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

FORM 8-K

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

Date of Report (Date of earliest event reported) October 26, 2006

NOVELIS INC.

(Exact name of registrant as specified in its charter)

Canada

001-32312

98-0442987

*(State or other jurisdiction
of incorporation)*

*(Commission
File Number)*

*(IRS Employer
Identification No.)*

3399 Peachtree Road NE, Suite 1500, Atlanta, GA

30326

(Address of principal executive offices)

(Zip Code)

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

Not Applicable

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

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 7.01 Regulation FD Disclosure.

A copy of the presentation given by William T. Monahan, our Interim Chief Executive Officer and Chairman of the Board of Directors, is furnished as Exhibit 99.1 and incorporated herein by reference in its entirety.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Slides presented by William Monahan during the Business Overview portion of the Novelis Annual Meeting on September 26, 2006

SIGNATURE

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

NOVELIS INC.

Date: October 27, 2006

By: /s/ Nichole Robinson

Nichole Robinson
Secretary

INDEX TO EXHIBITS

| Exhibit Number | Description |
|-------------------|--|
| 99.1 | Slides presented by William Monahan during the Business Overview portion of the Novelis Annual Meeting on September 26, 2006 |



Business Overview

William T. Monahan, Chairman and Interim CEO
Annual Meeting of Shareholders, Oct. 26, 2006



This presentation is available on
our web site at www.novelis.com

[Link to searchable text of Slide Shown above](#)

Safe Harbor Statement

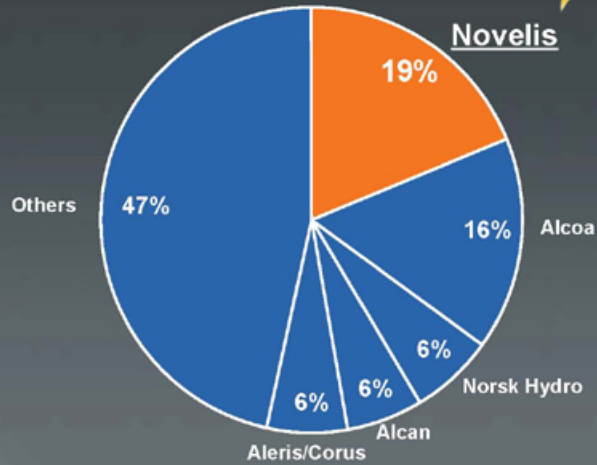


Statements made in this presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements may include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of such forward-looking statements in this presentation include, among other matters, the creation of shareholder value, improving our operational efficiency, our expectation to timely report our financial results with the SEC, proactively implement tax initiatives, appoint a new CEO, eliminate or reduce remaining metal price ceiling exposure, continue de-leveraging, focus on our cost position, align assets to our high-value portfolio, achieve our projected levels of Shipments, Regional Income (including both Regional Income before Can Ceiling and Regional Income Less Corporate Costs), Earnings Before Taxes, Capital Expenditures, Free Cash Flow and other financial targets for the remainder of 2006 and 2007 and achieve the long term financial targets for Regional Income less Corporate Costs, Annual Free Cash Flow, Return on Invested Capital and Debt to EBITDA. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. These statements are based on beliefs and assumptions of Novelis' management, which in turn are based on currently available information. These assumptions could prove inaccurate. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: the level of our indebtedness and our ability to generate cash; relationships with, and financial and operating conditions of, our customers and suppliers; changes in the prices and availability of aluminum (or premiums associated with such prices) or other raw materials we use; the effect of metal price ceilings in certain of our sales contracts; our ability to successfully negotiate with our customers to remove or limit metal price ceilings in our contracts; the effectiveness of our hedging activities, including our internal used beverage can and smelter hedges; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing for future capital requirements; continuing obligations and other relationships resulting from our spin-off from Alcan; changes in the relative values of various currencies; factors affecting our operations, such as litigation, labor relations and negotiations, breakdown of equipment and other events; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; changes in general economic conditions; our ability to improve and maintain effective internal control over financial reporting and disclosure controls and procedures in the future; changes in the fair market value of derivatives; cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; changes in government regulations, particularly those affecting environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our principal credit agreements and other financing arrangements; the continued cooperation of certain debtholders and regulatory authorities with respect to extensions of our 2006 filing deadlines; the development of the most efficient tax structure for the Company; and the payment of special interest due to our failure to timely file our SEC reports and the payment of fees in connection with any related waivers or amendments to our principal debt agreements. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005, as amended and filed with the SEC, and may be discussed in subsequent filings with the SEC. Further, the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2005, as amended, are specifically incorporated by reference into this presentation.

