210)	1 415
Total current liabilities	2,625	(1,210)	1,415
Debt not maturing within one year			
— Third parties	86	1,485 (b)	1,485
	00	(86)(c)	1,100
— Alcan Inc.	721	(721)(a)	1,446
ritour inc.	721	1,400 (b)	1,110
Deferred gradity and other liabilities	400	46 (k)	400
Deferred credits and other liabilities		_	
Deferred income taxes Minority interests	173	_	173
Minority interests Shareholders' equity/ Invested equity	123	-	123
Share capital			
First preferred shares	_		
First preferred snares Second preferred shares			
— Second preferred shares — Common shares			
		164 (j)	164
Owner's net investment	1,917	(1,753)(f)	_
A community of all an exercise in a	21	(164)(j)	2.1
Accumulated other comprehensive income	31	_	31
		(1.550)	
	1,948	(1,753)	195
Total liabilities and invested equity	\$6,076	\$ (839)	\$5,237
	_	_	

See notes to the unaudited pro forma combined financial statements.

NOVELIS INC.

Unaudited pro forma combined statement of income

for the year ended December 31, 2003

	Historical	Pro Forma Adjustments	Pro Forma
	(5	\$ millions except per share data)	
Sales and operating revenues	\$6,221	\$ _	\$6,221
Costs and expenses			
Cost of sales and operating expenses, excluding depreciation and amortization noted below	5,482	_	5,482
Depreciation and amortization	222	_	222
Selling, administrative and general expenses	211	_	211
Research and development expenses	62	_	62
Interest	40	(17)(a)	213
		(23)(c)	
		209 (d)	
		4 (k)	
Restructuring, impairment and other special charges	(24)	- (K)	(24)
Other expenses (income) — net	24	5 (a)	36
other expenses (meome) — net	24		30
		7 (d)	
	\$6,017	\$ 185	\$6,202
Income before income taxes and other items	204	(185)	19
Income taxes	50	(49)(e)	1
Income before other items	154	(136)	18
Equity income	6	_	6
Minority interests	(3)	_	(3)
Net income	\$ 157	\$(136)	\$ 21
	_		_
Earnings per share			
Net income per common share — basic		(-)	0.28
Net income per common share — basic		(g)	
Net income per common share — diluted		(h)	0.28
Average number of shares used in calculating earnings per share — basic (in millions)		(g)	74
viago mantos or oracio docum carcataring carmingo per oracto oracio (in miniono)		(g)	/+
Average number of shares used in calculating earnings per share — diluted (in millions)		(h)	74

See notes to the unaudited pro forma combined financial statements.

NOVELIS INC.

Unaudited pro forma combined statement of income

for the nine months ended September 30, 2004

	Historical	Pro Forma Adjustments	Pro Forma
	(:	8 millions except per share data)	
Sales and operating revenues	\$5,739	\$ —	\$5,739
Costs and expenses			
Cost of sales and operating expenses, excluding depreciation and amortization noted below	5,032	_	5,032
Depreciation and amortization	178	_	178
Selling, administrative and general expenses	182	_	182
Research and development expenses	41	_	41
Interest	55	(23)(a)	170
		(24)(c)	
		159 (d)	
		3 (k)	
Other expenses (income) — net	(13)	11 (a)	1
	(13)	3 (d)	-
		3 (u)	
	\$5,475	\$ 129	\$5,604
	\$3,473	\$ 129	\$3,004
Income before income taxes and other items	264	(129)	135
Income taxes Income taxes	111	(/	77
income taxes	111	(34)(e)	//
Income before other items	153	(05)	
	153	(95)	58 4
Equity income	•	_	•
Minority interests	(9)	_	(9)
NT 4.*	n 140		Ф 52
Net income	\$ 148	\$ (95)	\$ 53
		_	
Earnings per share			
Net income per common share — basic		(g)	0.72
Net income per common share — diluted		(i)	
		(1)	
Assume a mountain of shores youd in coloulating comings man shores having (in millions)		()	
Average number of shares used in calculating earnings per share — basic (in millions)		(g)	74
Average number of shares used in calculating earnings per share — diluted (in millions)		(i)	

See notes to the unaudited pro forma combined financial statements.

NOVELIS INC.

Notes to unaudited pro forma combined financial statements

- (a) Reflects repayment of borrowings due to and from Alcan as of September 30, 2004 and elimination of the interest expense and income incurred between Novelis and Alcan on such borrowings. Historical interest expense resulted from borrowings from Alcan and its subsidiaries for various periods of time up to and including the full year. For the year ended December 31, 2003, such borrowings consisted of:
 - (i) fixed rate loans averaging \$535 million, with a combined interest rate of 3.8%; and
 - (ii) floating interest rate loans averaging \$550 million, with an average variable rate of 2.8%.

Historical interest income resulted from lending to Alcan and its subsidiaries for various periods of time up to and including the full year. For the year ended December 31, 2003, such borrowings consisted of:

- (i) fixed rate loans averaging \$79 million, with a combined interest rate of 0.1%; and
- (ii) floating interest rate loans averaging \$1,575 million, with an average variable rate of 1.5%.

Historical interest expense resulted from borrowings from Alcan and its subsidiaries for various periods of time up to and including the full nine months. For the nine months ended September 30, 2004 such borrowings consisted of:

- (i) fixed rate loans averaging \$547 million, with a combined interest rate of 4.0%; and
- (ii) floating interest rate loans averaging \$524 million, with an average variable rate of 2.9%.

Historical interest income resulted from lending to Alcan and its subsidiaries for various periods of time up to and including the full nine months. For the nine months ended September 30, 2004 such borrowings consisted of:

- (i) fixed rate loans averaging \$70 million, with a combined interest rate of 0.5%; and
- (ii) floating interest rate loans averaging \$790 million, with an average variable rate of 1.9%.
- (b) Reflects an adjustment to record new borrowings, which are expected to total \$2.9 billion and consist of 7-year term loans of \$1.5 billion at a variable interest rate (three-month LIBOR plus 2.25%), which is 3.65% and 3.46% for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively, using historical average LIBOR rates, and seller notes to Alcan Inc. in the aggregate amount of \$1.4 billion at an initial fixed interest rate of 7.5%, which increases by 0.5% each quarter (not to exceed 11.5%) resulting in an effective rate of 10.9% over the life of the note. Debt issuance costs related to the new borrowings are estimated to be \$43 million. \$40 million of these costs are recorded in Deferred charges and other assets in the unaudited pro forma combined balance sheet as at September 30, 2004 and will be amortized over the lives of the borrowings. The balance of \$3 million has been expensed. The level of debt, including the current and long term portions of the debt, may vary, as the Group may need to provide for other cash requirements. In the first quarter immediately following the separation, we intend to refinance the seller notes with 10-year bonds in the amount of \$1.4 billion at an anticipated interest rate of 7.5%. We also intend to swap \$380 million of the 7-year term loans for fixed rate debt.
- (c) Reflects repayment of existing third party borrowings in the amount of \$963 million as of September 30, 2004 and the related interest expense on such borrowings. These third party borrowings for various periods of time up to and including the full nine months consist of:
 - (i) fixed rate loans averaging \$77 million, with a combined interest rate of 3.6%; and
 - (ii) variable interest rate loans averaging \$886 million, with an average variable rate of 3.0%.

(d) Represents the pro forma interest expense attributable to the expected revised debt structure after the completion of the separation. Pro forma interest expense includes interest on the borrowings and the amortization of debt issuance costs described in Note (b). Management has included total interest expense for the borrowings described of \$159 million and \$209 million for the nine months ended September 30, 2004 and year ended December 31, 2003, respectively. The average interest rate used to calculate interest expense, including debt issuance costs, is 7.3% and 7.2% for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. The index rate used is the historical three-month LIBOR plus 2.25% for the 7-year term loans and a weighted average rate of 10.9% for the seller notes for both the nine months ended September 30, 2004 and the year ended December 31, 2003. Interest expense includes the amortization of certain debt issuance costs amounting to \$3 million and \$5 million for the nine months ended September 30, 2004 and year ended December 31, 2003, respectively. Other debt issuance costs and commitment fees on facilities in place but undrawn are included in Other expenses (income) — net. Such costs amount to \$3 million and \$7 million for the nine months ended September 30, 2004 and year ended December 31, 2003, respectively. The impact of a 1/8 percentage-point increase or decrease in interest rates on the total borrowings would be to reduce or increase net income by \$3 million. An increase or decrease of \$100 million in the total borrowings would reduce or increase net income by \$5 million.

The following table summarizes the adjustments to represent the pro forma interest expense attributable to the expected revised debt structure after the completion of the separation:

		Nine months 2004		Full yea	r 2003
	Amount	Effective Interest Rate	Interest Expense	Effective Interest Rate	Interest Expense
		(\$	millions except interest rat	tes)	
Term loans	\$1,500	3.65%	\$ 41	3.46%	\$ 52
Seller notes	1,400	10.9%	115	10.9%	152
Amortization of debt issuance costs			3		5
Total	\$2,900		\$159		\$209
					_

If we refinance the seller notes with 10-year bonds as described in Note (b), the effect on pro forma interest expense would be a decrease of \$34 million and \$45 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. The effect on pro forma net income would be an increase of \$25 million and \$33 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. If we refinance the seller notes with 10-year bonds as described in Note (b) and we swap \$380 million of the 7-year term loans for fixed rate debt as described in Note (b), the effect on pro forma interest expense would be a decrease of \$28 million and \$36 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. The effect on pro forma net income would be an increase of \$21 million and \$26 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

- (e) Represents the tax effect of pro forma tax deductible interest costs in each relevant jurisdiction, computed at statutory rates applicable in those jurisdictions. The weighted average statutory tax rate is 34%. The effective tax rate used for the adjustments to the unaudited pro forma combined financial statements is 26%, resulting from the inability of the Group to realize the full tax benefit of interest deductibility in certain jurisdictions.
- (f) Represents payment of \$1,750 million to Alcan following the issuance of the debt and the payments described above and a charge of \$3 million representing a portion of the debt issuance costs. The amount of the pro forma payment from Novelis to Alcan is calculated by increasing the as reported owner's net investment by the net repayment of Alcan related borrowings described in note (a) and third party borrowings described in note (b). The exact amount of the payment to Alcan by Novelis at the

effective date of the reorganization will be determined only at that date based on the book value of Alcan's net investment in Novelis. If, on the date of the reorganization, the book value of Alcan's net investment in Novelis exceeds the \$1,917 million net investment as at September 30, 2004, the \$1,750 million payment will increase by a like amount. If, on the date of the reorganization, the book value of Alcan's net investment in Novelis falls short of the \$1,917 million net investment as at September 30, 2004, the \$1,750 million payment will decrease by a like amount. Until the effective date of the reorganization, the maximum amount of this payment cannot be quantified.

- (g) The number of Novelis shares used to compute basic earnings per share is 73,747,482, which is the number of Novelis common shares assumed to be outstanding on the separation date, based on the number of Alcan common shares outstanding on September 30, 2004, and a distribution ratio of one Novelis common share for every five Alcan common shares outstanding.
- (h) The number of Novelis shares used to compute diluted earnings per share is based on the number of Novelis common shares assumed to be outstanding on the separation date, based on the number of Alcan common shares outstanding on a distribution ratio of one Novelis common share for every five Alcan common shares outstanding. options assumed to be outstanding on the separation date, which constitute all of the options assumed to be outstanding on the separation date, have not been included in the calculation of diluted shares outstanding as they are antidilutive for the periods presented.
- (i) The number of Novelis shares used to compute diluted earnings per share is based on the number of Novelis common shares assumed to be outstanding on the separation date, based on the number of Alcan common shares outstanding on , based on a distribution ratio of one Novelis common share for every five Alcan common shares outstanding plus Novelis common shares issuable upon the exercise of stock options assumed to be outstanding on the separation date with a weighted average exercise price of \$. options assumed to be outstanding on the separation date have not been included in the calculation of diluted shares outstanding as they are antidilutive for the periods presented.
- (j) Represents the capitalization of Novelis in which the Owner's net investment was converted into 73,747,482 common shares, which is the number of Novelis common shares assumed to be outstanding on the separation date, based on the number of Alcan common shares outstanding on September 30, 2004, and a distribution ratio of one Novelis common share for every five Alcan common shares outstanding. In connection with this capitalization of Novelis, the amount of Alcan's net investment in Novelis, which was recorded in Invested equity as Owner's net investment in our combined financial statements, was reclassified as Share capital.
- (k) Represents an adjustment to record Novelis' capital lease from Alcan of the Sierre North Building and the machinery and equipment located in the Sierre North Building (including the hot and cold mills) for a term of 15 years, renewable at our option for an additional five-year period, at an annual base rent in an amount equal to 8.5% of the book value of the Sierre North Building and the leased machinery and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

The following information should be read together with the selected combined financial data included elsewhere in this prospectus and our combined financial statements and related notes, beginning on page F-1, for a more complete understanding of our financial condition and results of operations. 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 prospectus, particularly in "Special Note Regarding Forward-Looking Statements and Market Data" and "Risk Factors." To facilitate your understanding of our financial performance we also discuss certain pro forma financial data in this section. Our pro forma financial information is set out in more detail under the caption "Unaudited Pro Forma Combined Financial Data" elsewhere in this prospectus.

Overview

We are the world's leading aluminum rolled products producer based on shipment volume in 2003, with total aluminum rolled products shipments of 2,478 kilotonnes during that year. In 2003, we were the largest aluminum rolled products producer in terms of shipments in each of Europe, Asia-Pacific and South America, and the second largest in North America. With operations on four continents comprised of 38 operating facilities in 12 countries, we are the only company of our size and scope focused solely on aluminum rolled products markets and capable of local supply of technically sophisticated products in all of these geographic regions. We had sales and operating revenues of \$6.2 billion in 2003.

The following table sets forth our key financial and operating data for the fiscal years ended December 31, 2003, 2002 and 2001 and the nine-month periods ended September 30, 2004 and 2003.

		Nine months ended September 30,		ear ended Decembe	nber 31,	
	2004	2003	2003	2002	2001	
			(\$ millions)			
Sales and operating revenues	\$5,739	\$4,685	\$6,221	\$5,893	\$5,777	
BGP(i)						
Novelis North America	189	166	206	277	202	
Novelis Europe	158	133	173	130	80	
Novelis Asia	61	41	68	35	26	
Novelis South America	103	80	112	90	107	
Income (loss) before cumulative effect of accounting change	148	103	157	75	(137)	
Rolled products shipments(ii) (kt)	2,112	1,882	2,478	2,506	2,319	
Total assets	6,076	4,738	6,316	4,558	4,390	

Business Group Profit, or BGP, is the measure of operating segment profitability historically used by Alcan. BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring, impairment and other special charges, pension actuarial gains, losses and other adjustments, and mark to market adjustments on derivatives, that are not under the control of our business groups or are not considered in the measurement of their profitability. These items have historically been managed by Alcan's corporate head office, which focuses on strategy development and oversees governance, policy, legal, compliance, human resources and finance matters. You should read note 25 of the annual combined financial statements for a reconciliation to net income for the years ended December 31, 2003, 2002

and 2001 and note 5 of the interim combined financial statements for a reconciliation to net income for the nine months ended September 30, 2004 and 2003.

(ii) Includes conversion of customer-owned metal (tolling).

Highlights

Since 2001, our shipments and profitability have improved. Demand growth in Asia, our own significant production increases in that region and market share gains in the challenging South American market have all benefited our shipment volumes. These gains offset the impact of soft market conditions in North America and Europe. In the first nine months of 2004, our rolled products shipments increased by 12% over the corresponding period of 2003, assisted by continued growth in Asia, the recovery in the North American economies and the addition of four rolling operations in Europe as a result of Alcan's acquisition of Pechiney. However, the continuing sluggish economic environment in Europe and the impact of a strong euro have kept shipments and margins under pressure in that region. This has largely offset much of the benefits that arise from a strong euro when translating our euro financial results into U.S. dollars.

We use an integrated business system to manage our business. The core components of this system ensure that the same focus on value, improvement and environment, health and safety is found in each of our operations, regardless of geographical location. This has enabled us to achieve quality, cost and productivity improvements, optimize our product portfolio and strengthen our execution capabilities. It has also enabled us to improve our capital efficiency. Since 2002, we have held our capital expenditures below depreciation while at the same time growing our business. We have also achieved significant cash flow gains through the stringent management of our operating working capital, which is defined as current assets, excluding cash and time deposits and short-term loans receivable, less current liabilities, excluding short-term borrowings and debt maturing within one year. From the end of 2000 through September 30, 2004, our successful reduction of operating working capital requirements has provided \$385 million of cash inflows.

As a separate company, we will be focused on aluminum rolled products, which we believe will enable us to respond more quickly to market demands and maximize the efficient allocation of our capital, technical and human resources. As a separate company, we will also be able to provide incentives to our management and employees that more closely align their interests with the performance of our aluminum rolled products business.

Separation from Alcan

We are a Canadian corporation formed on September 21, 2004 to acquire and independently carry on substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney. In addition to those businesses, we will, following the completion of the reorganization transactions, own and operate some of Alcan's alumina and primary metal-related assets in Brazil and four former Pechiney rolling facilities in Europe.

We estimate that approximately \$107 million in costs, fees and expenses will be incurred in relation to our separation from Alcan. These costs, fees and expenses will be primarily related to financing fees, legal separation matters, professional expenses, taxes and costs of producing, printing, mailing and otherwise distributing this prospectus and other shareholder communications. With the exception of the financing fees in the amount of \$68 million, all these costs, fees and expenses will be borne by Alcan.

Basis of presentation

The combined financial statements, which are discussed below, reflect the historical financial position, results of operations and cash flows of the businesses to be transferred to us by Alcan as part of the reorganization transactions. The net assets of the four Pechiney plants being transferred to us, initially acquired by Alcan in December 2003, are included in the combined financial statements as at

December 31, 2003, and their results of operations and cash flows are included beginning January 1, 2004. The financial information discussed below and included elsewhere in this prospectus, however, may not necessarily reflect what our financial position, results of operations and cash flows will be in the future or would have been had we been a stand-alone company during the periods presented. Because prior to the separation a direct ownership relationship did not exist among all of our various units and because we did not constitute a separate legal entity, Alcan's net investment in our company is shown in lieu of shareholders' equity in the historical combined financial statements. Similarly, as we did not operate as a single entity or within a structure with a single parent company, we do not show dividends paid in our historical combined financial results.

The combined financial statements presented in this prospectus include allocations of Alcan's expenses, assets and liabilities, including the items described below.

General corporate expenses

Alcan historically performed various corporate functions for us. Allocations for general corporate expenses are reflected in selling, administrative and general expenses in our combined statements of income. The general corporate expenses allocation is primarily for human resources, legal, treasury, insurance, finance, internal audit, strategy and public affairs and amounted to \$24 million and \$19 million for the nine months ended September 30, 2004 and 2003, respectively, and \$24 million, \$28 million and \$26 million for the years ended December 31, 2003, 2002 and 2001, respectively. Total head office costs, including the amounts allocated, amounted to \$41 million and \$30 million for the nine months ended September 30, 2004 and 2003, respectively and \$42 million, \$47 million and \$40 million for the years ended December 31, 2003, 2002 and 2001, respectively. Allocations were made based on the average head count and capital employed for the periods reported. Capital employed represents total assets less payables and accrued liabilities and deferred credits and other liabilities. The costs allocated are not necessarily indicative of the costs that would have been incurred had we performed these functions as a stand-alone company, nor are they necessarily indicative of costs that will be charged or incurred in the future. Following the separation, we will perform these functions using our own resources or purchased services, however, for an interim period, some of these functions will continue to be provided by Alcan under the transitional services agreement. We estimate that, as an independent company, we would need to incur additional expenses of approximately \$25 million per year for certain of these services.

Retirement plans and other post-retirement benefit plans

Our employees have been covered under Alcan's pension plans and other post-retirement benefit plans. In our combined financial statements, we have included allocations for expenses attributed to our employees participating in these plans.

Certain of the entities within our company have pension obligations, mostly comprised of defined benefit plans in the United States, unfunded pension benefits in Germany and lump sum indemnities payable to employees of our businesses in France, Korea and Malaysia upon retirement. These pension benefits are managed separately and the related assets, liabilities and costs are included in our combined financial statements.

Alcan manages defined benefit plans in Canada, the United States, the United Kingdom and Switzerland that cover some of the entities within our company. Our share of these plans' assets and liabilities is not included in our combined balance sheets. The combined statements of income, however, include an allocation of the costs of the plans that varies depending on whether the entity is a subsidiary or a division of Alcan. Pension costs of divisions of Alcan included in our businesses are allocated based on the following methods: service costs were allocated based on a percentage of payroll costs; interest costs, the expected return on assets, and amortization of actuarial gains and losses were allocated based on a percentage of the projected benefit obligation; and prior service costs were allocated based on headcount. Pension costs of subsidiaries of Alcan included in our businesses are accounted for on the same basis as a

multi-employer pension plan whereby the subsidiaries' contributions for the period are recognized as net periodic pension cost.

Alcan provides post-retirement benefits in the form of unfunded healthcare and life insurance benefits to retired employees in Canada and United States that include retired employees of some of our businesses. Our share of these plans' liabilities is included in the combined balance sheets and our share of these plans' costs is included in the combined statements of income.

Income taxes

Our income tax expense has been recorded as if we filed separate tax returns from Alcan, notwithstanding that some of our operations were historically included in the consolidated income tax returns filed by Alcan and that most of the related income taxes were paid by Alcan. Income taxes are calculated as if all of the entities within our company had been separate tax paying legal entities, each filing a separate tax return in its local tax jurisdiction. For jurisdictions where there is no tax sharing agreement, amounts currently payable have been included in the owner's net investment line in our combined balance sheets.

Alcan was managing its tax position for the benefit of its entire portfolio of businesses. Alcan's tax strategies are not necessarily reflective of the tax strategies that we would have followed or will follow as a stand-alone company. As a result, our effective tax rate as a stand-alone entity may differ significantly from those prevailing in historical periods.

Cash

Historically, Alcan has performed cash management functions on behalf of certain of our businesses, primarily in North America, the United Kingdom, and parts of Europe to optimize efficient pooling of funds. Cash deposits from these businesses are transferred to Alcan on a regular basis. As a result, none of Alcan's cash and cash equivalents has been allocated to us in the combined financial statements. Transfers to and from Alcan are netted against the owner's net investment in our combined balance sheets. Following the separation, we will be responsible for our own cash management functions. Cash and cash equivalents in our combined balance sheets are comprised of only the cash and cash equivalents of our businesses, primarily in South America, Asia and parts of Europe, that perform their own cash management functions.

Results of operations for the nine months ended September 30, 2004 compared to the nine months ended September 30, 2003

The following discussion and analysis is based on our unaudited interim combined statements of income, which reflect our operations for the nine months ended September 30, 2004 and 2003, as prepared in conformity with U.S. GAAP.

The following table sets forth information relating to our net income for the nine months ended September 30, 2004 and 2003.

	Nine m end Septem	led
	2004	2003
	(\$ mil	lions)
Selected financial information		0400
Net income	\$148	\$103
	_	
Included in net income are:		
Foreign currency balance sheet translation	(3)	(20)
Other Specified Items(i):		
Restructuring charges	(12)	(3)
Synergy costs	(1)	_
Asset impairments	_	(2)
Gain from non-routine sales of assets, businesses and investments	5	18
Tax adjustments	3	_
Legal and environmental provisions	_	(3)
Pension adjustments	12	(4)
	_	
Total Other Specified Items	\$ 7	\$ 6
	_	

(i) Other Specified Items, or OSIs, include: restructuring charges, asset impairment charges, unusual environmental charges, gains and losses on non-routine sales of assets, businesses or investments, gains and losses from legal claims, gains and losses on the redemption of debt, income tax reassessments related to prior years and the effects of changes in income tax rates, and other items that, in our view, do not typify normal operating activities.

Net income

Our net income was \$148 million for the nine months ended September 30, 2004, an increase of \$45 million, or 44%, compared to the corresponding period in 2003. The principal factor contributing to the improvement was higher rolled product shipments, which increased 12% over the corresponding period in 2003 in response to strengthening market conditions in Asia and North America and market share improvements in South America. The recovery in market price spreads between recycled metal and primary aluminum, foreign currency translation effects due to the weakness of the U.S. dollar against the euro and the addition of Pechiney operations, each of which contributed equally to an improvement in net income, were offset by increases in expenses such as depreciation and interest, the pre-tax amounts of which increased \$12 million and \$26 million, respectively, from the comparable year-ago nine-month period. Compared to the year-ago nine month period, the value of the U.S. dollar declined on average by approximately 9% against the euro. The recovery of metal price spreads reflected rising LME prices.

Included in net income for the first nine months of 2004 was a foreign currency balance sheet translation loss of \$3 million and a net after-tax gain for OSIs of \$7 million (\$7 million pre-tax). The principal items included in OSIs were an after-tax charge of \$13 million (\$18 million pre-tax) related to the closure of the Falkirk rolling mill in the United Kingdom, which is planned for December 2004, a \$12 million after-tax gain (\$18 million pre-tax) related to changes in a pension program in Brazil and an after-tax gain of \$5 million (\$7 million pre-tax) on the sale of assets in the United Kingdom. In the nine months ended September 30, 2003, net income included a foreign currency balance sheet translation loss of \$20 million and a net after-tax gain from OSIs of \$6 million (nil pre-tax). Included in OSIs was a gain of \$18 million (\$18 million pre-tax) on the sale of non-core assets in Italy, a charge of \$4 million (\$7 million pre-tax) related to the curtailment of a pension plan in Brazil, an environmental provision of

\$3 million (\$5 million pre-tax) related to certain operations in the United States, restructuring charges of \$3 million (\$5 million pre-tax) for certain operations in the United Kingdom and an impairment charge of \$2 million (\$3 million pre-tax) related to a subsidiary in Malaysia. Our results for the first nine months of 2004 also included after-tax mark-to-market gains on derivatives of \$23 million (\$36 million pre-tax) compared to \$12 million (\$17 million pre-tax) in the corresponding period of 2003.

Sales and operating revenues and shipments

The table below sets forth information relating to our sales and operating revenues and shipments for the nine months ended September 30, 2004 and 2003.

Nine months ended September 30,			
% Change	2004	2003	
	(\$ millions)		
22%	\$5,739	\$4,685	
12%	2,112	1,882	
(23%)	161	208	
	\$	2004 (\$ millions) 5,739 2,112	

- (i) Includes conversion of customer-owned metal (tolling).
- (ii) Includes primary and secondary ingot and recyclable aluminum.

Our sales and operating revenues were \$5.7 billion for the nine months ended September 30, 2004, an increase of \$1.1 billion, or 22%, compared to the corresponding period in 2003. Approximately one half of the increase was the result of higher LME aluminum prices being passed through to customers. LME 3-month aluminum prices were up on average 21% compared to the year-ago nine month period reflecting improved aluminum industry fundamentals. The balance of the increase in sales largely reflected increased rolled products shipments, which were up 12% compared to the year ago nine month period.

Ingot products shipments comprise primary ingot in Brazil, foundry products sold in Korea and Europe, secondary ingot in Europe and other miscellaneous recyclable aluminum sales made for logistical purposes.

Costs and expenses

The table below sets forth information relating to our costs and expenses for the nine months ended September 30, 2004 and 2003.

	Nine months ended September 30,				
	% Change	2004	% of sales	2003	% of sales
		(\$ millions)		(\$ millions)	
Cost of sales and operating expenses, excluding depreciation and					
amortization	22%	\$5,032	87.7%	\$4,120	87.9%
Depreciation and amortization	7%	178	3.1%	166	3.5%
Selling, administrative and general expenses	15%	182	3.2%	158	3.4%
Research and development expenses	(20%)	41	0.7%	51	1.1%

Our cost of sales and operating expenses were 88% of our sales and operating revenues for the first nine months of 2004, essentially unchanged from the corresponding period in 2003. The stability of this cost-revenue relationship reflects the conversion nature of our business. The vast majority of our products have a price structure with two components: a pass-through aluminum price component based on the LME quotation and local market premia, plus a "margin over metal" or conversion charge based on the cost to roll the product.

Our depreciation and amortization expense was \$178 million for the first nine months of 2004 compared to \$166 million for the corresponding period in 2003, an increase of \$12 million, or 7%. Approximately one half of the increase was the result of the acquisition of Pechiney at the end of 2003,

with the remainder mainly reflecting the effect of the stronger euro and Korean won when translating local currency expenses into U.S. dollars.

Our selling, administrative and general, or SA&G, expenses were \$182 million for the first nine months of 2004, compared to \$158 million for the corresponding period in 2003, an increase of \$24 million, or 15%. Approximately one half of the increase was the result of the acquisition of Pechiney at the end of 2003, with the remainder mainly reflecting the effect of the stronger euro, Canadian dollar and Korean won when translating local currency expenses into U.S. dollars.

Historically, Alcan has centrally managed its financing activities in order to optimize its costs of funding and financial flexibility at a corporate level. Consequently, the debt being carried in our historical combined financial statements does not necessarily reflect our debt capacity and financing requirements. Interest expense, on a combined basis, at \$55 million for the first nine months of 2004 was 90% higher than the corresponding period in 2003, reflecting the higher level of debt which was used to finance Alcan's acquisition of Pechiney. On a pro forma basis, reflecting the estimated indebtedness we expect to incur in connection with the reorganization transactions, our interest expense for the first nine months of 2004 would have been \$162 million, assuming an average interest cost of 7.3%, including financing costs. You should read our pro forma financial information under "Unaudited Pro Forma Combined Financial Data" elsewhere in the prospectus as well as our discussion of capital structure under "— Liquidity and capital resources" below.

Income taxes

Our income tax expense was \$111 million for the first nine months of 2004. This represented an effective tax rate of 42%, unchanged from the effective tax rate for the corresponding period in 2003. This compares to a composite statutory tax rate in Canada of 33% in 2004 and 32% in 2003. In 2004, the difference between the effective and statutory rates was mainly due to higher tax rates in foreign jurisdictions. In 2003, the difference between the effective and statutory rates was primarily due to currency-related items and higher tax rates in foreign jurisdictions, partially offset by the realization of tax benefits on previously unrecognized tax losses carried forward.

The following table sets forth information regarding our cash flow for the nine months ended September 30, 2004 and 2003.

		Nine months ended September 30,			
	% Change	% Change 2004	2003		
		(\$ mil	llions)		
Cash flow					
Cash from operating activities	33%	\$299	\$ 225		
Capital expenditures	(22%)	(95)	(122)		
Dividends	_	(4)	(1)		
Free cash flow(i)	96%	200	102		

(i) Free cash flow consists of cash from operating activities less capital expenditures and dividends. Dividends include only those paid by our less than wholly-owned subsidiaries to their minority shareholders. We consider free cash flow to be relevant information for investors as it provides a measure of the cash generated internally that is available for investment opportunities and debt repayment. However, free cash flow does not necessarily represent cash available for discretionary activities, as certain mandatory debt service obligations must be funded out of free cash flow.

Our cash flow from operating activities was \$299 million in the first nine months of 2004 compared to \$225 million in the same period in 2003, mainly reflecting our higher earnings. Our free cash flow was \$200 million in the first nine months of 2004, an increase of \$98 million, or 96%, over the level in the corresponding period in 2003, reflecting the impact of lower capital expenditures. Our historical combined financial statements do not reflect any dividends paid by Alcan to its shareholders nor the level of interest expense that we are likely to incur following our separation from Alcan. We will establish our own dividend policy once we become a separate company. You should read "Dividend Policy" for a discussion of our proposed dividend policy.

The following table sets forth information regarding our capital expenditures and depreciation for the nine months ended September 30, 2004 and 2003.

	Nine months ended September 30,		
	% change 2004		2003
Capital expenditures and depreciation		(\$ mill	lions)
Capital expenditures	(22%)	\$ 95	\$122
Depreciation and amortization expense	7%	178	166
Reinvestment rate (i)(%)	_	53%	73%

(i) Capital expenditures as a percentage of depreciation and amortization expense.

Our capital expenditures on property, plant and equipment decreased by \$27 million, or 22% in the first nine months of 2004 compared to the corresponding period in 2003, reflecting expenditure timing differences and the completion of an hydroelectric project in Brazil. As in the first nine months of 2003, capital expenditures remained below the level of depreciation expense.

Total borrowings, as well as cash and time deposits, as presented in the historical combined financial statements for September 30, 2004 and December 31, 2003 are not representative of the debt or cash and time deposits that we expect to assume or incur upon our separation from Alcan. Historically, Alcan has centrally managed its financing activities in order to optimize its costs of funding and financial flexibility at a corporate level. Consequently, the debt being carried in our historical combined financial statements does not necessarily reflect our debt capacity and financing requirements. You should read our pro forma financial information under "Unaudited Pro Forma Combined Financial Data" as well as our discussion of capital structure under "— Liquidity and capital resources" below.

Segment results

Novelis North America

In the first nine months of 2004, Novelis North America, or NNA, had sales and operating revenues of \$2.2 billion, representing 39% of our total sales and operating revenues, and shipments of 909 kilotonnes, representing 40% of our total shipments. Compared to the corresponding period in 2003, NNA's revenues increased by \$393 million, or 21%. Approximately two thirds of the increase reflected the impact of higher LME prices passed through to customers, with the balance mainly reflecting higher shipments.

NNA reported BGP of \$189 million for the first nine months of 2004, an increase of \$23 million, or 14%, over the corresponding period of 2003. Almost all of the improvement can be attributed to increased rolled product shipments, which were up 8% from the year-ago period due to strengthening market conditions. Benefits to BGP of the same magnitude from the recovery of price spreads between recycled metal and primary aluminum were offset by the adverse impact of metal price lags. The recovery in price spreads reflected rising LME prices. Metal price lags result from temporary timing differences between the pass through aluminum price component of our sales to customers and the LME-related cost of aluminum purchases included in our cost of goods sold.

Novelis Europe

In the first nine months of 2004, Novelis Europe, or NE, had sales and operating revenues of \$2.3 billion, representing 40% of our total sales and operating revenues, and shipments of 815 kilotonnes, representing 36% of our total shipments. Compared to the corresponding period in 2003, NE's revenues increased by \$393 million, or 21%. The impact of higher LME prices passed through to customers accounted for approximately one half of the improvement in sales and operating revenues, with higher shipments from the acquisition of Pechiney accounting for approximately one third of the improvement. Foreign currency translation effects accounted for most of the remaining improvement.

NE reported BGP of \$158 million for the first nine months of 2004 as compared to \$133 million in the corresponding period of 2003. Included in the 2004 nine-month results was a charge of \$10 million related to the closure of the Falkirk facility in the United Kingdom. The positive effect on translation of euro-denominated results into U.S. dollars, favourable metal effects and the contribution of four rolling operations acquired from Pechiney contributed equally to the remaining change in BGP. While some end-markets are slowly recovering in Europe, the strength of the euro continues to keep shipments and margins under pressure. In response to the challenging market conditions, NE is focused on optimizing its portfolio of products and reducing costs.

Novelis Asia

In the first nine months of 2004, Novelis Asia, or NA, had sales and operating revenues of \$0.9 billion, representing 15% of our total sales and operating revenues, and shipments of 361 kilotonnes, representing 16% of our total shipments. Compared to the corresponding period in 2003, NA's revenues increased by \$198 million, or 30%. Approximately one half of the increase reflected the impact of higher LME prices passed through to customers, with the balance mainly reflecting higher shipments.

NA reported BGP of \$61 million for the first nine months of 2004 compared to \$41 million in the corresponding period in 2003. The improvement principally reflected strengthening demand, most notably in China, which led to a 20% increase in NA's rolled products shipments compared to the year ago period.

Novelis South America

In the first nine months of 2004, Novelis South America, or NSA, had sales and operating revenues of \$0.4 billion, representing 6% of our total sales and operating revenues, and shipments of 188 kilotonnes, representing 8% of our total shipments. Compared to the corresponding period in 2003, NSA's revenues

increased by \$71 million, or 24%. Approximately three quarters of the increase reflected the impact of higher LME prices passed through to customers, with the balance mainly reflecting higher shipments.

NSA reported BGP of \$103 million for the first nine months of 2004 compared to \$80 million in the corresponding period in 2003. Of the increase in BGP, approximately two thirds reflected the benefits of market share gains, evidenced by a 15% increase in NSA's rolled products shipments over the prior year period, with the balance coming from positive metal effects in the primary metal portion of the business due to higher LME prices.

Results of operations for the year ended December 31, 2003 compared to the year ended December 31, 2002 and for the year ended December 31, 2002 compared to the year ended December 31, 2001

The following discussion and analysis is based on our audited combined statements of income and combined balance sheets, which reflect our operations for the years ended December 31, 2003, 2002 and 2001, as prepared in conformity with U.S. GAAP.

The table below sets forth the contribution of each end-use market and third party ingot sales to our total sales and operating revenues for the years ended December 31, 2003, 2002 and 2001.

Contribution to Novelis sales and operating revenues

	Yea	Year ended December 31,			
	2003	2002	2001		
e/Food Cans	35%	38%	39%		
and Industrial	28%	28%	28%		
	15%	14%	14%		
	16%	15%	14%		
	6%	5%	5%		
	_	_	_		
	100%	100%	100%		
	_	_			

The following table sets forth information relating to our net income for the years ended December 31, 2003, 2002 and 2001.

	Y	Year ended December 31,		
	2003	2002	2001	
		(\$ millions)		
Selected financial information				
Income (Loss) before the cumulative effect of an accounting change	\$157	\$ 75	\$(137)	
Cumulative effect of accounting change	_	(84)	_	
Net income (Loss)	157	(9)	(137)	
	_			
Included in net income are:				
Foreign currency balance sheet translation	(26)	6	(1)	
Other Specified Items:				
Restructuring charges	(4)	(7)	(50)	
Asset impairments	(3)	(13)	(93)	
Gain (Loss) from non-routine sales of assets, businesses and investments	26	(4)	_	
Tax adjustments	6	_	12	
Transfer pricing adjustment	_	(23)	_	
Legal and environmental provisions	(18)	_	_	
Other	(4)	1	(1)	
Total Other Specified Items	\$ 3	\$(46)	\$(132)	

Results of Operations

Our net income for 2003 was \$157 million compared to a loss of \$9 million in 2002 and a loss of \$137 million in 2001. Results for 2002 included a non-cash charge of \$84 million that resulted from the adoption of SFAS No. 142, Goodwill and Other Intangible Assets, as we identified an impairment of goodwill as of January 1, 2002 which was charged to income as a cumulative effect of an accounting change upon adoption of the new accounting standard. You should read note 4 of the annual combined financial statements for further information on SFAS No. 142. The loss in 2001 in large part reflected the impact of restructuring and impairment charges that are discussed below.

Included in our net income for 2003 was a foreign currency balance sheet translation loss of \$26 million, offset in part by a net after-tax gain of \$3 million (\$6 million pre-tax) from OSIs. Foreign currency balance sheet translation effects, which are primarily non-cash in nature, arise from translating monetary items (principally deferred income taxes, operating working capital and long-term liabilities) denominated in Canadian dollars and Brazilian real into U.S. dollars for reporting purposes. The translation loss in 2003 reflected the significant weakening of the U.S. dollar against the Canadian dollar and Brazilian real. The most significant items included in OSIs were after-tax gains of \$26 million (\$30 million pre-tax) on the sale of non-core businesses in Italy, the United Kingdom and Malaysia and an after-tax environmental charge of \$18 million (\$30 million pre-tax) related to a site in the United States. Our results of operations for 2003 also included after-tax mark-to-market gains on derivatives of \$11 million (\$20 million pre-tax) versus \$7 million (\$9 million pre-tax) in 2002.

Our income before the cumulative effect of an accounting change for 2002 was \$75 million. Included in our results for the year was a foreign currency balance sheet translation gain of \$6 million and a net after-tax charge of \$46 million (\$66 million pre-tax) for OSIs. In 2002, the most significant items included in OSIs were an after-tax charge of \$23 million (\$38 million pre-tax) for a transfer pricing adjustment related to prior years, an after-tax charge of \$13 million (\$14 million pre-tax) related to asset

impairments and an after-tax charge of \$7 million (\$11 million pre-tax) for restructuring charges, both of which related to the 2001 restructuring program.

The improvement in our income before the cumulative effect of an accounting change for 2003 as compared to 2002 was made up equally between the realization of tax benefits on previously unrecorded tax losses carried forward and the difference in restructuring, impairment and other special charges. In addition, our continued focus on cost and productivity improvements and the positive impact of the stronger euro in translating local currency results more than offset the negative effects of foreign currency balance sheet translation losses, discussed above, and higher costs for recycled metal, pensions and energy.

In 2001, we recorded a loss of \$137 million which included a net after-tax charge of \$132 million (\$202 million pre-tax) for OSIs and a foreign currency balance sheet translation loss of \$1 million. OSIs mainly comprised after-tax asset impairment charges of \$93 million (\$132 million pre-tax) and after-tax restructuring charges of \$50 million (\$69 million pre-tax) both of which related mainly to the 2001 restructuring program. Our results also included after-tax mark-to-market losses on derivatives of \$18 million (\$27 million pre-tax).

The improvement in our income before the cumulative effect of an accounting change for 2002 as compared to 2001 principally reflected lower restructuring, impairment and special charges, the pre-tax amounts of which were \$183 million lower year-over-year, and increased shipments, discussed below.

Sales and operating revenues and shipments

The table below sets forth information relating to our sales and operating revenues and shipments for the years ended December 31, 2003, 2002 and 2001.

	% Change		,	1,	
	2003 vs 2002	2002 vs 2001	2003	2002	2001
				(\$ millions)	
Sales and operating revenues	6%	2%	\$6,221	\$5,893	\$5,777
Rolled products shipments(i) (kt)	(1%)	8%	2,478	2,506	2,319
Ingot products shipments(ii) (kt)	24%	4%	292	236	228

- (i) Includes conversion of customer-owned metal (tolling).
- (ii) Includes primary and secondary ingot and recyclable aluminum.

Our sales and operating revenues were \$6.2 billion in 2003, an increase of 6% compared to 2002. Approximately two thirds of the increase reflected the effect of the weakening U.S. dollar against most currencies. The currency impact affected our operations in Europe and Korea where our revenues are denominated in local currencies and must be translated into U.S. dollars for reporting purposes. Year over year, the value of the U.S. dollar declined nearly 20% against the euro and 5% against the Korean won. Approximately one third of the increase reflected the impact of higher LME prices being passed through to our customers. The average LME 3-month aluminum price increased approximately 5% year over year.

In 2002, our sales and operating revenues were \$5.9 billion, which represented an increase of 2% over 2001. Contributing to this improvement was an 8% increase in rolled product shipments, reflecting gains in all regions except South America, partially offset by the impact of lower LME prices being passed through to customers. The average LME 3-month aluminum price was approximately 6% lower in 2002 than in 2001.

Costs and expenses

The table below sets forth information relating to our expenses for the years ended December 31, 2003, 2002 and 2001.

Year ended December 31.

	2003	% of sales	2002	% of sales	2001	% of sales
	(\$ millions)		(\$ millions)		(\$ millions)	
Cost of sales and operating expenses, excluding						
depreciation and amortization	\$5,482	88.1%	\$5,208	88.4%	\$5,156	89.3%
Depreciation and amortization	222	3.6%	211	3.6%	217	3.8%
Selling, administrative and general expenses	211	3.4%	183	3.1%	209	3.6%
Research and development expenses	62	1.0%	67	1.1%	62	1.1%
Other expenses	24	0.4%	21	0.4%	14	0.2%

In 2003, our cost base was adversely affected by a number of external factors that increased costs for pensions, natural gas and recycled metal. The sharp decline in the value of the U.S. dollar also had a significant adverse impact on operating and overhead costs incurred in other currencies, which are translated into U.S. dollars for reporting purposes. The economic impact on costs was most pronounced in Europe, Korea and Canada. In order to mitigate the negative impact of cost pressures and currency, we remained focused on reducing controllable costs.

Our cost of sales and operating expenses represented 88.1% of our sales and operating revenues in 2003, compared to 88.4% in 2002 and 89.3% in 2001. The stability of this cost-revenue relationship reflects the conversion nature of our business. The vast majority of our products have a price structure with two components: a pass through aluminum price based on the LME and local market premia, plus a "margin over metal" price based on the conversion cost to produce the rolled product and the competitive market conditions for that product. The increase in cost of sales and operating expenses in 2003 in large part reflected the impact of higher LME prices on metal input costs. There was a commensurate increase in sales and operating revenues as higher metal costs were passed through to customers.

Our depreciation and amortization expense was \$222 million in 2003, an increase of \$11 million, or 5%, compared to 2002. The increase in 2003 mainly reflected the effect of the strengthening euro and Korean won when translated into U.S. dollars. In 2002, our depreciation and amortization expense was \$211 million, a decrease of \$6 million, or 3%, compared to 2001.

Selling, administrative and general, or SA&G, expenses were \$211 million in 2003, an increase of \$28 million, or 15%, compared to 2002. Approximately one half of the increase reflected the impact of the weakening U.S. dollar, most notably against the euro, which increased local currency costs when translated into U.S. dollars for reporting purposes. On average, the value of the U.S. dollar relative to the euro declined by nearly 20% year over year. One-time pension-related expenses in Brazil and a provision for restructuring in Italy accounted equally for the balance of the increase. Our 2002 SA&G expenses were \$26 million, or 12%, lower than 2001, mainly reflecting the impact of the 2001 restructuring program discussed below.

Our research and development spending was \$62 million in 2003, compared to \$67 million in 2002 and \$62 million in 2001. In each of the three years, research and development represented about 1% of sales and operating revenues.

As discussed above, we do not believe that an analysis of our historical interest expense is meaningful as it does not reflect the level of debt financing that our business will assume and incur in connection with the reorganization transactions, nor the associated interest costs. On a combined basis, historical interest expense was \$40 million in 2003, little changed from 2002. The higher level of borrowings and debt at the end of 2003 reflected Alcan's acquisition of Pechiney in 2003. Historical combined interest expense

decreased by 34% in 2002 due to a reduction in related-party borrowings during the year, principally in Brazil, and the replacement of bank borrowings with supplier credit in Korea. On a pro forma basis, reflecting the estimated indebtedness we expect to incur in connection with the reorganization transactions, our interest expense for 2003 would have been \$213 million, assuming an average interest cost of 7.2%, including financing costs. You should read our pro forma financial information "Unaudited Pro Forma Combined Financial Data" as well as our discussion of capital structure under "— Liquidity and capital resources" below.

Restructuring, impairment and other special charges include amounts related to our 2001 restructuring program. Under this program, a detailed business portfolio review was undertaken to identify high cost operations, excess capacity and non-core products. Charges of \$208 million in 2001 and \$25 million in 2002 and recoveries of prior years' provisions of \$24 million in 2003 related principally to impairments for buildings, machinery and equipment and severance costs. This program was completed in 2003. You should read note 7 of the combined financial statements for further details on restructuring, impairment and other special charges.

In 2003, other expenses, net of other income, of \$24 million included pre-tax expenses of \$27 million for certain OSIs. The most significant items related to a pre-tax environmental provision of \$30 million for a site at our Oswego facility in New York, pre-tax mark-to-market gains on derivatives of \$20 million and foreign exchange losses of \$17 million mainly relating to foreign currency balance sheet translation and a pre-tax charge of \$7 million associated with a change in pension plans in Brazil. Other expense, net of other income, of \$21 million in 2002 included a pre-tax expense of \$44 million related to a transfer pricing adjustment, pre-tax interest revenue of \$16 million, pre-tax mark-to-market gains on derivatives of \$9 million and a pre-tax expense of \$3 million related to an asset impairment charge for operations in Korea. The transfer pricing adjustment relates to discussions that the Internal Revenue Service completed with the Canadian tax authorities in 2002 with respect to Alcan Aluminum Corporation's request for competent authority assistance on the Canadian initiated transfer pricing adjustments for the tax years 1988 through 1995. The Internal Revenue Service agreed to provide correlative relief and the \$44 million adjustment is the resulting increase in expenses related to our business for the years 1988 through 1995. In 2001, other expenses, net of other income, of \$14 million included pre-tax mark-to-market losses on derivatives of \$27 million, pre-tax interest revenue of \$14 million and pre-tax income of \$5 million related to a reversal of rationalization costs for certain operations in the United Kingdom.

Income taxes

Our income tax expense of \$50 million for 2003 represented an effective tax rate of 25%, compared to an income tax expense of \$77 million and an effective tax rate of 57% in 2002 and an income tax expense of \$6 million and an effective tax rate of negative 4% in 2001. This compares to a composite statutory tax rate of 32% in Canada for both 2003 and 2002 and of 33% for 2001. In 2003, the difference in the rates was due primarily to prior years' tax adjustments and the realization of tax benefits on previously unrecorded tax losses carried forward. In 2002, the difference in the rates was due primarily to the impact of potential future tax benefits that were not recognized since their realization was not likely as well as higher tax rates in foreign jurisdictions, partially offset by currency related items. In 2001, the negative effective tax rate was mainly a result of restructuring and asset impairment provisions on which the potential future tax benefits were not recognized since their realization was not likely. You should read note 8 of the annual combined financial statements for a reconciliation of statutory and effective tax rates.

The change in tax rates from year to year is largely due to the increase or decrease in valuation allowance recorded against deferred tax assets. We reduce the deferred tax assets by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. In 2003, we reduced the valuation allowance on deferred tax assets as a result of the realization of tax benefits from the carryforward of prior years' tax losses to offset taxable income of the current year in Italy, the United Kingdom and Korea. In 2002, we incurred tax losses in certain jurisdictions, such as Italy, where it was not more likely than not that the tax benefits would be realized and therefore increased the valuation allowance on these deferred assets. In 2001, the negative effective tax rate was mainly a result of

restructuring and asset impairment provisions on which the potential future tax benefits were not recognized since their realization was not likely.

Goodwil

Effective January 1, 2002, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under the standard, goodwill and intangible assets that have indefinite useful lives are no longer amortized but rather are tested at least annually for impairment.

In 2002, a review of goodwill resulted in an impairment charge of \$84 million recorded as a cumulative effect of an accounting change as of January 1, 2002. This non-cash adjustment reflected the deterioration in end-use market conditions in the period from Alcan's acquisition of algroup in October 2000 to January 1, 2002, and did not reflect a change in our growth prospects.

Liquidity and capital resources

As highlighted in our combined financial statements, our liquidity and available capital resources are impacted by three components: (1) operating activities, (2) investment activities and (3) financing activities.

Operating activities

The following table sets forth information regarding our cash flow for the years ended December 31, 2003, 2002 and 2001.

	%	% Change		Year ended December 31,		
	2003 vs 2002	2002 vs 2001	2003	2002	2001	
				(\$ millions)		
Cash flow						
Cash from operating activities	8%	63%	\$ 444	\$ 410	\$ 251	
Capital expenditures	6%	(24%)	(189)	(179)	(236)	
Dividends			_	(2)	_	
Free cash flow	11%	1,427%	255	229	15	

Despite external cost pressures and a soft economic environment, our pursuit of value maximization has enabled us to achieve a stable cash flow performance. Focused attention on our product portfolio and costs, stringent management of operating working capital and a disciplined approach to capital spending yielded substantial benefits over the three years presented.

Our cash inflows from the reduction in operating working capital requirements amounted to \$420 million over the three-year period. The higher level of cash from operating activities and free cash flow in 2003 resulted mainly from increased BGP. In 2003, our cash flow generated from operating activities was \$444 million compared to \$410 million in 2002 and \$251 million in 2001. The higher level in 2002 reflected record rolled products shipment levels achieved in that year and the resulting impact on operating segment BGP. Our free cash flow was \$255 million in 2003, compared to \$229 million in 2002 and \$15 million in 2001. Our combined financial statements do not reflect any dividends that were paid by Alcan to its shareholders. We will establish our own dividend policy following our separation from Alcan. You should read "Dividend Policy" for a discussion of our proposed dividend policy.

Investment activities

The following table sets forth information regarding our capital expenditures and depreciation for the years ended December 31, 2003, 2002 and 2001.

	% Change		Year ended December 31,		
	2003 vs 2002	2002 vs 2001	2003	2002	2001
				(\$ millions)	
Capital expenditures and depreciation					
Capital expenditures	6%	(24%)	\$189	\$179	\$236
Depreciation and amortization expense	5%	(3%)	222	211	217
Reinvestment rate (%)			85%	85%	109%

We believe that maintaining strong and stable cash flows while improving our return on capital assets are key measures of our financial success. While capital expenditures on property, plant and equipment increased in 2003, they remained below the level of depreciation expense for a second consecutive year. Our capital spending was \$189 million in 2003, compared to \$179 million in 2002 and \$236 million in 2001.

We estimate that our annual capital expenditure requirements for items necessary to maintain comparable production, quality and market position levels will be between \$100 million and \$120 million for the next several years.

Financing activities

Total borrowings, as well as cash and time deposits, as presented in the historical combined financial statements for the years ended December 31, 2003, 2002 and 2001 are not representative of the debt or cash and time deposits that we expect to assume and incur upon our separation from Alcan. Historically, Alcan has centrally managed its financing activities in order to optimize its costs of funding and financial flexibility at a corporate level. Consequently, the debt being carried in our historical combined financial statements does not necessarily reflect our debt capacity and financing requirements. You should read our pro forma financial information under "Unaudited Pro Forma Combined Financial Data."

In connection with our separation from Alcan, we anticipate incurring \$2.9 billion in debt, which is expected to consist of 7-year term loans of \$1.5 billion at a variable interest rate (three-month LIBOR plus 2.25%), which is 3.65% and 3.46% for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively, using historical average LIBOR rates, and seller notes to Alcan in the aggregate amount of \$1.4 billion at an initial fixed interest rate of 7.5%, which increases by 0.5% each quarter (not to exceed 11.5%) resulting in an effective rate of 10.9% over the life of the note. The level of debt may vary as we may need to provide for other cash requirements. In the first quarter immediately following the separation, we intend to refinance the seller notes with 10-year bonds in the amount of \$1.4 billion at an anticipated interest rate of 7.5%. If we refinance the seller notes with 10-year bonds as described in Note (b) to our unaudited pro forma combined financial data, the effect on pro forma interest expense would be a decrease of \$34 million and \$45 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. The effect on pro forma net income would be an increase of \$25 million and \$33 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. If we refinance the seller notes with 10-year bonds as described in Note (b) to our unaudited pro forma combined financial data and we swap the 7-year term loans for fixed rate debt as described in such Note, the effect on pro forma interest expense would be a decrease of \$28 million and \$36 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. The effect on pro forma net income would be an increase of \$21 million and \$36 million for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively.

We and Alcan determined the amount of debt that we would incur after considering our ability to service the debt, our ability to finance current and future growth initiatives and the capital structure of

comparable companies. We obtained guidance from the major credit rating agencies and our financial and capital market advisors in selecting a capital structure appropriate for our company as a viable, stand-alone entity.

We also expect to enter into a revolving credit facility that will be available for operating working capital and other requirements. This credit facility is expected to be in the aggregate amount of \$500 million and will allow us to borrow funds at variable interest rates as short-term cash needs dictate.

Contractual obligations

We have future obligations under various contracts relating to debt payments, capital and operating leases, long-term purchase arrangements and pensions and other post-employment benefits. The table below provides a summary of these contractual obligations (based on undiscounted future cash flows) as at December 31, 2003. The changes in our contractual obligations as at September 30, 2004 from the amounts reported in the table are included in the explanatory notes below. Long-term debt obligations are presented below. However, they reflect our historical debt level which is not representative of the debt repayments that will actually be due under the new capital structure.

		Payments due by period as at December 31, 2003					
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years		
			(\$ millions)				
Long-term debt(i)	\$1,659	\$142	\$1,023	\$493	\$ 1		
Interest payments on long-term debt(i)	209	66	97	46	_		
Capital leases(ii)	1	1	_	_	_		
Operating leases(ii)	30	11	12	5	2		
Purchase obligations(ii)	40	34	6	_	_		
Unfunded pension plans(iii)	426	7	14	14	391		
Other post-employment benefits(iii)	258	7	12	12	227		
Funded pension plans(iii),(iv)	(iv)	_	1	1	(iv)		
	, ,	_					
Total		\$268	\$1.165	\$571			

- (i) Refer to note 17 of the annual combined financial statements. Long-term debt repayments as at September 30, 2004 were \$1,119 million (less than 1 year: \$312 million; 1-3 years: \$343 million; 3-5 years: \$463 million; more than 5 years: \$1 million). Interest payments on the long-term debt as at September 30, 2004 were \$130 million (less than 1 year: \$11 million; 1-3 years: \$77 million; 3-5 years: \$42 million; more than 5 years: nil).
- (ii) Refer to note 19 of the annual combined financial statements. Purchase obligations as at September 30, 2004 were \$149 million (less than 1 year: \$21 million; 1-3 years; \$68 million; 3-5 years: \$44 million; more than 5 years: \$16 million).
- (iii) Refer to note 23 of the annual combined financial statements.
- (iv) Pension funding generally includes the contribution required to finance the annual service cost, except where the plan is largely overfunded, and amortization of unfunded liabilities over periods of 15 years, with larger payments made over the initial period where required by pension legislation. Contributions depend on actual returns on pension assets and on deviations from other economic and demographic actuarial assumptions. Based on our long-term expected return on assets, annual contributions for years after 2008 are projected to be in the same range as in prior years and to grow in relation with payroll.

Environment, health and safety

We strive to be a leader in environment, health and safety, or EHS. To achieve this, we introduced a new environment, health and safety management system in 2003 which is a core component of our overall business management system.

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 our facilities are expected to implement the necessary management systems to support ISO 14001 and OHSAS 18001 certifications. As of October 31, 2004, close to 85% of our facilities were ISO 14001 certified and over 80% of the facilities were OHSAS 18001 certified. All remaining sites are scheduled for certification by the end of 2004.

Our capital expenditures for environmental protection and the betterment of working conditions in our facilities were \$18 million in 2003. We expect these capital expenditures will be approximately \$28 million in 2004 and \$25 million in 2005. In addition, expenses for environmental protection (including estimated and probable environmental remediation costs as well as general environmental protection costs at our facilities) were \$57 million in 2003, and are expected to be \$37 million in 2004 and \$33 million in 2005. Generally, expenses for environmental protection are recorded in Cost of sales and operating expenses. However, significant remediation costs that are not associated with on-going operations are recorded in Other expenses (income) — net.

Operating segment review

Due in part to the regional nature of supply and demand of aluminum rolled products, our activities are organized under four business groups and are managed on the basis of geographical areas. The business groups are Novelis North America, Novelis Europe, Novelis Asia and Novelis South America.

	% change		Year ended December 31,		
	2003 vs 2002	2002 vs 2001	2003	2002	2001
				(\$ millions)	
Business group profit(i)					
Novelis North America	(26%)	37%	\$206	\$277	\$202
Novelis Europe	33%	63%	173	130	80
Novelis Asia	94%	35%	68	35	26
Novelis South America	24%	(16%)	112	90	107

(i) Refer to note 25 of the annual combined financial statements for a reconciliation to net income.

	Year	Year ended December 31,			
	2003	2002	2001		
Sales and operating revenues by business group(i)					
Novelis North America	38%	43%	43%		
Novelis Europe	40%	38%	37%		
Novelis Asia	15%	13%	13%		
Novelis South America	7%	6%	7%		
	_	_			
Total	100%	100%	100%		
	_	_			

(i) Excludes intersegment revenues. Refer to note 25 of the annual combined financial statements for details intersegment revenues.

Alcan's measure of operating segment profitability is referred to as business group profit, or BGP. BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring, impairment and other special charges, and pension actuarial gains, losses and other adjustments and mark to market adjustments on derivatives,

that are not under the control of our business groups or are not considered in the measurement of their profitability. These items are generally managed by Alcan's corporate head office, which focuses on strategy development and oversees governance, policy, legal, compliance, human resources and finance matters. Charges for the 2001 restructuring program were treated as OSIs and were not included in BGP. For further details on the 2001 restructuring program, you should read note 7 of the annual combined financial statements for the years ended December 31, 2003, 2002 and 2001 and note 4 of the interim combined financial statements for the nine months ended September 30, 2004 and 2003.

The accounting principles used to prepare the information by operating segment are the same as those used to prepare the combined financial statements, except for the following two items:

- (1) The operating segments include our proportionate share of joint ventures (including joint ventures accounted for using the equity method) as they are managed within each operating segment; and
- (2) Pension costs for the operating segments are based on the normal current service cost with all actuarial gains, losses and other adjustments being included in intersegment and other

Additional operating segment information is presented in note 25 of the annual combined financial statements. The information that follows is reported by operating segment on a stand-alone basis. Transactions between groups are conducted at arm's length and reflect market prices.

Novelis North America

Through a network of 12 aluminum rolled products facilities, including two dedicated recycling facilities, NNA manufactures high-quality aluminum sheet and light gauge products. In the past few years, industry production capacity has been reduced through consolidation and restructuring. NNA has focused its efforts on improving its competitiveness through cost improvements, product portfolio upgrades and production optimization. Approximately two-thirds of NNA's rolled products production is directed to the beverage can market. Other important end-use markets for NNA include containers and packaging, automotive, other transportation applications, building products and other industrial applications. Because demand in NNA's largest end-use market, beverage cans, is little affected by the business cycle, financial results for NNA tend to be stable.

The following tables set forth key financial and operating data for NNA for the fiscal years ended December 31, 2003, 2002 and 2001.

	Year	Year ended December 31,			
	2003	2002	2001		
Contribution to Novelis North America sales and operating revenues					
Beverage/Food Cans	57%	61%	64%		
Construction and Industrial	14%	11%	11%		
Foil Products	12%	11%	11%		
Transportation	15%	15%	12%		
Ingot	2%	2%	2%		
Total	100%	100%	100%		

	% Change		Year ended December 31,		
	2003 vs 2002	2002 vs 2001	2003	2002	2001
				(\$ millions)	
Novelis North America selected financial information(i)					
Sales and operating revenues	(5%)	_	\$2,385	\$2,517	\$2,506
BGP	(26%)	37%	206	277	202
Rolled products shipments(ii) (kt)	(7%)	5%	1,041	1,120	1,070
Ingot products shipments(iii) (kt)	(7%)	7%	42	45	42

- (i) Intersegment revenues and shipments are not included in the figures above; you should read note 25 of the annual combined financial statements for details of intersegment revenues.
- (ii) Includes conversion of customer-owned metal (tolling).
- (iii) Includes primary and secondary ingot and recyclable aluminum.

In 2003, NNA had sales and operating revenues of \$2.4 billion, representing 38% of our total sales and operating revenues, and shipments of 1,083 kilotonnes, representing 39% of our total shipments. Compared to 2002, NNA's revenues decreased by \$132 million, or 5%, in 2003 mainly due to lower shipments, in part offset by the impact of higher aluminum input costs passed through to customers.

Rolled product shipments for 2003 were 7% below the record level in 2002 due to lower can stock shipments, the transfer of business to Novelis Asia and weak market conditions in the United States. In contrast, automotive sheet sales reached an all-time record in 2003 as sales of light trucks in the North American market remained strong, despite a 3% decline in overall automobile sales. NNA benefited from innovations in sport utility vehicle lift-gate and hood technologies as a result of its continued close co-operation with customers. Industrial product revenues improved despite ongoing weakness in the distributor market and severe import price competition, as we continued to concentrate on new value-creating product applications. Container and foilstock shipments were essentially unchanged from 2002 levels, while package and converter foil shipments continued to be adversely affected by imports.

NNA's BGP for 2003 declined by \$71 million, or 26%, compared to 2002. Approximately half of the decline reflected lower rolled products volumes, with the remainder of the decline accounted for, in equal parts, by the adverse effect of metal price lags, the impact of higher recycled metal costs and the effect of the stronger Canadian dollar when translating local currency expenses into U.S. dollars. Contributions from aggressive cost reduction efforts and improved conversion margins helped to partially offset the year-over-year decline, each by equal amounts. Metal price lags result from temporary timing differences between the pass through aluminum price component of our sales to customers and the LME-related cost of aluminum purchases included in our cost of goods sold.

In 2002, NNA's revenues were essentially unchanged compared to 2001. Record shipments were offset by lower LME aluminum prices being passed through to our customers. In 2002, the automotive sector continued to be a growth market for NNA. Automotive sheet shipments increased 17% compared to 2001 as North American automobile demand strengthened in response to financing incentives offered by the automakers. In 2002, overall shipments increased mainly due to shipments of higher value-added can stock which grew by 12% as a result of the focus on value-based management. Over the past few years, industry over-capacity in the common alloys market was rationalized through the closing of two of our competitors' plants, which helped stabilize the market and improve margins.

The financial results for NNA in 2002 reflected a 37% improvement in BGP compared to 2001. The year-over-year improvement in BGP reflected equal contribution from successful cost reduction efforts and increased shipments.

Novelis Europe

NE provides European markets with value-added sheet and light gauge products through its 18 plants. NE serves a broad range of aluminum rolled product end-use applications, with construction and industrial products representing the largest end-use market in terms of shipment volume. NE is a global leader in the production of lithographic sheet, a specialized product requiring technical production, and is the second largest supplier of foil in Europe in terms of shipments. Over the last two and one half years, demand from NE's end-markets has been mixed, with most showing little growth. NE has responded by rationalizing its production facilities and optimizing its product portfolio in order to reduce costs and improve profitability. These initiatives together with the translation benefits of the stronger euro against the U.S. dollar, have led to a doubling of NE's BGP from 2001 to 2003.

The following tables set forth key financial and operating data for NE for the fiscal years ended December 31, 2003, 2002 and 2001.

	Year	Year ended December 31,			
	2003	2002	2001		
Contribution to Novelis Europe sales and operating revenues					
Beverage/Food Cans	17%	19%	18%		
Construction and Industrial	49%	52%	56%		
Foil Products	14%	13%	14%		
Transportation	12%	12%	9%		
Ingot	8%	4%	3%		
Total	100%	100%	100%		
	_	_			

	% Ch	% Change			1,
	2003 vs 2002	2002 vs 2001	2003	2002	2001
				(\$ millions)	
Novelis Europe selected financial information(i)					
Sales and operating revenues	13%	3%	\$2,510	\$2,218	\$2,158
BGP	33%	63%	173	130	80
Rolled products shipments(ii) (kt)	(4%)	13%	847	880	782
Ingot products shipments(iii) (kt)	104%	10%	153	75	68

- (i) Intersegment revenues and shipments are not included in the figures above; you should read note 25 of the annual combined financial statements for details of intersegment revenues.
- (ii) Includes conversion of customer-owned metal (tolling).
- (iii) Includes primary and secondary ingot and recyclable aluminum.

In 2003, NE had sales and operating revenues of \$2.5 billion, representing 40% of our total sales and operating revenues, and shipments of 1,000 kilotonnes, representing 36% of our total shipments. Compared to 2002, NE's sales and operating revenues increased by \$292 million, or 13%. Approximately two thirds of the improvement reflected the impact of the stronger euro, with the balance mainly reflecting the impact of higher total shipments. The year-over-year decline in our rolled product shipments reflected soft market conditions and our strategic exit from certain businesses.

In 2003, the European beverage can market was negatively impacted by the timing of the introduction of complex deposit requirements in Germany, but demand growth in Eastern Europe partially offset this factor. The demand for lithographic sheet was strong, ending 4% above 2002 levels; however the distributor market was weak throughout the year. Other end-use markets were mixed in 2003. The demand for bright surface products was robust, whereas painted products and industrial plate showed only modest improvement compared to 2002. In addition to the difficult economic situation, the strengthening euro versus the U.S. dollar exacerbated already very competitive market conditions. The demand for aluminum

automotive sheet remained strong in 2003 and represented the key driver for overall market growth, with automotive sheet shipments up 12% over 2002. Through its automotive finishing facility in Nachterstedt, Germany, NE is the exclusive supplier to the all-aluminum structured Jaguar XJ, which entered production in 2003 at a build rate of 30,000 cars per year.

In 2003, approximately two thirds of the year-over-year increase in NE's BGP was due to the impact of the stronger euro on the translation of euro profits into U.S. dollars with the remainder of the increase mainly reflecting the impact of restructuring programs. During 2003, NE continued to concentrate on value-added market sectors and products, while focusing on cost and operating working capital reduction in its operations. To support the operating working capital reduction initiative, a standard mill scheduling optimizer was introduced at several plants during the year. Foil and technical products continued to implement major restructuring programs in the United Kingdom, Germany and Switzerland. By mid-year, NE's profitability had improved as the fixed cost burden was reduced through plant consolidation.

In 2002, sales and operating revenues increased by \$60 million compared to 2001. The improvement principally reflected higher rolled products shipments, which increased 13% year-over-year. NE's average realized sales price per tonne improved relative to LME prices as a result of portfolio changes towards higher value-added products in more economically attractive markets.

In 2002, NE's BGP was positively affected by increased shipments, which contributed approximately one half of the improvement. The remainder of the increase reflected equal contributions from a sustained higher-value product mix and the impact of the stronger euro and Swiss franc on the translation of euro profits into U.S. dollars.

Novelis Asia

NA operates three manufacturing facilities in the Asian region and manufactures a broad range of sheet and light gauge products. Our sales in the region are focused on key markets for foil products, construction and industrial products, and food and beverage cans. Strong growth in emerging markets, such as China, and the technological and operating advances at our two Korean rolling mills have led to a significant improvement in NA shipments and profitability over the past few years.

The following tables set forth key financial and operating data for NA for the fiscal years ended December 31, 2003, 2002 and 2001.

	Year	Year ended December 31,			
	2003	2002	2001		
Contribution to Novelis Asia sales and operating revenues					
Beverage/Food Cans	23%	10%	8%		
Construction and Industrial	15%	24%	19%		
Foil Products	26%	26%	25%		
Transportation	27%	27%	31%		
Ingot	9%	13%	17%		
	_				
Total	100%	100%	100%		

	% C	% Change		Year ended December 31,	
	2003 vs 2002	2002 vs 2001	2003	2002	2001
				(\$ millions)	
Novelis Asia selected financial information(i)					
Sales and operating revenues	17%	8%	\$918	\$785	\$724
BGP	94%	35%	68	35	26
Rolled products shipments(ii) (kt)	21%	22%	386	320	262
Ingot products shipments(iii) (kt)	(26%)	(22%)	43	58	74

- (i) Intersegment revenues and shipments are not included in the figures above; you should read note 25 of the annual combined financial statements for details of intersegment revenues
- (ii) Includes conversion of customer-owned metal (tolling).
- (iii) Includes primary and secondary ingot and recyclable aluminum.

In 2003, NA had sales and operating revenues of \$918 million, representing 15% of our total sales and operating revenues, and shipments of 429 kilotonnes, representing 15% of our total shipments. Sales and operating revenues increased by 17% in 2003 compared to 2002. Almost all of the improvement reflected increased rolled product shipments. NA was able to capitalize on growth in Asian can demand, particularly in China, combined with improved operating performance in our Korean operations. NA is the second largest supplier to China in terms of shipments, which in Asia-Pacific, is the fastest growing market. In order to reinforce our strategic position in Southeast Asia, we increased our ownership position in Aluminium Company of Malaysia Berhad from 36% to 59% in 2003.

In 2002, the increase in sales and operating revenues over 2001 was driven by higher shipments, partially offset by lower average realized sales prices due to the impact of difficult market conditions. Rolled products shipments increased by 22% as can sheet qualifications were completed during the year. In 2002, we achieved a major milestone when, after two and a half years of efforts, we completed the qualification of our can-body stock with 28 customer can manufacturing plants in Australia, China, Korea, Malaysia, Singapore, Taiwan, Thailand and Vietnam

NA's BGP has steadily increased over the last three years due to the higher shipments resulting from the improved operating performance of our Korean rolling mills.

Novelis South America

NSA operates two rolling plants facilities in Brazil. NSA manufactures a variety of aluminum sheet and light gauge products for the beverage/food can, construction and industrial and packaging end-use markets. Economic markets in South America have been volatile and challenging over the past several years, but NSA has been able to capitalize on its position as the only can sheet producer in that region, in order to improve its sales into the beverage and food can markets. NSA has also turned to new export markets in an attempt to offset the impacts of the more difficult local economic conditions. NSA's Pinda facility is supplied, in part, by our two smelters in Brazil, with any excess primary production being sold to third parties in the form of billet. Raw materials for these smelters are partially supplied by a company-owned alumina refinery and bauxite mine. A portion of their power requirements are self-generated.

The following tables set forth key financial and operating data for NSA for the fiscal years ended December 31, 2003, 2002 and 2001.

		Year ended December 31,		
	2003	2002	2001	
Contribution to Novelis South America sales and operating revenues				
Beverage/Food Cans	50%	52%	51%	
Construction and Industrial	5%	3%	4%	
Foil Products	8%	10%	10%	
Transportation	17%	14%	18%	
Ingot	20%	21%	17%	
Total	100%	100%	100%	
	_	_		

	% (Year ended December 31,			
	2003 vs 2002 2002 vs 2001		2003 2002		2001
				(\$ millions)	
Novelis South America selected financial information(i)					
Sales and operating revenues	9%	(4%)	\$414	\$379	\$393
BGP	24%	(16%)	112	90	107
Rolled products shipments(ii) (kt)	10%	(9%)	204	186	205
Ingot products shipments(iii) (kt)	(7%)	32%	54	58	44

- (i) Intersegment revenues and shipments are not included in the figures above; you should read note 25 of the annual combined financial statements for details of intersegment revenues.
- (ii) Includes conversion of customer-owned metal (tolling).
- (iii) Includes primary and secondary ingot and recyclable aluminum.

NSA had sales and operating revenues of \$414 million in 2003, representing 7% of our total sales and operating revenues, and shipments of 258 kilotonnes representing 9% of our total shipments. Approximately one half of the improvement reflected higher rolled products shipments, which increased by 10% due to further inroads made into the can market. The balance of the improvement in sales and operating revenues reflected higher aluminum input costs which are passed through to customers.

While South American economies improved in 2003, the business environment remained challenging. As the only local can sheet producer, NSA was well positioned to grow can sheet sales despite a decrease in demand in the domestic can market. New product introductions along with competitive advantages and improvements in the distribution chain also strengthened our sales position in industrial products and light gauge markets. Efforts to grow export sales continued in order to mitigate the impact of soft local demand.

In 2003, NSA's BGP increased by \$22 million, or 24%, compared to 2002. Approximately one half of the year-over-year increase was due to higher shipments, with the balance reflecting equally the impact of higher LME prices and the benefits from ongoing cost reduction initiatives. A portion of the benefits were offset by lower conversion prices due to the soft market conditions.

In 2002, South American economies were severely impacted by political uncertainty in Brazil, Argentina and Venezuela. The Brazilian real fell 53% during the year, which reduced demand for U.S. dollar-based aluminum products and led to an 8% drop in sheet shipments. In order to mitigate the decline in local demand, NSA turned to new export markets and new product introductions, as well as a focus on higher value-added products.

The 16% decline in BGP in 2002 compared to 2001 largely reflected the impact of increased operating costs and lower shipments due to weak demand, each contributing equally to the year-on-year decline. This decrease was partially offset by the effect of a favourable sales mix.

Risks and uncertainties

We are exposed to a number of risks in the normal course of our operations that could potentially affect our performance. A discussion of risks and uncertainties is included under the caption "Risk Factors." In addition, refer to notes 19 and 21 of the annual combined financial statements for a discussion of commitments and contingencies and financial instruments and commodity contracts.

Risk management

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in commodity aluminum prices, foreign currency exchange rates and interest rates that could impact our results of operations and financial condition. Alcan historically has managed these types of risks on our behalf as part of its group-wide management of market risks. The notional amounts of derivative

financial instruments included in the historical combined financial statements indicate the extent of our involvement in such instruments but are not necessarily indicative of what our exposure to market risk through the use of derivatives would be as a separate stand-alone entity. We plan to manage our exposure to these and other market risks through regular operating and financing activities and the use of derivative financial instruments. We intend to use such derivative financial instruments as risk management tools and not for speculative investment purposes. By their nature, all such instruments involve risk including the credit risk of non-performance by counterparties, and our maximum potential loss may exceed the amount recognized in our balance sheet. However, at September 30, 2004, the principal counterparty to these contracts was Alcan and we believe there was no significant risk of loss in the event of non-performance.

The decision whether and when to commence a hedge, along with the duration of the hedge, can vary from period to period depending on market conditions and the relative costs of various hedging instruments. The duration of a hedge is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored to ensure effectiveness. Derivative contracts that are deemed to be highly effective in offsetting changes in the fair value or cash flows of hedged items are designated as hedges of specific exposures and, accordingly, all gains and losses on these instruments are recognized in the same manner as the item being hedged.

The separation agreement between Alcan and us, provides that we will assume all liabilities under, or otherwise relating to, derivatives and similar obligations primarily related to our business. Initially, Alcan may continue to perform obligations under such derivatives and similar obligations on our behalf, but all amounts paid to or received from third parties will be charged to or credited to us. Clearly defined policies and management controls govern all risk management activities. Derivative transactions are executed only with approved counterparties. Transactions in financial instruments for which there is no underlying exposure to our company are prohibited.

Commodity price risk. Most aluminum rolled products are priced in two components: a pass-through aluminum price component based on the LME quotation and local market premia, plus a "margin over metal" or conversion charge based on the cost to roll the product. As a consequence, 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 hedging contracts for the metal inputs in order to protect the profit on the conversion margin of the product. In addition, sales contracts currently representing approximately 20% of our total annual sales provide for a ceiling over which metal prices cannot contractually be passed through to our customers. We mitigate the risk of this metal price exposure through the purchase of metal hedging contracts or options.

Foreign currency exchange risk. 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 results. In Europe and Korea, where we have local currency conversion prices and operating costs, we benefit as the euro strengthens and Korean won weakens, but are adversely affected as the euro weakens but the Korean won strengthens. In Korea, a significant portion of the conversion prices for exports is U.S. dollar driven. In Canada and Brazil, we have operating costs denominated in local currency while our functional currency is the U.S. dollar. As a result we benefit from a weakening in local currencies but, conversely, are disadvantaged if they strengthen. In Brazil, this is partially offset by some sales that are denominated in real. In Europe and Korea where the local currency is also the functional currency, certain revenues, operating costs and debt are denominated in U.S. dollars. Foreign currency contracts may be used to hedge these economic exposures.

Any negative impact of currency movements on the currency contracts that we have entered into to hedge identifiable foreign currency commitments to purchase or sell goods and services would be offset by an equal and opposite favourable exchange impact on the commitments being hedged. For accounting policies relating to currency contracts, see note 3 of our annual combined financial statements.

Sensitivities

Estimated annual effect on our net income:

	Change in Rate/price	\$ millions per year
Economic impact of changes in period-average U.S. dollar exchange rates		
Euro	+10%	14
Korean won	+10%	(5)
Canadian dollar	+10%	(4)
Brazilian real	+10%	(8)

Interest rate risk. Following the separation, we will be subject to interest rate risk related to the variable rate debt to be assumed or incurred in connection with the reorganization transactions. For every 12.5 basis point increase in the assumed interest rate on our debt of \$2.9 billion, our annual net income would be reduced by \$3 million. We expect to manage this risk through the appropriate use of interest rate derivatives.

Critical Accounting Policies and Estimates

We have prepared our combined financial statements in conformity with accounting principles generally accepted in the United States, and these statements necessarily include some amounts that are based on our informed judgments and estimates. Our accounting policies are discussed in note 3 of the combined financial statements. As discussed below, our financial position or results of operations may be materially affected when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information. We believe the following critical accounting policies are those that require our more significant judgments and estimates used in the preparation of our combined financial statements.

Allocation of general corporate expenses

Alcan has allocated general corporate expenses to us based on average head count and capital employed. Capital employed represents total assets less payables and accrued liabilities and deferred credits and other liabilities. Capital employed and average headcount are both indicative of the size of our businesses. A combination of these measures as a basis of allocation also mitigates unrepresentative fluctuations in the amounts allocated. The costs allocated were not necessarily indicative of the costs that would have been incurred if we had performed these functions as a stand-alone company, nor were they indicative of costs that will be incurred in the future. The use of a different basis of allocation may result in a material change to the amounts reflected in the SA&G expense in the combined statements of income. The general corporate expenses allocation is primarily for human resources, legal, treasury, insurance, finance, internal audit, strategy and public affairs and amounted to \$24 million and \$19 million for the nine months ended September 30, 2004 and 2003, respectively, and \$24 million, \$28 million and \$26 million for the years ended December 31, 2003, 2002 and 2001, respectively and \$42 million and \$40 million for the years ended December 31, 2003, 2002 and 2003, respectively and \$42 million, \$47 million and \$40 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Post-retirement benefits

The costs of pension and other post-retirement benefits are calculated based on assumptions determined by us, with the assistance of independent actuarial firms and consultants. These assumptions include the long-term rate of return on pension assets, discount rates for pension and other post-retirement benefits obligations, expected service period, salary increases, retirement ages of employees and health care

cost trend rates. These assumptions are subject to the risk of change as they require significant judgment and have inherent uncertainties that we may not be able to control.

The two most significant assumptions used to calculate the obligations in respect of employee benefit plans are the discount rates for pension and other post-retirement benefits, and the expected return on assets.

The discount rate for pension and other post-retirement benefits is the interest rate used to determine the present value of benefits. It is based on the yield on long-term high-quality corporate fixed income investments at the end of each fiscal year. The weighted-average discount rate was 5.8% as at December 31, 2003, compared to 5.6% for 2002 and 2001. An increase in the discount rate of 0.5%, assuming inflation remains unchanged, would have resulted in a reduction of approximately \$23 million in the pension and other post-retirement obligations and in a reduction of approximately \$2 million in the net periodic benefit cost. A reduction in the discount rate of 0.5%, assuming inflation remains unchanged, would have resulted in an increase of approximately \$25 million in the pension and other post-retirement obligations and in an increase of approximately \$25 million in the pension and other post-retirement obligations.

The calculation of the estimate of the expected return on assets is described in note 23, Post-Retirement Benefits, of the annual combined financial statements. The weighted-average expected return on assets was 8.0% for 2003, 5.0% for 2002 and 5.0% for 2001. The expected return on assets is a long-term assumption whose accuracy can only be measured over a long period based on past experience. Over the 15-year period ended December 31, 2003, the average actual return on assets exceeded the expected return by 1.5% per year. A variation in the expected return on assets of 0.5% will result in a variation of approximately \$1 million in the net periodic benefit cost.

Environmental liabilities

Environmental expenses that are not legal asset retirement obligations are accrued on an undiscounted basis when it becomes probable that a liability for past events exists. In determining whether a liability exists, we are required to make judgments as to the probability of a future event occurring. These judgments are subject to the risk of change, as they depend on events that may or may not occur in the future. If our judgments differ from those of legal or regulatory authorities, the provisions for environmental expense could increase or decrease significantly in future periods. Our environmental experts and internal and external legal counsel are consulted on all material environmental matters.

Property, plant and equipment

Due to changing economic and other circumstances, we regularly review our property, plant and equipment, or PP&E. Accounting standards require that an impairment loss be recognized when the carrying amount of a long-lived asset held for use is not recoverable and exceeds its fair value. The amount of impairment to be recognized is calculated by subtracting the fair value of the asset from the carrying amount of the asset. As discussed in the notes to the combined financial statements, we reviewed specific PP&E for impairment in 2003 due to situations where circumstances indicated that the carrying value of specific assets could not be recovered. We made assumptions about the undiscounted sum of the expected future cash flows from these assets and determined that they were less than their carrying amount, resulting in the recognition of an impairment in accordance with U.S. GAAP. In estimating future cash flows, we use our internal plans. These plans reflect our best estimates; however they are subject to the risk of change as they have inherent uncertainties that we may not be able to control. Our actual results could differ significantly from those estimates. We cannot predict whether an event that triggers an impairment of PP&E will occur or when it will loccur, nor can we estimate what effect it will have on the carrying values of our assets.

Income taxes

The provision for income taxes is calculated based on the expected tax treatment of transactions recorded in our combined financial statements. Income tax assets and liabilities, both current and deferred,

are measured according to the income tax legislation that is expected to apply when the asset is realized or the liability settled. We regularly review the recognized and unrecognized deferred income tax assets to determine whether a valuation allowance is required or needs to be adjusted. In forming a conclusion about whether it is appropriate to recognize a tax asset, we must use judgment in assessing the potential for future recoverability while at the same time considering past experience. All available evidence is considered in determining the amount of a valuation allowance. If our interpretations differ from those of tax authorities or judgments with respect to tax losses change, the income tax provision could increase or decrease, potentially significantly, in future periods.

Recently Issued Accounting Standards

Consolidation of Variable interest entities

In January 2003, the Financial Accounting Standards Board, or FASB, issued Interpretation No. 46, or FIN 46, "Consolidation of Variable Interest Entities," in an effort to expand upon and strengthen existing accounting guidance as to when a company should consolidate the financial statements of another entity. The FASB issued a revision to FIN 46 in December 2003. The interpretation requires "variable interest entities" to be consolidated by a company if that company is subject to a majority of expected losses of the entity or is entitled to receive a majority of expected residual returns of the entity, or both. A company that is required to consolidate a variable interest entity is referred to as the entity's primary beneficiary. The interpretation also requires certain disclosures about variable interest entities that a company is not required to consolidate, but in which it has a significant variable interest. This interpretation applied to us commencing with the period ending March 31, 2004. For further details, please refer to note 2 of the unaudited interim combined financial statements

In the combined financial statements as at December 31, 2003 and prior to December 31, 2003, we combined all entities in which we had control by ownership of a majority of voting interests. As a result of FIN 46, effective as at March 31, 2004, our combined balance sheet includes the assets and liabilities of Logan Aluminum Inc. (Logan), a variable interest entity for which we are the primary beneficiary. Logan manages a tolling arrangement for the Novelis Group and an unrelated party.