Global Leader in Rolled Aluminum

2005 Global Aluminum Rolled Products Production

100% = 15,600 kt
Top 5 = 53%



#1 rolled products
supplier worldwide

Leader in:

- Can, Auto, Foil markets
- Europe, Asia & S-A
- Rolling technology
- Continuous casting technology
- Recycling

Source: CRU, based on production data.

Internal and External Challenges

- Extraordinary run-up in metal prices
 - Tested the business model
 - Required new hedging approach
- Debt structure
 - Assumed lower metal prices
- Accounting review
 - Delayed financial filings

Strengthening the Organization

- Enhanced finance team
 - CFO, Rick Dobson
 - Controller, Bob Patterson
- Expanded and strengthened Board of Directors
 - Chairman, Bill Monahan
 - New Directors:
 - Kevin Twomey
 - Edward Blechschmidt
 - John Watson

Enhancing our Competitiveness

Employees worldwide are strengthening our competitiveness and setting the stage for creation of shareholder value by:

- Improving our operational efficiency
- Strengthening our service to customers
- Enhancing our product portfolio
- Generating cash to de-leverage our capital structure



Restructuring

Restructuring of manufacturing operations is a top priority. Since the spin-off we have:

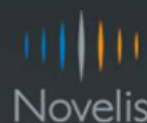
- Closed plants in U.K., Belgium, Italy
- Sold operation in France
- Reorganized two facilities in Germany
- Streamlining European central management and R&D
- Reviewing strategic alternatives for Foil and Technical Products in Europe

Improving Operational Efficiency

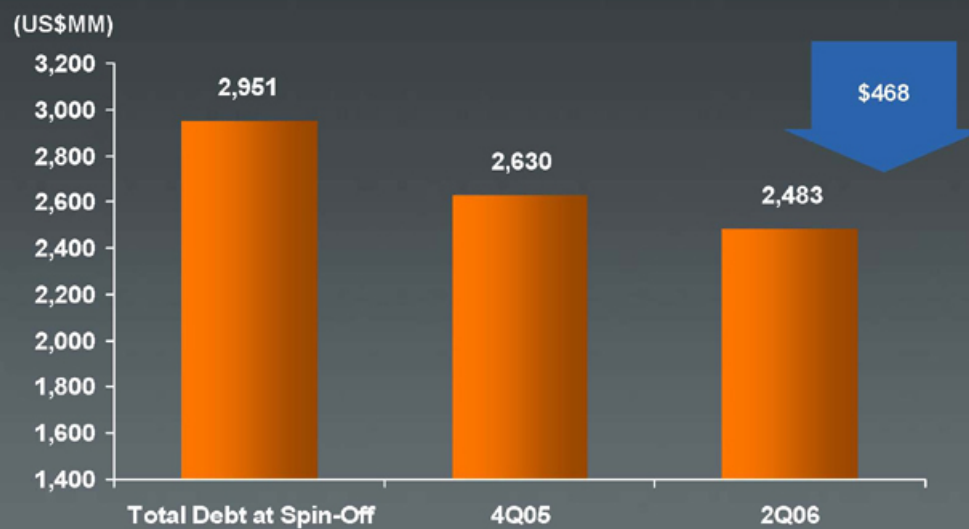
Lean Six Sigma will contribute over \$30 million to free cash flow in 2006 through working capital initiatives alone:

- N.A. consolidated ingot specifications, leading to decreased finished goods inventory
- Europe decreased customer lead times, improved delivery performance, and reduced inventory by 15%
- Asia improved recovery rates and throughput, enabling reduced inventory and shorter customer lead times
- S.A. streamlined sources of UBCs/scrap, leading to improved quality, reduced inventory and lower costs

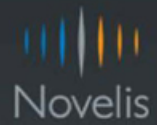
De-leveraging the Capital Structure



Reduced total debt by \$468MM since spin-off (through Q2-06)