Upon adoption of FIN 46 as of March 31, 2004, assets of approximately \$39 million and liabilities of approximately \$39 million related to Logan that were previously not recorded on our combined balance sheet were recorded by us. There was no impact on the combined statements of income for the periods presented and no cumulative effect of an accounting change to recognize. The results of operations of this variable interest entity were included in our combined results beginning March 31, 2004 and did not have a material impact for the nine months ended September 30, 2004. Our investment, plus any unfunded pension liability, related to Logan totalled approximately \$37 million as at September 30, 2004, representing our maximum exposure to loss. Creditors of Logan do not have recourse to our general credit as a result of including Logan in our financial statements.

Quantitative and qualitative disclosures about market risk

Changes in interest rates, foreign exchange rates and the market price of aluminum are among the factors that can impact our cash flows.

Interest rates

Historically, Alcan has centrally managed its financing activities in order to optimize its costs of funding and financial flexibility at a corporate level. As the debt being carried in our historical combined financial statements does not necessarily reflect our debt capacity and financing requirements as a stand-alone company, we have not presented interest rate sensitivities for historical periods. You should generally read "Risk Factors" and the discussion under the heading "— Risks and uncertainties — Risk management." For accounting policies on interest rate swaps used to hedge interest costs on certain debt, you should read note 3 of the annual combined financial statements.

Currency derivatives

The schedule below presents fair value information and contract terms relevant to determining future cash flows categorized by expected maturity dates of our currency derivatives outstanding as at September 30, 2004. Virtually all currency derivatives are undertaken with Alcan.

		2004	2005	2006	2007	2008	2009	Total Nominal Amount	Fair Value
				(\$	millions, except cor	tract rates)			
Forward co	ontracts				_				
To purchase	USD against the foreign currency								
GBP	Nominal amount	64	19	2	_	_	_	85	(2)
	Average contract rate	1.7838	1.6495	1.6349	_	_			
To sell USD	against the foreign currency								
GBP	Nominal amount	76	15	1	_	_	_	92	1
	Average contract rate	1.7890	1.6451	1.6387	_	_	_		
EUR	Nominal amount	24	16	_	_	_		40	2
	Average contract rate	1.1807	1.1745	_	_	_	_		
To sell EUR	against the foreign currency								
USD	Nominal amount	103	146	50	38	_	_	337	(16)
	Average contract rate	1.1810	1.1719	1.1775	1.1982	_	_		
GBP	Nominal amount	75	28	5	_	_	_	108	(1)
	Average contract rate	1.4705	1.4368	1.4269	_	_	_		
To buy EUR	against the foreign currency								
GBP	Nominal amount	14	6	_	_	_	_	20	_
	Average contract rate	1.4384	1.4122	_	_	_	_		

The schedule below presents fair value information and contract terms relevant to determining future cash flows categorized by expected maturity dates of our currency derivatives outstanding as at December 31, 2003. Virtually all currency derivatives are undertaken with Alcan.

		2004	2005	2006	2007	2008	2009	Total Nominal Amount	Fair Value
				(\$	millions, except con	tract rates)			
Forward	contracts				_				
To purcha	se USD against the foreign currency								
GBP	Nominal amount	20	5	_	_	_	_	25	(2)
	Average contract rate	1.6491	1.6663	_	_	_	_		
To sell US	SD against the foreign currency								
GBP	Nominal amount	15	8	1	_	_	_	24	3
	Average contract rate	1.5635	1.5516	1.5497	_	_	_		
EUR	Nominal amount	36	4	_	_	_	_	40	4
	Average contract rate	1.1813	1.0559	_	_	_	_		
To sell EU	JR against the foreign currency								
USD	Nominal amount	195	57	6	1	_	_	259	(35)
	Average contract rate	1.1354	1.0985	1.0551	0.9097	_	_		
GBP	Nominal amount	67	3	_	_	_	_	70	(1)
	Average contract rate	1.4288	1.3801	_	_	_	_		
To buy EU	JR against the foreign currency								
GBP	Nominal amount	29	4	_	_	_	_	33	1
	Average contract rate	1.4228	1.3912	_	_	_	_		
	-								

Any negative impact of currency movements on the currency contracts that we have entered into to hedge identifiable foreign currency commitments to purchase or sell goods and services, would be offset by an equal and opposite favourable exchange impact on the commitments being hedged. Transactions in currency related financial instruments for which there is no underlying foreign currency exchange rate exposure to us are prohibited. For our accounting policies relating to currency contracts, see note 3 of the annual combined financial statements.

Derivative commodity contracts

Our aluminum forward contract positions, the counterparty of which is Alcan, are entered into to hedge future purchases of metal that are required for firm sales and purchase commitments to fabricated products customers and to hedge future sales. Consequently, any negative impact movements in the price of aluminum on the forward contracts would be offset by an equal and opposite impact on the sales and purchases being hedged.

The effect of a reduction of 10% in aluminum prices on our aluminum forward contracts outstanding at September 30, 2004 would be to decrease our net income over the period ending December 31, 2007 by approximately \$51 million (\$15 million in 2004, \$26 million in 2005, \$6 million in 2006, and \$4 million in 2007). These results reflect a 10% reduction from the September 30, 2004, three-month LME aluminum closing price of \$1,846 per tonne and assume an equal 10% decrease has occurred throughout the aluminum forward price curve existing as at September 30, 2004.

The effect of a reduction of 10% in aluminum prices on our aluminum forward contracts outstanding at December 31, 2003 would be to decrease our net income over the period ending December 31, 2006 by approximately \$74 million (\$63 million in 2004, \$10 million in 2005 and \$1 million in 2006). These results reflect a 10% reduction from the December 31, 2003, three-month LME aluminum closing price of \$1,600 per tonne and assume an equal 10% decrease has occurred throughout the aluminum forward price curve existing as at December 31, 2003.

MANAGEMENT

Our directors and executive officers

We expect that our board of directors following the separation will be comprised of between nine and 15 directors. We also expect Brian W. Sturgell, our chief executive officer, to serve as a director following the separation. Our directors' terms will expire at each annual shareholders meeting.

The following table sets forth information as to persons who we currently expect will serve as our directors immediately following the separation. Biographical details for each of our directors are also set forth below.

Name	Age	Position
Brian W. Sturgell	55	Director and Chief Executive Officer
J.E. Newall, O.C.	69	Non-Executive Chairman of the Board
Jacques Bougie, O.C.	57	Director
Charles G. Cavell	62	Director
Clarence J. Chandran	55	Director
C. Roberto Cordaro	54	Director
Helmut Eschwey	55	Director
Suzanne Labarge	58	Director
William T. Monahan	57	Director
Rudolf Rupprecht	63	Director
Edward Yang	58	Director

Brian W. Sturgell will be our Chief Executive Officer and Director following the separation. Mr. Sturgell has 31 years of experience in the aluminum business and has worked for Alcan for the past 15 years. Since January 2002, Mr. Sturgell has been Executive Vice President and a member of the Office of the President, at Alcan, and responsible for Alcan's Rolled Products Americas and Asia, Rolled Products Europe and Packaging business groups. In this role, he oversaw the global operations of Alcan's rolled products and packaging businesses. Mr. Sturgell has held several positions with Alcan: Executive Vice President, Aluminum Fabrication, Americas and Asia (from November 2000 to January 2002), Executive Vice President, Corporate Development (from January 1999 to November 2000), Executive Vice President, Asia/ Pacific (July 1997 to January 1999) and Executive Vice President, Fabricated Products, North America and President of Alcan Aluminum Corporation (from January 1996 to July 1997). In 2004, Mr. Sturgell concluded a two-year term as Chairman of the U.S. Aluminum Association. He is a member of the board of directors for the U.S. National Association of Manufacturers. Born in Michigan in 1949, Mr. Sturgell graduated from Michigan State University with a bachelor of science degree. He has also attended the Executive Development Program at the Kellogg Graduate School at Northwestern University in the United States.

J.E. Newall, O.C. has agreed to serve as the Non-Executive Chairman of our board of directors. Mr. Newall had been on the board of directors of Alcan since 1985. Mr. Newall has been Chairman of the board of directors of NOVA Chemicals Corporation (previously known as Nova Corporation) since 1998 and of Canadian Pacific Railway Limited since 2001. He was Vice Chairman and Chief Executive Officer of NOVA Chemicals Corporation from 1991 to 1998. He is also a Director of Maple Leaf Foods Inc. and the Royal Bank of Canada.

Jacques Bougie, O.C. has agreed to serve as Director on our board of directors. Mr. Bougie was President and Chief Executive Officer of Alcan from 1993 to 2001 and was President and Chief Operating Officer of Alcan from 1989 to 1993. He is Chairman of the International Advisory Council of CGI Group Inc. and is a Director of NOVA Chemicals Corporation, McCain Foods Ltd., RONA Inc. and Abitibi Consolidated Inc.

Charles G. Cavell has agreed to serve as Director on our board of directors. Mr. Cavell recently retired as President and Chief Executive Officer of Quebecor World Inc., one of the world's largest commercial printers, with plants throughout Europe, South America and North America. He currently serves on the board of several commercial and charitable institutions and he is Vice Chairman of the Board of Governors of Concordia University.

Clarence J. Chandran has agreed to serve as Director on our board of directors. Mr. Chandran is Chairman of the Chandran Family Foundation Inc. He retired as President, Business Process Services, of CGI Group Inc. in 2004 and retired as Chief Operating Officer of Nortel Networks Corporation in 2001. Mr. Chandran is also a Director of MDS Inc. and Chairman of the board of directors of Corporation and was a Director of Alcan from 2001 to 2003.

C. Roberto Cordaro has agreed to serve as Director on our board of directors. Mr. Cordaro is President, Chief Executive Officer and has been a Director of Nuvera Fuel Cells, Inc. since 2002. He was Chief Executive Officer of the Motor Coach Industries International from 2000 to 2001 and was Executive Vice President of Cummins Inc. from 1996 to 1999.

Helmut Eschwey has agreed to serve as Director on our board of directors. Dr. Eschwey has been Chairman of the board of management of Heraeus Holding GmbH, in Germany since 2003. Prior to that, Dr. Eschwey was the head of the plastics technology business at SMS AG from 1994. Before he joined SMS AG, he held management positions at Freudenberg Group of Companies, Pirelli & C. S.p.A. and the Henkel Group.

Suzanne Labarge has agreed to serve as Director on our board of directors. Ms. Labarge retired as Vice Chairman and Chief Risk Officer of the Royal Bank of Canada in September 2004. She was Executive Vice President, Corporate Treasury, of the Royal Bank of Canada from 1995 to 1998.

William T. Monahan has agreed to serve as Director on our board of directors. Mr. Monahan is the retired Chairman and Chief Executive Officer of Imation Corporation, where he served in that capacity from its spin-off from 3M Co. in 1996 to May of 2004. Prior to that, he held numerous executive positions at 3M, including Group Vice President, Senior Vice President of 3M Italy and the Vice President of the Data Storage Division. Mr. Monahan is a Director of Pentair, Inc., Hutchinson Technology Inc. and Mosaic, Inc.

Rudolf Rupprecht has agreed to serve as Director on our board of directors. Dr. Rupprecht has been Chairman of the executive board of MAN AG, in Germany since 1996. Prior to that, Dr. Rupprecht occupied various supervisory board positions within that company which he joined in 1966. Dr. Rupprecht is also a member of the supervisory boards of Salzgitter AG and WalterBau AG and is Chairman of the supervisory board of SMS GmbH.

Edward Yang has agreed to serve as Director on our board of directors. Mr. Yang is Chief Executive Officer of the Netstar Group of Companies and is also Operating Partner at ING Barings Private Equity Partners Asia. Prior to his current role, Mr. Yang was also Corporate Senior Vice President and President of Asia Pacific at Electronic Data Systems Corporation from 1992 to 2000.

The following table sets forth information as to executive officers of our company who are not directors. Biographical details for each of our executive officers who are not directors are also set forth below. None of the identified officers will retain their positions with Alcan after the separation.

Name	Age	Position
Martha Finn Brooks	45	Chief Operating Officer
Geoffrey P. Batt	56	Chief Financial Officer
Christopher Bark-Jones	58	President — Europe
Kevin Greenawalt	47	President — North America
Jack Morrison	52	President — Asia
Antonio Tadeu Coelho Nardocci	47	President — South America
Pierre Arseneault	48	Vice President, Strategic Planning and
		Information Technology
David Godsell	49	Vice President, Human Resources and
		Environment, Health and Safety
Brenda Pulley	46	Vice President, Corporate Affairs and Communications
Jo-Ann Longworth	43	Vice President and Controller

Martha Finn Brooks will be our Chief Operating Officer following the separation. Ms. Brooks joined Alcan as President and Chief Executive Officer of Alcan's Rolled Products Americas and Asia business group in August 2002. Ms. Brooks leads three of Alcan's business units, namely North America, Asia and Latin America. Prior to joining Alcan, Ms. Brooks was Vice President, Engine Business, Global Marketing: Sales and Engineering at Cummins Inc., a manufacturer of service electric power generation systems, engines and related products. She was with Cummins Inc. for 16 years, where she held a variety of positions in strategy, international business development, marketing and sales, engineering and general management. Ms. Brooks is a member of the board of directors of International Paper Company, a member of the Board of Trustees of Manufactures Alliance, and a Trustee of the Hathaway Brown School. Born in 1959, Ms. Brooks holds a B.A. in Economics and Political Science and a Masters of Public and Private Management specializing in international business from Yale University in the United States.

Geoffrey P. Batt will be our Chief Financial Officer following the separation. Mr. Batt retired from Alcan in January 2004 after a 29-year career as a senior financial manager with the company. A former Vice President and Financial Controller of Alcan's Rolled Products Americas and Asia business group, Mr. Batt has held senior finance positions in Canada, Switzerland, the United Kingdom, and the United States. Mr. Batt joined Alcan in 1973 as an accountant in Kingston, Canada. In 1985 he was named Director of Planning and Finance of Alcan Enterprises North America in Montreal. Two years later he became Finance Director, New Business for Alcan Aluminium S.A. In 1988, he assumed the position of New Business Development Manager of British Alcan. He returned to Montreal in 1991 as Assistant Controller for Alcan Aluminium Limited. Mr. Batt became Treasurer of Alcan Aluminium Limited in 1997 and Chief Financial Officer of Alcan Europe in 1998. Born in 1947 and a native of Keynsham, England, Mr. Batt attended Queen's University in Kingston, Ontario. In 1975, Mr. Batt received his accounting designation from The Certified General Accountant's Association of Canada.

Christopher Bark-Jones will be President of our European operations following the separation. Mr. Bark-Jones has been President and Chief Executive Officer, Alcan Rolled Products, Europe since January 2002. He has held several positions with Alcan: Vice President, Corporate Development and Chief Financial Officer, Alcan Europe (from August 2000 to January 2002) and Chairman and Chief Executive Officer of Indian Aluminum Company, Limited, a company listed on the Indian stock exchange (from October 1998 to August 2000). Mr. Bark-Jones was Chief Financial Officer of British Alcan Aluminium plc from July 1991 to June 1996, and Chief Financial Officer of Alcan Europe Ltd. from its formation on June 1996 until October 1998. He has been Chairman of the European Aluminum Association since 2002.

Before joining Alcan in 1978, Mr. Bark-Jones was an investment research analyst at Morgan Guarantee Trust Company. Born in 1946 in Liverpool, England Mr. Bark-Jones has an MA in economics from Cambridge University in England and an MBA from Insead Business School in France.

Kevin Greenawalt will be President of our North American operations following the separation. Since April 2004, Mr. Greenawalt has been President, Rolled Products North America. Mr. Greenawalt has been with Alcan since 1983 holding various managerial positions in corporate and business planning, operations planning, manufacturing, sales and business unit management. Prior to the Rolled Products North America position, his most recent position at Alcan was Vice President, Manufacturing for Rolled Products Europe based in Zurich, Switzerland, where he was responsible for ten facilities in Germany, Switzerland, Italy and the United Kingdom. In the late 1990s, Mr. Greenawalt led the Alcan North American Light Gauge Products business unit. Born in 1956, Mr. Greenawalt holds an MBA and a Bachelor of Science in Industrial Administration from Carnegie-Mellon University in United States. He participated in the International Masters for Practicing Managers program (UK, Canada, India, Japan, France) and was trained in Japan in Kaizen and Lean Manufacturing.

Jack Morrison will be President of our Asian operations following the separation. Since June 2000, he has been President, Rolled Products Asia and Chief Executive Officer of Alcan Taihan Aluminum Limited. Mr. Morrison has been responsible for Aluminium Company of Malaysia since November 2001. Mr. Morrison has over 30 years experience in the aluminum industry having worked for Alcoa, Consolidated Aluminum prior to joining Alcan in 1981. Prior to his assignment in Asia, Mr. Morrison was President, Alcan Sheet Products, North America located in Cleveland, Ohio, United States. Born in 1952, Mr. Morrison holds a Bachelor of Science in Industrial Management from Purdue University in the United States.

Antonio Tadeu Coelho Nardocci will be President of our South American operations following the separation. Mr. Coelho Nardocci joined Alcan in 1980. Since March 2002, he was President, Rolled Products South America. Prior to that, he was Vice President of Rolled Products operations in Southeast Asia and Managing Director of Alcom — Aluminum Company of Malaysia in Kuala Lumpur, Malaysia. Born in São Paulo, Brazil in 1957, Mr. Nardocci graduated from the University of São Paulo with a degree in metallurgy.

Mr. Nardocci is a member of the executive board of the Brazilian Aluminum Association.

Pierre Arseneault will be our Vice President, Strategic Planning and Information Technology following the separation where he will be responsible for developing our global strategic planning efforts and leading our organization's information technology function. Mr. Arseneault joined Alcan in 1981. Mr. Arseneault has been Vice President of Alcan since December 2003. In his 23 years with Alcan, he has held different key positions. He led the Pechiney integration from December 2003 to May 2004. He was President of Rolled Products North America from August 2001 to December 2003 and President of light gauge in North America and Asia from August 2000 to August 2001. From April 1997 until August 2000, based in Asia, Mr. Arseneault held the position of Vice President of South East Asia. During the prior 15 years, he held different positions in Alcan's Primary Metal group. Born in 1956 in Victoriaville, Canada, Mr. Arseneault graduated from Polytechnique University, where he earned a Bachelor's Degree in Industrial Engineering. He also has a Masters Degree in international management from the International Masters Program in Practicing Management (IMPM), a cooperative venture of business schools in five countries around the world — Canada, England, France, India, and Japan.

David Godsell will be our Vice President, Human Resources and Environment, Health and Safety following the separation. In this position, he will have global responsibilities for all aspects of our organization's human resource function as well as environment, health and safety. Mr. Godsell joined Alcan in 1979. After joining Alcan, he held human resources positions of increasing responsibility within the downstream Alcan fabrication group before transferring to Alcan's smelting company in British Columbia. Since 1996, Mr. Godsell has been Vice President of Human Resources and Environment, Health and Safety for Alcan Rolled Products Americas and Asia. Mr. Godsell began his career with the

Continental Can Company in 1978 prior to joining Alcan. Born in 1955, Mr. Godsell holds a Bachelor of Arts in Economics from Carleton University in Ottawa, Canada.

Brenda D. Pulley will be our Vice President, Corporate Affairs and Communications following the separation where she will have global responsibility for our organization's corporate affairs and communication efforts, which include branding, strategic planning, and internal and external communications. She was Vice President, Corporate Affairs and Government Relations of Alcan from September 2000 to 2004. Upon joining Alcan in 1998, Ms. Pulley was named Director, Government Relations. 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 Director, Federal Government Relations for Safety-Kleen Corp. Ms. Pulley currently serves as the Chairperson for America Recycles Day and on the board of directors for the League of American Bicyclists. Born in 1958, Ms. Pulley earned her Bachelor of Science degree from Central Missouri State University in the United States majoring in Social Science, with a minor in communications.

Jo-Ann Longworth will be our Vice President and Controller following the separation. Since August 2003, Ms. Longworth has been Vice President and Business Finance Director for Rolled Products Americas and Asia in Cleveland, Ohio, United States. Ms. Longworth joined Alcan in 1989 and has progressed through a series of financial positions with several Alcan businesses. After starting her career in the Controller's department as Manager of Accounting Research in Montreal, she subsequently became the controller for Alcan's North American Foil Products division in Toronto in 1993 before moving to Jamaica three years later as Chief Financial Officer of the bauxite and alumina facilities there. In 2000, Ms. Longworth relocated back to Montreal and held the post of Financial Director in the Primary Metals Group for Quebec and United States prior to becoming Director, Investor Relations for Alcan in 2002. Before joining Alcan, Ms. Longworth was an audit manager at Price Waterhouse. Born in Montreal in 1961, she attended Concordia and McGill universities and is a Canadian Chartered Accountant.

Annual meeting

Our first annual meeting of shareholders after the separation will be held prior to June 30, 2006. This will be an annual meeting of shareholders for the election of directors. The annual meeting will be held at a place in North America and on such date as may be fixed by our board of directors.

Corporate governance policies

We are committed to the highest levels of corporate governance practices, which are essential to our success and to the enhancement of shareholder value. We expect our shares to be listed on the Toronto and New York stock exchanges and to make the required filings with the Canadian and United States securities regulators. Accordingly, we will be subject to a variety of corporate governance and disclosure requirements. We expect our corporate governance practices will meet or exceed the Toronto Stock Exchange Corporate Governance Guidelines, or the TSX Guidelines, and the applicable New York Stock Exchange and other stock exchange and regulatory requirements and ensure transparency and effective governance of our company. Our board of directors will regularly review our 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 where appropriate. The following is an overview of our corporate governance practices.

Our board of directors

Our board of directors has the responsibility for stewardship of our company, including the responsibility to ensure that we are managed in the interest of our shareholders as a whole, while taking into account the interests of other stakeholders.

Our board of directors will supervise the management of our business and affairs and discharge its duties and obligations in accordance with the provisions of (1) the CBCA, (2) our articles of

incorporation and by-laws, (3) the charters of our board of directors and committees of our board of directors, and (4) other applicable legislation and company policies.

We expect that our corporate governance practices will require that, in addition to statutory requirements, the following matters be subject to approval by our board of directors:

- · capital expenditure budgets and significant investments and divestments;
- · our strategic and value-maximizing plans;
- the number of directors, within the limits provided in our articles of incorporation; and
- any matter which may have the potential for important impact on our company.

Independence of our board of directors

Care will be taken to ensure that our board of directors consists of a substantial majority of individuals who qualify as directors who are unrelated to and independent of management, in accordance with stock exchange requirements.

To assist in determining the independence of its members, our board of directors is planning to establish Guidelines on the Independence of the Directors of Novelis, or the Guidelines on Independence.

We expect that the definition of an independent director under the Guidelines on Independence will encompass both the definition of an "unrelated" director within the meaning of the TSX Guidelines and of an "independent" director within the meaning of the rules of the New York Stock Exchange. Such a director must not have any material relationship with us, either directly or as a partner, shareholder or officer of a company that has a relationship with us and must not have an interest or relationship which could reasonably be perceived to interfere with his or her ability to act with a view to the best interest of our company (an "independent director").

We also expect the Guidelines on Independence will establish an additional, more stringent, definition of independence for members of our audit, human resources and nominating committees. This heightened definition of independence would correspond to the audit committee member independence qualification within the meaning of the U.S. Sarbanes-Oxley Act of 2002, or SOX. To meet the SOX audit committee qualification, a director must not, directly or indirectly, accept any consulting, advisory or other compensatory fee from the company (except in his or her capacity as director) and may not be an affiliated person of the company or any subsidiary other than in his or her capacity as a member of the board or any committee of the board.

Committees of our board of directors

Our board of directors plans to establish four committees prior to or immediately following the separation: an audit committee, a corporate governance committee, a human resources committee and a customer relations committee. We expect that each committee will be constituted by its own charter. We further expect that our audit, human resources and nominating committees will be made up exclusively of independent directors. We also expect that a nominating committee will be constituted as a subcommittee of the corporate governance committee and that environment, health and safety matters will be dealt with by the human resources committee.

Audit committee

The audit committee will be established in accordance with the requirements of the CBCA, stock exchange rules and applicable securities laws and regulations and composed entirely of independent directors. Its roles and responsibilities will be set out in its charter. At least one member of our audit committee will be an audit committee financial expert as defined in section 407 of SOX. The audit committee's main objective is to provide an effective overview of our financial reporting process and internal control functions. It will assist our board of directors in fulfilling its functions relating to corporate

accounting and reporting practices, as well as overseeing financial and accounting controls and reviewing and approving financial statements and proposals for the issuance of securities. The audit committee will also identify the principal risks of our business such as volatility in metal price, raw material and energy costs and foreign exchange rates and will oversee the implementation of appropriate measures to manage such risks, including policies and standards relating to risk management.

With respect to compliance and disclosure matters, the audit committee will assist us in ensuring that we make timely disclosure of activities that would materially impact our financial statements, that all potential claims against us have been properly evaluated, accounted for and disclosed, and that regular updates are received regarding certain of our policies and practices.

The audit committee will review financial information prepared in accordance with U.S. GAAP and non-GAAP financial information in its various forms, including quarterly earnings releases. It will also review major accounting issues that arise and expected changes in accounting standards and processes that may impact us.

The audit committee will have direct communication with our external and internal auditors and meet privately on a regular basis with each of the external and internal auditors and senior members of our financial management. It will make the recommendation of external auditors for appointment by our shareholders, review their degree of independence and receive and review regular reports from them. The chairman of the audit committee will review the terms of engagement of our external auditors and sign the external auditor's audit engagement letter. The audit committee will also discuss with our external auditors the quality and not just the acceptability of our accounting principles and obtain their assurance that the audit was conducted in a manner consistent with applicable laws and regulations. We expect to implement a formal procedure that establishes rules on our employment of former employees of our auditors.

The audit committee will assist us in ensuring that our process for monitoring compliance with, and dealing with violations of, our code of conduct, which is described below, is established and updated. In particular, the audit committee will establish procedures in relation to complaints or concerns that may be received by us involving accounting or audit matters, including the anonymous handling thereof.

Corporate governance committee

The corporate governance committee will have the broad responsibility of regularly reviewing our corporate governance practices in general. We anticipate that our corporate governance committee will be composed of a majority of independent directors, and entirely of non-executive directors.

One of the corporate governance committee's main duties will be to maintain an overview of the composition and size of our board of directors. We anticipate that the charter of the corporate governance committee will provide that a subcommittee, as described below under "— Nominating committee," will be responsible for nominating new directors. The corporate governance committee will develop position descriptions for our board of directors, the chairman of our board of directors and our chief executive officer and will approve our chief executive officer's corporate objectives.

The corporate governance committee will assess and ensure on an annual basis the effectiveness of our board of directors as a whole, of each committee of our board of directors and the contribution of individual directors, including our chief executive officer. Each director will complete a survey of board effectiveness on an annual basis which we anticipate will cover the subjects under the categories of board composition, responsibility, meetings and committees. As part of this survey, each of our directors will be asked to complete a self-evaluation and an evaluation of other individual members of our board of directors. The corporate governance committee will also assess our board's relationship with management and recommend, where necessary, limits on our management's authority to act without explicit approval of our board of directors.

We anticipate that the corporate governance committee's mandate will also include recommending levels of compensation for our directors. To this end, the corporate governance committee would consider

recommendations from the human resources committee and consider factors such as time commitment, risks and responsibilities.

Nominating committee

We anticipate that the nominating committee will be a subcommittee of the corporate governance committee, composed entirely of independent directors. It will review candidates for nomination as directors and these nominees will be recommended as candidates for election to our board of directors. The delegation of power to the nominating committee will be provided in the charter of the corporate governance committee. The nominating committee when reviewing candidates will take into consideration factors such as judgment, independence, skill, diversity and business experience of the individual candidates and their expected contribution to the skills set of our board of directors as a whole. The minimum qualifications to be met by our directors will be established in the charter of our board of directors. The nominating committee will be allowed to employ third party search firms for identifying and evaluating nominees.

We do not anticipate having a specific policy regarding nominations to our board of directors made by our shareholders. However, shareholders representing five percent or more of our shares entitled to vote may propose nominees for election as directors by following the procedures set out in the CBCA.

Human resources committee

The human resources committee will have the broad responsibility to review human resources policy and employee relations matters and to make recommendations with respect to such matters to our board of directors or our chief executive officer, as appropriate. We anticipate that the human resources committee will be composed entirely of independent directors. Its specific roles and responsibilities will be set out in its charter. The human resources committee will periodically review the effectiveness of our overall management organization structure and succession planning for senior management, review recommendations for the appointment of executive officers, and consider and make recommendations to our board of directors based on trends and developments in the area of human resource management.

The human resources committee will establish our general compensation philosophy and oversee the development and implementation of compensation policies and programs. It will also review and approve the level of and/or changes in the compensation of individual executive officers, taking into consideration individual performance and competitive compensation practices.

The human resources committee will have the responsibility of reviewing our policy, management practices and performance in environment, health and safety matters and making recommendations to our board of directors on such matters in light of current and changing requirements. The human resources committee will also review, assess and provide advice to our board of directors on policy, legal, regulatory and consumer trends and developments related to the environment, as they impact us, our employees, businesses, processes and products.

Customer relations committee

The customer relations committee will have the responsibility of reviewing and guiding our progress in becoming a more market and customer-focused company. This committee will assess our management practices and performance in the areas of brand development, customer satisfaction, market perceptions of Novelis, customer relationships and market segment analysis, among others. The customer relations committee will review our customer relationships and provide advice to our board of directors on trends in marketing and sales best practices in other industries as relevant to our company's growth.

Code of conduct

We expect to adopt a code of conduct that will govern all our employees as well as our directors. As an annex to the code and supplemental thereto, we will adopt a code of ethics for senior financial officers

including the chief executive officer, the chief financial officer and controller. Copies of those documents will be posted on our internet site to emphasize the importance we place on adherence to the highest ethical standards. We will promptly disclose any future amendments to these codes on our internet site.

We also expect to have "whistleblower" procedures so that an employee can anonymously report concerns that he or she may have regarding compliance with corporate policies, the code of conduct, applicable laws or auditing and accounting matters.

Director compensation

We anticipate that each non-executive director of our company will be entitled to receive compensation equal to \$150,000 per year, payable quarterly, except that the directors who are members of our audit committee will be entitled to \$155,000. We further anticipate that the chairman of our board of directors will be entitled to receive compensation equal to \$350,000 per year, and the chairman of our audit committee will be entitled to receive \$175,000 per year. We intend to adopt a non-executive deferred share unit plan. We expect that 50% of our directors' compensation will be required to be paid in the form of director's deferred share units, or DDSUs, and 50% in the form of either cash or additional DDSUs at the election of each non-executive director. An employee of our company who is a director is not entitled to receive fees for serving on our board of directors.

Because we expect at least half of the non-executive directors' compensation will be paid in DDSUs, they are not required to own a specific amount of our shares. DDSUs are the economic equivalent of shares. A director cannot redeem the accumulated DDSUs until he or she ceases to be a member of our board of directors.

Our board of directors believes that compensation in the form of DDSUs together with the requirement for our non-executive directors to retain all DDSUs until retirement help to align the interests of our non-executive directors with those of our shareholders.

The number of DDSUs to be credited each quarter will be determined by dividing the quarterly amount payable by the average per share price of our shares on the Toronto and New York stock exchanges on the last five trading days of the quarter. Additional DDSUs will be credited to each non-executive director corresponding to dividends declared on our shares. The DDSUs are redeemable only upon termination of the directorship as a result of retirement, resignation or death. The amount to be paid by us upon redemption will be calculated by multiplying the accumulated balance of DDSUs by the average per share price of our shares on those exchanges at the time of redemption.

Our non-executive directors are entitled to reimbursement for transportation and other expenses incurred in attending meetings of our board of directors and meetings of committees of our board of directors. Our non-executive directors who are not Canadian residents are entitled to reimbursement for tax advice related to compensation.

Executive compensation

The human resources committee will be responsible for administering the compensation program for our executive officers. Our executive compensation program will be based upon a pay-for-performance philosophy. Under our program, an executive's compensation will be based on three components, namely, base salary, annual incentives and long term incentives

Base salary

We anticipate that the target salary will be the mid-point of a salary range for an executive officer and reflect the competitive level of similar positions in the compensation peer groups. The companies identified as part of our peer group are comparable to us in terms of size, industry sector and level of international sophistication. Actual base salaries for executive officers will reflect the individual's performance and contribution to our company. Base salaries of our executive officers will be reviewed annually and any proposed changes will be approved by the human resources committee.

Annual incentives

Our short term incentive plan will be administered by the human resources committee, and will have two components, each based on a different aspect of our performance: (1) 90% of the incentive opportunity of an executive will be based on our overall profitability as measured against a yet-to-be-determined financial measure, and (2) 10% of the incentive opportunity of an executive will be based on the achievement of certain customer relations criteria as well as environment, health and safety objectives as measured against pre-established targets. For each position, a target award will be set (expressed as "percent of target base salary") reflecting both the responsibilities of the position and the competitive compensation levels.

We expect to review our annual incentives program during 2005 in order to make recommendations to our human resources committee by the end of 2005. We expect these recommendations will be implemented by January 2006.

Long term incentives

The purpose of our long term incentives is to attract and retain employees and to encourage them to contribute to our growth and long term success. We anticipate that our long term incentives will include stock options. The number of options granted will be based on the level of an executive's position, the executive's performance in the prior year and the executive's potential for continued sustained contributions to our success. Stock options will only produce value to executives if our share price appreciates, thereby directly linking the interests of executives with those of our shareholders. We anticipate further that stock price appreciation units may be granted instead of options to certain employees due to certain local conditions of their country of residence. A stock price appreciation unit is a right to receive cash in an amount equal to the excess of the per share market value of our shares on the date of exercise of a stock price appreciation unit.

The following table sets forth compensation information for our chief executive officer and our four other executive officers who, based on the salary and bonus compensation received from Alcan, were the most highly compensated of our executive officers for the year ended December 31, 2003. All information set forth in this table reflects compensation earned by these individuals for service with Alcan for the year ended December 31, 2003.

Long term Compensation

						vards(i)	
			Annual Compensa	tion			
Name and Principal Position	Year	Salary (in \$)	Bonus (Executive Performance Award)(ii) (in \$)	Other Annual Compensation (in \$)	Restricted Share Units (SCAN)	Shares Underlying Options Granted/ Stock Price Appreciation Units(iii)(iv) (#)	All Other Compensation(v) (in \$)
Brian W. Sturgell,							
Director and Chief Executive Officer	2003	600,000	561,845	254,115(vi)	404,815(vii)	69,600	29,679(viii)
Martha Finn Brooks,							
Chief Operating Officer	2003	440,000	445,608	32,661(ix)	0	36,000	16,440
Chris Bark-Jones,							
President — Europe	2003	375,000	465,972	9,659(x)	0	27,600(xi)	8,348
Pierre Arseneault,							
Vice President Strategic Planning and Information Technology	2003	272,000	186,045	23,145(xii)	0	9,900	10,880
Geoffrey P. Batt,							
Chief Financial Officer	2003	246,337	148,350	9,658(xii)	0	7,500	12,573

- (i) There were no long term incentive plan payouts.
- (ii) Alcan's executive performance award plan, or EPA Plan, has two components, each based on a different aspect of performance: (1) the profitability of Alcan as measured by economic value added, or EVA (a registered trademark of Stern Stewart & Co.), and (2) the performance of Alcan relative to environment, health and safety, or EHS, objectives. For each position a target award is set (expressed as "percent of target base salary") reflecting both the responsibilities of the position and the competitive compensation levels. The first component is 90% of the incentive compensation opportunity of an executive and is based on the overall profitability of Alcan as measured against the quantifiable financial metric EVA. The incentive compensation for executive officers who are part of Alcan's corporate head office is contingent upon performance versus the preestablished EVA target for Alcan, while the incentive compensation for executive officers who are responsible for a business group is contingent on meeting the pre-established EVA objectives of their respective business group. The second component is 10% of the incentive compensation opportunity of an executive and is based on the achievement of the EHS objectives as measured against pre-established targets. The overall award paid is the sum of the weighted results of each component (i.e., EVA and EHS) modified by the rating for the individual performance and contribution to Alcan. The award paid may vary from zero when the results achieved are less than the minimum threshold set by Alcan's human resources committee, to 200% of the target award when the results achieved are at or exceed the maximum level which was set by Alcan's human resources committee.
- (iii) See "— Grants of Alcan stock price appreciation units" below for a description of the stock price appreciation unit plan.
- The Alcan executive share option plan provides for the granting to senior employees of non-transferable options to purchase Alcan common shares. Certain executive officers and other management employees of Alcan have received over the years options under one or more of the seven classes of Alcan options, namely A, B, C, D, E and F Options. With respect to the five executive officers named in the table above, only the C Options are applicable for the year 2003. See "— Grants of Alcan stock options" below for a description of the C Options.

- (v) Compensation benefits made available to the named executive officers under various plans included those under (1) the Alcan TSR plan described below under "— Alcan total shareholder return performance plan," (2) retirement benefit plans, (3) life insurance plans, and (4) savings plans.
- (vi) Amount includes a tax adjustment of \$219,155 so that net income after taxes was not less than it would have been in the United States.
- (vii) Granted as 7,175 Alcan restricted share units based on the market value of the Alcan shares on the date of grant, which was \$CAN56.42. Alcan employees who become Novelis employees at the separation and who hold restricted share units will be entitled to receive a payment of the value of those units from Alcan.
- (viii) Includes Alcan matching payments under the U.S. savings plan earnings of \$16,875.
- (ix) Amount includes \$11,520 in a plan for professional financial advice and for club membership fees and \$13,033 for housing assistance.
- (x) Amount includes \$4,839 for automobile usage and \$3,217 for professional financial advice.
- (xi) Granted as Alcan stock price appreciation units, or SPAUs.
- (xii) Amount includes \$7,008 in a plan for professional financial advice and for club membership fees.

Other compensation

In addition to benefits under stock option or stock price appreciation unit plans, we expect that compensation benefits made available to senior employees will include (1) retirement benefit plans, (2) life insurance plans, (3) savings plans, (4) plans for the use of automobiles, (5) plans for professional financial advice and for club membership fees, and (6) in applicable cases, expatriate benefits, tax equalization payments and housing assistance.

Alcan stock options

Grants of Alcan stock options

The Alcan executive share option plan provides for the granting to senior employees of non-transferable options to purchase Alcan common shares. Throughout the years, various series with each its own conditions have been granted to senior employees. Since September 23, 1998, the Alcan executive share option plan has provided for options referred to as C Options. C Options are the only class of Alcan options applicable for the executive officers named in the compensation table under "— Executive compensation" for 2003. The exercise price per Alcan common share under C Options is set at not less than 100% of the market value of the Alcan common share on the effective date of the grant of each C Option. The C Option is exercisable (not earlier than three months after the effective date) in respect of one-third of the grant when the market value of the Alcan common share has so increased by 40% and the entire amount of the grant when the market value of the Alcan common share has so increased by 40% and the entire amount of the grant when the market value of the Alcan common shares must exceed those thresholds for at least 21 consecutive trading days. Those thresholds are waived 12 months prior to the expiry date, which is 10 years after the effective date. In the event of death or retirement, any remainder of this 10-year period in excess in excess of five years is reduced to five years, and the relevant thresholds are waived.

The following table shows all grants of options to purchase Alcan common shares granted to the executive officers named in the compensation table under "— Executive compensation" above for the year ended December 31, 2003 under the Alcan executive share option plan. We anticipate that Alcan stock options held by our employees, including these executive officers, will be converted into our stock options

at the time of the separation, except in certain foreign jurisdictions where applicable laws, rules or regulations make it inadvisable to convert.

Potential realizable value at assumed annual rates of share price Percent of Total appreciation for option term (\$CAN)(ii) Shares Under Options Granted to **Options Granted** Alcan Employees Exercise Price (#) in 2003 (\$CAN/Share) **Expiration Date** 5% 10% B. W. Sturgell 69,600(i) 4.3 52.64 September 23, 2013 2,304,109 5,839,064 M. F. Brooks 2.2 September 23, 2013 1.191.780 36.000(i) 52.64 3.020.206 P. Arseneault 9,900(i) 0.6 52.64 September 23, 2013 327,740 830,557 G. P. Batt 0.5 7,500(i) 52.64 January 1, 2009 115,260 256,362

(ii) Reflects the value of the stock option on the date of grant assuming (1) for the 5% column, a 5% annual rate of appreciation in Alcan common shares over the term of the option and (2) for the 10% column, a 10% annual rate of appreciation in Alcan common shares over the term of option, in each case without discounting to net present value and before income taxes associated with the exercise. The 5% and 10% assumed rates of appreciation are based on the rules of the SEC and do not represent our estimate or projection of the future price of Alcan common shares. The amounts in this table may not necessarily be achieved.

Exercise of Alcan stock options

The following table shows aggregate exercises of options to purchase Alcan common shares in the fiscal year ended December 31, 2003 by the executive officers named in the compensation table under "— Executive compensation" above.

Name	Shares Acquired on Exercise (#)	Value Realized (\$CAN)	Shares Underlying Unexercised Options at Dec. 31, 2003(i) (#)	Value of Unexercised In-the-Money Options at December 31, 2003(i) (\$CAN)
B. W. Sturgell	1,000	25,430	E:167,450	E:2,925,825
			U:158,600	U:2,014,614
M. F. Brooks	0	0	E:48,601	E:605,933
			U:94,299	U:651,284
C. Bark-Jones	0	0	E:10,367	E:152,315
			U:2,333	U:33,059
P. Arseneault	0	0	E:11,134	E:221,193
			U:21,166	U:268,776
G. P. Batt	0	0	E:58,400	E:930,076
			U:0	U:0

(i) E: Exercisable U: Unexercisable

The above table summarizes, for each of the executive officers, (1) the number of Alcan common shares acquired by options exercised during 2003, (2) the aggregate value realized upon exercise, which is the difference between the market value of the underlying shares on the exercise date and the exercise price of the option, (3) the total number of shares underlying unexercised options held at December 31, 2003 and (4) the aggregate value of unexercised in-the-money options at December 31, 2003, which is the difference between the exercise price of the options and the market value of the shares on December 31, 2003, which was \$CAN60.55 per share. The aggregate values indicated with respect to unexercised in-the-money options at year-end have not been, and may never be, realized. These options have not been, and

⁽i) Date of grant: September 24, 2003.

may never be exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise.

Treatment of Alcan stock options

As of the separation date, we intend to replace all of the options granted under the Alcan Executive Share Option Plan held by our employees, including our executive officers, with options to purchase our common shares. As of November 19, 2004, our employees held Alcan stock options covering a total of approximately 1,487,006 Alcan common shares at a weighted average exercise price per share of \$CAN52.01. The volume-weighted average of Alcan common share on the Toronto Stock Exchange on November 19, 2004 was \$CAN58.65. The number of common shares underlying, and the exercise price of, these replacement options will be based on the volume-weighted average price per share of Alcan common shares on the last trading day on the Toronto Stock Exchange immediately prior to the separation date and of our common shares on the first trading day on the Toronto Stock Exchange immediately after the separation date, the general intent being to maintain intrinsic value of the Alcan stock options held by our employees prior to the separation.

Alcan stock price appreciation units

Grants of Alcan stock price appreciation units

The Alcan stock price appreciation unit plan, or SPAU Plan, provides for the granting to senior employees of Alcan stock price appreciation units, or SPAUs. The SPAU Plan is administered by the Alcan human resources committee. A SPAU is a right to receive cash in an amount equal to the excess of the market value of Alcan common shares on the date of exercise of a SPAU over the market value of Alcan common shares as of the date of grant of such SPAU. SPAUs may be exercised in the same manner as C Options, described above. Grants are made under the SPAU Plan instead of under the Alcan executive share option plan due to certain local conditions of countries of the employees' residence.

The following table shows all grants of SPAUs granted to the executive officers named in the compensation table under "— Executive compensation" above for the year ended December 31, 2003 under the SPAU Plan. We anticipate that Alcan SPAUs held by our employees, including these executive officers, will be converted into our stock price appreciation units at the time of the separation, except in certain foreign jurisdictions where applicable laws, rules or regulations make it inadvisable to convert.

	Shares granted	Percent of total SPAUs granted	Exercise price and market value on		value : rates of appre opti	at resumed share price ciation for on term CAN)(ii)
Name	under SPAUs (#)	to employees in 2003	date of grant (\$CAN/share)	Expiration date	5%	10%
C. Bark-Jones	27,600(i)	10.9	52.64	September 23, 2013	913,698	2,315,491

Potential realizable

⁽i) Date of grant: September 24, 2003

⁽ii) Reflects the value of the SPAU on the date of grant assuming (1) for the 5% column, a 5% annual rate of appreciation in Alcan common shares over the term of the option and (2) for the 10% column, a 10% annual rate of appreciation in Alcan common shares over the term of the SPAU, in each case without discounting to net present value and before income taxes associated with the exercise. The 5% and 10% assumed rates of appreciation are based on the rules of the SEC and do not represent our estimate or projection of the future price of Alcan common shares. The amounts in this table may not necessarily be achieved.

Exercise of Alcan stock price appreciation units

The following table shows aggregate exercises of SPAUs in the fiscal year ended December 31, 2003 by the executive officers named in the compensation table under "— Executive compensation" above.

Name	SPAUs Exercised (#)	Aggregate value realized (SCAN)	Unexercised SPAUs at December 31, 2003 (i) (#)	Value of unexercised in-the-money SPAUs at December 31, 2003 (SCAN)(i)
C. Bark-Jones	0	0	E:23,434 U:43,566	E:487,172 U:521,176

(i) E: Exercisable U: Unexercisable

The above table summarizes, for Mr. Bark-Jones (1) the number of SPAUs exercised during 2003, (2) the aggregate value realized upon exercise, which is the difference between the market value of the underlying shares on the exercise date and the exercise price of the SPAUs, (3) the total number of SPAUs unexercised held at December 31, 2003 and (4) the aggregate value of unexercised in-the-money SPAUs at December 31, 2003, which is the difference between the exercise price of the SPAUs and the market value of the shares on December 31, 2003, which was \$CAN60.55 per share. The aggregate values indicated with respect to unexercised in-the-money SPAUs at fiscal year-end have not been, and may never be, realized. These SPAUs have not been, and may never be exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise.

Treatment of Alcan stock price appreciation units

As of the separation date, we intend to replace all of the Alcan stock price appreciation units held by our employees, including our executive officers, with our stock price appreciation units. As of November 19, 2004, our employees held 255,775 stock price appreciation units at a weighted average exercise price per SPAU of \$CAN53.74. The volume-weighted average of Alcan common share on the Toronto Stock Exchange on November 19, 2004 was \$CAN58.65. The number, and the exercise price of, these replacement stock price appreciation units will be based on the volume-weighted average price per share of Alcan common shares on the last trading day on the Toronto Stock Exchange immediately prior to the separation date and of our common shares on the first trading day on the Toronto Stock Exchange immediately after the separation date, the general intent being to maintain intrinsic value of the Alcan stock price appreciation units held by our employees prior to the separation.

Alcan total shareholder return performance plan

The Alcan total shareholder return performance plan, or TSR Plan, is a cash incentive plan that provides performance awards to eligible employees based on the Alcan share price and cumulative dividend yield performance relative to the performance of the companies included in the S&P Industrials Composite Index over a three-year period. The award amount, if any, is based on Alcan's relative total shareholder return performance, as defined in the TSR Plan, and ranking of Alcan against the other companies in the S&P Industrials Composite Index at the end of the performance period. If Alcan's total shareholder return performance ranks below the 30th percentile, the employee will not receive any award for that performance period. At the 30th percentile rank, the employee will be paid an award equal to 60% of the target for that performance period. At the 50th percentile rank, the employee will earn a payout of 100% of the target, and at or above the 75th percentile rank, the employee will earn a payout of 300%, which is the maximum payout. The actual amount of award (if any) will be prorated between the percentile rankings.

The following table summarizes target cash performance award incentives in the fiscal year ended December 31, 2003 under the TSR Plan awarded to the executive officers named in the compensation table under "— Executive compensation" above.

	Securities, units or other rights			Estimated future payer	outs
Name	(#)(i)	Performance period	Threshold	Target	Maximum
				(\$)	
B. W. Sturgell	0	10-01-03 to 09-30-06	0	970,500	2,911,500
M. Finn Brooks	0	10-01-03 to 09-30-06	0	500,000	1,500,000
C. Bark-Jones	0	10-01-03 to 09-30-06	0	383,300	1,149,900
P. Arseneault	0	10-01-03 to 09-30-06	0	134,600	403,800
G. P. Batt	0	10-01-03 to 09-30-06	0	102,500	307,500

⁽i) The TSR Plan provides for a grant of a target cash award — no securities, units or other rights were awarded.

Treatment of incentives granted under the Alcan total shareholder return performance plan

As of the separation date, our employees who were eligible to participate in the TSR Plan will cease to actively participate in, and accrue benefits under, the TSR Plan. The current three-year performance periods, namely 2002 to 2005 and 2003 to 2006, will be truncated as of the date of the separation. The accrued award amounts for each participant in the TSR will then be converted into restricted share units in our company, which will vest at the end of each performance period, 2005 or 2006, as applicable. At the end of each performance period, each holder of restricted share units will receive the net proceeds based on our common share price at that time, including declared dividends.

Novelis pension and retirement benefits plans

The following summarizes the material provisions of the benefits plans for officers we intend to adopt prior to or shortly following the separation. The terms of these plans have not been finalized and are being reviewed by us.

Pension plans

Pension plan for officers

Our human resources committee will designate participants to the pension plan for officers, or PPO. This plan will provide for pensions calculated on service up to 20 years as an officer of our company or of Alcan and eligible earnings which consist of the excess of the average annual salary and target short term incentive award during the 60 consecutive months when they were the greatest over eligible earnings in the U.S. Plan or the U.K. Plan, as applicable. Both the U.S. Plan and U.K. Plan are described below. Each provides for a maximum on eligible earnings that is set with reference to the position of the officer prior to being designated a PPO participant. The following table shows the percentage of eligible earnings in the PPO, payable upon normal retirement age after 60 according to years of service as an officer of our company or of Alcan.

	Years as Office	er	
5	10	15	20
15%	30%	40%	50%

The normal form of payment of pensions is a lifetime annuity. Pensions will not be subject to any deduction for social security or other offset amounts.

Retirement benefits

U.S. Plan

The U.S. Plan will provide for pensions calculated on service of up to 35 years and eligible earnings which consist of the average annual salary and the short term incentive award up to its target during the 36 consecutive months when they were the greatest.

The following table shows estimated retirement benefits, expressed as a percentage of eligible earnings, payable upon normal retirement at age 65 according to years of service.

		Years of Ser	vice		
10	15	20	25	30	35
17%	25%	34%	42%	51%	59%

The normal form of payment of pensions is a lifetime annuity with either a guaranteed minimum of 60 monthly payments or a 50% lifetime pension to the surviving spouse.

Individual pension undertakings

Martha Finn Brooks will participate in the U.S. Plan. In addition, she 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 this employer's pension plan until her termination/retirement from our company, over the sum of her pension from the U.S. Plan and the pension rights actually accrued with her previous employer.

U.K. Plan

The U.K. Plan will provide for pensions calculated on service of up to 40 years and eligible earnings, which consist of the average annual salary and the short term incentive award up to its target during the last 12 months before retirement.

The following table shows estimated retirement benefits, expressed as a percentage of eligible earnings, payable upon normal retirement at age 65 according to years of service.

		Years of Ser	vice		
10	15	20	25	30	35
17%	26%	35%	43%	52%	60%

The normal form of payment of pensions is a lifetime annuity with a guaranteed minimum of 60 monthly payments and a 60% lifetime pension to the surviving spouse.

Employment agreements

Prior to the separation, we expect to enter into employment agreements with Brian W. Sturgell, our chief executive officer, and other executive officers, setting out the terms and conditions of their employment. Each of these officers will be entitled to base salary, annual bonus, long term incentives and other type of compensation, such as tax equalization and club memberships, that reflect the competitive level of similar positions in the compensation peer groups. The companies identified as part of our peer group are comparable to us in terms of size and industry sector.

These executives will also be eligible for change of control agreements that will be effective upon the occurrence of two events: (1) a change of control of our company, and (2) the termination of the executive officer's employment with us by us without cause. In such cases, the executive officer will be entitled, depending on the individual in question, to an amount equal to either 24 or 36 months of their base salary and target short term incentive award and other applicable incentive plan guideline amounts. Change in control provisions will expire after 24 months of employment with us.

OWNERSHIP OF OUR SHARES

None of our common shares will be issued or outstanding prior to the separation. To the extent our directors and officers own Alcan common shares at the time of the distribution, they will participate in the distribution on the same terms as other holders of Alcan common shares. In addition, following the distribution, we expect any Alcan stock-based awards held by these individuals will be converted to our stock-based awards. The following table sets forth information with respect to the projected beneficial ownership of our outstanding common shares, immediately following the separation, by:

- each person who is known by us to be the beneficial owner of 5 percent or more of our common shares;
- each director, each director nominee, our chief executive officer and our four other most highly compensated officers identified in the "Management Executive compensation" section above; and
- · all of our directors, director nominees and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Common shares and options, warrants and convertible securities that are currently exercisable or convertible within 60 days of and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

The information below is based on the number of shares of Alcan common shares beneficially owned by each person or entity at , 2004. The share amounts in the table, other than those representing Alcan stock-based awards that are to be converted following the separation, reflect the distribution ratio of one of our common shares for every five common shares of Alcan held by the listed person or entity. The percentage ownership of our common shares of each listed person or entity immediately following the separation will be approximately the same as the percentage ownership of such person or entity immediately prior to the separation and is calculated based on the number of Alcan common shares outstanding as of , 2004. No individual director, director nominee or executive officer beneficially owns one percent or more of Alcan's outstanding common shares. In addition, our directors, director nominees and executive officers as a group own less than one percent of Alcan's outstanding common shares. Except as set forth below, following the separation, we do not expect any person to own more than five percent of our outstanding common shares.

Except as otherwise noted in the footnotes below, the individual director or executive officer or the director or executive officer's family member identified below has sole voting and investment power with respect to such securities. Following the separation, we will have outstanding an aggregate of common shares based upon the common shares of Alcan outstanding on , 2004, excluding treasury shares and assuming no exercise of options.

Directors' and Executive Officers' and Five Percent Holders' Ownership After the Distribution

Name and address of beneficial owner*	Our common shares beneficially owned(i)	Novelis options and stock price appreciation units(ii)	Percentage of class after the separation
FMR Corp.(iii) 82 Devonshire Street Boston, Massachusetts 02109			
Brian W. Sturgell, Director and Chief Executive Officer			
J.E. Newall, O.C., Non-Executive Chairman of the Board			
Jacques Bougie, O.C., Director Charles G. Cavell,			
Director Clarence J. Chandran,			
Director C. Roberto Cordaro,			
Director Helmut Eschwey,			
Director Suzanne Labarge,			
Director William T. Monahan, Director			
Rudolf Rupprecht, Director			
Edward Yang, Director			
Martha Finn Brooks, Chief Operating Officer			
Chris Bark-Jones, President Europe			
Pierre Arseneault, Vice President Strategic Planning and Information Technology			
Geoffrey P. Batt, Chief Financial Officer			
Directors and executive officers as a group (21 persons)			
* Unless otherwise indicated, the address for each individual listed is c/o N	lovelis Inc.,		

- (i) The amounts included in this column represent the number of our common shares which will be beneficially owned by the listed individuals based on the distribution ratio of one of our common shares for every five common shares of Alcan held on the record date.
- (ii) We anticipate that Alcan stock options and stock price appreciation units held by our employees, including our executive officers, will be converted into our stock options and stock price appreciation units at the time of the separation, except in certain foreign jurisdictions where applicable laws, rules or regulations make it inadvisable to convert.

The following information is based on Amendment No. 2 to Schedule 13G, dated February 16, 2004, filed with the Securities and Exchange Commission by FMR Corp. Fidelity Management & Research Company ("Fidelity"), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR Corp., is the beneficial owner of 17,257,142 Alcan common shares as a result of acting as investment adviser to various investment companies. Edward C. Johnson 3d, FMR Corp., through its control of Fidelity, and the funds each has sole power to dispose of the 17,257,142 shares owned by the Funds. Neither FMR Corp., nor Edward C. Johnson 3d, Chairman of FMR Corp., has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds' Boards of Trustees. Fidelity Management Trust Company, 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR Corp., is the beneficial owner of 553,742 Alcan common shares as a result of its serving as investment manager of the institutional account(s). Edward C. Johnson 3d and FMR Corp., through its control of Fidelity Management Trust Company, each has sole dispositive power over 553,742 shares and sole power to vote or to direct the voting of 521,200 shares, and no power to vote or to direct the voting of 32,542 shares owned by the institutional account(s). Strategic Advisers, Inc., 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR Corp., provides investment advisory services to individuals. As such, FMR Corp.'s beneficial ownership includes 560 Alcan common shares beneficially owned through Strategic Advisors, Inc. Members of the Edward C. Johnson 3d family are the predominant owners of Class B shares of common stock of FMR Corp., representing approximately 49% of the voting power of FMR Corp. Mr. Johnson 3d owns 12.0% and Abigail Johnson owns 24.5% of the aggregate outstanding voting stock of FMR Corp. Abigail Johnson is a Director of FMR Corp. The Johnson family group and all other Class B shareholders have entered into a shareholders' voting agreement under which all Class B shares will be voted in accordance with the majority vote of Class B shares. Accordingly, through their ownership of voting common stock and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR Corp. Fidelity International ("FIL"), Pembroke Hall, 42 Crowlane, Hamilton, Bermuda, and various foreign-based subsidiaries provide investment advisory and management services to a number of non-U.S. investment companies and certain institutional investors. FIL is the beneficial owner of 1,215,108 Alcan common shares and has the sole power to vote and the sole power to dispose of such shares. FMR Corp. and FIL are of the view that they are not acting as a "group" for purposes of Section 13(d) under the Securities Exchange Act of 1934 and that they are not otherwise required to attribute to each other the "beneficial ownership" of securities "beneficially owned" by the other corporation within the meaning of Rule 13d-3 under the Securities Exchange Act. Amendment No. 2 to the Schedule 13G states that FMR Corp. is making the filing on a voluntary basis as if all the shares are beneficially owned by FMR Corp. and FIL on a joint basis.

CERTAIN CANADIAN AND UNITED STATES INCOME TAX CONSIDERATIONS

We have been advised by Ogilvy Renault, a general partnership, with respect to Canadian law, and by Sullivan & Cromwell LLP, with respect to United States law, regarding certain Canadian and United States federal income tax considerations relating to an investment in our common shares. For a description of the tax consequences to a holder of Alcan common shares of the receipt of our common shares in the distribution, see "Income Tax Considerations" in Alcan management's proxy circular dated November 23, 2004.

The discussion below is a summary of the principal United States and Canadian federal income tax considerations relating to an investment in our common shares. The discussion does not take into account the individual circumstances of any particular investor. Therefore, prospective investors in our common shares should consult their own tax advisors for advice concerning the tax consequences of an investment in our common shares based on their particular circumstances, including any consequences of an investment in our common shares arising under state, provincial or local tax laws or the tax laws of any jurisdiction other than the United States or Canada.

Canada and the United States are parties to an income tax treaty and accompanying protocols (the "Canada-United States Income Tax Convention"). In general, the Canada-United States Income Tax Convention does not have an adverse effect on holders of our common shares.

Canadian Federal Income Tax Considerations

In the opinion of our counsel, Ogilvy Renault, a general partnership (hereinafter "counsel"), the following is a summary of the principal Canadian federal income tax considerations generally applicable to the ownership and disposition of our common shares acquired by persons who, at all relevant times and for purposes of the Income Tax Act (Canada) ("Tax Act"), deal at arm's length with us, are not affiliated with us and who hold or will hold our common shares as capital property ("holder"). The Tax Act contains provisions relating to securities held by certain financial institutions, registered securities dealers and corporations controlled by one or more of the foregoing (the "Mark-to-Market Rules"). This summary does not take into account the Mark-to-Market Rules and taxpayers that are "financial institutions" as defined for the purpose of the Mark-to-Market Rules should consult their own tax advisors. In addition, this opinion assumes that our common shares will, at all relevant times, be listed on a "prescribed stock exchange" for purposes of the Tax Act, which is currently defined to include both the Toronto Stock Exchange and the New York Stock Exchange.

This summary is based upon the current provisions of the Tax Act and regulations thereunder (the "Regulations") in force as at the date hereof, all specific proposals to amend the Tax Act and Regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and counsels' understanding of the current published administrative policies and practices of the Canada Revenue Agency. Except as otherwise indicated, this summary does not take into account or anticipate any changes in the applicable law or administrative practices or policies whether by judicial, regulatory, administrative or legislative action, nor does it take into account provincial, territorial or foreign tax laws or considerations, which may differ significantly from those discussed herein. No assurance can be given that the Proposed Amendments will be enacted or that they will be enacted in the form announced.

This summary is of a general nature only and is not intended to be, nor should it be relied upon or construed to be, legal or tax advice to any particular prospective purchaser. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a holder. Accordingly, prospective purchasers of our common shares should consult their own tax advisors with respect to their own particular circumstances.

All amounts relevant in computing the Canadian federal income tax liability of a holder are to be reported in Canadian currency at the rate of exchange prevailing at the relevant time.

Residents of Canada

This part of the summary is generally applicable to persons, who, at all relevant times and for purposes of the Tax Act and any applicable income tax treaty in force between Canada and another country, are resident of Canada.

Taxation of Dividends

Dividends received or deemed to be received by an individual holder on our common shares will be included in the individual's income and be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from a taxable Canadian corporation. Taxable dividends received by an individual may be subject to alternative minimum tax under the Tax Act, depending on the particular circumstances of the individual.

Dividends received by a holder that is a corporation will generally be deductible in computing such corporate holder's taxable income. A holder that is a private corporation may be liable to pay refundable tax under Part IV of the Tax Act on dividends received on our common shares to the extent that such dividends are deductible in computing the corporation's taxable income. A corporation other than a private corporation which is controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may also be liable to pay refundable tax under Part IV of the Tax Act.

Disposition of Shares

In general, a disposition or a deemed disposition of our common shares will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of our common shares, net of reasonable costs of disposition, if any, exceed (or are exceeded by) the adjusted cost base of our common shares. For this purpose, the adjusted cost base of a holder of our common shares will generally be determined by averaging the cost of our common shares held at that time by the holder.

One-half of a capital gain must be included in income as a taxable capital gain and one-half of a capital loss is an allowable capital loss. An allowable capital loss for a year may be deducted from any taxable capital gains of the holder in the year. Any allowable capital loss not deductible in the year may be deducted against taxable capital gains of the holder realized in any of the three preceding years or any subsequent year (in accordance with the rules contained in the Tax Act). A capital loss realized by a holder that is a corporation or a partnership or trust of which a corporation, trust or partnership is a member or beneficiary will be reduced by the amount of dividends received in certain circumstances. Capital gains realized by an individual may give rise to liability for alternative minimum tax.

Additional Refundable Tax

A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income including taxable capital gains.

Non-Residents of Canada

The following part of the summary is generally applicable to persons who, at all relevant times for the purposes of the Tax Act and any applicable income tax treaty in force between Canada and another country, are not, or are not deemed to be, resident in Canada.

Taxation of Dividends

Dividends, including deemed dividends and stock dividends, paid or credited, or deemed to be paid or credited, to a non-resident of Canada on our common shares are subject to Canadian withholding tax under the Tax Act at a rate of 25% of the gross amount of such dividends, subject to reduction under the provisions of any applicable income tax treaty. The Canada-United States Income Tax Convention

generally reduces the rate of withholding tax to 15% of any dividends paid or credited, or deemed to be paid or credited, to holders who are residents of the United States for the purposes of the Canada-United States Income Tax Convention (or 5% in the case of corporate U.S. shareholders who are the beneficial owners of at least 10% of our voting stock).

Disposition of Shares

Capital gains realized on the disposition of our common shares by a non-resident of Canada will not be subject to tax under the Tax Act unless such common shares are "taxable Canadian property" for purposes of the Tax Act. Our common shares will generally not be taxable Canadian property of a holder unless, at any time during the five-year period immediately preceding a disposition, the holder, persons with whom the holder did not deal at arm's length or the holder together with such persons owned, had an interest in or had the right to acquire 25% or more of our issued shares of any class or series. Even if our common shares constitute taxable Canadian property to a particular holder, an exemption from tax under the Tax Act may be available under the provisions of any applicable income tax treaty, including the Canada-United States Income Tax Convention.

For an explanation of the Canadian income tax consequences of the distribution, please see "Canadian Income Tax Consequences of the Distribution" in Alcan's proxy circular.

United States Federal Income Taxation

This section describes the material United States federal income tax consequences of owning our common shares. It applies to you only if you acquire our common shares in this distribution and you hold our common shares as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- · a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- · a tax-exempt organization,
- · a life insurance company,
- a person liable for alternative minimum tax,
- a person that actually or constructively owns 10% or more of our voting stock,
- a person that holds our common shares as part of a straddle or a hedging or conversion transaction, or
- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, as well as on the Canada-United States Income Tax Convention. These laws are subject to change, possibly on a retroactive basis.

You are a U.S. holder if you are a beneficial owner of our common shares and you are for United States federal income tax purposes:

- · a citizen or resident of the United States,
- · a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

A "non-U.S. holder" is a beneficial owner of our common shares that is not a United States person for United States federal income tax purposes.

You should consult your own tax advisor regarding the United States federal, state and local and the Canadian and other tax consequences of owning and disposing of our common shares in your particular circumstances.

This section addresses only United States federal income taxation.

Taxation of Dividends

U.S. Holders. Under the United States federal income tax laws, if you are a U.S. holder, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. If you are a non-corporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2009 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that you hold our common shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding-period requirements. Because our common shares will be traded on the New York Stock Exchange, dividends we pay with respect to our common shares generally will be qualified dividend income.

You must include any Canadian tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when you receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. If we pay dividends in Canadian dollars, the amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the Canadian dollar payments made, determined at the spot Canadian dollar/ U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in our common shares and thereafter as capital gain.

Subject to certain limitations, the Canadian tax withheld in accordance with the Canada-United States Income Tax Convention and paid over to Canada will be creditable against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate. Dividends will be income from sources outside the United States, but dividends paid in taxable years beginning before January 1, 2007 generally will be "passive income" or "financial services income," and dividends paid in taxable years beginning after December 31, 2006 will be, depending on your circumstances, "passive" or "general" income, which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you.

Non-U.S. Holders. If you are a non-U.S. holder, dividends paid to you in respect of our common shares will not be subject to United States federal income tax unless the dividends are "effectively connected" with your conduct of a trade or business within the United States, and the dividends are attributable to a permanent establishment that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to United States taxation on a net income basis. In such cases you generally will be taxed in the same manner as a U.S. holder. If you are a corporate non-U.S. holder, "effectively connected" dividends may, under certain circumstances, be subject

to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Taxation of Capital Gains

U.S. Holders. If you are a U.S. holder and you sell or otherwise dispose of our common shares, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in our common shares. Capital gain of a non-corporate U.S. holder that is recognized before January 1, 2009 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Non-U.S. Holders. If you are a non-U.S. holder, you will not be subject to United States federal income tax on gain recognized on the sale or other disposition of our common shares unless:

- the gain is "effectively connected" with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to United States taxation on a net income basis, or
- you are an individual, you are present in the United States for 183 or more days in the taxable year of the sale, and certain other conditions exist.

If you are a corporate non-U.S. holder, "effectively connected" gains that you recognize may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Backup Withholding and Information Reporting

If you are a non-corporate U.S. holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- · dividend payments or other taxable distributions made to you within the United States, and
- the payment of proceeds to you from the sale of our common shares effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if you are a non-corporate U.S. holder that:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns, or
- in certain circumstances, fails to comply with applicable certification requirements.

If you are a non-U.S. holder, you are generally exempt from backup withholding and information reporting requirements with respect to:

- · dividend payments made to you outside the United States by us or another non-United States payor, and
- other dividend payments and the payment of the proceeds from the sale of our common shares effected at a United States office of a broker, as long as the income associated with such payments is otherwise exempt from United States federal income tax, and:
 - the payor or broker does not have actual knowledge or reason to know that you are a United States person, and you have furnished the payor or broker:

- an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person, or
- other documentation upon which it may rely to treat the payments as made to a non-United States person in accordance with U.S. Treasury regulations, or
- · you otherwise establish an exemption.

Payment of the proceeds from the sale of our common shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of our common shares that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of our common shares effected at a foreign office of a broker will be subject to information reporting if the broker is:

- · a United States person,
- · a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- · a foreign partnership, if at any time during its tax year:
- one or more of its partners are "U.S. persons," as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
- such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the United States Internal Revenue Service.

DESCRIPTION OF OUR SHARE CAPITAL

The following information reflects our articles of incorporation and by-laws as these documents will be in effect at the time of the separation.

Authorized and outstanding share capital

We may issue an unlimited number of common shares, first preferred shares and second preferred shares from time to time upon approval by our board of directors for such consideration as the board of directors decides appropriate, without the need for further shareholder authorization. The terms of any preferred shares, including dividend rates, conversion and voting rights, if any, redemption prices and similar matters will be determined by our board of directors prior to issuance.

The table below reflects our share capital structure as it will be at the time of the separation, based on the number of beneficial shareholders and outstanding common shares of Alcan on , 2004, excluding treasury shares and assuming no exercise of outstanding options.

There are holders of record of our common shares, based on holders of record of Alcan common shares on , 2004.

	Authorized	Outstanding
Common Shares	Unlimited	
First Preferred Shares, issuable in series	Unlimited	
Second Preferred Shares, issuable in series	Unlimited	

Description of our common shares

Our common shares are subject to the rights, privileges, restrictions and conditions attaching to any of our first preferred shares, second preferred shares and shares of any other class ranking senior to our common shares we may issue in the future.

Holders of our common shares are entitled to one vote per common share at all meetings of shareholders, to participate ratably in any dividends which may be declared on our common shares by our board of directors and, in the event of our dissolution, to our remaining property. Our common shares have no pre-emptive, redemption or conversion rights.

The provisions of the CBCA require that the amendment of certain rights of holders of any class of shares, including the common shares, must be approved by not less than two-thirds of the votes cast by the holders of such shares. A quorum for any meeting of the holders of common shares is 25% of the common shares then outstanding. Therefore, it is possible for the rights of the holders of common shares to be changed other than by the affirmative vote of the holders of the majority of the outstanding common shares. In circumstances where certain rights of holders of common shares may be amended, however, holders of common shares will have the right, under the CBCA, to dissent from such amendment and require us to pay them the then fair value of their common shares.

Shareholders are also entitled to rights and privileges under the shareholder rights plan summarized below.

Description of our preferred shares

Issuable in series

The first preferred shares and second preferred shares are issuable in series, each series consisting of such number of shares and having such provisions as may be determined by our board of directors prior to issuance.

Voting rights

Holders of preferred shares are not entitled to receive notice of, or to attend, any meeting of shareholders and are not entitled to vote at any such meeting, except to the extent otherwise provided in our articles of incorporation in respect of any series of preferred shares. With respect to any meeting of shareholders at which, notwithstanding the foregoing, holders of first preferred shares or second preferred shares are required or entitled by law to vote separately as a class, each holder of such preferred shares of any series is entitled to cast in respect of each such share held, that number of votes which is equal to the quotient obtained by dividing the total consideration we received for the issuance of all the outstanding shares of such series by the number of such outstanding shares.

Rank

The first preferred shares of each series rank equally with the first preferred shares of all other series and will rank ahead of the second preferred shares, which in turn rank ahead of the common shares and any other class of shares ranking subordinate to the second preferred shares with respect to the return of capital and the payment of dividends in the event of our liquidation, dissolution or winding-up or other distribution of our assets or property.

Dividends

Holders of our preferred shares are entitled to receive dividends in such amounts and at such intervals as may be determined by our board of directors in respect of each series.

Shareholder rights plan

Our initial board of directors will approve a plan whereby each of our common shares carries one right to purchase additional common shares. The terms of the rights will be contained in an agreement called the shareholder rights agreement, made as of between us and CIBC Mellon Trust Company, which is the rights agent under the agreement. The agreement is governed by the laws of Ontario and Canada. The rights expire in 2014, subject to re-confirmation at the annual meetings of shareholders in 2008 and 2011.

The rights under the plan are not currently exercisable, nor may they be separated from the common shares. Subject to specified exceptions and qualifications, on the tenth business day after the first to occur of:

- the acquisition by a person or group of affiliated or associated persons of beneficial ownership of 20% or more of our outstanding voting shares; or
- a bid to acquire 20% or more of our outstanding voting shares,

holders of rights, with the exception of the acquiring or bidding party, will be entitled to purchase from us, upon payment of the exercise price (currently \$200.00), the number of common shares that can be purchased for double the exercise price, based on the market value of our common shares at the time the rights become exercisable. At and after such time the rights will also be transferable separately from the common shares. The exercise price mentioned above is subject to adjustment according to the terms of the rights plan to account for, among other things, adjustments to our common shares such as stock splits, stock dividends and distributions to shareholders.

The rights agreement has a permitted bid feature which allows a take-over bid to proceed without the rights becoming exercisable, provided that the bid meets specified minimum standards of fairness and disclosure, even if our board of directors does not support the bid.

The rights may be redeemed by our board of directors prior to the expiration or reauthorization of the rights agreement, with the prior consent of the holders of rights or common shares, for \$0.01 per right. In addition, under specified conditions, our board of directors may waive the application of the rights

agreement for particular share acquisitions or take-over bids, and in that event our board of directors will be deemed to have elected to redeem the rights at \$0.01 per right.

Initial distribution of our common shares

For shareholders who own Alcan common shares in registered form on the distribution record date, their Novelis common share certificates will be mailed as soon as practicable after the effective date of the separation. For shareholders who own Alcan common shares through a broker or other nominee, their Novelis common shares will be credited to their accounts by the broker or other nominee.

No fractional shares will be issued, and Alcan shareholders will receive cash equal to the fair market value of any fractional shares to which they otherwise would have been entitled. Alcan intends to engage an independent agent to aggregate and sell the aggregated fractional shares that would otherwise be issued to registered holders and those created upon allocation of interests in the global Novelis common share certificates issued to The Depository Trust Company's, or DTC, nominee, as registered holder of Alcan common shares, to beneficial owners within DTC's custody and clearance facilities. These sales will be initiated upon instructions from DTC as to the number of fractional Novelis common share interests so created. We expect that all such sales will be done on the open market over the facilities of the Toronto Stock Exchange and/or the New York Stock Exchange by appropriately registered broker-dealers.

Alcan has been advised that the Canadian Depository for Securities, or CDS, together with the participants within CDS' custody and clearance system, have internal procedures for the aggregation and sale of fractional interests created upon allocation of interests in global share certificates held by CDS or its nominee. We understand that these procedures will result in the sale by CDS and its participants, or by their registered broker-dealer affiliates, of aggregated fractional common share interests in the open market over the facilities of the Toronto Stock Exchange.

The proceeds of all sales by Alcan's independent agent or CDS and its participants, as the case may be, will be remitted to Alcan shareholders, whether registered or beneficial owners, in accordance with their respective interests.

Delivery of our common shares in connection with the distribution also will constitute delivery of the common share purchase rights associated with such shares.

Listing and trading of our common shares

There is no current trading market for our common shares. The Toronto Stock Exchange has conditionally approved the listing of our common shares under the symbol "NVL," subject to the filing of the usual documentation. We intend to apply to list our common shares on the New York Stock Exchange under the symbol "NVL." We anticipate that trading will commence on the Toronto Stock Exchange on a when-issued basis prior to the separation. When-issued trading refers to a transaction made conditionally because the security has been authorized but not yet issued. On the first trading day following the separation, when-issued trading in our common shares on the Toronto Stock Exchange will end and regular-way trading will begin. Regular-way trading of our common shares on the New York Stock Exchange is expected to begin shortly after the distribution record date. Regular-way trading refers to trading after a security has been issued and typically involves a transaction that settles on the third full business day following the date of a transaction.

Transfer agent and registrar

The distribution agent, transfer agent and registrar for our common shares is CIBC Mellon Trust Company at its principal offices located at 320 Bay Street, 3rd Floor, Toronto, Ontario M5H 4A6

VALIDITY OF SHARES

The validity of our shares and certain other matters of Canadian law will be passed upon by Ogilvy Renault, a general partnership. Certain matters of United States law will be passed upon by Sullivan & Cromwell LLP. Partners and associates of Ogilvy Renault own less than 1% of the outstanding shares of Alcan. L. Yves Fortier, C.C., Q.C., a senior partner of Ogilvy Renault, is the chairman of the board of directors of Alcan.

EXPERTS

The combined financial statements as at December 31, 2003 and 2002, and for each of the years in the three-year period ended December 31, 2003 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, given upon the authority of said firm as experts in accounting and auditing.

PROMOTER

Since Alcan took the initiative in implementing the reorganization transactions, it is a promoter within the meaning of the securities laws of certain provinces and territories of Canada. Following the separation, Alcan will not own any of our common shares.

MATERIAL CONTRACTS

Except as described under "Arrangements between Novelis and Alcan," we have not entered into or assumed any material contracts during the two-year period preceding the date of this prospectus, other than contracts entered into in the ordinary course of business.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Canadian securities legislation requires that the following language appear in this prospectus:

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

However, in light of the fact that our shares are being distributed pursuant to the reorganization transactions to be approved at a special meeting of Alcan shareholders, we believe that these remedies are not available in the circumstances of this distribution.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Some of our directors and executive officers own Alcan common shares and vested Alcan options or are employees or former employees of Alcan. Following the separation, after giving effect to the conversion of all outstanding options to purchase Alcan common shares held by our executive officers into options to purchase our common shares, we expect our directors and executive officers to beneficially own approximately shares of Alcan common shares in aggregate, based on their holdings as of , 2004, which represents less than one percent of the outstanding Alcan common shares. Ownership of Alcan common shares and Alcan shares by our directors and officers could create, or appear to create, potential conflicts of interest for such directors and officers when faced with decisions that could have disparate implications for Alcan and us.

SHARES ELIGIBLE FOR FUTURE SALE

Sales or the availability for sale of substantial amounts of our common shares in the public market could have a material adverse effect on the prevailing market price of our common shares. Immediately following the separation, we will have outstanding an aggregate of common shares based upon the common shares of Alcan outstanding as of ,2004, excluding treasury shares and assuming no exercise of outstanding options. All of the shares will be freely tradeable without restriction or further registration under the Securities Act unless the shares are owned by our "affiliates" as that term is defined in Rule 405 under the Securities Act. Shares held by "affiliates" may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 under the Securities Act which is summarized below. Further, as described below, we plan to file a registration statement to cover the shares issued under our option plans.

Rule 144

In general, under Rule 144 as currently in effect, an affiliate would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- one percent of the number of our common shares then outstanding, which will equal approximately common shares immediately after the distribution; or
- the average weekly trading volume of our common shares on the New York Stock Exchange during the four calendar weeks preceding the filing of a notice of Form 144 with respect to such sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Employee stock options

We anticipate granting options to purchase our common shares or stock price appreciation units under one or more employee stock option plans or stock price appreciation unit plans, as applicable, subject to restrictions, in respect of previously outstanding awards issued by Alcan. The number of options or stock price appreciation units granted will be determined as discussed under "Management — Alcan stock options — Treatment of Alcan stock options" and "Management — Alcan stock price appreciation units", respectively. As of our employees held Alcan stock options covering a total of approximately Alcan common shares that we expect may be replaced by options to purchase our common shares, and a total of approximately Alcan stock price appreciation units that we expect may be replaced by stock price appreciation units in our company. In addition, we may grant stock options, stock price appreciation units or other equity based awards in the future. We currently expect to file a registration statement under the Securities Act to register shares to be issued under one or more of our stock option plans. Shares issued pursuant to awards after the effective date of such registration statement, other than shares issued to affiliates, generally will be freely tradeable without further registration under the Securities Act.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The CBCA, the governing act to which we are subject, provides that:

(1) a corporation may indemnify a director or officer of the corporation, a former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity.

- (2) a corporation may advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to paragraph (1). However, the individual shall repay the moneys if he does not fulfil the conditions of paragraph (3).
- (3) a corporation may not indemnify an individual, unless the individual
 - (a) acted honestly and in good faith with a view to the best interests of the corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the corporation's request; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.
- (4) A corporation may with the approval of a court indemnify a person referred to in paragraph (1), or advance moneys under paragraph (2), in respect of an action by or on behalf of the corporation or other entity to procure a judgment in its favour, to which the individual is made a party because of the individual's association with the corporation or other entity as described in paragraph (1) against all costs, charges and expenses reasonably incurred by the individual in connection with such action if the individual fulfils the conditions set out in paragraph (3).
- (5) Despite paragraph (1), an individual referred to in paragraph (1) is entitled to indemnity from the corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the corporation or other entity as described in paragraph (1), if the individual seeking indemnity:
 - (a) was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
 - (b) fulfills the conditions set out in paragraph (3).

The Directors' Standing Resolution pertaining to indemnification of directors and officers of the Corporation represents, in general terms, the extent to which directors and officers may be indemnified by us under the CBCA. This resolution provides as follows:

- "(1) INDEMNITY Subject to the limitations contained in the governing CBCA but without limit to the right of the Corporation to indemnify as provided for in the CBCA, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Corporation or at the Corporation's request on behalf of any such body corporate) and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by him in respect of any civil, criminal, administrative, investigative or other proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate or by reason of having undertaken such liability.
- (2) ADVANCE OF COSTS The Corporation shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in subsection (1). The individual shall repay the moneys if the individual does not fulfill the conditions of subsection (3).

- (3) LIMITATION The Corporation may not indemnify an individual under subsection (1) unless the individual
 - (a) acted honestly and in good faith with a view to the best interests of the Corporation; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful."

We also have an insurance policy covering our directors and officers and those of our subsidiaries against certain liabilities which might be incurred by them in their capacities as such, but excluding those claims for which such insured persons could be indemnified by us or our subsidiaries.

We expect that the separation agreement between us and Alcan will provide for indemnification by us of Alcan and its directors, officers and employees for some liabilities, including liabilities under Canadian securities laws, the Securities Act and the Securities Exchange Act of 1934.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form 10 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to our common shares and associated common shares purchase rights distributed as part of the reorganization transactions. This prospectus does not contain all the information included in the registration statement on Form 10. For further information with respect to us and our common shares distributed as part of the reorganization transactions, please refer to the registration statement on Form 10 and to the schedules and exhibits filed with it. Statements contained in this prospectus as to the contents of certain documents are not necessarily complete and, in each instance, reference is made to the copy of the document filed as an exhibit to the registration statement on Form 10.

We intend to furnish holders of our common shares with annual reports containing consolidated financial statements audited by an independent public accounting firm and quarterly reports for the first three quarters of each fiscal year containing unaudited financial statements, in each case prepared in accordance with United States generally accepted accounting principles (with a reconciliation to Canadian generally accepted accounting principles in the annual reports) and reported in U.S. dollars.

Following the effectiveness of our registration statement on Form 10 we will be subject to the information filing requirements of the Exchange Act, and accordingly will be required to file periodic reports and other information with the SEC. We intend to file annual reports on 10-K, quarterly reports on Form 10-Q and other reports on Form 8-K. As a foreign private issuer, we will not be subject to the proxy requirements under Section 14 of the Exchange Act and our executive officers, directors and principal shareholders will not be subject to the insider short swing profit reporting and recovery rules under Section 16 of the Exchange Act. Our filings are available at the SEC's website at http://www.sec.gov. You may also read and copy any document we file with the SEC at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for more information about the public reference facilities and their copy charges.

In addition, we will be required to periodically file documents required by Canadian securities legislation electronically with Canadian securities regulatory authorities, and these filings will be available at http://www.sedar.com.

The Toronto Stock Exchange has conditionally approved the listing of our common shares, subject to the filing of the usual documentation. We intend to apply to list our common shares on the New York Stock Exchange. Reports, proxy material, prospectuses and other information concerning us will be available to be inspected at the New York Stock Exchange, 20 Broad Street, New York, New York or at the Toronto Stock Exchange, 1000 Sherbrooke Street West, Montreal, Quebec.