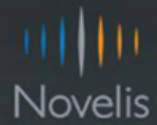
Enhancing Our Position in Asia



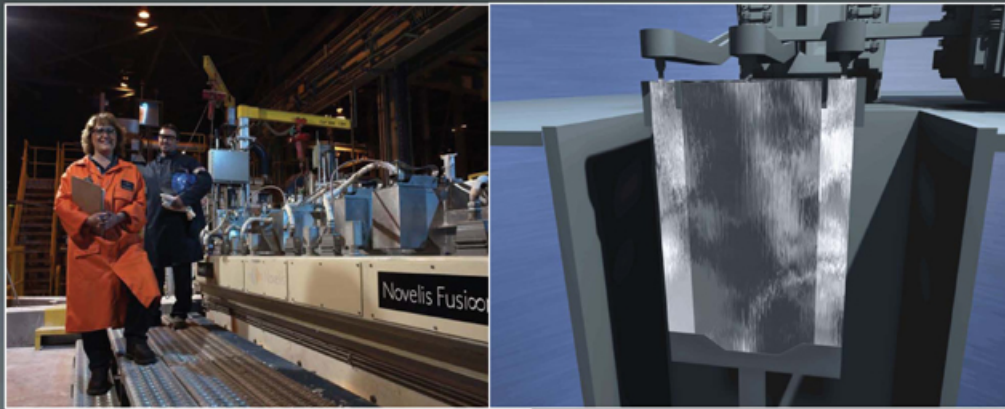
Yeongju, Korea



Focus on Innovation



Novelis FusionTM



11

[Link to searchable text of Slide Shown above](#)

Jaguar XK



- **Sole supplier of aluminum sheet for the new XK**
 - advanced aluminum body structure and exterior panels



12

[Link to searchable text of Slide Shown above](#)

Audi Q7

- **Lead aluminum sheet supplier for premium SUV**
 - aluminum hood, front fenders and tailgate



2005 Financial Highlights

- Net sales up 8% to \$8.4 billion
- RP shipments up over 3% to 2.87 million tonnes
- Net income \$90 MM compared with \$55 MM
- EPS \$1.21 compared with \$0.74

2006 First Half Highlights

- Total rolled product shipments increased 3.5% to 1.49 million tonnes
- Strong cash flows enable \$147 MM debt reduction for six months; total reduction of over \$450 MM
- Expect full-year loss before taxes of \$240-\$285 MM
- All-time best performance in health and safety

2007 Outlook

- Anticipate return to positive earnings before taxes
- Elimination of half the metal price ceiling exposure
- Expect increased RP shipments and cost reductions
- Total free cash flow expected between \$150-\$200 MM
- Cash flow and debt reduction primary areas of focus

Free Cash Flow = net cash from operating activities less dividends, less capital expenditure, less premiums paid to purchase derivatives, plus net proceeds from settlement of derivatives.

See Appendix for reconciliation of non-GAAP financial measures.

Long-term Targets

- Annual growth of 7-10% for Regional Income less corporate costs
- Annual returns on invested capital above 12%
- Annual free cash flow surpassing \$400 MM
- Debt-to-EBITDA ratio between 2.5x and 3x

Return on Invested Capital = After Tax EBIT divided by average book capitalization.
See Appendix for reconciliation of non-GAAP financial measures.

Concluding Remarks

- Search for a new CEO is well under way
- Current with financial reporting as of Q2
- Nearing the end of a difficult transition period
- Strategically positioned to fulfill the promise of a dynamic, independent Novelis:
 - Generate stable earnings and cash flow
 - Maximize long-term shareholder value



[Link to searchable text of Slide Shown above](#)



Appendix

[*Link to searchable text of Slide Shown above*](#)

Reconciliation of Regional Income To Earnings Before Tax



| | 2003 Actual | 2004 Actual | 2005 Actual | Q1 2005 Actual | Q1 2006 Actual |
|---|----------------|----------------|----------------|-------------------|-------------------|
| Total Regional Income | 508 | 654 | 620 | 174 | 181 |
| Corporate Costs | (36) | (49) | (72) | (16) | (26) |
| Interest expense & amortization of debt discounts & fees | (40) | (74) | (203) | (56) | (51) |
| Unrealized gains due to changes in the fair value of derivatives | 20 | 77 | 140 | 19 | 1 |
| Depreciation & amortization | (222) | (246) | (230) | (59) | (58) |
| Litigation settlement – net of insurance recoveries | - | - | (40) | - | - |
| Impairment charges on long lived assets | (4) | (75) | (7) | - | - |
| Adjustment to eliminate proportional consolidation | (36) | (41) | (36) | (10) | (8) |
| Restructuring (charges) recoveries | (8) | (20) | (10) | 2 | (1) |
| Gain (loss) on disposal of fixed assets & businesses | 28 | 5 | 17 | 1 | (14) |
| Gains on corporate derivative instruments & exchange items | - | - | 45 | 2 | 4 |
| Income before provision for taxes on income & minority interests' share (Earnings Before Tax) | 210 | 231 | 224 | 57 | 28 |