INDEX TO AUDITED COMBINED FINANCIAL STATEMENTS

Auditors' report	F-2
Combined statements of income	F-3
Combined balance sheets	F-4
Combined statements of cash flows	F-5
Combined statements of invested equity	F-6
Notes to combined financial statements	F-7

Auditors' Report

To the Board of Directors of Novelis Inc.:

When the Contribution described in Note 1 to the financial statements has been consummated, we will be in a position to render the following report:

"In our opinion, the accompanying combined balance sheets and related combined statements of income, invested equity and cash flows present fairly, in all material respects, the financial position of the Novelis Group as described in Note 1, at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Novelis Group'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 4 to the combined financial statements, the Novelis Group adopted Statement of Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets effective January 1, 2002 and SFAS Nos. 133 and 138 Accounting for Derivative Instruments and Hedging Activities on January 1, 2001."

(Signed) PricewaterhouseCoopers LLP

Montreal, Quebec, Canada

September 28, 2004, except as to Note 1, which is as of

, 2004 and the fourth paragraph of Note 27, which is as of November 25, 2004 $\,$

THE NOVELIS GROUP

Combined statements of income

	Years ended December 31		
	2003	2002	2001
	(in millions of US\$)		
Sales and operating revenues			
— third parties	\$5,749	\$5,456	\$5,391
— related parties (Note 10)	472	437	386
	\$6,221	\$5,893	\$5,777 ——
Costs and expenses			
Cost of sales and operating expenses, excluding depreciation and amortization noted below			
— third parties	\$5,046	\$4,797	\$4,800
— related parties (Note 10)	436	411	356
Depreciation and amortization (Note 6)	222	211	217
Selling, administrative and general expenses	211	183	209
Research and development expenses			
— third parties	18	18	27
— related parties (Note 10)	44	49	35
Interest			
— third parties	21	20	31
— related parties (Note 10)	19	22	33
Restructuring, impairment and other special charges (Note 7)	(24)	25	208
Other expenses (income) — net (Note 13)			
— third parties	108	(1)	17
— related parties (Note 10)	(84)	22	(3)
	\$6,017	\$5,757	\$5,930
Income (Loss) before income taxes and other items	\$ 204	\$ 136	\$ (153)
Income taxes (Note 8)	50	77	6
Income (Loss) before other items	154	59	(159)
Equity income (Note 9)	6	8	5
Minority interests	(3)	8	17
Income (Loss) before cumulative effect of accounting change	157	75	(137)
Cumulative effect of accounting change, net of income taxes of nil (Notes 4 and 6)	_	(84)	_
Net income (Loss)	\$ 157	\$ (9)	\$ (137)
(2555)	Ψ 13,		ψ (157)

The accompanying notes are an integral part of the financial statements.

THE NOVELIS GROUP

Combined balance sheets

	As at December 31		
	2003	2002	
	(in millions of US\$)		
ASSETS Current assets			
Cash and time deposits	\$ 27	\$ 31	
Frade receivables (net of allowances of \$30 in 2003 and \$25 in 2002)	Ψ 27	ψ 51	
— third parties (Note 11)	558	450	
— related parties (Note 10)	163	174	
Other receivables			
— third parties	97	68	
— related parties (Notes 10 and 12)	1,167	407	
nventories			
Aluminum	867	690	
Raw materials	14	17	
Other supplies	99	90	
		707	
	980	797	
Catal aureant assats	2.002	1.027	
Total current assets	2,992	1,927	
Deferred charges and other assets (Note 14)	196	170	
Deferred charges and other assets (Note 14) Long-term receivables from related parties (Note 10)	614	170	
Property, plant and equipment (Note 15)	014	112	
Cost (excluding construction work in progress)	5,218	4,842	
Construction work in progress	129	148	
Accumulated depreciation	(2,928)	(2,685	
1 Total national deproduction	(2,720)	(2,000)	
	2,419	2,305	
ntangible assets (net of accumulated amortization of \$6 in 2003 and \$4 in 2002) (Note			
6)	26	23	
Goodwill (Note 6)	69	21	
Fotal assets	\$ 6,316	\$ 4,558	
ivai asses	\$ 0,510	Ψ 4,550	
LIABILITIES AND INVESTED EQUITY			
Current liabilities			
Payables and accrued liabilities			
— third parties	\$ 802	\$ 597	
— related parties (Note 10)	286	252	
Short-term borrowings	000	200	
— third parties	900	308	
— related parties (Note 10)	64	58	
Debt maturing within one year (Note 17) — third parties	132		
— third parties — related parties (Note 10)	132	_	
— related parties (typic 10)			
Fotal current liabilities	2,194	1,215	
Debt not maturing within one year (Notes 17 and 21)			
— third parties	506	132	
— related parties (Note 10)	1,011	491	
Deferred credits and other liabilities (Note 16)	362	281	
Deferred income taxes (Note 8)	152	140	
Minority interests	117	118	
nvested equity			
Owner's net investment	1,890	2,200	
Accumulated other comprehensive income (loss)	84	(19	
	1,974	2,181	
Commitments and contingencies (Note 19)	Φ.53.		
otal liabilities and invested equity	\$ 6,316	\$ 4,558	

Combined statements of cash flows

	Year	Years ended December 31		
	2003	2003 2002		
		n millions of US\$)		
OPERATING ACTIVITIES	n 157	¢ (0)	¢(127)	
Net income (Loss) Adjustments to determine cash from operating activities:	\$ 157	\$ (9)	\$(137)	
Cumulative effect of accounting change		84		
Depreciation and amortization	222	211	217	
Deferred income taxes	(20)	(1)	(53)	
Equity income	(6)	(8)	(5)	
Asset impairment provisions	4	19	132	
Stock option compensation	2	2	3	
Loss (Gain) on sales of businesses and investment — net	(25)	4	_	
Change in operating working capital	(23)	·		
Change in operating working capital Change in receivables				
— third parties	6	40	295	
— related parties	101	(11)	(431)	
Change in inventories	(18)	63	88	
Change in payables and accrued liabilities	(10)	03	00	
— third parties	18	142	27	
— related parties	(24)	(92)	216	
Change in deferred charges and other assets	(28)	(59)	(115)	
Change in deferred credits and other liabilities	48	37	30	
Other — net	7	(12)	(16)	
Cash from operating activities	444	410	251	
FINANCING ACTIVITIES				
Proceeds from issuance of new debt				
— third parties	500	105	82	
— related parties	471	_	46	
Debt repayments				
— third parties	_	_	(64)	
— related parties	_	(50)	(117)	
Short-term borrowings — net		` /	` /	
— third parties	577	(75)	(101)	
— related parties	(29)	(66)	75	
Dividends — minority interest	<u>`</u>	(2)	_	
Net payments to Alcan	(592)	(153)	(103)	
Cash from (used for) financing activities	927	(241)	(182)	
INVESTMENT ACTIVITIES				
Purchase of property, plant and equipment	(189)	(179)	(236)	
Business acquisitions, net of cash and time deposits acquired	(11)		(21)	
Proceeds from disposal of businesses, investments and other assets,	` '		. ,	
net of cash	33	24	13	
Change in loans receivable — related parties	(1,210)	(2)	157	
Cash used for investment activities	(1,377)	(157)	(87)	
Effect of exchange rate changes on cash and time deposits	\$ 2	\$ 2	\$ —	
	_	_	_	
Increase (Decrease) in cash and time deposits	\$ (4)	\$ 14	\$ (18)	
Cash and time deposits — beginning of year	31	17	35	
Cash and time deposits — end of year	\$ 27	\$ 31	\$ 17	

The accompanying notes are an integral part of the financial statements.

Combined statements of invested equity

Years ended December 31

	Comprehensive Income (Loss)	Owner's Net Investment	Accumulated Other Comprehensive Income (Loss)	Total Invested Equity
			ons of US\$)	
Balance at end of 2000		\$2,675	\$(113)	\$2,562
Net Loss — 2001	\$ (137)	(137)		(137)
Other comprehensive loss:				
Net change in deferred translation adjustments	(28)			
Net change in minimum pension liability				
— net of taxes of nil	(1)		(29)	(29)
Comprehensive loss	\$ (166)			
•				
Transfers (to)/from Alcan — net*		(162)		(162)
Transfers (to), from rivean				(102)
Balance at end of 2001		2,376	(142) a)	2,234
Net Loss — 2002	\$ (9)	(9)	() ")	(9)
Other comprehensive income:	, (,)			(-)
Net change in deferred translation adjustments	129			
Net change in minimum pension liability				
— net of taxes of \$4	(6)		123	123
Comprehensive income	\$ 114			
1	_			
Transfers (to)/from Alcan — net*		(167)		(167)
Transiers (to)/Irom Alcan — let		(107)		(107)
Balance at end of 2002		2,200	(19) b)	2,181
Net income — 2003	\$ 157	157	(15) (5)	157
Other comprehensive income:	Ψ 13 /	137		137
Net change in deferred translation adjustments	102			
Net change in minimum pension liability —				
net of taxes of (\$3)	1		103	103
				-05
Comprehensive income	\$ 260			
•				
Transfers (to)/from Alcan — net*		(467)		(467)
Tansiers (10) Holli Alcan — net		(407)		(407)
Balance at end of 2003		\$1,890	\$ 84 c)	\$1,974
Duminet at the di 2005		. ,	′	,

^{*} Refer to note 2 — Basis of Presentation — Cash Management for discussion of these amounts.

The accompanying notes are an integral part of the financial statements.

a) Comprised of deferred translation adjustments of (\$141) and minimum pension liability of (\$1).

b) Comprised of deferred translation adjustments of (\$12) and minimum pension liability of (\$7).

c) Comprised of deferred translation adjustments of \$90 and minimum pension liability of (\$6).

Notes to combined financial statements

(in millions of US\$, except where indicated)

1. Nature of operations

On May 18, 2004, Alcan Inc. (Alcan) announced its intention to separate its rolled products business into a separate company and to pursue a spin-off of that business to its shareholders. The rolled products businesses were managed under two separate operating segments within Alcan, Rolled Products Americas and Asia and Rolled Products Europe. Alcan and its subsidiaries will contribute and transfer to the company substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney, together with some of Alcan's alumina and primary metal-related businesses in Brazil, which are fully integrated with the rolled products operations there, as well as four former Pechiney rolling facilities in Europe, as their end-use markets and customers are more similar to those of Novelis. Included within the Group are the assets, liabilities and operations relating to the portions of the Sierre and Neuhausen facilities transferred to the Group as described in the prospectus under "Arrangements Between Novelis and Alcan — Neuhausen agreements", respectively. These businesses form the Novelis Group prior to the spin-off (the Contribution).

Novelis Inc. (the Company) was formed on September 21, 2004, to acquire the Novelis Group businesses through the reorganization transactions planned by Alcan. Alcan anticipates that the reorganization, including the distribution of the Company's common shares will occur by January 1, 2005. The transaction is contingent upon a number of conditions, including the receipt of required regulatory approvals from the European Commission and the United States Department of Justice (DOJ), approval by Alcan's Board of Directors, approval by Alcan's shareholders and approval by a Canadian court of competent jurisdiction of the plan of arrangement implementing the transaction. As a result, the distribution may not occur by the contemplated time or may not occur at all.

The aluminum rolled products businesses to be retained by Alcan consist primarily of: (1) facilities in Singen, Germany and a portion of the plant located in Sierre, Switzerland discussed below; (2) facilities acquired in connection with the Pechiney acquisition that have been operated under "hold separate" obligations and have not, therefore, been included in either of Alcan's Rolled Products Americas and Asia or Rolled Products Europe operating segments; and (3) facilities acquired in connection with the Pechiney acquisition that produce plate and aerospace products and which have been attributed to Alcan's Engineered Products operating segments. The Singen plant in Germany supplies three operating segments within Alcan, Rolled Products Europe, Engineered Products and Packaging. The products sold by the Singen rolled products operations are used primarily as raw materials for the Engineered Products and Packaging segments and therefore, the entire facility remains with Alcan. Also, the Sierre plant in Switzerland forms part of two operating segments, Engineered Products in addition to Rolled Products Europe. A portion of the Sierre plant that manufactures plate products remains with Alcan as Novelis has entered into a non-competition agreement with Alcan with respect to these products. The Neuf-Brisach rolling facility in France will remain with Alcan in order to meet the European regulatory requirement for the separation of Neuf-Brisach and the AluNorf/ Göttingen/ Nachterstedt rolling facilities in Germany, which will be transferred to the Company. Alcan also retains the Ravenswood, West Virginia, rolling mill, consistent with the requirements of the DOJ's divestiture order relating to an overlap in a non-aerospace related product line with the Oswego, New York rolling mill, which will be transferred to the Company.

The Group produces aluminum sheet and light gauge products where the end-use destination of the products includes the construction and industrial, beverage and food cans, foil products and transportation markets. The Group operates in four continents, North America, South America, Asia and Europe through 38 operating plants and three research facilities in 12 countries. In addition to aluminum rolled products plants, the Group's South American businesses include bauxite mining, aluminum refining and smelting facilities that are integrated with the rolling plants in Brazil.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

The Company intends to enter into the transitional and technical services agreements with Alcan as described below:

Transitional services agreement

Prior to or concurrently with the separation, Novelis and Alcan intend to enter into a transitional services agreement pursuant to which Alcan will provide to Novelis or Novelis will provide 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 will generally be intended to allow Novelis 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 5 percent. No margin will be added to the cost of services supplied by external suppliers.

In general, the services will begin on the distribution date and will cover a period generally not expected to exceed 12 months following the separation. With respect to particular services, Novelis or Alcan, depending on who is the recipient of the relevant services, may terminate the agreement with respect to one or more of those services upon prior written notice.

With respect to all or any of the services, the agreement may be terminated by Alcan (1) upon a breach by Novelis or any of its affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "Arrangements Between Novelis and Alcan — Separation agreement — Change of control" in the prospectus).

Technical services agreements

Prior to or concurrently with the separation, Novelis and Alcan or one or more of its respective subsidiaries, intend to enter into technical services agreements pursuant to which (1) Alcan will provide technical support and related services to certain of Novelis' facilities in Canada, Brazil, France and Switzerland, and (2) Novelis will provide similar services to certain Alcan facilities in Canada. The specific terms of these agreements are currently being established.

The agreements may be terminated by Alcan (1) upon a breach by Novelis or any of its affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "Arrangements Between Novelis and Alcan — Separation agreement — Change of control" in the prospectus).

2. Basis of presentation

The combined financial statements are presented using United States (U.S.) Generally Accepted Accounting Principles (GAAP) and 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 comprising the Group. Note 26 — Differences Between United States and Canadian Generally Accepted Accounting Principles (GAAP) provides an explanation and reconciliation of differences between U.S. and Canadian GAAP. The Group has elected to use the U.S. dollar as its reporting currency. Management believes the assumptions underlying the combined financial statements, including the allocations described below, are reasonable. However, the combined financial statements included herein may not necessarily reflect the Group's results of operations, financial position and cash flows would have been had the Group been a stand-alone company during the periods presented. As these financial statements represent a portion of the businesses of Alcan which do not constitute a separate legal entity, the net assets of the Group have been presented as Alcan's

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

net investment in the Group. Alcan's investment in the Group includes the accumulated earnings of the Group as well as cash transfers related to cash management functions performed by Alcan.

The combined financial statements include allocations of certain Alcan expenses, assets and liabilities, including the items described below.

General Corporate Expenses

Alcan has allocated general corporate expenses to the Group based on average head count and capital employed. Capital employed represents total assets less Payables and accrued liabilities and Deferred credits and other liabilities. These allocations are reflected in Selling, administrative and general expenses in the combined statements of income. The general corporate expenses allocations are primarily for human resources, legal, treasury, insurance, finance, internal audit, strategy and public affairs and amounted to \$24, \$28 and \$26 for the years ended December 31, 2003, 2002 and 2001, respectively. Total head office costs, including the amounts allocated amounted to \$42, \$47 and \$40 for the years ended December 31, 2003, 2002, and 2001, respectively. The costs allocated are not necessarily indicative of the costs that would have been incurred if the Group had performed these functions as a standalone company, nor are they indicative of costs that will be charged or incurred in the future. Assuming the spin-off is completed, the Group will perform these functions using its own resources or purchased services; however, for an interim period, these services will continue to be provided by Alcan. It is not practicable to estimate the amount of expenses the Group would have incurred for the years ended December 31, 2003, 2002 and 2001 had it been an unaffiliated entity of Alcan in each of those periods.

Pensions and Post-Retirement Benefits

Certain businesses included in the Group have pension obligations mostly comprised of defined benefit plans in the U.S., unfunded pension benefits in Germany and lump sum indemnities payable upon retirement to employees of businesses in France, Korea and Malaysia. These pension benefits are managed separately and the related assets, liabilities and costs are included in the combined financial statements.

Alcan manages defined benefit plans in Canada, the U.S., the U.K. and Switzerland that include some of the entities of the Group. The Group's share of these plans' assets and liabilities is not included in the combined balance sheets. The combined statements of income, however, include an allocation of the costs of the plans that varies depending on whether the entity is a subsidiary or a division of Alcan. Pension costs of divisions of Alcan included in the Group are allocated based on the following methods: service costs were allocated based on a percentage of payroll costs; interest costs, the expected return on assets, and amortization of actuarial gains and losses were allocated based on a percentage of the projected benefit obligation (PBO); and prior service costs were allocated based on headcount. The total allocation of such pension costs amounted to \$15, \$14 and \$2 for the years ended December 31, 2003, 2002 and 2001, respectively. Pension costs of subsidiaries of Alcan included in the Group are accounted for on the same basis as a multi-employer pension plan whereby the subsidiaries' contributions for the period are recognized as net periodic pension cost. The total contributions of the subsidiaries amounted to \$3, \$2 and \$2 for the years ended December 31, 2003, 2002 and 2001, respectively.

Alcan provides post-retirement benefits in the form of unfunded healthcare and life insurance benefits to retired employees in Canada and United States that include retired employees of some of the Group's businesses. The Group's share of these plans' liabilities is included in the combined balance sheets and the Group's share of these plans' costs is included in the combined statements of income.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Income Taxes

Income taxes are calculated as if all of the Group's operations had been separate tax paying legal entities, each filing a separate tax return in its local tax jurisdiction. For jurisdictions where there is no tax sharing agreement, amounts currently payable have been included in the Owner's net investment.

Cash Management

Cash and cash equivalents in the combined balance sheets are comprised of the cash and cash equivalents of the Group's businesses, primarily in South America, Asia and parts of Europe, that perform their own cash management functions.

Historically, Alcan has performed cash management functions on behalf of certain of the Group's businesses primarily in North America, the United Kingdom, and parts of Europe. Cash deposits from these businesses are transferred to Alcan on a regular basis. As a result, none of Alcan's cash and cash equivalents has been allocated to the Group in the combined financial statements. Transfers to and from Alcan are netted against the Owner's net investment. Subsequent to the spin-off, the Group will be responsible for its own cash management functions.

Interest Expense

The Group obtains short and long-term financing from third parties as well as related parties. Interest is charged on all short and long-term debt and is included in Interest in the combined statements of income.

Historically, Alcan has provided certain financing to the Group and incurred third party debt at the parent level. This financing is reflected in the combined balance sheets within the amounts due to Alcan and is interest bearing as described in note 10—Related Party Transactions. As a result of this arrangement, the combined financial statements do not include an allocation of additional interest expense. The Group's interest expense as a stand-alone company may be higher or lower than reflected in the combined statements of income.

Derivatives

The Group primarily enters into derivative contracts with Alcan to manage its foreign currency and commodity price risk. These contracts are reported at their fair value on the combined balance sheets. Changes in the fair value of these contracts are recorded in the combined statements of income.

Stock Options

Stock-options expense and other stock-based compensation expense in the combined statements of income include the Alcan expenses related to the fair value of awards held by certain employees of Alcan's Rolled Products businesses during the periods presented as well as an allocation, calculated based on the average of headcount and capital employed, for Alcan's corporate office employees. These expenses are not necessarily indicative of what the expenses would have been had the Group been a separate stand-alone company during the periods presented.

Earnings Per Share

The Group is not a separate legal entity with common shares outstanding. Therefore, historical earnings per share have not been presented in the combined financial statements.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

3. Summary of significant accounting policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Combination

The combined financial statements include the assets and liabilities of the Group. Investments in entities over which the Group has significant influence are accounted for using the equity method. Under the equity method, the Group's investment is increased or decreased by the Group's share of the undistributed net income or loss and deferred translation adjustments since their acquisition. Investments in joint ventures are accounted for using the equity method. Other investments are accounted for using the cost method. All material inter-group balances and transactions, including profits in inventories, between and among the Group's businesses have been eliminated.

All business combinations are accounted for under the purchase method.

Foreign Currency

The assets and liabilities of foreign operations, whose functional currency is other than the U.S. dollar (located principally in Europe and Asia), are translated into U.S. dollars at the year-end exchange rates. Revenues and expenses are translated at average exchange rates for the year. Differences arising from exchange rate changes are included in the Deferred translation adjustments (DTA) component of Accumulated other comprehensive income. If there is a reduction in the Group's ownership in a foreign operation, the relevant portion of DTA is recognized in Other expenses (income) — net. All other operations, including most of those in Canada, have the U.S. dollar as the functional currency. Monetary items denominated in currencies other than the U.S. dollar are translated at year-end exchange rates and translation gains and losses are included in income. Non-monetary items are translated at historical rates.

The Group has entered into foreign currency contracts to hedge certain future, identifiable foreign currency revenue and operating cost exposures. All such contracts are reported at fair value on the combined balance sheets. For contracts qualifying and designated as cash flow hedges, the effective portion of the change in their fair value is recorded in Other comprehensive income and reclassified to Sales and operating revenues, Cost of sales and operating expenses, or Depreciation and amortization, as applicable, when the item being hedged affects income. The portion of the change in the contract's fair value that is not effective at offsetting the hedged exposures is recorded in Other expenses (income) — net. For contracts qualifying and designated as fair value hedges, changes in fair value are recorded in Other expenses (income) — net.

For contracts either not qualifying or designated as hedges, changes in fair value are recorded in Other expenses (income) — net.

Revenue Recognition

Revenue from product sales, net of trade discounts and allowances, is recognized once delivery has occurred provided that persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectibility is reasonably assured. Delivery is considered to have occurred when title and risk of loss

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

have transferred to the customer. Revenue from services is recognized as services are rendered and accepted by the customer.

Shipping and Handling Costs

Amounts charged to customers related to shipping and handling are included in Sales and operating revenues, and related shipping and handling costs are recorded in Cost of sales and operating expenses.

Commodity Contracts

Generally, all of the forward metal contracts serve to hedge certain future identifiable aluminum price exposures. These contracts are accounted for at fair value on the combined balance sheets. For contracts qualifying and designated as cash flow hedges, the effective portions of the changes in fair value are recorded in Other comprehensive income and are reclassified, together with related hedging costs, to Sales and operating revenues or Cost of sales and operating expenses, when the item being hedged affects income. The portion of the change in the derivative's fair value that is not effective at offsetting the hedged exposures is recorded in Other expenses (income) — net. For contracts either not qualifying or designated as hedges, changes in their fair value are recorded in Other expenses (income) — net.

All natural gas futures contracts, swaps and options are recorded at fair value on the balance sheet. For contracts qualifying and designated as cash flow hedges, the effective portions of the changes in the fair value are recorded in Other comprehensive income and are reclassified to the statement of income concurrently with the recognition of the underlying item being hedged. For contracts not qualifying for hedge accounting, changes in fair value are recorded in Other expenses (income) — net.

Physical metal purchase and sales contracts are generally not recorded at fair value because either they are not derivative instruments or they are "normal purchases or normal sales", as they involve quantities that are expected to be used or sold in the normal course of business over a reasonable period of time.

Interest Rate Swaps

The Group enters into interest rate swap agreements to manage its exposure to fluctuations in interest rates on its long-term debt. These swaps are marked-to-market in the financial statements and all changes in fair value are recorded in Other expenses (income) — net.

Inventories

Aluminum, raw materials and other supplies inventories are stated at cost (determined for the most part on the monthly average cost method) or net realizable value, whichever is lower. Cost includes material, labour and manufacturing overhead costs.

Capitalization of Interest Costs

The Group capitalizes interest costs associated with the financing of major capital expenditures up to the time the asset is ready for its intended use.

Sale of Receivables

When the Group sells certain receivables, it retains servicing rights, which constitute retained interests in the sold receivables. No servicing asset or liability is recognized in the financial statements as the fees received by the Group reflect the fair value of the cost of servicing these receivables.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Additions, improvements and major renewals are capitalized; normal maintenance and repair costs are expensed. An impairment loss is recognized when the carrying amount of these assets is not recoverable and exceeds their fair value. Depreciation is calculated on the straight-line method using rates based on the estimated useful lives of the respective assets. The principal rates range from 2% to 10% for buildings and structures, 1% to 4% for power assets and 3% to 20% for chemical, smelter and fabricating assets. Gains or losses from the sale of assets are included in Other expenses (income) — net.

Impairment or Disposal of Long-Lived Assets

The Group reviews its long-lived assets including amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An impairment loss is recognized when the carrying amount of the assets exceeds the future undiscounted cash flows expected from the asset. Any impairment loss is measured as the amount by which the carrying value exceeds the fair value. Such evaluations for impairment are significantly impacted by estimates of future prices for the Group's product, capital needs, economic trends in the market and other factors. Quoted market values are used whenever available to estimate fair value. When quoted market values are unavailable, the fair value of the long-lived asset is generally based on estimates of discounted expected net cash flows. Assets to be disposed of by sale are reflected at the lower of their carrying amount or fair value less cost to sell and are not depreciated while classified as held for sale.

Goodwill

Goodwill is tested for impairment on an annual basis at the reporting unit level and is also tested for impairment when events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below the carrying value. Fair value is determined using discounted cash flows.

Intangible Assets

Intangible assets are primarily trademarks and patented and non-patented technology, all of which have finite lives. Intangible assets are recorded at cost less accumulated amortization and are amortized over their useful life, which is generally 15 years, using the straight-line method of amortization.

Environmental Costs and Liabilities

Environmental costs that are not legal asset retirement obligations are expensed or capitalized, as appropriate. Environmental expenditures of a capital nature that extend the life, increase the capacity or improve the safety of an asset or that mitigate or prevent environmental contamination that has yet to occur are included in Property, plant and equipment and are depreciated generally over the remaining useful life of the underlying asset. Expenditures relating to existing conditions caused by past operations, and which do not contribute to future revenues, are expensed when probable and estimable and are normally included in Cost of sales and operating expenses except for large, unusual amounts, which are included in Other expenses (income) — net. Recoveries relating to environmental liabilities are recorded when received.

Pensions and Post-Retirement Benefits

As described in note 2 — Basis of Presentation, certain entities within the Group manage their defined benefit pension plans separately from those of Alcan. Using appropriate actuarial methods and

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

assumptions, these defined benefit pension plans are accounted for in accordance with the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 87, Employers' Accounting for Pensions. Pension and post-retirement benefit obligations for these plans are actuarially calculated using management's best estimates and based on expected service period, salary increases and retirement ages of employees. Pension and post-retirement 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. Pension expense also includes the contributions of subsidiaries and the pension expense allocation of divisions that participate in Alcan plans, as described in note 2 — Basis of Presentation. All net actuarial gains and losses are amortized over the expected average remaining service life of the employees.

Stock Options and Other Stock-Based Compensation

The Group accounts for stock options granted to certain employees of Alcan's Rolled Products businesses under Alcan's share option plan using the fair value provisions of SFAS No. 123, Accounting for Stock-Based Compensation. Under the fair value method, stock-based compensation expense is recognized in the statement of income over the applicable vesting period. Other stock-based compensation arrangements granted to certain employees of Alcan's Rolled Products businesses, that can be settled in cash and are based on the change in the Alcan common share price during the period, are recognized in income over the vesting period of awards. Stock-based compensation expense is recorded in Selling, administrative and general expenses in the statements of income.

Income Taxes

Income taxes are accounted for under the liability method (also refer to note 2 — Basis of Presentation). Under the liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

This method also requires the recognition of future tax benefits such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. 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.

Cash and Time Deposits

All time deposits have original maturities of 90 days or less and qualify as cash equivalents.

Allowance For Doubtful Accounts

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the trade receivables balance. Management determines the allowance based on known doubtful accounts, historical experience, and other currently available evidence.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Recently Issued Accounting Standards

Consolidation of Variable Interest Entities

In January 2003, the FASB issued Interpretation No. (FIN) 46, Consolidation of Variable Interest Entities. This interpretation requires that existing unconsolidated variable interest entities be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. An entity that holds a significant variable interest but is not the primary beneficiary is subject to specific disclosure requirements.

On December 24, 2003, the FASB issued a revision to FIN 46. Under this revision, application of FIN 46 is required for periods ending after December 15, 2003, only for existing variable interest entities that are structured as special-purpose entities. Application by public entities for all other types of variable interest entities is required in financial statements for periods ending after March 15, 2004. The Group holds interests in a variable interest entity that is structured as a joint venture as described in note 9 — Investment in Non-Controlled Affiliates. Upon adoption of FIN 46 as of March 31, 2004, assets of approximately \$39 and liabilities of approximately \$39 related to Logan Aluminum Inc. (Logan) that were previously not recorded on the combined balance sheet were recorded by the Group. Logan manages a tolling arrangement for the Group and an unrelated party.

4. Accounting changes

Stock Options and Other Stock-Based Compensation

Effective January 1, 2004, Alcan retroactively adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation for stock options granted to employees. These combined financial statements include the compensation cost for options granted to certain employees of the Group for all periods presented using the fair value method as if that method had been applied from the original effective date of SFAS 123.

Goodwill and Other Intangible Assets

On January 1, 2002, the Group adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under this standard, goodwill and other intangible assets with an indefinite life are no longer amortized but are carried at the lower of carrying value and fair value. Goodwill and other intangible assets with an indefinite life are tested for impairment on an annual basis.

Goodwill is tested for impairment using a two-step test. Under the first step, the fair value of a reporting unit, based upon discounted cash flows, is compared to its net carrying amount. If the fair value is greater than the carrying amount, no impairment is deemed to exist. However, if the fair value is less than the carrying amount, a second test must be performed whereby the fair value of the reporting unit's goodwill must be estimated to determine if it is less than its carrying amount. Fair value of goodwill is estimated in the same way as goodwill is determined at the date of acquisition in a business combination, that is, the excess of the fair value of the reporting unit over the fair value of the identifiable net assets of the reporting unit.

An impairment of \$84 was identified in the goodwill balance as at January 1, 2002, and was charged to income as a cumulative effect of accounting change in 2002 upon adoption of the new accounting standard. Any further impairment arising subsequent to January 1, 2002, is taken as a charge against income. As a result of the new standard, the Group no longer amortizes goodwill. The amount of goodwill amortization was \$3 in 2001.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Impairment or Disposal of Long-Lived Assets

In 2002, the Group adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Under this standard, an impairment loss is recognized when the carrying amount of a long-lived asset held for use is not recoverable and exceeds its fair value. No impairment charges were recorded upon adoption of this new standard. Impairment charges recorded during 2003 are described in, note 7 — Restructuring, Impairment and Other Special Charges and note 13 — Other Expenses (Income) — Net.

Under this standard, a long-lived asset to be disposed of by sale is measured at the lower of its carrying amount or fair value less cost to sell, and is not depreciated while classified as held for sale. Assets and liabilities classified as held for sale are reported as assets held for sale and liabilities of operations held for sale on the balance sheet. A long-lived asset to be disposed of other than by sale, such as by abandonment, before the end of its previously estimated useful life, is classified as held for use until it is disposed of and depreciation estimates revised to reflect the use of the asset over its shortened useful life. Also, the standard requires that the results of operations of a component of an enterprise, that has been disposed of either by sale or abandonment or is classified as held for sale, be reported as discontinued operations if the operations and cash flows of the component have been, or will be, eliminated from the ongoing operations as a result of the disposal transaction and the Group will not have any significant continuing involvement in the operations of the component after the disposal transaction. A component of an enterprise comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the enterprise.

Derivatives

On January 1, 2001, the Group adopted SFAS Nos. 133 and 138, Accounting for Derivative Instruments and Hedging Activities. These standards require that all derivatives be recorded in the financial statements at fair value. Unrealized gains and losses resulting from the valuation of derivatives at fair value are recognized in net income as the gains and losses arise and not concurrently with the recognition of the transactions being hedged.

On July 1, 2003, the Group adopted SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. This standard amends and clarifies financial accounting and reporting for derivatives and for hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This standard has no impact on the Group's financial statements.

Costs Associated with Exit or Disposal Activities

On January 1, 2003, the Group prospectively adopted SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This standard requires that a liability associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of the Group's commitment to an exit plan. This standard has no impact on the Group's financial statements.

Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity

On July 1, 2003, the Group adopted SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. This standard requires that certain financial instruments embodying an obligation to transfer assets or to issue equity securities be classified as liabilities. This standard has no impact on the Group's financial statements

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

5. Sales and acquisitions of businesses

2003

Canada, United States, and Other Europe

In December 2003, Alcan completed the acquisition of Pechiney in a public offer for a cost of \$5,075, net of cash and time deposits acquired. A portion of the acquisition cost, \$128, relating to four Pechiney plants in three countries that are included in the Group was allocated to the Group and accounted for as additional invested equity. The four plants comprise rolled products operations in foil, painted sheet and circles. The business combination was accounted for using the purchase method. The net assets of the Pechiney plants are included in the combined financial statements as at December 31, 2003 and the results of operations and cash flows are included in the combined financial statements beginning January 1, 2004.

Allocation of the purchase price involves estimates and information gathering during months following the date of the combination. The estimation process will be finalized in 2004. Accordingly, there may be some changes to the assigned values presented below. The significant elements for which the fair values could be modified include property, plant and equipment, goodwill, deferred credits and other liabilities and deferred income taxes.

The allocated acquisition cost of \$128 for Pechiney was based on the assigned fair values and liabilities assumed of the four plants that are part of the Group. The fair value of the net assets acquired has been accounted for as an increase in the Owner's net investment. The allocation is as follows:

	2003
Trade receivables	\$ 82
Inventories	101
Property, plant and equipment	70
Goodwill(1)	45
Total assets	298
Payables and accrued liabilities	139
Debt not maturing within one year	4
Deferred credits and other liabilities	14
Deferred income taxes — non-current	13
	_
Fair value of net assets acquired at date of acquisition (net of cash and time deposits acquired of	
\$5)	\$128
	_

See note 6 — Goodwill and Intangible Assets.

Asia and Other Pacific

In the third quarter of 2003, the Group increased its ownership position in Aluminium Company of Malaysia, a manufacturer of light gauge aluminum products, from 36% to 59% by acquiring additional shares, with a value of \$30, from Nippon Light Metal Company, Ltd (NLM) in exchange for its ownership in Alcan Nikkei Siam Limited in Rangsit, Thailand, with a value of \$24, and a cash payment of \$6.

In December 2003, the Group sold the extrusions operations of Aluminium Company of Malaysia, for net proceeds of \$2. A pre-tax amount of \$6, which is included in Restructuring, impairment and other special charges, consists of a favourable adjustment to a previously recorded impairment provision.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

2001

United Kingdom, Germany and Other Europe

In 2001, as part of the divestment requirements imposed by the European Commission as a condition to its approval of the merger between Alcan and algroup in October 2000, the Group sold certain assets at its lithographic sheet production plant, Star Litho, located in Bridgnorth, U.K. for proceeds of \$10.

Asia and Other Pacific

In 2001, Alcan Taihan Aluminum Limited (ATA), an entity in the Group, acquired the remaining 5% of Aluminium of Korea Limited (Koralu) for \$21. As a result of the transaction, the Group's ownership of ATA was reduced to 66% from 68%.

6. Goodwill and intangible assets

Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2003, are as follows:

	Balance as at January 1, 2003	Impairment losses	Additions	Deferred translation adjustments	Adjustments	Balance as at December 31, 2003
Europe	\$ 21	_	\$ 45	\$ 3	_	\$ 69

The changes in the carrying amount of goodwill for the year ended December 31, 2002, are as follows:

	Balance as at January 1, 2002	Impairment losses	Additions	Deferred translation adjustments	Adjustments	Balance as at December 31, 2002
Europe	\$ 98	\$ (84)		\$ 2	\$ 5	\$ 21
	_		_		_	

In accordance with SFAS No. 142, the Group completed an initial review to determine whether, at January 1, 2002, there was impairment in the goodwill balance. As a result of this review, an impairment loss of \$84 was recognized in income in 2002 as a cumulative effect of accounting change. The impairment reflected the decline in end-market conditions in the period from the algroup merger in October 2000 to January 1, 2002. The fair value of all reporting units was determined using discounted future cash flows. Annual tests were also completed in 2002 and 2003 and no further impairment was identified.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Intangible Assets with Finite Lives

	Gross carrying amount	Accumulated amortization	Net book value
		December 31, 2003	
Trademarks	\$ 11	\$ 2	\$ 9
Patented and non-patented technology	17	4	13
Prior pension service costs (Note 23)	4	_	4
	_		
	\$ 32	\$ 6	\$ 26
	_	_	
		December 31, 2002	
Trademarks	\$ 10	\$ 2	\$ 8
Patented and non-patented technology	16	2	14
Prior pension service costs (Note 23)	1	_	1
	_		
	\$ 27	\$ 4	\$ 23
			_

The aggregate amortization expense for the year ended December 31, 2003, was \$2 (2002: \$2; 2001: \$1). The estimated amortization expense for the five succeeding fiscal years is approximately \$2 per year.

Pro forma net loss before goodwill amortization for 2001 is presented below.

	Year ended December 31, 2001
Reported net loss	\$137
Goodwill amortization	3
	
Adjusted net loss	\$134
	_

7. Restructuring, impairment and other special charges

In 2001, Alcan implemented a restructuring program, resulting in a series of plant sales, closures and divestments throughout the organization. A detailed business portfolio review was undertaken in 2001 to identify high cost operations, excess capacity and non-core products. Impairment charges arose as a result of negative projected cash flows and recurring losses. These charges related principally to buildings, machinery and equipment. This program was completed in 2003. The following information relates only to the 2001 program.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Restructuring and asset impairment charges

The schedule provided below shows details of the provision balances and related cash payments for the restructuring and asset impairment charges relating to the 2001 restructuring program as it pertains to the Group:

	Severance costs	Asset impairment provisions	Other	Total
2001:				
Charges	\$ 53	\$ 132	\$ 23	\$ 208
Cash payments — net	(4)	_	(7)	(11)
Non-cash charges	_	(132)	_	(132)
Provision balance as at December 31, 2001	49	_	16	65
2002:				
Charges	9	13	3	25
Cash payments — net	(8)	_	_	(8)
Non-cash charges	_	(13)	(2)	(15)
Provision balance as at December 31, 2002	50	_	17	67
2003:				
Charges (recoveries)	(3)	_	(21)	(24)
Cash payments — net	(28)	_	(13)	(41)
Non-cash charges	_	_	29	29
Provision balance as at December 31, 2003	\$ 19	\$ —	\$ 12	\$ 31
	_		_	

The remaining provision balance of \$31 as at December 31, 2003, related principally to employee severance and environmental remediation costs for which payments will be made over an extended period. The environmental remediation costs of \$9 included in the provision balance, which are payable within one year, are not included in the estimated environmental clean-up costs discussed in note 19 — Commitments and Contingencies. The majority of the environmental remediation costs relate to a facility in Borgofranco, Italy. Management has calculated the provision based on current third-party costs for similar remediation activities. Management does not believe that the amount will vary materially from what is recorded as a liability.

2003 Activities

In 2003, Restructuring, impairment and other special charges of (\$24), pre-tax were recorded. The \$24 recovery consists of \$3 for the reversal of an excess redundancy provision in the U.K. (Novelis Europe), a gain of \$19 principally for the sale of the Borgofranco power facilities in Italy (Novelis Europe), income of \$6 on the sale of extrusions operations in Malaysia (Novelis Asia), a gain of \$4 on the sale of assets in the U.K., and partially offset by other costs of \$8 mainly in the U.K. In 2003, the Group completed the closure of facilities at Glasgow, U.K., sold its extrusions operations in Malaysia for net proceeds of \$2 and decided to retain the recycling operations at the Borgofranco plant in Italy and both cold mills at the light gauge operations in Fairmont, West Virginia (Novelis North America).

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

2002 Activities

In 2002, Restructuring, impairment and other special charges of \$25, pre-tax were recorded. The \$25 charge consisted of severance costs of \$9 related to workforce reductions of approximately 250 employees, impairment of long-lived assets of \$13 and other costs of \$3. Severance charges of \$9 related primarily to the extrusions operations in Malaysia (Novelis Asia) and light gauge operations in Fairmont, West Virginia (Novelis North America). Asset impairment charges of \$13 related primarily to the Borgofranco plant in Italy (Novelis Europe) and the operations in Korea (Novelis Asia). Other exit costs consisted principally of a loss of \$4 on the sale of the rolled products circles production unit at Pieve, Italy (Novelis Europe), for which the Group received proceeds of \$14.

2001 Activities

In 2001, Restructuring, impairment and other special charges of \$208 pre-tax were recorded. The charges of \$208 included severance costs of \$53, which related to workforce reductions of approximately 1,355 employees, impairment of long-lived assets of \$132 and other exit costs related to the shutdown of facilities of \$23.

Workforce Reductions

Workforce reductions relating to the 2001 restructuring program are as follows:

	2001	2002	Total
Novelis North America	360	50	410
Novelis Europe	915	_	915
Novelis Asia	10	200	210
Novelis South America	60	_	60
Other	10	_	10
Planned workforce reductions	1,355	250	1,605
	_		

As at December 31, 2003, approximately 1,585 of a total of 1,605 employees had been terminated.

Asset Impairment Provisions

	Assets held and used			Assets held for disposal
	2001(1)	2002(1)	Total	2001(2)
Novelis North America	\$ 2	\$ —	\$ 2	\$ —
Novelis Europe(3)(4)	98	10	108	22
Novelis Asia	2	3	5	8
	_		_	
Total	\$102	\$ 13	\$115	\$ 30
	_		_	_

⁽¹⁾ An impairment provision was recorded when the carrying amount was not recoverable and exceeded its fair value based on discounted cash flows.

⁽²⁾ An impairment provision was recorded to the extent that the net book value exceeded the fair value less selling costs. Fair values were determined based on either discounted cash flows or selling price.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Assets Held and Used

(3) Charges principally relate to the cold mill at the Rogerstone plant in the U.K. (\$70), the recycling operations at the Borgofranco plant in Italy (\$9) and the foil facilities at Glasgow, U.K. (\$18).

Assets Held for Disposal

(4) Charges principally relate to certain rolled products operations at the Pieve plant in Italy.

Assets Held for Disposal

	Novelis Europe	Novelis Asia	Total
Sales and Operating Revenues			
2003	\$ —	\$ 12	\$ 12
2002	32	15	47
2001	37	18	55
Net Operating Losses (Income)			
2003	_	(1)	(1)
2002	(1)	2	1
2001	_		_
Assets			
December 31, 2003	_	_	_
December 31, 2002	_	10	10
December 31, 2001	57	9	66
Liabilities			
December 31, 2003	_	_	_
December 31, 2002	13	5	18
December 31, 2001	11	6	17

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

8. Income taxes

	2003	2002	2001
Income (Loss) before income taxes and other items			
Canada	\$ (24)	\$ (22)	\$ (48)
Other countries	228	158	(105)
	_	_	
	204	136	(153)
	_		
Current income taxes			
Canada	(11)	(10)	(13)
Other countries	81	88	72
	_		
	70	78	59
	_		
Deferred income taxes			
Canada	4	2	(2)
Other countries	(24)	(3)	(51)
	_		
	(20)	(1)	(53)
Income tax provision	\$ 50	\$ 77	\$ 6
	_		

The composite of the applicable statutory corporate income tax rates in Canada is 32% (2002: 32%; 2001: 33%).

The following is a reconciliation of income taxes calculated at the above composite statutory rates with the income tax provision:

	2003	2002	2001
Income taxes at the composite statutory rate	\$ 66	\$ 44	\$(50)
Differences attributable to:			
Exchange translation items	1	(18)	2
Exchange revaluation of deferred income taxes	4	_	(1)
Unrecorded tax benefits on losses — net	(14)	24	55
Investment and other allowances	(3)	(2)	(2)
Reduced rate or tax exempt items	(4)	5	4
Foreign tax rate differences	9	18	10
Prior years' tax adjustments	(13)	5	(12)
Other — net	4	1	
	_		
Income tax provision	\$ 50	\$ 77	\$ 6
•	_		

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

At December 31, the principal items included in Deferred income taxes are:

	2003	2002
Liabilities		
Property, plant, equipment and intangibles	\$259	\$221
Inventory valuation	11	17
Other — net	38	_
	308	238
	_	_
Assets		
Tax benefit carryovers	123	157
Accounting provisions not currently deductible for tax	122	85
Other — net	_	1
	_	
	245	243
Valuation allowance (amounts not likely to be recovered)	89	145
	_	
	156	98
		_
Net deferred income tax liability	\$152	\$140

The valuation allowance relates principally to loss carryforward benefits and tax credits where realization is not likely. The majority of the allowance relates to loss carryforwards of companies in Korea, the U.K. and Italy. The decrease in the valuation allowance is due to the realization of tax benefits on losses previously unrecognized, the expiry of unrecognized tax benefits on losses in Korea and fluctuations in exchange rates, principally in Brazil.

Based on rates of exchange at December 31, 2003, tax benefits of approximately \$68 relating to prior and current years' operating losses and \$5 of benefits related to tax credits carried forward will be recognized when it is more likely than not that such benefits will be realized. These amounts are included in the valuation allowance above. Approximately \$7 of these potential tax benefits expire in 2004.

9. Investment in non-controlled affiliates

At December 31, 2003, investments accounted for using the equity method and the ownership held by the Group principally include: Aluminium Norf GmbH (50%); Logan Aluminum Inc. (40%); Petrocoque S.A. — Indústria E Comércio (25%). The activities of the Group's major equity-accounted investments include the aluminum rolling operations in Germany and the United States. Logan Aluminum Inc. (Logan) meets the criteria of a variable interest entity under FIN 46. Effective January 1, 2004, the financial statements of Logan will be consolidated into the Group's combined financial statements.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

A summary of the combined financial information for these companies is set forth below.

	2003	2002
Summary of Combined Financial Position		
Current assets	\$216	\$128
Non-current assets	662	866
	_	
Total assets	\$878	\$994
	_	_
Current liabilities	492	689
Non-current liabilities	160	132
	_	
Total liabilities	652	821
	_	
Net assets	\$226	\$173
	_	_
The Group's equity in net assets	\$110	\$ 84
	_	

	2003	2002	2001
0 10 10 0			
Summary of Combined Operations			
Revenues	\$411	\$359	\$334
Cost and expenses	385	332	316
Income taxes	11	12	7
			_
Income before cumulative effect of accounting change	15	15	11
Net income	\$ 15	\$ 15	\$ 11
	_		
The Group's share of net income	\$ 6	\$ 8	\$ 5

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

10. Related party transactions

The table below describes the nature and amount of transactions the Group has with related parties. All of the transactions are part of the ordinary course of business and were agreed to by the Group and the related parties.

	Ye	Year ended December 31		
	2003	2002	2001	
Sales and operating revenues(a)				
Alcan	\$ 472	\$ 437	\$ 386	
Cost of sales and operating expenses(a)				
Alcan	\$ 436	\$ 411	\$ 356	
Research and development expenses(b)				
Alcan	\$ 44	\$ 49	\$ 35	
Interest expense				
Alcan(c)	\$ 19	\$ 22	\$ 33	
Other expense (income) net				
Service fee income(d)	\$ (39)	\$ (37)	\$ (24)	
Service fee expense(e)	26	28	4	
Interest income	(4)	(1)	(3)	
Derivatives(f)	(68)	(9)	22	
Transfer pricing adjustment	_	44	_	
Other	2	2	5	
Total transactions with Alcan	(83)	27	4	
Interest income from Aluminium Norf GmbH	(1)	(5)	(7)	
	\$ (84)	\$ 22	\$ (3)	
Purchase of inventory/tolling services				
Aluminium Norf GmbH	\$ 187	\$ 162	\$ 150	
	107			
Alcan(g)	\$1,732	\$1,704	\$1,667	
	_			

⁽a) The Group sells inventory to Alcan and certain investees accounted for under the equity method in the ordinary course of business.

⁽b) These expenses are comprised of an allocation of research and development expenses incurred by Alcan on behalf of the Group.

⁽c) As discussed further below as well as in note 17 — Debt Not Maturing Within One Year, the Group has various short-term and long-term debt payable to Alcan where interest is charged on a floating rate basis.

⁽d) Service fee income relates to revenues generated through sales of research and development and other corporate services to Alcan.

⁽e) Service fee expense relates to the purchase of corporate services from Alcan.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

- (f) Alcan is the counterparty to all of the Group's metal derivatives and most of the currency derivatives. Refer to note 21 Financial Instruments and Commodity Contracts.
- (g) Alcan is the primary supplier of prime and sheet ingot to the Group.

The table below describes the nature and amount of balances the Group has with related parties.

	As a Decemb	
	2003	2002
Trade receivables(a)		
Alcan	\$ 163	\$174
Other receivables(b)(c)(e)	Ф1 154	#20 2
Alcan Aluminium Norf GmbH	\$1,154	\$382
Aluminium Nort GmbH	13	25
	¢1.167	\$407
	\$1,167	
Long-term receivables	Ф. 500	Φ.
Alcan(c)	\$ 500	\$ —
Aluminium Norf GmbH(d)	114	112
	<u> </u>	e112
	•	\$112
5		_
Payables and accrued liabilities(a)	Φ. 4	ф. 12
Aluminium Norf GmbH	\$ 4	\$ 13
Alcan	282	239
	\$ 286	\$252
	\$ 280	* -
Chart town I among a confidence		
Short-term borrowings(f) Alcan	\$ 64	\$ 58
Alcan	\$ 64	
D.14		
Debt maturing within one year(g)	\$ 10	s —
Alcan	\$ 10	*
Debt not maturing within one year(g)	ф1 О 11	¢401
Alcan	\$1,011	\$491
	_	

⁽a) The Group purchases from and sells inventory to Alcan and purchases services from an investee accounted for under the equity method, in the ordinary course of business.

⁽b) Includes Trade receivables sold to Alcan in the amount of \$218 (2002: \$233) as described in note 12 — Sales of Receivables.

⁽c) Alcan Aluminum Corporation Inc. (AAC), which is part of the Group, issued two \$500 Floating Rate Notes (FRNs) on December 8, 2003, maturing in December 2004 and 2005, respectively, and advanced the funds including an additional \$125 to Alcan as part of Alcan's financing of its acquisition of Pechiney. The amounts due from Alcan to AAC are included in Other receivables, for the \$500 FRN due in 2004 and the \$125 loan (recorded by the Group in Short-term borrowings), and in Long-term receivables for the \$500 FRN due in 2005. The \$125 loan and the \$500 FRN due in 2005 were repaid to AAC in March and August 2004, respectively, as described in note 27 — Subsequent Events.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

- (d) Loan to an investee accounted for under the equity method.
- (e) Includes various floating rate notes totalling € 158.5 million (2002: € 121 million) maturing within one year.
- (f) Loan due to Alcan in the amount of GBP 36 million payable upon demand.
- (g) The Group has various loans payable to Alcan as described in note 17 Debt Not Maturing Within One Year.

11. Allowance for doubtful accounts

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the trade receivables balance. Management determines the allowance based on known uncollectable accounts, historical experience, and other currently available evidence. Activity in the allowance for doubtful accounts is as follows:

Description	Balance at beginning of year	Additions charged to costs & expenses	Acquisitions	Write-offs	Balance at end of year
2003	\$ 25	\$ 5	\$ 1	\$ 1	\$ 30
2002	23	8	_	6	25
2001	29	6	_	12	23

12. Sales of receivables

Alcan performs cash management functions on behalf of certain of the Group's businesses primarily in North America, the United Kingdom, and parts of Europe. On an ongoing basis, the Group's businesses in North America sell to Alcan an undivided interest in certain third party trade receivables, with no recourse. The third party receivables are exchanged for receivables from Alcan, which are included in Other receivables — related parties (refer to note 10 — Related Party Transactions). The consideration received by the Group for the receivables reflect the good faith determination of the Group and Alcan of the fair market value of the receivables and is equal to the consideration that the parties believe would be received in sales of the receivables between non-affiliated entities. Alcan charges the Group a servicing fee on a monthly basis which the Group charges back to Alcan as it manages the receivables. The Group acts as a service agent and administers the collection of the receivables sold. No servicing asset or liability is recognized by the Group as the fees received reflect the fair value of the cost of servicing the receivables.

An undivided interest in the trade receivables sold by the Group to Alcan is sold to a third party bank, with limited recourse, on an ongoing basis under the terms of an agreement effective December 18, 2001. The assets are isolated from Alcan and the Group and are put presumptively beyond the reach of Alcan, the Group and their respective creditors. The bank, as transferee, has the right to pledge or exchange the assets it has received, and no condition both constrains such transferee from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to Alcan or the Group. Alcan does not maintain effective control over the receivables so transferred through either (a) an agreement that both entitles and obligates Alcan to repurchase the receivables before their maturity or (b) the ability to unilaterally cause the bank to return specific assets. Accordingly, the transfers of receivables by the Group to Alcan, and by Alcan to the transferee bank, have been recognized as sales pursuant to SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets & Extinguishments of Liabilities.

As at December 31, 2003, the Group sold third party trade receivables of \$218 (2002: \$233).

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

13. Other expenses (income) — net

Other expenses (income) — net comprise the following elements:

	2003	2002	2001
Restructuring costs	\$ 3	\$ (6)	\$ —
Asset impairment provisions	4	6	_
Loss (Gain) on disposal of fixed assets	1	(3)	3
Environmental provisions	25	_	_
Interest revenue	(7)	(16)	(14)
Exchange (gains) losses	17	3	5
Derivatives (gains) losses	(20)	(9)	27
Service fee expense (income) — net	(13)	(9)	(20)
Transfer pricing adjustment	_	44	_
Other	14	11	13
			_
	\$ 24	\$ 21	\$ 14
	_		

The 2003 restructuring costs of \$3 consist principally of employee severance. The restructuring costs and asset impairment provisions above are not part of the 2001 restructuring program described in note 7 — Restructuring, Impairment and Other Special Charges. Environmental provisions consist of estimated and probable environmental remediation costs.

14. Deferred charges and other assets

Deferred charges and other assets comprise the following elements:

	2003	2002
Prepaid pension costs (Note 23)	\$ 2	\$ 2
Investments accounted for under the equity method (Note 9)	110	84
Long-term notes and other receivables	74	77
Other	10	7
		
	\$196	\$170

15. Property, plant and equipment

	2003	2002
Cost (excluding construction work in progress)		
Land and property rights	\$ 93	\$ 83
Buildings	848	777
Machinery and equipment	4,277	3,982
	\$5,218	\$4,842

Accumulated depreciation relates primarily to Buildings and Machinery and equipment.

Notes to combined financial statements

(in millions of US\\$, except where indicated) — (Continued)

16. Deferred credits and other liabilities

Deferred credits and other liabilities comprise the following elements:

	2003	2002
Post-retirement and post-employment benefits (Note 23)	\$211	\$168
Environmental liabilities (Note 19)	52	20
Restructuring liabilities	2	4
Claims	40	51
Other	57	38
	_	_
	\$362	\$281
	_	

17. Debt not maturing within one year

	2003	2002
Due to related parties		
Alcan Deutschland Holdings GmbH & Co. KG		
4.30%, loan, due 2008 (€ 375 million)	\$ 472	\$ —
Floating rate loan, due 2006 (€ 51 million)(a)	64	54
Alcan Deutschland GmbH		
Floating rate loans, due 2005 (€ 214 million)(a)	268	224
Alcan Aluminio do Brasil Ltda		
Floating rate notes, due 2004/2007(a)	195	195
Alcan Aluminio S.p.A.		
Floating rate loan, due 2005 (€ 18 million)(a)	22	18
		_
	1,021	491
Debt maturing within one year included in current liabilities	(10)	_
		_
Debt not maturing within one year due to related parties	\$1,011	\$491
Due to third parties		
Alcan Aluminum Corporation		
Floating rate notes, due 2005(a)(b)	\$ 500	\$ —
Other		
Bank loans, due 2004/2011(a)	137	131
Other debt, due 2004/2009(a)	1	1
		_
	638	132
Debt maturing within one year included in current liabilities	(132)	_
Debt not maturing within one year due to third parties	\$ 506	\$132
		_

⁽a) Interest rates fluctuate principally with the lender's prime commercial rate, the commercial bank bill rate, or are tied to LIBOR/EURIBOR rates.

⁽b) Alcan Aluminum Corporation (AAC) had the right to redeem the FRNs due December 8, 2005, at any time on or after June 8, 2004. It opted to repay the FRNs on August 6, 2004 (refer to note 27 — Subsequent Events). The FRNs ranked equally with AAC's senior unsecured debt and were guaranteed by Alcan.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Based on rates of exchange at year-end, debt repayment requirements over the next five years amount to \$142 in 2004, \$853 in 2005, \$170 in 2006, \$21 in 2007 and \$472 in 2008. Related party debt repayments over the next five years amount to \$10 in 2004, \$350 in 2005, \$169 in 2006, \$20 in 2007 and \$472 in 2008.

18. Stock options and other stock-based compensation

Alcan Executive Share Option Plan

Under the executive share option plan, certain key employees may purchase common shares at an exercise price that is based on the market value of the shares on the date of the grant of each option. The vesting period for options granted beginning in 1998 is linked to Alcan's share price performance, but does not exceed nine years. Options granted before 1998 vest generally over a fixed period of four years from the grant date and expire at various dates during the next ten years.

The number of options granted to certain employees of Alcan's Rolled Products businesses is 211,725 in 2003 (2002: 292,200; 2001: 338,980). The option activity is not necessarily indicative of what the activity would have been had the Group been a separate stand-alone company during the periods presented or what the activity may be in the future.

To compute compensation expense under SFAS No. 123, Accounting for Stock Compensation, the Black-Scholes valuation model was used to determine the fair value of the Alcan options granted that are held by the Group's employees.

The weighted average fair value of stock options granted to certain employees of Alcan's Rolled Products businesses in 2003 is \$9.95 (2002: \$7.72; 2001: \$10.90).

Stock-based compensation expense for stock options granted to certain employees of Alcan's Rolled Products businesses was \$2 in 2003 (2002: \$2; 2001: \$3).

The fair value of each option grant is estimated on the date of grant with the following weighted average assumptions used for the option grants:

	2003	2002	2001
Dividend yield	1.88%	1.65%	1.93%
Expected volatility	29.16%	35.73%	30.83%
Risk-free interest rate	3.39%	3.50%	5.57%
Expected life (years)	6	6	10

Compensation To Be Settled in Cash

Presented below is a summary of Alcan's other stock-based compensation plans to be settled in cash that are held by certain employees of Alcan's Rolled Products businesses.

Stock Price Appreciation Unit Plan

A small number of employees of Alcan's Rolled Products businesses are entitled to receive Stock Price Appreciation Units (SPAU) whereby they are entitled to receive cash in an amount equal to the excess of the market value of an Alcan common share on the date of exercise of a SPAU over the market value of an Alcan common share as of the date of grant of such SPAUs. The vesting period is linked to Alcan's share price performance, but does not exceed nine years.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Total Shareholder Return Performance Plan

Certain employees of Alcan's Rolled Products businesses are entitled to receive cash awards under the Total Shareholder Return Performance Plan, a cash incentive plan which provides performance awards to eligible employees based on the relative performance of Alcan's common share price and cumulative dividend yield performance compared to other corporations included in the Standard & Poor's Industrial Composite Index measured over three-year periods commencing on October 1, 2003 and 2002. If the performance results for Alcan's common shares is below the 30th percentile compared to all companies in the Standard & Poor's Industrials Composite Index, the employee will not receive an award. At or above the 75th percentile rank, the employee will earn the maximum award, which is equal to 300% of the target set for the period. The actual amount of the award (if any) will be prorated between the percentile rankings.

Compensation Cost

Stock based compensation expense for Alcan's employee compensation awards held by certain employees of Alcan's Rolled Products businesses that are to be settled in cash was \$3 in 2003 (nil in 2002 and 2001).

19. Commitments and contingencies

Commitments with third parties for supplies of goods and services are estimated at \$34 in 2004, \$3 in 2005, \$3 in 2006, nil in 2007 and thereafter. Total payments to these entities were \$3 in 2003, \$5 in 2002 and nil in 2001, excluding capital expenditures.

Minimum rental obligations are estimated at \$12 in 2004, \$7 in 2005, \$5 in 2006, \$3 in 2007, \$2 in 2008 and \$2 thereafter. Total rental expenses amounted to \$15 in 2003, \$15 in 2002 and \$16 in 2001.

The Group, in the course of its operations, is subject to environmental and other claims, lawsuits and contingencies. The Group has environmental contingencies relating to 13 existing and former Group sites and third-party sites. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

The Group is subject to various laws relating to the protection of the environment. The Group has established procedures for the ongoing evaluation of its operations, to identify potential environmental exposures and to comply with regulatory policies and procedures.

The Group is involved in proceedings, as described below, under the U.S. Superfund or analogous state provisions regarding the usage, storage, treatment or disposal of hazardous substances 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 it has operations, including Brazil and certain countries in the European Union.

PAS Site. Alcan's subsidiary, Alcan Aluminum Corporation (AAC), and third parties were defendants in a lawsuit instituted in July 1987 by the U.S. Environmental Protection Agency (EPA), relating to the Pollution Abatement Services (PAS) site, a third-party disposal site, in Oswego, New York. AAC was alleged to have contaminated this site through the disposal of waste materials disposed by contractors employed by AAC (and other companies). AAC's defense was that the waste was not hazardous. In January 1991, the U.S. District Court for the Northern District of New York found AAC liable for a share of the clean-up costs for the site, and in December 1991 determined the amount of such share to be \$3.2. AAC appealed this decision to the United States Court of Appeals, Second Circuit. In April 1993, the Second Circuit reversed the District Court and remanded the case for a hearing on what liability, if any, might be assigned to AAC depending on whether AAC could prove that waste did

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

not contribute to the costs of remediation at the site. This matter was consolidated with another case, instituted in October 1991 by the EPA against AAC in the U.S. District Court for the Northern District of New York seeking clean-up costs in regard to the Fulton Terminals Superfund site in Oswego County, New York, which is also owned by PAS. The remand hearing was held in October of 1999. The trial court re-instituted its judgment holding AAC liable. The amount of the judgment plus interest was \$13.5 as of December 2000. The case was appealed. In the first quarter 2003, the Second Circuit affirmed the decision of the trial court. AAC sought a rehearing but the motion was denied. AAC filed a petition for certiorari in U.S. Supreme Court, which was denied. In 2004, AAC paid \$13.9 in respect of the EPA claim, representing the full amount of the judgment plus interest, and \$1.6 to the State of New York, and is currently responsible for future oversight costs, which are currently estimated at approximately \$0.5.

PAS Oswego Site Performing Group. A group of ten potentially responsible parties (PRPs), have instituted legal proceedings against AAC seeking contribution from AAC for the \$6.4 in remediation costs (plus accrued interest) these PRPs claim to have collectively incurred at the PAS site from 1990 to the present. Based upon information currently available to it, AAC is disclaiming responsibility for any of the costs incurred by the PRPs.

Oswego North Ponds. In the late 1960s and early 1970s, Alcan Oswego used an oil containing polychlorinated biphenyls, or PCBs, in its re-melting operations. At the time, Alcan utilized a once-through cooling water system that discharged through a series of constructed ponds and wetlands, collectively referred to as the North Ponds. In the early 1980s, low levels of PCBs were detected in the cooling water system discharge and Alcan performed several subsequent investigations. The PCB-containing hydraulic oil Pydraul, which was eliminated from use by Alcan in the early 1970s, was identified as the source of contamination. In the mid-1980s, the Oswego North Ponds site was classified as an "inactive hazardous waste disposal site" and added to the New York State Registry under Alcan Sheet and Plate Company. Alcan ceased discharge through the North Ponds in mid-2002.

In cooperation with the New York State Department of Environmental Conservation (NYSDEC), and the New York State Department of Health, Alcan entered into a consent agreement in August 2000 to develop and implement a remediation program to address the PCB contamination at the Oswego North Ponds site. A remediation investigation report was submitted to the NYSDEC in January 2004, and the Group anticipates that the NYSDEC will issue a proposed remediation action plan and record of decision during the first quarter of 2005. The Group expects that the remediation plan will be implemented in 2006. The estimated costs associated with the remediation of the Oswego North Ponds are approximately \$25

Butler Tunnel Site. AAC was a party in a 1989 EPA lawsuit before the U.S. District Court for the Middle District of Pennsylvania invoicing the Butler Tunnel Superfund site, a third-party disposal site. In May 1991, the Court granted summary judgment against AAC in the amount of approximately \$0.5 for alleged disposal of hazardous waste. After unsuccessful appeals, in 1995 AAC paid the entire judgment plus interest.

The United States government filed a second cost recovery action against Alcan seeking recovery of expenses associated with the installation of an early warning system for potential future releases for the Butler site. The complaint does not disclose the amount of costs sought by the government. The case has been held in abeyance since shortly after it was filed and therefore there has been no opportunity for discovery to determine the specific remediation action sought, the estimated cost, the existence of other settlements or the existence of other non-settling PRPs, if any, for potential contribution. As a result, Alcan has been unable to determine what, if any, exposure it may have in respect of this cost recovery section.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

AAC instituted a separate proceeding against several third parties alleged to have disposed of waste at the site to recover part of the amounts paid to the government in the Butler Tunnel Site, as well as seeking contribution for costs and expenses associated with the installation of the early warning system. This separate proceeding was dismissed in 2004.

Tri-Cities Site. In 1994 AAC and other companies responded to an EPA inquiry concerning the shipment of old drums to Tri-Cities Inc. (New York). Prior to that, AAC had reprocessed the barrels. In 1996 the EPA issued an administrative order directing the PRPs to clean up the site. AAC refused to participate, claiming that the drums sent to Tri-Cities were empty at the time of delivery. The PRPs sent AAC a settlement offer and proposed Consent Decree by which AAC would agree to join other PRPs in the clean-up. AAC rejected the offer as it disagreed with the drum count attributed to it. In September 2002, AAC received notice from the EPA contending that AAC was responsible for response costs totaling approximately \$0.2 plus interest and future response costs for its violation of the administrative order. AAC responded by a letter outlining its objections to the EPA's determination. The EPA has since indicated that the matter has been referred to the Department of Justice, or DOJ, for enforcement. AAC has responded with a letter stating that the EPA's claims are unsupported. In 2003, AAC met with the DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of \$2.1.

Quanta Resources Facility. In June 2003, the DOJ filed a Superfund costs recovery action in U.S. District Court for the Northern District of New York against AAC and Quanta Resources, seeking unreimbursed response costs, stemming from the disposal of rolling oil emulsion at a Mahler facility in Syracuse, New York. The parties are in the process of discovery. In the fall of 2003, AAC met with the DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of \$1.4.

Sealand Site. New York State claims AAC's waste at the Sealand, New York site is hazardous, which AAC disputes. There are several PRPs at this site. In 1993, AAC declined a request to participate in a program to provide drinking water to area residents, contending that AAC's waste did not cause or contribute to the harm caused at the site. In 2003, Alcan met with the DOJ and the EPA who quantified potential liability for unreimbursed costs in the amount of \$2.6.

It is the Group's policy to accrue estimated environmental clean-up costs (investigation and remediation) when such amounts can reasonably be estimated and it is probable that the Group will be required to incur such costs. The Group has estimated its undiscounted remaining clean-up costs related to 13 sites will be in the range of \$47 to \$52. An estimated liability of \$52 has been recorded on the combined balance sheet at December 31, 2003 in Deferred credits and other liabilities. Other than these 13 sites, the Group is currently not aware of any material exposure to environmental liabilities. However, adverse changes in environmental regulations, new information or other factors could impact the Group.

Although there is a possibility that liabilities may arise in other instances for which no accruals have been made, the Group does not believe that it is reasonably possible that losses in excess of accrued amounts are sufficient to significantly impair its operations, have a material adverse effect on its financial position or liquidity, or materially and adversely affect its results of operations for any particular reporting period, absent unusual circumstances, will occur.

In addition, see reference to income taxes in note 8, debt repayments in note 17, and financial instruments and commodity contracts in note 21.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

20. Currency gains and losses

The following are the amounts recognized in the financial statements:

	2003	2002	2001
Currency gains (losses) recorded in income			
Gains (Losses) realized and unrealized on currency derivatives	\$ (37)	\$ (21)	\$ 2
Realized deferred translation adjustments	1	_	_
Gains (Losses) on translation of monetary assets and liabilities	(7)	9	(7)
	\$ (43)	\$ (12)	\$ (5)
	_		
Deferred translation adjustments — beginning of year	\$(12)	\$(141)	\$(113)
Effect of exchange rate changes	103	129	(28)
Losses (Gains) realized	(1)	_	_
Deferred translation adjustments — end of year	\$ 90	\$ (12)	\$(141)
	_	_	

21. Financial instruments and commodity contracts

In conducting its business, the Group uses various derivative and non-derivative instruments, including forward contracts to manage the risks arising from fluctuations in exchange rates, interest rates, aluminum prices and other commodity prices. Generally, such instruments are used for risk management purposes only. The principal counterparty to these contracts is Alcan.

Derivatives — Currency

The Group enters into forward currency contracts that are designated as hedges of certain identifiable foreign currency revenue and operating cost exposures. Foreign currency forward contracts are also used to hedge certain foreign currency denominated debt.

		Outstanding at December 31				
		2003 200		2002	2002	
	Hedge	Notional amount	Fair value	Notional amount	Fair value	
Financial instrument						
Forward exchange contracts	Future firm net operating cash flows					
— third parties		\$ 12	\$ (4)	\$ 78	\$(5)	
— related parties		439	(26)	190	(3)	
Cross currency interest swap and forward exchange contracts						
(third parties)	To swap US\$ third party borrowings to KRW	233	2	271	(5)	
		_	_		_	

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Derivatives — Interest Rate

The Group sometimes enters into interest rate swaps to manage funding costs as well as the volatility of interest rates.

	Outstanding at December 31				
	2003	2002			
Notional amount	Fair value	Notional amount	Fair value		
\$ 25	\$ —	\$ 3	\$ —		

Derivatives — Aluminum

Depending on supply and market conditions, as well as for logistical reasons, the Group may purchase primary and secondary aluminum on the open market to meet its fabricated products requirements. In addition, the Group may hedge certain commitments arising from pricing arrangements with some of its customers and the effects of price fluctuations on inventories.

	Outstanding at December 31			
	2003			
Financial Instrument				
Forward contracts (related parties)				
Tonnes covered	469,110	549,076		
Maturing principally in years	2004 to 2005	2003 to 2004		
Call options purchased (related parties)				
Number of tonnes	_	88,050		
Maturing principally in years	_	2003		
Fair value	\$86	\$(11)		

Derivatives — Natural Gas

As a hedge of future natural gas purchases, the Group had outstanding as at December 31:

	2003	2002
Financial Instrument		
Swaps (third parties)		
Number of decatherms (in millions)	2.0	_
Options (third parties)		
Number of decatherms (in millions)	2.3	_
Fair value	\$ 1	\$ —

Counterparty risk

The Group may be exposed to losses in the future if the counterparties to the above contracts fail to perform. The principal counterparty is Alcan (refer to note 10 — Related Party Transactions). The Group is satisfied that the risk of such non-performance is remote, due to its monitoring of credit exposures.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Financial Instruments — Fair Value

On December 31, 2003, the fair value of the Group's long-term debt totaling \$1,659 (2002: \$623) was the same as its book value.

The fair values of all other financial assets and liabilities are approximately equal to their carrying values.

22. Supplementary information

	2003	2002	2001
Statements of income			
Interest on long-term debt	\$ 27	\$ 26	\$ 30
Capitalized interest	(1)	_	_
Statements of cash flows			
Interest paid	41	42	65
Income taxes paid (refunded)	19	34	(80)
		_	
	2003	2002	
			_
Balance sheets			
Payables and accrued liabilities include the following:			
Trade payables	\$708	\$534	
Other accrued liabilities	286	208	
Income and other taxes	28	49	
Accrued employment costs	66	58	

At December 31, 2003, the weighted average interest rate on short-term borrowings was 1.8% (2002: 3.3%; 2001: 4.5%).

23. Post-retirement benefits

Most of the Group's pension obligation relates to funded defined benefit pension plans it has established in the United States, unfunded pension benefits in Germany, and lump sum indemnities payable upon retirement to employees of businesses in France, Korea and Malaysia. 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. In addition, some of the entities of the Group participate in defined benefit plans managed by Alcan in Canada, the U.S., the U.K. and Switzerland. The Group's share of these plans' assets and liabilities is not included in the combined balance sheets, as discussed in note 2 — Basis of Presentation.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Investments are generally limited to publicly traded stocks and high-rated debt securities, and include only small amounts in other categories. Target allocation for 2003 is as indicated below.

		Allocation in aggregate at December 31		
	Target Allocation	2003	2002	
Category of asset				
Equity	40% to 65%	46%	14%	
Debt securities	30% to 55%	54%	86%	
Real estate	0% to 5%	_	_	

The Group's pension funding policy is to contribute the amount required to provide for contractual benefits attributed to service to date, and to amortize unfunded actuarial liabilities for the most part over periods of 15 years or less. The Group expects to contribute \$1 to its funded pension plans in 2004, and to pay \$7 of unfunded pension benefits and lump sum indemnities from operating cash flows.

Alcan provides unfunded health care and life insurance benefits to retired employees in Canada and the United States, which include retired employees of some of the Group's businesses. The Group's share of these plans' liabilities and costs are included in the combined financial statements. The Group expects to pay benefits of \$7 in 2004 from operating cash flows

	Per	Pension benefits		benefits
	2003	2002	2003	2002
Change in benefit obligation				
Benefit obligation at January 1	\$115	\$105	\$ 69	\$ 62
Service cost	6	3	2	2
Interest cost	12	6	4	4
Benefits paid	(11)	(5)	(6)	(5)
Amendments	1	_	_	_
Acquisitions/reorganization	88	_	_	_
Curtailments/divestitures	_	1	_	_
Actuarial (gains) losses	28	(8)	10	6
Currency losses	17	13	_	_
Benefit obligation measured at December 31	\$256	\$115	\$ 79	\$ 69
	_			
Change in market value of plan assets				
Assets at January 1	\$ 25	\$ 27	\$ —	\$ —
Actual return on assets	24	(4)	_	_
Benefits paid from funded plans	(7)	(5)	_	_
Company contributions	4	7	_	_
Acquisitions/reorganization	68	_	_	_
Assets at December 31	\$114	\$ 25	\$ —	\$ —
	_			
Assets at December 31	\$114	\$ 25	<u> </u>	\$

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

	Pension	Pension benefits		enefits
	2003	2002	2003	2002
Net benefit obligation	\$(142)	\$ (90)	\$(79)	\$(69)
Unamortized				
— actuarial (gains)/losses	(8)	(8)	10	2
— prior service cost	20	13	(1)	_
Minimum pension liability (excluding amount related to prior service costs)	(12)	(12)	_	_
			_	
Net liability in balance sheet	\$(142)	\$ (97)	\$(70)	\$(67)
·				
Deferred charges and other assets	2	2	_	_
Intangible assets	4	1	_	_
Payables and accrued liabilities	(7)	1	_	_
Deferred credits and other liabilities	(141)	(101)	(70)	(67)
		<u> </u>	<u> </u>	
Net liability in balance sheet	\$(142)	\$ (97)	\$(70)	\$(67)
	_			_

The total accumulated benefit obligation (ABO) is \$237 (2002: \$94). For certain plans, the PBO and the ABO exceed the market value of the assets. For these plans, including unfunded pensions and lump sum indemnities, the PBO is \$222 (2002: \$115), the ABO is \$203 (2002: \$94), while the market value of the assets is \$77 (2002: \$25).

	Pension Benefits		Other Benefits			
	2003	2002	2001	2003	2002	2001
Components of net periodic benefit cost						
Service cost	\$ 21	\$ 25	\$ 24	\$ 2	\$ 2	\$ 2
Interest cost	33	37	35	5	4	4
Expected return on assets	(28)	(40)	(45)	_	_	_
Amortization						
— actuarial (gains) losses	3	(3)	(11)	_	_	(1)
— prior service cost	5	6	8	_	_	_
Curtailment/settlement losses	7	_	_	_	_	_
		_		_	_	_
Net periodic benefit cost	\$ 41	\$ 25	\$ 11	\$ 7	\$ 6	\$ 5
	_	_	_	_	_	
Weighted average assumptions used to determine benefit obligations at December 31						
Discount rate	5.8%	5.6%	5.6%	6.2%	6.5%	7.0%
Average compensation growth	3.3%	3.0%	3.0%	3.7%	3.9%	5.0%
Weighted average assumptions used to determine net periodic benefit cost						
Discount rate	6.2%	5.6%	5.9%	6.5%	7.0%	7.5%
Average compensation growth	3.0%	3.0%	3.0%	3.9%	5.0%	5.6%
Expected return on plan assets	8.0%	5.0%	5.0%	_	_	

Included in net periodic benefit cost are contributions of subsidiaries and cost allocations of divisions that participate in Alcan plans, as described in note 2 — Basis of Presentation.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

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 in each relevant country of equity or real estate over long-term bond yields. The approach is consistent with the principle that assets with higher risk provide a greater return over the long term.

The assumed health care cost trend used for measurement purposes is 10.0% for 2004, decreasing gradually to 4.3% in 2010 and remaining at that level thereafter. A one percentage point change in assumed health care cost trend rates would have the following effects:

	Other	Benefits
	1% Increase	1% Decrease
Sensitivity Analysis		
Effect on service and interest costs	_	_
Effect on benefit obligation	\$ 7	\$ (6)

24. Information by geographic areas

	Location	2003	2002	2001
Sales and operating revenues — third	Canada	\$ 212	\$ 145	\$ 123
and related parties (by origin)	United States	2,174	2,373	2,384
• • • • • • • • • • • • • • • • • • • •	Brazil	408	373	386
	United Kingdom	302	357	377
	Germany	1,705	1,409	1,308
	Other Europe	503	451	475
	Asia and Other Pacific	917	785	724
	Total	\$6,221	\$5,893	\$5,777
		_	_	_
	Location		2003	2002
Property, plant and equipment,	Location ————————————————————————————————————		2003 \$ 116	\$ 119
Property, plant and equipment, Intangible assets and Goodwill at				
	Canada		\$ 116	\$ 119
Intangible assets and Goodwill at	Canada United States		\$ 116 454	\$ 119 484
Intangible assets and Goodwill at	Canada United States Brazil		\$ 116 454 568	\$ 119 484 577
Intangible assets and Goodwill at	Canada United States Brazil United Kingdom		\$ 116 454 568 162	\$ 119 484 577 136
Intangible assets and Goodwill at	Canada United States Brazil United Kingdom Germany		\$ 116 454 568 162 267	\$ 119 484 577 136 210
Intangible assets and Goodwill at	Canada United States Brazil United Kingdom Germany Other Europe Asia and Other Pacific		\$ 116 454 568 162 267 317 630	\$ 119 484 577 136 210 181 642
Intangible assets and Goodwill at	Canada United States Brazil United Kingdom Germany Other Europe		\$ 116 454 568 162 267 317	\$ 119 484 577 136 210 181

^(*) In 2002, Property, plant and equipment, Intangible assets and Goodwill — net included goodwill impairment charges of \$84 for Other Europe.

^(**) The allocation of the purchase price for Pechiney by geographic area is tentative. The final valuation will be completed in 2004 and accordingly, the fair values could be modified for property, plant and equipment and goodwill.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

25. Information by operating segments

The following presents selected information by operating segment, viewed on a stand-alone basis. The operating management structure is comprised of four operating segments. The four operating segments are Novelis North America, Novelis Europe, Novelis Asia and Novelis South America. Alcan's measure of the profitability of its operating segments is referred to as business group profit (BGP). BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring costs (relating to major corporate-wide acquisitions or initiatives), impairment and other special charges, and pension actuarial gains, losses and other adjustments, that are not under the control of the business groups or are not considered in the measurement of their profitability. These items are generally managed by Alcan's corporate head office, which focuses on strategy development and oversees governance, policy, legal, compliance, human resources and finance matters. The change in fair market value of derivatives is removed from individual BGP and is shown on a separate line. This presentation provides a more accurate portrayal of underlying business group results and is in line with the Group's portfolio approach to risk management.

Transactions between operating segments are conducted on an arm's-length basis and reflect market prices.

The accounting principles used to prepare the information by operating segment are the same as those used to prepare the combined financial statements of the Group, except for the following two items:

- (1) The operating segments include the Group's proportionate share of joint ventures (including joint ventures accounted for using the equity method) as they are managed within each operating segment; and
- (2) Pension costs for the operating segments are based on the normal current service cost with all actuarial gains, losses and other adjustments being included in Intersegment and other.

The operating segments are described below.

Novelis North America

Headquartered in Cleveland, U.S.A., this group encompasses aluminum sheet and light gauge products, operating 12 plants in two countries.

Novelis Europe

Headquartered in Zurich, Switzerland, this group comprises aluminum sheet, including automotive, can and lithographic sheet as well as foil stock, operating 18 plants in seven countries.

Novelis Asia

Headquartered in Seoul, South Korea, this group encompasses aluminum sheet and light gauge products, operating three plants in two countries.

Novelis South America

Headquartered in Sao Paulo, Brazil, this group comprises bauxite mining, alumina refining, smelting operations, power generation, carbon products, aluminum sheet and light gauge products, operating five plants in Brazil. The Brazilian bauxite, alumina and smelting assets are included in the Group because they are integrated with the Brazilian rolling operations.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Intersegment and other

This classification includes the deferral or realization of profits on intersegment sales of aluminum and alumina, corporate office costs as well as other non-operating items.

Risk Concentration

All four operating segments traded with Rexam Plc (Rexam) during 2003 and all except for Novelis Asia traded with Rexam in 2002 and 2001. Revenues from Rexam of \$577 amounted to approximately 9% of total revenues for the year ended December 31, 2003 (2002: \$666 and 11%; 2001: \$639 and 11%).

	Intersegment			Third and related parties			
	2003	2002	2001	2003	2002	2001	
Sales and operating revenues							
Novelis North America	\$ 40	\$ 9	\$ 6	\$2,385	\$2,517	\$2,506	
Novelis Europe	23	40	27	2,510	2,218	2,158	
Novelis Asia	13	11	5	918	785	724	
Novelis South America	23	13	_	414	379	393	
Adjustments for equity-accounted joint ventures	_	_	_	(7)	(7)	(7)	
Other	(99)	(73)	(38)	1	1	3	
			_				
	\$ —	\$ —	\$ —	\$6,221	\$5,893	\$5,777	
	_	_	_				

	2003	2002	2001
Business group profit			
Novelis North America	\$ 206	\$ 277	\$ 202
Novelis Europe	173	130	80
Novelis Asia	68	35	26
Novelis South America	112	90	107
Adjustments for equity-accounted joint ventures	(45)	(42)	(36)
Adjustments for mark-to-market of derivatives	20	9	(27)
Depreciation and amortization	(222)	(211)	(217)
Restructuring, impairment and other special charges	24	(25)	(208)
Intersegment, corporate offices and other	(92)	(85)	(16)
Equity income	6	8	5
Interest	(40)	(42)	(64)
Income taxes	(50)	(77)	(6)
Minority interests	(3)	8	17
Cumulative effect of accounting change	_	(84)	_
Net Income (Loss)	\$ 157	\$ (9)	\$(137)

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

	2003	2002
Total assets at December 31		
Novelis North America	\$1,131	\$1,130
Novelis Europe	2,167	1,650
Novelis Asia	837	824
Novelis South America	733	720
Adjustments for equity-accounted joint ventures	(135)	(110)
Other	1,583	344
	\$6,316	\$4,558
	\$6,316	\$4,558

		Depreciation and Amortization			Cash Paid for Capital Expenditures and Business Acquisitions		
	2003	2002	2001	2003	2002	2001	
Novelis North America	\$ 68	\$ 67	\$ 72	\$ 38	\$ 32	\$ 59	
Novelis Europe	87	75	80	97	81	86	
Novelis Asia	45	42	37	36	32	73	
Novelis South America	49	49	49	41	46	42	
Adjustments for equity-accounted joint ventures	(32)	(26)	(25)	(14)	(14)	(15)	
Other	5	4	4	2	2	12	
	\$222	\$211	\$217	\$200	\$179	\$257	

26. Differences between United States and Canadian Generally Accepted Accounting Principles (GAAP)

Significant differences between United States and Canadian GAAP are described below.

(A) Derivatives

Under U.S. GAAP, all derivatives are recorded in the financial statements at fair value. Unrealized gains and losses resulting from the valuation at fair value of derivatives not meeting strict hedge accounting criteria are recognized in net income as the gains and losses arise and not concurrently with the recognition of the transactions being hedged.

Under Canadian GAAP, gains and losses on derivative contracts are recognized in income concurrently with the recognition of the transactions being hedged. For certain foreign currency forward contracts and swaps that are used to hedge certain foreign currency denominated debt, unrealized currency gains and losses are recorded in income concurrently with the unrealized gains and losses on the items being hedged. As described under Newly Issued Accounting Standards for Canadian GAAP Presentation, the Canadian Institute of Chartered Accountants (CICA) issued AcG-13, Hedging Relationships which is effective beginning January 1, 2004.

(B) Minimum Pension Liability

Under U.S. GAAP, if the accumulated benefit obligation exceeds the market value of plan assets, a minimum pension liability for the excess is recognized to the extent that the liability recorded in the balance sheet is less than the minimum liability. Any portion of this additional liability that relates to unrecognized past service cost is recognized as an intangible asset while the remainder is charged to Comprehensive income. Canadian GAAP has no such requirement to record a minimum liability.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

(C) Impairment of Goodwill

Under U.S. GAAP, goodwill impairment identified as at January 1, 2002 was charged to income as the cumulative effect of an accounting change. Under Canadian GAAP, the impairment loss identified as at January 1, 2002 was recognized as a charge to opening Owner's net investment in 2002.

(D) Deferred Translation Adjustments

Under U.S. GAAP, deferred translation adjustments are reported as a component of Comprehensive income. Under Canadian GAAP, the concept of comprehensive income does not exist and deferred translation adjustments are reported as a component of invested equity.

(E) Joint Ventures

Under U.S. GAAP, joint ventures, other than those over which the Group has an undivided interest in the assets, are accounted for using the equity method while under Canadian GAAP, joint ventures are accounted for using the proportionate consolidation method. A joint venture is an entity owned and operated by a small group of businesses (the "joint venturers") as a separate and specific business or project for the mutual benefit of the members of the group. Venturers are bound by a contractual arrangement, which establishes that the venturers have joint control over the joint venture, regardless of the difference that may exist in their ownership interest. The different accounting treatment affects the display and classification of financial statement items and not net income or invested equity.

As mentioned above, under Canadian GAAP, joint ventures are proportionately consolidated to the extent of the Group's participation. Sales from the Group's joint ventures in Germany and Brazil to the Group are characterized as intercompany transactions. Accordingly, the revenues and cost of goods sold relating to such sales are eliminated under proportionate consolidation with the residual being the margin on such sales, which is recorded as a reduction of cost of sales and operating expenses. Under Canadian GAAP, the Group's proportionate share of depreciation and amortization expenses with respect to these joint ventures is included in its expenses. In contrast, under U.S. GAAP, the joint ventures are accounted for under the equity method whereby the Group's share of the joint ventures' net income is reported as equity income.

(F) Combined Statement of Income

Under U.S. GAAP, income from continuing operations before amortization of goodwill and income from continuing operations per common share before amortization of goodwill are not presented whereas they would be presented under Canadian GAAP.

(G) Currency Translation

The difference between Deferred translation adjustments under U.S. GAAP and Canadian GAAP arises from the different treatment of exchange on long-term debt at January 1, 1983, resulting from the adoption of Canadian accounting standards on foreign currency translation on such date.

(H) Comprehensive Income

U.S. GAAP requires the disclosure of Comprehensive income which, for the Group, comprises Net income, the movement in Deferred translation adjustments and the movement in the minimum pension liability. The concept of Comprehensive income does not exist under Canadian GAAP.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Recently Adopted Accounting Standards for Canadian GAAP Presentation

Goodwill and Other Intangible Assets

On January 1, 2002, the Group adopted the new standard of the CICA Section 3062, Goodwill and Other Intangible Assets. Under this standard, goodwill and other intangible assets with an indefinite life are no longer amortized but are carried at the lower of carrying value and fair value. Goodwill and other intangible assets with an indefinite life are tested for impairment on an annual basis.

Goodwill is tested for impairment using a two-step test. Under the first step, the fair value of a reporting unit, based upon discounted cash flows, is compared to its net carrying amount. If the fair value is greater than the carrying amount, no impairment is deemed to exist. However, if the fair value is less than the carrying amount, a second test must be performed whereby the fair value of the reporting unit's goodwill must be estimated to determine if it is less than its carrying amount. Fair value of goodwill is estimated in the same way as goodwill is determined at the date of acquisition in a business combination, that is, the excess of the fair value of the reporting unit over the fair value of the identifiable net assets of the reporting unit.

An impairment of \$84 was identified in the goodwill balance as at January 1, 2002, and was charged to opening retained earnings in 2002 upon adoption of the new accounting standard. Any further impairment arising subsequent to January 1, 2002 is taken as a charge against income. As a result of the new standard, the Group no longer amortizes goodwill. The amount of goodwill amortization was \$3 in 2001.

Impairment of Long-Lived Assets

On January 1, 2003, the Group early adopted the CICA Section 3063, Impairment of Long-Lived Assets. Under this standard, an impairment loss is recognized when the carrying amount of a long-lived asset held for use is not recoverable and exceeds its fair value. No impairment charges were recorded upon adoption of this new standard.

Disposal of Long-Lived Assets and Discontinued Operations

On January 1, 2003, the Group early adopted the CICA Section 3475, Disposal of Long-Lived Assets and Discontinued Operations. Under this standard, a long-lived asset to be disposed of by sale is measured at the lower of its carrying amount or fair value less cost to sell, and is not depreciated while classified as held for sale. Assets and liabilities classified as held for sale are reported as assets held for sale and liabilities of operations held for sale on the balance sheet. A long-lived asset to be disposed of other than by sale, such as by abandonment, before the end of its previously estimated useful life, is classified as held for use until it is disposed of and depreciation estimates revised to reflect the use of the asset over its shortened useful life.

Also, the standard requires that the results of operations of a component of an enterprise, that has been disposed of either by sale or abandonment or is classified as held for sale, be reported as discontinued operations if the operations and cash flows of the component have been, or will be, eliminated from the ongoing operations as a result of the disposal transaction and the Group will not have any significant continuing involvement in the operations of the component after the disposal transaction. A component of an enterprise comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the enterprise.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Severance and Termination Benefits

On April 1, 2003, the Group adopted the new CICA Emerging Issues Committee abstract No. 134, Accounting for Severance and Termination Benefits. Under this abstract, contractual termination benefits and severance costs are recognized as an expense when management, having the appropriate level of authority, approves a decision to terminate employees. Non-contractual termination benefits are recognized as an expense when communicated to employees. Retention bonuses are recognized as an expense over the required future service period.

Costs Associated with Exit or Disposal Activities

On April 1, 2003, the Group adopted the new CICA Emerging Issues Committee abstract No. 135, Accounting for Costs Associated with Exit or Disposal Activities (including Costs Incurred in a Restructuring). This abstract requires that a liability associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of the Group's commitment to an exit plan.

Stock Options and Other Stock-Based Compensation

Effective January 1, 2004, Alcan retroactively adopted the provisions of the amendment to CICA section 3870, Stock-Based Compensation and Other Stock-Based Payments. The amendment requires the recognition of an expense computed using the fair value method of accounting for all stock options and payments at grant date. These combined financial statements under Canadian GAAP include the compensation cost for options granted to certain employees of the Group for all periods presented computed as per the amendment. The adoption of this amendment has the same impact as the adoption of the fair value method of accounting for stock-options under U.S. GAAP.

Newly Issued Accounting Standards for Canadian GAAP Presentation

Consolidation of Variable Interest Entities

The CICA issued accounting guideline AcG-15, Consolidation of Variable Interest Entities, which will be effective for the Group's annual and interim periods beginning on January 1, 2005. The guideline provides guidance as to when to apply consolidation principles to certain entities that are subject to control on a basis other than ownership of voting shares and thus determining when an enterprise includes the assets, liabilities and results of activities of such an entity (a variable interest entity) in its consolidated financial statements. The Group does not expect its financial statements to be significantly impacted by this guideline.

Hedging Relationships

The CICA issued accounting guideline AcG-13, Hedging Relationships, which establishes certain conditions regarding when hedge accounting may be applied and which is effective for the Group's annual and interim periods beginning on January 1, 2004. Each hedging relationship will be subject to an effectiveness test on a regular basis for reasonable assurance that it is and will continue to be effective. Under these rules, the fair value of derivatives will be recorded on the balance sheet and any derivative instrument that does not qualify for hedge accounting will be reported on a mark-to-market basis in earnings.

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Generally Accepted Accounting Principles

In July 2003, the CICA issued Section 1100, Generally Accepted Accounting Principles, which was effective for the Group's fiscal year beginning on January 1, 2004. This standard establishes accounting standards for financial reporting in accordance with Canadian GAAP. It defines primary sources of Canadian GAAP and requires that the Group apply every relevant primary source.

General Standards of Financial Statement Presentation

In July 2003, the CICA issued Section 1400, General Standards of Financial Statement Presentation, which was effective for the Group's fiscal year beginning on January 1, 2004. This standard clarifies what constitutes fair presentation in accordance with Canadian GAAP, which involves providing sufficient information in a clear and understandable manner about certain transactions or events of such size, nature and incidence that their disclosure is necessary to understand the Group's financial statements.

Reconciliation of U.S. and Canadian GAAP

Year ended December 31

	2003					20	02		2001			
	As reported	Ref.	Amount	Canadian GAAP	As Reported	Ref.	Amount	Canadian GAAP	As reported	Ref.		Canadian GAAP
Statements of Income												
Sales and operating revenues												
— third parties	\$5,749	(e)	\$ 7	\$ 5,756	\$ 5,456	(e)	\$ 7	\$ 5,463	\$ 5,391	(e)	\$ 7	\$ 5,398
- related parties	472		_	472	437		_	437	386		_	386
	6,221		7	6,228	5,893		7	5,900	5,777		7	5,784
	0,221			0,220	5,075			5,700	5,777			3,704
Costs and expenses												
Cost of sales and operating expenses												
— third parties	5,046	(e)	(35)	5,011	4,797	(e)	(37)	4,760	4,800	(e)	(33)	4,767
— related parties	436	(0)	(55)	436	411	(c)	(57)	411	356	(0)	(55)	356
Depreciation and amortization	222	(e)	32	254	211	(e)	27	238	217	(e)	25	239
Depresention and amortization	222	(0)	,,,	20.	211	(6)	27	230	21,	(f)	(3)	237
Selling, administrative and general expenses	211		_	211	183		_	183	209	(-)	(-)	209
Research and development expenses												
— third parties	18		_	18	18		_	18	27		_	27
— related parties	44		_	44	49		_	49	35		_	35
Interest												
— third parties	21		_	21	20		_	20	31		_	31
— related parties	19		_	19	22		_	22	33		_	33
					F-47							

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Year ended December 31

		2	003			2	002			2001		
	As reported	Ref.	Amount	Canadian GAAP	As Reported	Ref.	Amount	Canadian GAAP	As reported	Ref.		Canadian GAAP
Restructuring, impairment and other special												
charges	(24)		_	(24)	25		_	25	208		_	208
Other expenses (income) — net — third parties	108	(-)	(48)	62	(1)	(-)	7	6	17	(-)	(5)	22
— third parties	108	(a) (e)	(48)	62	(1)	(e)	/	О	17	(a) (e)	(5) 10	22
- related parties	(84)	(a)	68	(16)	22	(a)	9	31	(3)	(a)	(22)	(25)
-											_	
	6,017		19	6,036	5,757		6	5,763	5,930		(28)	5,902
Income (Loss) before income taxes and other												
items	204		(12)	192	136		1	137	(153)		35	(118)
Income taxes	50	(a)	(10)	43	77	(a) (e)	(4)	78	6	(a)	10	18
		(e)	3			(e)	5			(e)	2	
			_								_	
Income (Loss) before other items	154		(5)	149	59		_	59	(159)		23	(136)
Equity income	6	(e)	(5)	1	8	(e)	(5)	3	5	(e)	(3)	2
Minority interests	(3)		_	(3)	8		_	8	17		_	17
			_								_	
Income (Loss) before amortization of												
goodwill	157		(10)	147	75		(5)	70	(137)		20	(117)
Amortization of goodwill	_		_	_	_		_	_	_	(f)	3	3
			_								_	
Income (Loss) before cumulative effect												
of accounting change	157		(10)	147	75		(5)	70	(137)		17	(120)
Cumulative effect of accounting change, net	_		_	_	(84)		84	_	_		_	_
Net Income (Loss)	\$ 157		\$ (10)	\$ 147	\$ (9)		\$ 79	\$ 70	\$ (137)		\$ 17	\$ (120)

- (a) Derivatives
- (b) Minimum pension liability
- (c) Impairment of goodwill
- (d) Deferred translation adjustments
- (e) Joint ventures
- (f) Combined statement of income
- (g) Currency translation

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Reconciliation of U.S. and Canadian GAAP

		Decemb	per 31 2003			December 31 2002				
	As reported	Ref.	Amount	Canadian GAAP	As reported	Ref.	Amount	Canadian GAAP		
Balance Sheets										
Current assets										
Cash and time deposits	\$ 27	(e)	\$ 2	\$ 29	\$ 31	(e)	\$ 1	\$ 32		
Trade receivables										
— third parties	558	(e)	1	559	450	(e)	(1)	449		
— related parties	163	(a)	(88)	75	174			174		
Other receivables										
— third parties	97	(a)	(2)	99	68	(a)	(3)	70		
•		(e)	4			(e)	5			
— related parties	1,167	(e)	(13)	1,154	407	(e)	(25)	382		
Inventories										
— Aluminum	867	(a)	1	875	690	(e)	7	697		
		(e)	7							
— Raw materials	14	(e)	1	15	17		_	17		
— Other supplies	99	(e)	32	131	90	(e)	30	120		
• •										
	980		41	1,021	797		37	834		
Total current assets	2,992		(55)	2,937	1,927		14	1,941		
Deferred charges and other assets	196	(a)	(1)	99	170	(e)	(73)	97		
	-,,	(e)	(96)		-, -	(-)	(,-)			
Long-term receivables from related parties	614	(e)	(114)	500	112	(e)	(112)	_		
Property, plant and equipment		(-)	()			(-)	()			
Cost (excluding construction work in										
progress)	5,218	(e)	767	5,985	4,842	(e)	632	5,474		
Construction work in progress	129	(e)	11	140	148	(e)	15	163		
Accumulated depreciation	(2,928)	(e)	(470)	(3,398)	(2,685)	(e)	(370)	(3,055)		
	(-,,,)	(-)				(-)				
	2,419		308	2,727	2,305		277	2,582		
Intangible assets, net of accumulated										
amortization	26	(b)	(6)	23	23	(b)	(1)	24		
amortization	20	(e)	3	23	23	(e)	2	2-7		
Goodwill	69	(c)	_	69	21	(c)		21		
Goodwin										
Total assets	\$ 6,316		\$ 39	\$ 6,355	\$ 4,558		\$ 107	\$ 4,665		
			_				_	_		
			F-49							

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

Reconciliation of U.S. and Canadian GAAP

		2	2003			2002			
	As reported	Ref.	Amount	Canadian GAAP	As reported	Ref.	Amount	Canadian GAAP	
Current liabilities									
Payables and accrued liabilities									
— third parties	\$ 802	(a) (e)	\$(54) 60	\$ 808	\$ 597	(a) (e)	(5) 59	\$ 651	
— related parties	286	(a) (e)	(36) (4)	246	252	(a) (e)	(14) (13)	225	
Short-term borrowings		(-)	(-)			(-)	()		
— third parties	900	(e)	1	901	308	(e)	1	309	
— related parties	64		_	64	58		_	58	
Debt maturing within one year									
— third parties	132		_	132	_		_	_	
— related parties	10		_	10	_		_		
Total current liabilities	2,194		(33)	2,161	1,215		28	1,243	
							_		
Debt not maturing within one year									
— third parties	506	(e)	8	514	132	(e)	7	139	
— related parties	1,011	. ,	_	1,011	491	. ,	_	491	
Deferred credits and other liabilities	362	(b)	(15)	394	281	(b)	(12)	311	
		(e)	47			(e)	42		
Deferred income taxes	152	(a)	(2)	176	140	(a)	5	164	
		(b)	3			(b)	4		
		(e)	23			(e)	15		
Minority interests	117		_	117	118		_	118	
Invested equity									
Owner's net investment	1,890	(a)	2	1,879	2,200	(a)	11	2,198	
		(g)	(13)			(g)	(13)		
Deferred translation adjustment	_	(d)	90	103	_	(d)	(12)	1	
		(g)	13			(g)	13		
Accumulated other comprehensive income (loss)	84	(b)	6	_	(19)	(b)	7	_	
		(d)	(90)			(d)	12		
	1,974		8	1,982	2,181		18	2,199	
Total liabilities and invested equity	\$6,316		\$ 39	\$6,355	\$4,558		\$107	\$4,665	

Notes to combined financial statements

(in millions of US\$, except where indicated) — (Continued)

27. Subsequent events

In February 2004, AAC began issuing commercial paper through its U.S. commercial paper program. As of June 30, 2004, \$440 in commercial paper was outstanding with interest calculated on a floating rate basis.

On March 9, 2004 and on August 6, 2004, Alcan repaid part of its short-term payables and its long-term payable to AAC in the amount of \$125 and \$500, respectively (refer to note 10 — Related Party Transactions for discussion of the loans receivable from Alcan). The latter applied the funds to repay its 2-year \$500 Floating Rate Notes (FRNs) due in 2005. The FRNs and the \$125 loan were issued by AAC on December 8, 2003 and the funds advanced to Alcan as part of Alcan's financing of its acquisition of Pechiney (refer to note 17 — Debt Not Maturing Within One Year).

On August 19, 2004, Alcan announced, in light of increasingly competitive market conditions, a proposal to consolidate its U.K. aluminum sheet rolling activity at its plant in Rogerstone, Wales (Novelis Europe), to improve competitiveness through better capacity utilization and economies of scale. This proposal would result in the closure of the rolling mill at Falkirk, Scotland (Novelis Europe), by the end of 2004, where 85 people are employed. Formal consultation in accordance with U.K. employment law is currently in progress. The proposed consolidation is expected to result in charges of approximately \$20, pre-tax, in 2004 (\$6 of severance costs, \$7 of asset impairment charges, \$2 of pension costs, \$2 of decommissioning and environmental costs and \$3 of other charges).

On November 25, 2004, Alcan announced that it has begun consultations with employee representatives on a proposed restructuring involving the closure of its plant in Flemalle, Belgium. This intended measure is a result of changing market conditions and business realities. The proposed plant closure is expected to result in charges of approximately \$41, pretax that will form part of the allocation of the purchase price on acquisition of Pechiney that will be finalized by the end of 2004. The completion of the plant closure activities is expected to occur by mid-2005.

INDEX TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS

Interim combined statements of income (unaudited)	F-53
Interim combined balance sheets (unaudited)	F-54
Interim combined statements of cash flows (unaudited)	F-56
Notes to the interim combined financial statements (unaudited)	F-57

Interim combined statements of income (unaudited)

	Periods ended September 30		
	2004	2003	
	(in million	s of US\$)	
Sales and operating revenues			
— third parties	\$5,416	\$4,359	
— related parties (Note 11)	323	326	
	\$5,739	\$4,685	
Costs and expenses			
Cost of sales and operating expenses, excluding depreciation and amortization noted			
below	0.5.	#2 0 2 1	
— third parties	\$4,744	\$3,824	
— related parties (Note 11)	288	296	
Depreciation and amortization	178	166	
Selling, administrative and general expenses	182	158	
Research and development expenses			
— third parties	13	13	
— related parties (Note 11)	28	38	
Interest	21	1.5	
— third parties	31	15	
— related parties (Note 11)	24	14	
Other expenses (income) — net (Note 8)	0	27	
— third parties	8	37	
— related parties (Note 11)	(21)	(46)	
	05.475	04.515	
	\$5,475	\$4,515	
Income before income taxes and other items	264	170	
	264 111	170	
Income taxes (Note 7)			
Income before other items	153	98	
Equity income	4	5	
Minority interests	(9)	_	
Net income	\$ 148	\$ 103	

The accompanying notes are an integral part of the interim financial statements.

Interim combined balance sheets (unaudited)

	As	at
	September 30, 2004	December 31, 2003
	(in million	s of US\$)
ASSETS		
Current assets		
Cash and time deposits	\$ 27	\$ 27
rade receivables (net of allowances of \$29 in 2004 and \$30 in 2003)		
— third parties	653	558
— related parties (Note 11)	181	163
Other receivables		
— third parties	128	97
— related parties (Note 11)	1,227	1,167
nventories		
Aluminum	964	867
Raw materials	18	14
Other supplies	130	99
	1,112	980
Total current assets	3,328	2,992
Deferred charges and other assets	239	196
ong-term receivables from related parties (Note 11)	97	614
Property, plant and equipment		
Cost (excluding Construction work in progress)	5,230	5,218
Construction work in progress	152	129
Accumulated depreciation	(3,057)	(2,928)
•	<u> </u>	
	2,325	2,419
ntangible assets (net of accumulated amortization of \$6 in 2004 and 2003)	26	26
Goodwill	61	69
· · · · · · · · · · · · · · · · · · ·		
Total assets	\$ 6,076	\$ 6,316
	\$ 0,070	Ψ 0,510

Interim combined balance sheets (unaudited)

	As	at
	September 30, 2004	December 31, 2003
	(in million	ns of US\$)
LIABILITIES AND INVESTED EQUITY		
Current liabilities		
Payables and accrued liabilities		
— third parties	\$ 946	\$ 802
— related parties (Note 11)	452	286
Short-term borrowings		
— third parties	850	900
— related parties (Note 11)	65	64
Debt maturing within one year		
— third parties	27	132
— related parties (Note 11)	285	10
Total current liabilities	2,625	2,194
Debt not maturing within one year		
— third parties	86	506
— related parties (Note 11)	721	1,011
Deferred credits and other liabilities	400	362
Deferred income taxes	173	152
Minority interests	123	117
Invested equity		
Owner's net investment	1,917	1,890
Accumulated other comprehensive income (Note 12)	31	84
	1,948	1,974
Commitments and contingencies (Note 10)		
Total liabilities and invested equity	\$6,076	\$6,316

The accompanying notes are an integral part of the interim financial statements.

Interim combined statements of cash flows (unaudited)

	Periods e Septemb	
	2004	2003
Onevating activities	(in millions	of US\$)
Operating activities Net income	\$ 148	\$ 103
Adjustments to determine cash from operating activities:	\$ 140	\$ 105
Depreciation and amortization	178	166
Deferred income taxes	22	(26)
Equity income, net of dividends		` /
Asset impairment provisions	(3)	(5)
Stock option compensation	1	2
Gain on sale of businesses and investment — net	1	
	_	(18)
Change in operating working capital		
Change in receivables	(120)	(20)
—third parties	(129)	(28)
— related parties	(121)	96
Change in inventories	(100)	(14)
Change in payables and accrued liabilities		
— third parties	99	15
— related parties	216	(50)
Change in deferred charges and other assets	(8)	(70)
Change in deferred credits and other liabilities	(6)	28
Other — net	(7)	
Cash from operating activities	299	225
Financing activities		
Proceeds from issuance of new debt		
	442	
— third parties	442	_
Debt repayments	(990)	
— third parties	(889)	
— related parties	(5)	(5)
Short-term borrowings — net	(122)	(44)
— third parties	(132)	(44)
— related parties	4	(13)
Dividends — minority interest	(4)	(1)
Net payments to Alcan	(121)	(27)
Cash used for financing activities	(705)	(90)
Investment activities		
Purchase of property, plant and equipment	(95)	(122)
Business acquisitions, net of cash and time deposits acquired	_	(11)
Proceeds from disposal of businesses, investments and other assets, net of cash	_	24
Change in loans receivable — related parties	501	(34)
Cash from (used for) investment activities	406	(143)
Effect of exchange rate changes on cash and time deposits	\$ <u> </u>	\$ 1
Decrease in cash and time deposits	_	(7)
Cash and time deposits — beginning of period	27	31
Cash and time deposits — end of period	\$ 27	\$ 24
	_	

The accompanying notes are an integral part of the interim financial statements.

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated)

1. Background and basis of presentation

Nature of operations

On May 18, 2004, Alcan Inc. (Alcan) announced its intention to separate its rolled products business into a separate company and to pursue a spin-off of that business to its shareholders. The rolled products businesses were managed under two separate operating segments within Alcan, Rolled Products Americas and Asia and Rolled Products Europe. Alcan and its subsidiaries will contribute and transfer to the company substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney, together with some of Alcan's alumina and primary metal-related businesses in Brazil, which are fully integrated with the rolled products operations there, as well as four former Pechiney rolling facilities in Europe, as their end-use markets and customers are more similar to those of Novelis. Included within the Group are the assets, liabilities and operations relating to the portions of the Sierre and Neuhausen facilities transferred to the Group as described in the prospectus under "Arrangements Between Novelis and Alcan — Sierre agreements" and "Arrangements Between Novelis and Alcan — Neuhausen agreements", respectively. These businesses form the Novelis Group prior to the spin-off (the Contribution).

Novelis Inc. (the Company) was formed on September 21, 2004, to acquire the Novelis Group businesses through the reorganization transactions planned by Alcan. Alcan anticipates that the reorganization, including the distribution of the Company's common shares will occur by January 1, 2005. The transaction is contingent upon a number of conditions, including the receipt of required regulatory approvals from the European Commission and the United States Department of Justice (DOJ), approval by Alcan's Board of Directors, approval by Alcan's shareholders and approval by a Canadian court of competent jurisdiction of the plan of arrangement implementing the transaction. As a result, the distribution may not occur by the contemplated time or may not occur at all.

The aluminum rolled products businesses to be retained by Alcan consist primarily of: (1) facilities in Singen, Germany and a portion of the plant located in Sierre, Switzerland discussed below; (2) facilities acquired in connection with the Pechiney acquisition that have been operated under "hold separate" obligations and have not, therefore, been included in either of Alcan's Rolled Products Americas and Asia or Rolled Products Europe operating segments; and (3) facilities acquired in connection with the Pechiney acquisition that produce plate and aerospace products and which have been attributed to Alcan's Engineered Products operating segment. The Singen plant in Germany supplies three operating segments within Alcan, Rolled Products Europe, Engineered Products and Packaging. The products sold by the Singen rolled products operations are used primarily as raw materials for the Engineered Products and Packaging segments and therefore, the entire facility remains with Alcan. Also, the Sierre plant in Switzerland forms part of two operating segments, Engineered Products in addition to Rolled Products Europe. A portion of the Sierre plant that manufactures plate products remains with Alcan as Novelis has entered into a non-competition agreement with Alcan with respect to these products. The Neuf-Brisach rolling facility in France will remain with Alcan in order to meet the European regulatory requirement for the separation of Neuf-Brisach and the AluNorf/ Göttingen/ Nachterstedt rolling facilities in Germany, which will be transferred to the Company. Alcan also retains the Ravenswood, West Virginia, rolling mill, consistent with the requirements of the DOJ's divestiture order relating to an overlap in a non-aerospace related product line with the Oswego, New York, rolling mill, which will be transferred to the Company.

The Group produces aluminum sheet and light-gauge products where the end-use destination of the products includes the construction and industrial, beverage and food cans, foil products and transportation markets. The Group operates in four continents, North America, South America, Asia and Europe through 38 operating plants and three research facilities in 12 countries. In addition to aluminum rolled

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

products plants, the Group's South American businesses include bauxite mining, aluminum refining and smelting facilities that are integrated with the rolling plants in Brazil.

The Group intends to enter into transitional and technical services agreements with Alcan as described below:

Transitional services agreement

Prior to or concurrently with the separation, Novelis and Alcan intend to enter into a transitional services agreement pursuant to which Alcan will provide to Novelis or Novelis will provide 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 will generally be intended to allow Novelis 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 5 percent. No margin will be added to the cost of services supplied by external suppliers.

In general, the services will begin on the distribution date and will cover a period generally not expected to exceed 12 months following the separation. With respect to particular services, Novelis or Alcan, depending on who is the recipient of the relevant services, may terminate the agreement with respect to one or more of those services upon prior written notice.

With respect to all or any of the services, the agreement may be terminated by Alcan (1) upon a breach by Novelis or any of its affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "Arrangements between Novelis and Alcan — Separation agreement — Change of control" in the prospectus).

Technical services agreements

Prior to or concurrently with the separation, Novelis and Alcan or one or more of its respective subsidiaries, intend to enter into technical services agreements pursuant to which (1) Alcan will provide technical support and related services to certain of Novelis' facilities in Canada, Brazil, France and Switzerland, and (2) Novelis will provide similar services to certain Alcan facilities in Canada. The specific terms of these agreements are currently being established.

The agreements may be terminated by Alcan (1) upon a breach by Novelis or any of its affiliates of the non-competition covenant set forth in the separation agreement, or (2) upon the occurrence of a control-related event (as defined under "Arrangements between Novelis and Alcan — Separation agreement — Change of control" in the prospectus).

Basis of presentation

The accompanying unaudited combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim combined financial information. They are based upon accounting policies and methods of their application consistent with those used and described in the Group's annual financial statements as contained in the prospectus, except for the recently adopted accounting policies described in note 2 — Accounting Changes below. In Management's opinion, these combined financial statements include all adjustments, consisting only of normal recurring adjustments, which the Group considers necessary to fairly state the Group's financial position and the results of its operations and its cash flows. The balance sheet at December 31, 2003 has been derived from the audited combined financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

statements. The accompanying combined financial statements should be read in conjunction with the Group's financial statements and notes thereto for the years ended December 31, 2003, 2002 and 2001 included in the prospectus. The results of the Group's operations for any interim period are not necessarily indicative of the results of the Group's operations for any other interim period or for a full fiscal year.

As these financial statements represent a portion of the businesses of Alcan which do not constitute a separate legal entity, the net assets of the Group have been presented as Alcan's net investment in the Group. Alcan's investment in the Group includes the accumulated earnings of the Group as well as cash transfers related to cash management functions performed by Alcan.

The combined financial statements include allocations of certain Alcan expenses, assets and liabilities as described in the notes to the Group's combined financial statements for the years ended December 31, 2003, 2002 and 2001 included in the prospectus. The general corporate expenses allocation amounted to \$24 and \$19 for the nine months ended September 30, 2004 and 2003, respectively. Total head office costs, including the amounts allocated, amounted to \$41 and \$30 for the nine months ended September 30, 2004 and 2003, respectively. It is not practicable to estimate the amount of expenses the Group would have incurred for the nine months ended September 30, 2004 and 2003 had it been unaffiliated entity of Alcan in each of those periods.

2. Accounting changes

Stock options and other stock-based compensation

Effective January 1, 2004, Alcan retroactively adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation for stock options granted to employees. These combined financial statements include the compensation cost for options granted to certain employees of the Group for all periods presented using the fair value method as if that method had been applied from the original effective date of SFAS 123.

Consolidation of variable interest entities

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 46 (revised December 2003) (FIN 46), Consolidation of Variable Interest Entities. Application of this interpretation was required in the financial statements for the year ended December 31, 2003 for interests in variable interest entities that were considered to be special-purpose entities. Management determined that it did not have any arrangements or relationships with special-purpose entities. Application of FIN 46 for all other types of variable interest entities was required for the Group effective March 31, 2004.

FIN 46 addresses the consolidation of business enterprises to which the usual condition (ownership of a majority voting interest) of consolidation does not apply. This interpretation focuses on controlling financial interests that may be achieved through arrangements that do not involve voting interests. It concludes that in the absence of clear control through voting interests, a company's exposure (variable interest) to the economic risks and potential rewards from the variable interest entity's assets and activities are the best evidence of control. If an enterprise holds a majority of the variable interests of an entity, it would be considered the primary beneficiary. Upon consolidation, the primary beneficiary is generally required to include assets, liabilities and noncontrolling interests at fair value and subsequently account for the variable interest as if it were consolidated based on majority voting interest.

In the combined financial statements as at December 31, 2003 and prior to December 31, 2003, the Group combined all entities that were controlled by ownership of a majority of voting interests. As a result of FIN 46, effective as at March 31, 2004, the combined balance sheet includes the assets and liabilities of

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

Logan Aluminum Inc. (Logan), a variable interest entity for which the Group is the primary beneficiary. Logan manages a tolling arrangement for the Group and an unrelated party.

Upon adoption of FIN 46 as of March 31, 2004, assets of approximately \$39 and liabilities of approximately \$39 related to Logan that were previously not recorded on the combined balance sheet were recorded by the Group. Prior periods were not restated. The results of operations of this variable interest entity were included in the Group's combined results beginning March 31, 2004 and did not have a material impact for the nine months ended September 30, 2004. The Group's investment, plus any unfunded pension liability, related to Logan totalled approximately \$37 as at September 30, 2004, representing the Group's maximum exposure to loss. Creditors of Logan do not have recourse to the general credit of the Group as a result of including it in the Group's financial statements.

3. Sales and acquisitions of businesses

2004

On August 19, 2004, Alcan announced, in light of increasingly competitive market conditions, a proposal to consolidate its U.K. aluminum sheet rolling activities at its plant in Rogerstone, Wales (Novelis Europe), to improve competitiveness through better capacity utilization and economies of scale. This proposal will result in the closure, by the end of 2004, of the rolling mill at Falkirk, Scotland (Novelis Europe), where 85 people are employed. Formal consultation in accordance with U.K. employment law is currently in progress. The proposed consolidation is expected to result in charges of approximately \$20, pre-tax, in 2004 (\$6 of severance costs, \$7 of asset impairment charges, \$2 of pension costs, \$2 of decommissioning and environmental costs and \$3 of other charges), of which \$18 was recorded in the third quarter of 2004. These charges were recorded in Other expenses (income) — net in the statement of income.

The schedule provided below shows details of the provision balances and related cash payments related to the consolidation of the U.K. aluminum sheet rolling activities:

	Severance Costs	Asset Impairment Provisions	Other(a)	Total
Provision balance as at December 31, 2003	_	_	_	_
Charges	5	7	6	18
Cash payments — net	_	_	_	_
Non-cash charges	_	(7)	(1)	(8)
Provision balance as at September 30, 2004	5	_	5	10

⁽a) Other charges are comprised of \$2 for pension costs, \$2 for decommissioning and environmental costs, and \$2 for other miscellaneous charges.

2003

Canada, United States, and Other Europe

In December 2003, Alcan completed the acquisition of Pechiney in a public offer for a cost of \$5,075, net of cash and time deposits acquired. A portion of the acquisition cost, \$128 relating to four Pechiney plants in three countries that are included in the Group, was allocated to the Group and accounted for as additional invested equity. The four plants comprise rolled products operations in foil, painted sheet and circles. The business combination is accounted for using the purchase method. The net assets of the

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

Pechiney plants are included in the combined financial statements as at December 31, 2003 and the results of operations and cash flows are included in the combined financial statements beginning January 1, 2004.

Allocation of the purchase price involves estimates and information gathering during months following the date of the combination.

There have been no changes to the assigned fair values and liabilities assumed of the four Pechiney plants that are part of the Group since December 31, 2003. The Group is in the process of completing its valuations of certain assets and liabilities. Accordingly, the fair value of assets acquired and liabilities assumed could differ materially from the amounts presented in these financial statements. The significant elements for which the fair values could be modified include property, plant and equipment, goodwill, deferred credits and other liabilities and deferred income taxes.

Asia and Other Pacific

In the third quarter of 2003, the Group increased its ownership position in Aluminium Company of Malaysia, a manufacturer of light gauge aluminum products, from 36% to 59% by acquiring additional shares, with a value of \$30, from Nippon Light Metal Company, Ltd (NLM) in exchange for its ownership in Alcan Nikkei Siam Limited in Rangsit, Thailand, with a value of \$24, and a cash payment of \$6.

In December 2003, the Group sold the extrusions operations of Aluminium Company of Malaysia, for net proceeds of \$2. A pre-tax amount of \$6, which is included in Restructuring, impairment and other special charges, consists of a favourable adjustment to a previously recorded impairment provision.

4. Restructuring, impairment and other special charges

In 2001, Alcan implemented a restructuring program, resulting in a series of plant sales, closures and divestments throughout the organization. A detailed business portfolio review was undertaken in 2001 to identify high cost operations, excess capacity and non-core products. Impairment charges arose as a result of negative projected cash flows and recurring losses. These charges related principally to buildings, machinery and equipment. This program was completed in 2003. The following information relates only to the 2001 program.

Restructuring and asset impairment charges

The schedule provided below shows details of the provision balances and related cash payments for the restructuring and asset impairment charges relating to the 2001 restructuring program as it relates to the Group:

	Severance Costs	Other	Total
Provision balance as at December 31, 2003	\$ 19	\$ 12	\$ 31
Charges (recoveries)	(1)	(7)	(8)
Cash payments — net	(10)	(2)	(12)
Non-cash charges	_	7	7
Provision balance as at September 30, 2004	\$ 8	\$ 10	\$ 18
	_	_	

The remaining provision balance of \$18 as at September 30, 2004, related principally to employee severance and environmental remediation costs for which payments will be made over an extended period. The environmental remediation costs of \$8 included in the provision balance, which are payable within one

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

year, are not included in the estimated environmental clean-up costs discussed in note 10 — Commitments and Contingencies. The majority of the environmental remediation costs relate to a facility in Borgofranco, Italy. Management has calculated the provision based on current third-party costs for similar remediation activities. Management does not believe that the amount will vary materially from what is recorded as a liability.

2004 Activities

In the nine months ended September 30, 2004, the Group recorded recoveries of \$8, pre-tax consisting of sales of assets related to the closure of facilities at Glasgow, U.K (Novelis Europe) and the reversal of a provision for severance costs relating to a facility in the U.S.

5. Information by operating segment

The operating management structure is comprised of four operating segments. The four operating segments are Novelis North America, Novelis Europe, Novelis Asia and Novelis South America.

Risk concentration

Revenues from Rexam Plc (Rexam) of \$654 amounted to approximately 11% of total revenues for the nine-month period ended September 30, 2004 (2003: \$500, 11%). All four operating segments traded with Rexam during the periods presented.

The following presents selected information by operating segment, viewed on a stand-alone basis.

	Inters	Intersegment		Third and Related Parties	
		Periods	ended September 30		
Sales and Operating Revenues	2004	2003	2004	2003	
Novelis North America	\$ 5	\$ 32	\$2,229	\$1,836	
Novelis Europe	26	17	2,289	1,896	
Novelis Asia	7	10	858	660	
Novelis South America	43	17	369	298	
Adjustments for equity-accounted joint ventures	_	_	(6)	(6)	
Other	(81)	(76)	_	1	
		_			
	\$ —	\$ —	\$5,739	\$4,685	

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

		Periods ended September 30		
Business Group Profit (BGP)	2004	2003		
Novelis North America	\$ 189	\$ 166		
Novelis Europe	158	133		
Novelis Asia	61	41		
Novelis South America	103	80		
Adjustments for equity-accounted joint ventures	(34)	(33)		
Adjustments for mark-to-market of derivatives*	37	17		
Depreciation and amortization	(178)	(166)		
Intersegment, corporate offices and other	(17)	(39)		
Equity income	4	5		
Interest	(55)	(29)		
Income taxes	(111)	(72)		
Minority interests	(9)	_		
Net Income	\$ 148	\$ 103		

^{*} Excludes currency derivatives related to the Group's operations in Korea.

6. Stock options and other stock-based compensation

Stock options

As described in note 2 — Accounting Changes, effective January 1, 2004, Alcan retroactively adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation for stock options granted to employees. The Black-Scholes valuation model is used to determine the fair value of the options granted. For the nine months of 2004, the stock-based compensation expense for Alcan options granted to employees of Alcan's Rolled Products businesses was \$1 (2003: \$2).

Other stock-based compensation

For the nine months of 2004, the stock-based compensation expense for arrangements that can be settled in cash was \$5 (2003: \$2).

7. Income taxes

		Periods ended September 30	
	2004	2003	
Current	\$ 89	\$ 98	
Deferred	22	(26)	
		_	
	\$111	\$ 72	
		_	

The composite of the applicable statutory corporate income tax rates in Canada is 33% (2003: 32%).

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

8. Other expenses (income) — net

Other expenses (income) — net comprise the following elements:

		Periods ended September 30	
	2004	2003	
Restructuring costs	\$ 12	\$ 7	
Asset impairment provisions	9	4	
Gain on disposal of fixed assets and businesses	(6)	(16)	
Interest revenue	(19)	(5)	
Exchange losses	8	18	
Derivatives gains	(36)	(17)	
Service fee expense (income), net	(10)	(13)	
Other	29	13	
	_		
	\$(13)	\$ (9)	
	_	_	

In 2004, restructuring costs of \$12 include a reversal of a provision in the U.S. of \$(1) which is part of the 2001 restructuring program described in note 4 — Restructuring, Impairment and Other Special Charges.

In 2003, restructuring costs of \$7 include \$4 for synergy costs related to a foils plant in the U.K. and the asset impairment provisions of \$4 include \$3 related to Malaysian extrusions, both of which are part of the 2001 restructuring program described in note 4 — Restructuring, Impairment and Other Special Charges.

9. Supplementary information

		Periods ended September 30	
	2004	2003	
Statements of income			
Interest on long-term debt	\$ 36	\$ 19	
Capitalized interest	(1)	(1)	
	_	_	
Statements of cash flows			
Interest paid	56	31	
Income taxes paid	87	73	
	_		

	September 30, 2004	December 31, 2003
Balance sheets		
Payables and accrued liabilities include the following:		
Trade payables	\$914	\$ 708
Other accrued liabilities	401	286
Income and other taxes payable	11	28
Accrued employment costs	72	66

As at

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

10. Commitments and contingencies

The Group, in the course of its operations, is subject to environmental and other claims, lawsuits and contingencies. The Group has environmental contingencies relating to 12 existing and former Group sites and third-party sites. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

The Group is subject to various laws relating to the protection of the environment. The Group has established procedures for the ongoing evaluation of its operations, to identify potential environmental exposures and to comply with regulatory policies and procedures.

The Group is involved in proceedings, as described below, under the U.S. Superfund or analogous state provisions regarding the usage, storage, treatment or disposal of hazardous substances 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 it has operations, including Brazil and certain countries in the European Union.

PAS Site. Alcan's subsidiary, Alcan Aluminum Corporation (AAC), and third parties were defendants in a lawsuit instituted in July 1987 by the U.S. Environmental Protection Agency (EPA), relating to the Pollution Abatement Services (PAS) site, a third-party disposal site, in Oswego, New York. AAC was alleged to have contaminated this site through the disposal of waste materials disposed by contractors employed by AAC (and other companies). AAC's defense was that the waste was not hazardous. In January 1991, the U.S. District Court for the Northern District of New York found AAC liable for a share of the clean-up costs for the site, and in December 1991 determined the amount of such share to be \$3.2. AAC appealed this decision to the United States Court of Appeals, Second Circuit. In April 1993, the Second Circuit reversed the District Court and remanded the case for a hearing on what liability, if any, might be assigned to AAC depending on whether AAC could prove that waste did not contribute to the costs of remediation at the site. This matter was consolidated with another case, instituted in October 1991 by the EPA against AAC in the U.S. District Court for the Northern District of New York seeking clean-up costs in regard to the Fulton Terminals Superfund site in Oswego County, New York, which is also owned by PAS. The remand hearing was held in October of 1999. The trial court re-instituted it judgment holding AAC liable. The amount of the judgment plus interest was \$13.5 as of December 2000. The case was appealed. In the first quarter 2003, the Second Circuit affirmed the decision of the trial court. AAC sought a rehearing but the motion was denied. AAC filed a petition for certiorari in U.S. Supreme Court, which was denied. In 2004, AAC paid \$13.9 in respect of the EPA claim, representing the full amount of the judgment plus interest, and \$1.6 to the State of New York, and is currently responsible for future oversight costs, which are currently estimated at approximately \$0.5.

PAS Oswego Site Performing Group. A group of ten potentially responsible parties (PRPs), have instituted legal proceedings against AAC seeking contribution from AAC for the \$6.4 in remediation costs (plus accrued interest) these PRPs claim to have collectively incurred at the PAS site from 1990 to the present. Based upon information currently available to it AAC, is disclaiming responsibility for any of the costs incurred by the PRPs.

Oswego North Ponds. In the late 1960s and early 1970s, Alcan Oswego used an oil containing polychlorinated biphenyls, or PCBs, in its re-melting operations. At the time, Alcan utilized a once-through cooling water system that discharged through a series of constructed ponds and wetlands, collectively referred to as the North Ponds. In the early 1980s, low levels of PCBs were detected in the cooling water system discharge and Alcan performed several subsequent investigations. The PCB-containing hydraulic oil Pydraul, which was eliminated from use by Alcan in the early 1970s, was identified as the source of contamination. In the mid-1980s, the Oswego North Ponds site was classified as

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

an "inactive hazardous waste disposal site" and added to the New York State Registry under Alcan Sheet and Plate Company. Alcan ceased discharge through the North Ponds in mid-2002.

In cooperation with the New York State Department of Environmental Conservation (NYSDEC), and the New York State Department of Health, Alcan entered into a consent agreement in August 2000 to develop and implement a remediation program to address the PCB contamination at the Oswego North Ponds site. A remediation investigation report was submitted to the NYSDEC in January 2004, and the Group anticipates that the NYSDEC will issue a proposed remediation action plan and record of decision during the first quarter of 2005. The Group expects that the remediation plan will be implemented in 2006. The estimated costs associated with the remediation of the Oswego North Ponds are approximately \$25

Butler Tunnel Site. AAC was a party in a 1989 EPA lawsuit before the U.S. District Court for the Middle District of Pennsylvania invoicing the Butler Tunnel Superfund site, a third-party disposal site. In May 1991, the Court granted summary judgment against AAC in the amount of approximately \$0.5 for alleged disposal of hazardous waste. After unsuccessful appeals, in 1995 AAC paid the entire judgment plus interest.

The United States government filed a second cost recovery action against Alcan seeking recovery of expenses associated with the installation of an early warning system for potential future releases for the Butler site. The complaint does not disclose the amount of costs sought by the government. The case has been held in abeyance since shortly after it was filed and therefore there has been no opportunity for discovery to determine the specific remediation action sought, the estimated cost, the existence of other settlements or the existence of other non-settling PRPs, if any, for potential contribution. As a result, Alcan has been unable to determine what, if any, exposure it may have in respect of this cost recovery section

AAC instituted a separate proceeding against several third parties alleged to have disposed of waste at the site to recover part of the amounts paid to the government in the Butler Tunnel Site, as well as seeking contribution for costs and expenses associated with the installation of the early warning system. This separate proceeding was dismissed in 2004.

Tri-Cities Site. In 1994 AAC and other companies responded to an EPA inquiry concerning the shipment of old drums to Tri-Cities Inc. (New York). Prior to that, AAC had reprocessed the barrels. In 1996 the EPA issued an administrative order directing the PRPs to clean up the site. AAC refused to participate, claiming that the drums sent to Tri-Cities were empty at the time of delivery. The PRPs sent AAC a settlement offer and proposed Consent Decree by which AAC would agree to join other PRPs in the clean-up. AAC rejected the offer as it disagreed with the drum count attributed to it. In September 2002, AAC received notice from the EPA contending that AAC was responsible for response costs totaling approximately \$0.2 plus interest and future response costs for its violation of the administrative order. AAC responded by a letter outlining its objections to the EPA's determination. The EPA has since indicated that the matter has been referred to the Department of Justice, or DOJ, for enforcement. AAC has responded with a letter stating that the EPA's claims are unsupported. In 2003, AAC met with the DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of \$2.1.

Quanta Resources Facility. In June 2003, the DOJ filed a Superfund costs recovery action in U.S. District Court for the Northern District of New York against AAC and Quanta Resources, seeking unreimbursed response costs, stemming from the disposal of rolling oil emulsion at a Mahler facility in Syracuse, New York. The parties are in the process of discovery. In the fall of 2003, AAC met with the

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of \$1.4.

Sealand Site. New York State claims AAC's waste at the Sealand, New York site is hazardous, which AAC disputes. There are several PRPs at this site. In 1993, AAC declined a request to participate in a program to provide drinking water to area residents, contending that AAC's waste did not cause or contribute to the harm caused at the site. In 2003, Alcan met with the DOJ and the EPA who quantified potential liability for unreimbursed costs in the amount of \$2.6.

It is the Group's policy to accrue estimated environmental clean-up costs (investigation and remediation) when such amounts can reasonably be estimated and it is probable that the Group will be required to incur such costs. The Group has estimated its undiscounted remaining clean-up costs related to 12 sites will be in the range of \$31 to \$38. An estimated liability of \$36 has been recorded on the combined balance sheet at September 30, 2004 in Deferred credits and other liabilities. Other than these 12 sites, the Group is currently not aware of any material exposure to environmental liabilities. However, adverse changes in environmental regulations, new information or other factors could impact the Group.

Although there is a possibility that liabilities may arise in other instances for which no accruals have been made, the Group does not believe that it is reasonably possible that losses in excess of accrued amounts are sufficient to significantly impair its operations, have a material adverse effect on its financial position or liquidity, or materially and adversely affect its results of operations for any particular reporting period, absent unusual circumstances.

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

11. Related party transactions

The table below describes the nature and amount of transactions the Group has with related parties. All of the transactions are part of the ordinary course of business and were agreed to by the Group and the related parties.

	Periods Septem	
	2004	2003
Sales and operating revenues(a)		
Alcan	\$ 323	\$ 326
Cost of sales and operating expenses(a)		
Alcan	\$ 288	\$ 296
Research and development expenses(b)		
Alcan	\$ 28	\$ 38
Interest expense(c)		
Alcan	\$ 24	\$ 14
Other expense (income) — net		
Service fee income(d)	\$ (27)	\$ (27)
Service fee expense(e)	17	14
Interest income	(17)	(2)
Derivatives(f)	2	(32)
Other	5	2
Total transactions with Alcan	(20)	(45)
Interest income from Aluminium Norf GmbH	(1)	(1)
	\$ (21)	\$ (46)
	_	
Purchase of inventory/tolling services		
Aluminium Norf GmbH	\$ 147	\$ 139
	_	
Alcan(g)	\$1,485	\$1,316
	_	

⁽a) The Group sells inventory to Alcan in the ordinary course of business.

⁽b) These expenses are comprised of an allocation of research and development expenses incurred by Alcan on behalf of the Group.

⁽c) As discussed further below, as well as in note 17 — Debt Not Maturing Within One Year of the 2003 combined financial statements, the Group has various short-term and long-term debt payable to Alcan where interest is charged on a floating rate basis.

⁽d) Service fee income relates to revenues generated through sales of research and development and other corporate services to Alcan.

⁽e) Service fee expense relates to the purchase of corporate services from Alcan.

⁽f) Alcan is the counterparty to all of the Group's metal derivatives and most of the currency derivatives. Refer to note 21 — Financial Instruments and Commodity Contracts of the 2003 combined financial statements.

⁽g) Alcan is the primary supplier of prime and sheet ingot to the Group.

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

The table below describes the nature and amount of balances the Group has with related parties.

	As at September 30, 2004	As at December 31, 2003
Trade receivables(a)		
Alcan Nikkei China Limited	\$ 1	\$ —
Alcan	180	163
	\$ 181	\$ 163
	_	
Other receivables		
Aluminium Norf GmbH	\$ 39	\$ 13
Alcan (b)(c)(e)	1,188	1,154
	\$1,227	\$1,167
	_	
Long-term receivables		
Aluminium Norf GmbH (d)	\$ 97	\$ 114
Alcan (c)	_	500
	\$ 97	\$ 614
	_	
Payables and accrued liabilities(a)		
Aluminium Norf GmbH	\$ 39	\$ 4
Alcan	413	282
	\$ 452	\$ 286
	_	
Short-term borrowings(f)		
Alcan	\$ 65	\$ 64
	_	
Debt maturing within one year(g)		
Alcan	\$ 285	\$ 10
Debt not maturing within one year(g)		
Alcan	\$ 721	\$1,011
	_	

⁽a) The Group sells to and purchases inventory from Alcan and purchases services from an investee accounted for under the equity method, in the ordinary course of business.

⁽b) Includes Trade receivables sold to Alcan in the amount of \$267 as of September 30, 2004 (2003: \$218) as described in note 12 — Sales of Receivables of the 2003 combined financial statements.

⁽c) Alcan Aluminum Corporation Inc. (AAC), which is part of the Group, issued two \$500 Floating Rate Notes (FRNs) on December 8, 2003, maturing in December 2004 and 2005, respectively, and advanced the funds including an additional \$125 to Alcan as part of Alcan's financing of its acquisition of Pechiney. As at December 31, 2003, the amounts due from Alcan to AAC are included in Other receivables, for the \$500 FRN due in 2004 and the \$125 loan (recorded by the Group in Short-term borrowings), and in Long-term receivables for the \$500 FRN due in 2005. The \$125 loan and the \$500 FRN due in 2005 were repaid to AAC in March and August 2004, respectively, and

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

AAC applied the funds to repay the corresponding third-party debt. As at September 30, 2004, the amount due from Alcan to AAC for the \$500 FRN due in 2004 is included in Other receivables.

In February 2004, AAC began issuing commercial paper through its U.S. commercial paper program. As of September 30, 2004, \$78 in commercial paper was outstanding with interest calculated on a floating rate basis, which was advanced to Alcan (recorded in Other receivables). The commercial paper was repaid to AAC on October 27, 2004 and AAC applied the funds to repay the corresponding third-party debt.

- (d) Loan to an investee accounted for under the equity method.
- (e) Includes various floating rate notes totalling € 203 million (2003: € 159 million) maturing within one year.
- (f) Loan due to Alcan in the amount of GBP 36 million payable upon demand.
- (g) The Group has various loans payable to Alcan as described in note 17 Debt Not Maturing Within One Year of the 2003 combined financial statements.

12. Comprehensive income

		Periods ended September 30		
	2004	2003		
Net income	\$148	\$103		
Other comprehensive income:				
Net change in deferred translation adjustments	(53)	48		
Comprehensive income	\$ 95	\$151		
	_			

	September 30, 2004	December 31, 2003
Accumulated other comprehensive income		
Deferred translation adjustments	\$ 37	\$ 90
Minimum pension liability	(6)	(6)
	\$ 31	\$ 84

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

13. Post-retirement benefits

The following table summarizes net periodic benefit cost for our pension and other post-retirement benefit plans for the applicable periods:

Components of Net Periodic Benefit Cost

		sion efits	Other benefits		
		Periods ended September 30			
	2004	2003	2004	2003	
Components of net periodic benefit cost:					
Service cost	\$ 14	\$ 17	\$ 2	\$ 2	
Interest cost	21	26	4	4	
Expected return on assets	(17)	(23)	_	_	
Amortization					
— actuarial losses	3	2	_	_	
— prior service cost	3	4	_	_	
Curtailment/settlement (gains) losses	(19)	7	_	_	
Net periodic benefit cost	\$ 5	\$ 33	\$ 6	\$ 6	
-	_				

The expected long-term rate of return on plan assets is 8.25% in 2004.

In the nine months ended September 30, 2004, the Group recognized a \$19 settlement gain on the wind-up of the Brazilian operations' defined benefit plan.

Employer contributions

The Group previously disclosed in its financial statements for the year ended December 31, 2003 that the pension expense also includes the contributions of subsidiaries and the pension expense allocation of divisions that participate in Alcan plans.

14. Differences between United States and Canadian Generally Accepted Accounting Principles (GAAP)

The following material adjustments to these unaudited combined financial statements would be required to conform with accounting principles generally accepted in Canada (Canadian GAAP). Except as described below, information on the nature of these adjustments is described in Note 26 of the 2003 combined financial statements.

Derivatives

Beginning in 2001, the Group was required to adopt, for its primary U.S. GAAP financial statements, SFAS Nos. 133 and 138, Accounting for Derivative Instruments and Hedging Activities. These standards require that all derivatives be recorded in the financial statements at fair value. Beginning in 2001, unrealized gains and losses resulting from the valuation at fair value of derivatives not meeting strict hedge accounting criteria are recognized in net income as the gains and losses arise and not concurrently with the recognition of the transactions being hedged.

Beginning January 1, 2004, with the adoption of CICA guideline AcG-13, Hedging Relationships, unrealized gains and losses resulting from the valuation at fair value of derivatives not meeting strict hedge

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

accounting criteria are recognized in net income as the gains and losses arise and not concurrently with the recognition of the transactions being hedged. The impact of the initial adoption of AcG-13 on the combined financial statements of the Group was an increase in Other receivables-related parties of \$86, an increase in Deferred charges and other assets of \$30, an increase in Payables and accrued liabilities-related parties of \$30, and an increase in Deferred credits and other liabilities of \$86. Under Canadian GAAP, the recognition of embedded derivatives is not permitted.

AcG-13 establishes certain criteria regarding when hedge accounting may be applied and this guideline is effective for the Group's fiscal year beginning January 1, 2004. Each hedging relationship is subject to an effectiveness test on a regular basis for reasonable assurance that it is and will continue to be effective. Under these rules, any derivative instrument that does not qualify for hedge accounting is reported on a mark-to-market basis in earnings. Under U.S. GAAP, hedge ineffectiveness is recognized in the statement of income in the current period whereas under Canadian GAAP such recognition is elective. In order to minimize differences with U.S. GAAP, the Group has chosen to record ineffectiveness under Canadian GAAP.

Recently adopted accounting standards for Canadian GAAP presentation

Consolidation of variable interest entities

The Group early adopted CICA accounting guideline AcG-15, Consolidation of Variable Interest Entities as of March 31, 2004. The guideline provides guidance as to when to apply consolidation principles to certain entities that are subject to control on a basis other than ownership of voting shares and thus determining when an enterprise includes the assets, liabilities and results of activities of such an entity (a variable interest entity) in its consolidated financial statements.

In the combined financial statements as at December 31, 2003 and prior to December 31, 2003, the Group combined all entities that were controlled by ownership of a majority of voting interests. As a result of AcG-15, the combined balance sheet includes the assets and liabilities of Logan Aluminum Inc. (Logan), a variable interest entity for which the Group is the primary beneficiary. Logan manages a tolling arrangement for the Group and an unrelated party.

The adoption of this guideline has the same impact as the adoption of FIN 46 under U.S. GAAP. See note 2 — Accounting Changes — Consolidation of Variable Interest Entities.

Stock options and other stock-based compensation

Effective January 1, 2004, Alcan retroactively adopted the provisions of the amendment to CICA section 3870, Stock-Based Compensation and Other Stock-Based Payments. The amendment requires the recognition of an expense computed using the fair value method of accounting for all stock options and payments at grant date. These combined financial statements under Canadian GAAP include the compensation cost for options granted to certain employees of the Group for all periods presented computed as per the amendment. The adoption of this amendment has the same impact as the adoption of the fair value method of accounting for stock options under U.S. GAAP.

Generally accepted accounting principles

In July 2003, the CICA issued Section 1100, Generally Accepted Accounting Principles, which was effective for the Group's fiscal year beginning on January 1, 2004. This standard establishes accounting standards for financial reporting in accordance with Canadian GAAP. It defines primary sources of Canadian GAAP and requires that the Group apply every relevant primary source.

Notes to the interim combined financial statements (unaudited)

(in millions of US\\$, except where indicated) — (Continued)

General standards of financial statement presentation

In July 2003, the CICA issued Section 1400, General Standards of Financial Statement Presentation, which was effective for the Group's fiscal year beginning on January 1, 2004. This standard clarifies what constitutes fair presentation in accordance with Canadian GAAP, which involves providing sufficient information in a clear and understandable manner about certain transactions or events of such size, nature and incidence that their disclosure is necessary to understand the Group's financial statements.

Reconciliation of U.S. and Canadian GAAP

		Period ended September 30 2004				Period ended September 30			
						20	03		
	As reported	Ref.	Amount	Canadian GAAP	As reported	Ref.	Amount	Canadian GAAP	
Statement of Income									
Sales and operating revenues									
— third parties	\$ 5,416	(d)	\$ 6	\$ 5,422	\$4,359	(d)	\$ 6	\$ 4,365	
— related parties	323		_	323	326		_	326	
			_						
	5,739		6	5,745	4,685		6	4,691	
	5,757		0	3,743	4,005		U	4,071	
									
Cost and expenses									
Cost of sales and operating expenses									
— third parties	4,744	(a)	2	4,719	3,824	(d)	(27)	3,797	
		(d)	(27)						
— related parties	288			288	296			296	
Depreciation and amortization	178	(d)	27	205	166	(d)	24	190	
Selling, administrative and general expenses	182		_	182	158		_	158	
Research and development expenses									
— third parties	13		_	13	13		_	13	
— related parties	28		_	28	38		_	38	
Interest				2.4					
— third parties	31		_	31	15		_	15	
— related parties	24		_	24	14		_	14	
Other expenses (income) — net	0	()	27	47	27	()	1.7		
— third parties	8	(a)	37	4/	37	(a)	17	55	
mulated manadisa	(21)	(d)	2	(70)	(40)	(d)	1	(40)	
— related parties	(21)	(a)	(49)	(70)	(46)		_	(46)	
			_				_		
	5,475		(8)	5,467	4,515		15	4,530	
Income before income taxes and other it	ems 264		14	278	170		(9)	161	
	ems 264 111	(a)	19	132	72	(a)		68	
Income taxes	111	(d)	2	132	12	(a) (d)	(6)	08	
		(u)				(u)			
			_				_		
Income before other items	153		(7)	146	98		(5)	93	
Equity income	4	(d)	(2)	2	5	(d)	(5)	_	
Minority interests	(9)			(9)	_			_	
Net income	\$ 148		\$ (9)	\$ 139	\$ 103		\$ (10)	\$ 93	
ivet income	ş 146						,	s 73	

- (a) Derivatives
- (b) Minimum pension liability
- (c) Deferred translation adjustments
- (d) Joint ventures
- (e) Currency translation

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

September 30, 2004

December 31, 2003

		September 30, 2004					December 31, 2003			
	As reported	Ref.	Amount	Canadian GAAP	As reported	Ref.	Amount	Canadian GAAP		
Balance Sheet										
Current assets										
Cash and time deposits	\$ 27	(d)	\$ 1	\$ 28	\$ 27	(d)	\$ 2	\$ 29		
Trade receivables, net										
— third parties	653	(d)	1	654	558	(d)	1	559		
— related parties	181		_	181	163	(a)	(88)	75		
Other receivables										
— third parties	128	(a)	(9)	122	97	(a)	(2)	99		
•		(d)	3			(d)	4			
— related parties	1,227	(d)	(39)	1,188	1,167	(d)	(13)	1,154		
Inventories										
— Aluminum	964	(d)	8	972	867	(a)	1	875		
						(d)	7			
— Raw materials	18	(d)	1	19	14	(d)	1	15		
— Other supplies	130	(d)	14	144	99	(d)	32	131		
11		()				()				
	1,112		23	1,135	980		41	1,021		
Total current assets	3,328		(20)	3,308	2,992		(55)	2,937		
Deferred charges and other assets	239	(a)	16	145	196	(a)	(1)	99		
		(d)	(110)			(d)	(96)			
Long-term receivables from related parties	97	(d)	(97)	_	614	(d)	(114)	500		
Property, plant and equipment										
Cost (excluding Construction work in										
Progress)	5,230	(d)	760	5,990	5,218	(d)	767	5,985		
Construction work in progress	152	(d)	5	157	129	(d)	11	140		
Accumulated depreciation	(3,057)	(d)	(488)	(3,545)	(2,928)	(d)	(470)	(3,398)		
	2,325		277	2,602	2,419		308	2,727		
Intangible assets, net	26	(b)	(2)	24	26	(b) (d)	(6)	23		
Goodwill	61		_	61	69	(u)	_	69		
Total assets	\$ 6,076		\$ 64	\$ 6,140	\$ 6,316		\$ 39	\$ 6,355		
iviai asseis	\$ 0,070		\$ 04	\$ 0,140	\$ 0,310		\$ 39	\$ 0,333		
			F-74							

Total liabilities and invested equity

THE NOVELIS GROUP

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

September 30, 2004 December 31, 2003 As reported Canadian As reported Canadian GAAP Ref. Ref. Amount Amount **Current liabilities** Payables and accrued liabilities \$ 946 \$(70) \$ 905 \$ 802 \$(54) \$ 808 — third parties (a) (a) (d) 29 (d) - related parties 452 (d) (37) 415 286 (a) (36)246 (d) (4) Short term borrowings - third parties 850 (d) (3) 847 900 (d) 1 901 - related parties 65 65 64 64 Debt maturing within one year — third parties 27 27 132 132 - related parties 285 285 10 10 **Total current liabilities** 2,625 (81) 2,544 2,194 (33) 2,161 Debt not maturing within one year — third parties 86 (d) 8 94 506 (d) 8 514 1,011 — related parties 721 721 1,011 23 Deferred credits and other liabilities 400 (a) 450 362 (b) (15)394 (b) (11)(d) 47 (d) 38 Deferred income taxes 173 36 236 152 (a) (2) 176 (a) (b) 3 (b) 3 (d) 24 (d) 23 Minority interests 123 123 117 117 **Invested equity** 1,917 1,923 (a) 19 1,890 (a) 2 1,879 Owner's net investment (e) (13)(13)(e) Deferred translation adjustment (c) 36 49 (c) 90 103 13 13 (e) (e) Accumulated other comprehensive income 31 (b) 5 84 (b) 6 (c) (36)(c) (90)1,948 1,972 1,974 1,982 24 8

F-75

\$ 64

\$6,140

\$6,316

\$ 39

\$6,355

\$6,076

Notes to the interim combined financial statements (unaudited)

(in millions of US\$, except where indicated) — (Continued)

15. Subsequent events

On November 25, 2004, Alcan announced that it has begun consultations with employee representatives on a proposed restructuring involving the closure of its plant in Flemalle, Belgium. This intended measure is a result of changing market conditions and business realities. The proposed plant closure is expected to result in charges of approximately \$41, pretax that will form part of the allocation of the purchase price on acquisition of Pechiney that will be finalized by the end of 2004. The completion of the plant closure activities is expected to occur by mid-2005.



December 20, 2004

Ms. Pamela Ann Long,
 Assistant Director,
 Division of Corporation Finance,
 Securities and Exchange Commission,
 450 Fifth Street, NW,
 Washington, DC 20549.

Re: Novelis Inc.

Registration Statement on Form 10

File No. 001-32312

Dear Ms. Long:

On behalf of our client, Alcan Inc. ("Alcan"), and Novelis Inc. (the "Company"), we have set forth below the Company's responses to the comments contained in the comment letter from the staff of the Securities and Exchange Commission (the "Staff"), dated December 14, 2004, relating to the registration statement on Form 10 (File No. 001-32312) (the "Registration Statement") filed by the Company on September 28, 2004, Amendment No. 1 to the Registration Statement filed by the Company on November 17, 2004 and Amendment No. 2 to the Registration Statement filed by the Company on November 23, 2004. The Company is concurrently filing via EDGAR Amendment No. 3 to the Registration Statement (the "Amendment"). The Amendment reflects the Company's responses to the Staff's comments as well as certain updating information and conforming changes resulting therefrom.

Except as otherwise noted in this response letter, the information provided in response to the Staff's comments has been supplied by the Company, which is solely responsible for the adequacy and accuracy of the information as well as the disclosure in the Registration Statement. The Company also acknowledges that the Staff's comments or changes to disclosure in response to the Staff's comments do not foreclose the Securities and Exchange Commission from taking any action with respect to the Registration Statement, and that the Company may not assert the Staff's comments as a defense in any proceeding initiated by the Securities and Exchange Commission or any person under the federal securities laws of the United States.

For ease of reference, we reproduce below the relevant comments, and include under each comment the Company's response.

GENERAL

1. PLEASE PROVIDE A BRIEF STATEMENT AT THE BEGINNING OF YOUR INFORMATION STATEMENT IDENTIFYING THE SPECIFIC TRANSACTIONS YOU INDICATE ARE ENCAPSULATED IN THE TERM "REORGANIZATION TRANSACTIONS" IN YOUR NOVEMBER 17, 2004,

-2-

Ms. Pamela Ann Long

RESPONSE TO THE SECOND COMMENT OF OUR LETTER OF OCTOBER 29, 2004. PLEASE INCLUDE YOUR INTENDED EXCHANGE OF ALCAN STOCK OPTIONS HELD BY EMPLOYEES FOR NOVELIS STOCK OPTIONS, AS DESCRIBED ON PAGE 111 OF AMENDMENT NO. 2 AND YOUR SIMILAR REPLACEMENT OF STOCK PRICE APPRECIATION UNITS DESCRIBED ON PAGE 112.

In response to the Staff's comment, the Company has revised pages 3 and 4 of the Amendment to include a brief statement summarizing the steps in the "reorganization transactions," and noting the intended exchange of Alcan stock options held by Novelis employees for Novelis stock options and similar replacement of Alcan stock appreciation units for Novelis stock appreciation units.

2. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 9. PLEASE CLARIFY
WHETHER THE FINANCIAL INSTITUTION HAS PROVIDED YOU WITH A FIRM
COMMITMENT TO PROVIDE YOU WITH THE AMOUNT OF DEBT AND ON THE
TERMS DESCRIBED IN NOTE (b) AS WELL AS WHETHER THIS FINANCIAL
INSTITUTION HAS COMMITTED TO SUBSEQUENTLY SWAP A PORTION OF
THE SEVEN-YEAR TERM LOANS INTO A SEVEN-YEAR FIXED RATE LOAN.
IF THE FINANCIAL INSTITUTION HAS NOT PROVIDED YOU WITH A FIRM
COMMITMENT, WE ARE NOT YET PERSUADED THESE ADJUSTMENTS ARE
FACTUALLY SUPPORTABLE.

 $$\operatorname{\textsc{The}}$ Company has revised pages 65 and 68 of the Amendment in response to the Staff's comment.

The Company supplementally advises the Staff that it has been provided a firm commitment letter from a group of financial institutions with respect to the full amount of indebtedness it expects to incur in connection with the reorganization transactions. This consists of a \$2.0 billion senior secured credit facility and a \$1.3 billion senior unsecured bridge facility. The Company does not expect to draw down on the bridge facility, but rather expects to issue fixed rate debt securities shortly after the effective date of the separation in order to pay amounts due to Alcan or its subsidiaries. To the extent the issuance of the fixed rate debt securities is not completed within the anticipated time frame following the separation, the bridge facility will act as a backstop.

In this connection, upon the effective date of the separation, the Company and certain of its subsidiaries will issue unsecured notes (the "seller notes") to Alcan in the aggregate amount of \$1.4 billion, which is expected to be refinanced thereafter with the proceeds from the issuance of the fixed rate debt securities discussed above. The seller notes will bear interest at a rate equivalent to the anticipated rate payable on the fixed rate debt securities to be issued. As a result, even though the bridge facility is expected to bear interest at a variable rate, the Company's interest expense on the anticipated senior unsecured debt at a principal amount of \$1.3 billion will not exceed the anticipated interest payable on the fixed rate debt securities.

Based on the foregoing, the Company believes that the pro forma adjustments made to reflect its anticipated new borrowings, as revised in the Amendment, are factually supportable.

3. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 10. YOU HAVE NOT DISCLOSED IN THE FOOTNOTE TO ADJUSTMENT (f) THE MAXIMUM AMOUNT OF THE POTENTIAL PAYMENT OR THE FORMULA THAT WILL BE USED TO DETERMINE THE ACTUAL PAYOUT. PLEASE DISCLOSE BOTH.

 $$\operatorname{\textsc{The}}$ Company has revised pages 69 and 70 of the Amendment in response to the Staff's comment.

-3-

Ms. Pamela Ann Long

PRO FORMA STATEMENT OF INCOME; PAGE 65

4. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 12. AS PREVIOUSLY REQUESTED, PLEASE REVISE NOTE (d) TO SHOW PRECISELY HOW THE ADJUSTMENT AMOUNTS WERE COMPUTED. EACH ADJUSTMENT SHOULD DISCLOSE THE AMOUNT OF EACH LOAN BEING REPAID OR ISSUED MULTIPLIED TIMES ITS INTEREST RATE AND ARRIVE AT THE AMOUNT OF INTEREST EXPENSE TO BE DEDUCTED OR ADDED IN THE PRO FORMA ADJUSTMENT. FOR DEBT THAT INCURS INTEREST AT A VARIABLE RATE, YOU SHOULD USE THE AVERAGE VARIABLE RATE THAT THIS DEBT WOULD HAVE INCURRED OVER THE APPROPRIATE HISTORICAL PERIOD FOR WHICH YOU ARE GIVING PRO FORMA EFFECT. PLEASE ALSO DISCLOSE THE AVERAGE INTEREST RATE USED FOR EACH PERIOD AND THE INDEXED RATE (LIBOR+X% OR PRIME+X%) OF THE NEW DEBT. MAKE THE APPROPRIATE REVISIONS.

 $\,$ The Company has revised page 69 of the Amendment in response to the Staff's comment.

5. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 13 AND YOUR DISCLOSURES IN THE NOTE TO ADJUSTMENT (e). PLEASE DISCLOSE HOW THE RECORDING OF A VALUATION ALLOWANCE WOULD RESULT IN YOUR EFFECTIVE TAX RATE BEING LOWER THAN THE STATUTORY TAX RATE.

The Company has revised page 69 of the Amendment in response

MANAGEMENT'S DISCUSSION AND ANALYSIS: PAGE 69

6. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 18. IT DOES NOT APPEAR THAT YOU HAVE QUANTIFIED THE IMPACT OF EACH FACTOR WHEN MULTIPLE FACTORS HAVE CONTRIBUTED TO MATERIAL FLUCTUATIONS. FOR EXAMPLE, YOUR SALES AND OPERATING REVENUES INCREASED \$1.1 BILLION OF THE NINE MONTHS ENDED SEPTEMBER 30, 2004 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2003, OF WHICH YOU STATE APPROXIMATELY HALF OF THE INCREASE WAS DUE TO HIGHER LME ALUMINUM PRICES. YOU STATE THAT THE REMAINING INCREASE WAS DUE TO INCREASED ROLLED PRODUCTS SHIPMENTS AND THE IMPACT OF THE U.S. DOLLAR. PLEASE ALSO QUANTIFY THE EXTENT TO WHICH THE INCREASED ROLLED PRODUCTS SHIPMENTS CONTRIBUTED TO THE \$1.1 BILLION INCREASE AS WELL AS THE EXTENT TO WHICH THE IMPACT OF THE U.S. DOLLAR CONTRIBUTED TO THE \$1.1 BILLION INCREASE.

 $$\operatorname{\textsc{The}}$ Company has revised pages 75 through 94 of the Amendment in response to the Staff's comment.

7. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 19. IT DOES NOT APPEAR THAT YOU DISCUSSED THE BUSINESS REASONS FOR THE CHANGES BETWEEN PERIODS IN THE SALES AND BGP OF YOUR SEGMENTS. YOUR RESPONSE REFERS TO THE SECTION HEADING "SEGMENT RESULTS." FOR EXAMPLE, FOR NOVELIS NORTH AMERICA, WE WOULD EXPECT TO SEE A DISCUSSION ON WHAT LED TO THE INCREASED ROLLED PRODUCT SHIPMENTS, HIGHER CONVERSION PRICES, AND THE RECOVERY OF PRICE SPREADS BETWEEN RECYCLED METAL AND PRIMARY ALUMINUM.

IT ALSO DOES NOT APPEAR THAT YOU REVISED SEGMENT MD&A FOR THE ANNUAL PERIODS TO QUANTIFY THE EXTENT TO WHICH EACH REASON CONTRIBUTED TO THE OVERALL CHANGE IN THE SEGMENT LINE ITEM. FOR EXAMPLE, FOR NOVELIS NORTH

-4-

Ms. Pamela Ann Long

AMERICA, QUANTIFY THE EXTENT TO WHICH LOWER SHIPMENTS AND HIGHER ALUMINUM INPUT COSTS PASSED TO CUSTOMERS EACH LED TO A NET DECREASE IN REVENUES.

The Company has revised pages 79 to 80 and 89 through 94 of the Amendment in response to the Staff's comment.

8. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 23. TELL US HOW YOU DETERMINED IT WAS APPROPRIATE TO RECORD THE TRANSFER PRICING ADJUSTMENT IN THE OTHER EXPENSE LINE ITEM INSTEAD OF IN THE INCOME TAXES LINE ITEM.

The Company supplementally advises the Staff that the transfer pricing adjustment is recorded on two separate line items on the combined statement of income. A net pre-tax charge of \$38 million, which is recorded in "Other expenses (income) - net," is comprised of \$44 million relating to an increase in the transfer price charged for the years 1988 through 1995, partially offset by interest revenue of \$6 million. The \$15 million tax recovery associated with the transfer pricing adjustment is included in "Income taxes."

CONTRACTUAL OBLIGATIONS; PAGE 83

9. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 26. ITEM 303(a) (5) OF REGULATION S-K REQUIRES YOU TO PROVIDE A TABLE OF YOUR KNOWN CONTRACTUAL OBLIGATIONS. IT WOULD APPEAR THAT YOU ARE CONTRACTUALLY OBLIGATED TO PAY INTEREST UNDER YOUR DEBT AGREEMENTS AS WELL AS MAKE PAYMENTS UNDER YOUR INTEREST RATE SWAP AGREEMENTS. PLEASE SPECIFICALLY TELL US WHAT OTHER SIMILAR "ORDINARY" EXPENSES YOU ARE CONTRACTUALLY OBLIGATED TO PAY WHICH ARE NOT INCLUDED IN THE TABLE OF CONTRACTUAL OBLIGATIONS. AS YOU HAVE INCLUDED INTEREST PAYMENT AMOUNTS AS OF SEPTEMBER 30, 2004, PLEASE ALSO PROVIDE THIS INFORMATION AS OF DECEMBER 31, 2003.

The Company has revised the table of contractual obligations on page 87 of the Amendment to reflect interest payment amounts as of December 31, 2003. The Company supplementally advises the Staff that there are no other expenses that the Company is contractually obligated to pay which are not included in the table of contractual obligations.

10. PLEASE DISCLOSE THE INFORMATION YOU PROVIDED IN RESPONSE TO COMMENT 31 OF OUR PREVIOUS LETTER TO YOUR FILING.

The Company has revised its disclosure on page 129 of the Amendment in response to the Staff's comment.

-5-

Ms. Pamela Ann Long

AUDITED FINANCIAL STATEMENTS; PAGE F-1

NOTE 1. NATURE OF OPERATIONS; PAGE F-7

THE DESCRIPTION OF THE SIERRE AND NEUHAUSEN AGREEMENTS ON PAGES 56 AND 57 INDICATE THAT CERTAIN ASSETS AND LIABILITIES WILL BE TRANSFERRED TO YOU BY ALCAN RELATED TO THE SIERRE AND NEUHAUSEN FACILITIES PURSUANT TO THE TERMS OF THE SEPARATION AND ASSET TRANSFER AGREEMENTS. PLEASE CLARIFY IN YOUR DISCLOSURE WHETHER THESE ASSETS, LIABILITIES, AND RELATED OPERATIONS ARE INCLUDED IN THE HISTORICAL AND/OR PRO FORMA FINANCIAL STATEMENTS PROVIDED.

In response to the Staff's comment, the Company has revised its disclosures on pages 4, 64, F-7 and F-57 of the Amendment to include the portions of the facilities located in Sierre and Neuhausen in the description of the businesses being transferred from Alcan and to clarify that all assets, liabilities and operations relating to the portions of these facilities transferred to the Company are included in the Company's historical and proforma financial statements provided.

NOTE 2. BASIS OF PRESENTATION; PAGE F-8

12. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 37. PLEASE DISCLOSE THAT IT IS NOT PRACTICABLE TO ESTIMATE THE AMOUNT OF EXPENSES YOU WOULD HAVE INCURRED IN EACH OF THE THREE YEARS ENDED DECEMBER 31, 2003 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2004 HAD YOU BEEN AN UNAFFILIATED ENTITY OF ALCAN IN EACH OF THOSE PERIODS.

The Company has revised pages F-9 and F-59 of the Amendment under the heading "General Corporate Expenses" to include a statement that it is not practicable to estimate the amount of expenses it would have incurred in each of the three years ended December 31, 2003 and the nine months ended September 30, 2004, had it been an unaffiliated entity of Alcan in each of those periods.

NOTE 7. RESTRUCTURING, IMPAIRMENT AND OTHER SPECIAL CHARGES; PAGE F-19

13. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 27. YOU DISCLOSE THE REMAINING PROVISION OF \$31 MILLION AT DECEMBER 31, 2003, RELATED PRINCIPALLY TO EMPLOYEE SEVERANCE AND ENVIRONMENTAL REMEDIATION COSTS, WILL BE PAID OVER AN EXTENDED PERIOD. PLEASE CLARIFY THAT THE ENVIRONMENTAL REMEDIATION AMOUNTS ARE PAYABLE WITHIN ONE YEAR AS YOU STATED IN YOUR RESPONSE. IN ADDITION, PLEASE STATE THE PORTION OF THE \$31 MILLION WHICH IS RELATED TO ENVIRONMENTAL REMEDIATION COSTS AS WELL AS PROVIDE THE DISCLOSURES REQUESTED FOR BY SAB TOPIC 5:Y.

The Company has revised pages F-20 and F-61 to F-62 of the Amendment in response to the Staff's comment.

-6-

Ms. Pamela Ann Long

NOTE 12. SALES OF RECEIVABLES; PAGE F-27

14. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 43. AS PREVIOUSLY REQUESTED, PLEASE EXPAND YOUR DISCLOSURE TO PROVIDE GREATER DETAIL OF THE STRUCTURE OF YOUR RECEIVABLE SALES AS WELL AS HOW YOU DETERMINED THAT YOU MET THE CRITERIA IN PARAGRAPH 9 OF SFAS 140 IN TREATING THE AMOUNTS YOU DID AS SALES.

The Company has revised its disclosure on page F-28 of the Amendment in response to the Staff's comment.

NOTE 19. COMMITMENTS AND CONTINGENCIES; PAGE F-31

15. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 29. PLEASE PROVIDE THE DISCLOSURES UNDER THE HEADING "ENVIRONMENTAL MATTERS" ON PAGES 49 THROUGH 51 IN YOUR NOTES TO FINANCIAL STATEMENTS. IN ADDITION, PLEASE ALSO INDICATE THE AMOUNTS ACCRUED FOR EACH SITE.

The Company has revised pages F-32 through F-34 and F-65 through F-67 of the Amendment to include the disclosures under the heading "Our Business -- Legal proceedings -- Environmental matters" on pages 50 - 52 of the Amendment.

The Company supplementally advises the Staff that it has already provided the amount of its estimated potential liabilities for environmental remediation costs relating to each of the sites in the existing disclosures. For the information of the Staff, the table below sets forth the amount accrued for each of these sites as of December 31, 2003:

<TABLE> <CAPTION>

Amount accrued December 31, 2003
<c></c>
\$16
25
2
1
3
5
\$52
===

</TABLE>

NOTE 26. DIFFERENCES BETWEEN UNITED STATES AND CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; PAGE F-40

16. WE NOTE YOUR RESPONSE TO PRIOR COMMENT 45. AS PREVIOUSLY REQUESTED, PLEASE DISCLOSE WHY ADJUSTMENT (e) DESCRIBED AS JOINT VENTURES RESULTS IN A

-7-

Ms. Pamela Ann Long

REDUCTION TO COST OF SALES AND OPERATING EXPENSES OF \$35 MILLION AND AN ADDITION OF DEPRECIATION AND AMORTIZATION EXPENSES OF \$32 MILLION.

In response to the Staff's comment, the Company has revised page F-44 of the Amendment under the heading "(E) Joint Ventures" to include an additional explanation for adjustment (e).

INTERIM FINANCIAL STATEMENTS; PAGE F-49

GENERAL

17. PLEASE ADDRESS THE COMMENTS ABOVE IN YOUR INTERIM FINANCIAL STATEMENTS AS WELL.

In response to the Staff's comments, the Company has made appropriate conforming changes to its interim combined financial statements included in the Amendment.

- NOTE 3. SALES AND ACQUISITIONS OF BUSINESSES 2004, PAGE F-57
- 18. PLEASE PROVIDE THE DISCLOSURES REQUIRED BY PARAGRAPH 20 OF SFAS 146 RELATED TO THE CONSOLIDATION OF THE U.K. ALUMINUM SHEET ROLLING ACTIVITIES.

 $$\operatorname{\textsc{The}}$ Company has revised pages F-51 and F-60 of the Amendment in response to the Staff's comment.

* * >

The Company notes for the information of the Staff that concurrent with the filing of the Amendment via EDGAR, the Company is requesting confidential treatment of information omitted from some of the exhibits to the Amendment, under the Securities and Exchange Commission's rules pursuant to a

confidential treatment request submitted separately.

The Company is grateful for the Staff's assistance in this matter. As the Staff is aware, the Company intends that its reorganization transactions become effective on January 1, 2005. The Company looks forward to continuing to work with the Staff, with the hope that the Staff will be able to complete its review of the Registration Statement by the end of this month.

-8-

Ms. Pamela Ann Long

If you have any questions or comments concerning the matters discussed above, please call me on (650) 461-5620 or Sarah P. Payne on (650) 461-5669.

Very truly yours,

/s/ Scott D. Miller

Scott D. Miller

cc: Nudrat Salik
 Rufus Decker
 Matt Franker
 (Securities and Exchange Commission)

David McAusland Roy Millington Tom Harrington (Alcan Inc.)

Brian W. Sturgell Geoffrey P. Batt Jo-Ann Longworth (Novelis Inc.)

Norman M. Steinberg Andrew Bleau Niko Veilleux (Ogilvy Renault)

Sarah P. Payne Xiaodong Yi (Sullivan & Cromwell LLP)