Reconciliation of Regional Income To Earnings Before Tax



| | 2006 Low Estimate | 2006 High Estimate | 2007 Low Estimate | 2007 High Estimate |
|--|----------------------|-----------------------|----------------------|-----------------------|
| Total Regional Income | 480 | 498 | 575 | 625 |
| Corporate Costs | (120) | (110) | (80) | (70) |
| Interest expense & amortization of debt discounts & fees | (204) | (204) | (180) | (175) |
| Unrealized losses due to changes in the fair value of derivatives | (131) | (131) | - | - |
| Depreciation & amortization | (238) | (238) | (235) | (235) |
| Litigation settlement – net of insurance recoveries | - | - | - | - |
| Impairment charges on long lived assets | - | - | - | - |
| Adjustment to eliminate proportional consolidation | (45) | (45) | (45) | (45) |
| Restructuring (charges) recoveries | (13) | (10) | - | - |
| Gain (loss) on disposal of fixed assets & businesses | (14) | - | - | - |
| Gains on corporate derivative instruments & exchange items | - | - | - | - |
| Income before provision for taxes on income (loss) & minority interests' share (Earnings Before Tax) | (286) | (240) | 35 | 100 |

Reconciliation of Net Cash From Operating Activities To Free Cash Flow



| | 2003 Actual | 2004 Actual | 2005 Actual | Q1 2005 Actual | Q1 2006 Actual |
|--|-------------|-------------|-------------|----------------|----------------|
| Net cash provided by operating activities | 444 | 208 | 449 | 110 | 95 |
| Dividends | - | (4) | (34) | (7) | (7) |
| Capital Expenditures | (189) | (165) | (178) | (25) | (21) |
| Premiums paid to purchase derivative instruments | - | - | (57) | (10) | - |
| Net proceeds from settlement of derivative instruments | - | - | 148 | 19 | 71 |
| Free Cash Flow | 255 | 39 | 328 | 87 | 138 |

Reconciliation of Net Cash From Operating Activities To Free Cash Flow



| | 2006 Low Estimate | 2006 High Estimate | 2007 Low Estimate | 2007 High Estimate |
|--|-------------------|--------------------|-------------------|--------------------|
| Net cash provided by operating activities | 108 | 136 | 315 | 350 |
| Dividends | (31) | (31) | (10) | (10) |
| Capital Expenditures | (115) | (110) | (175) | (165) |
| Premiums paid to purchase derivative instruments | (2) | (5) | 0 | 0 |
| Net proceeds from settlement of derivative instruments | 190 | 210 | 20 | 25 |
| Free Cash Flow | 150 | 200 | 150 | 200 |

Business Overview

William T. Monahan, Chairman and Interim CEO
Annual Meeting of Shareholders, Oct. 26, 2006

[GRAPHIC APPEARS HERE]

This presentation is available on
our web site at www.novelis.com

Statements made in this presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements may include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of such forward-looking statements in this presentation include, among other matters, the creation of shareholder value, improving our operational efficiency, our expectation to timely report our financial results with the SEC, proactively implement tax initiatives, appoint a new CEO, eliminate or reduce remaining metal price ceiling exposure, continue de-leveraging, focus on our cost position, align assets to our high-value portfolio, achieve our projected levels of Shipments, Regional Income (including both Regional Income before Can Ceiling and Regional Income Less Corporate Costs), Earnings Before Taxes, Capital Expenditures, Free Cash Flow and other financial targets for the remainder of 2006 and 2007 and achieve the long term financial targets for Regional Income less Corporate Costs, Annual Free Cash Flow, Return on Invested Capital and Debt to EBITDA. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. These statements are based on beliefs and assumptions of Novelis' management, which in turn are based on currently available information. These assumptions could prove inaccurate. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: the level of our indebtedness and our ability to generate cash; relationships with, and financial and operating conditions of, our customers and suppliers; changes in the prices and availability of aluminum (or premiums associated with such prices) or other raw materials we use; the effect of metal price ceilings in certain of our sales contracts; our ability to successfully negotiate with our customers to remove or limit metal price ceilings in our contracts; the effectiveness of our hedging activities, including our internal used beverage can and smelter hedges; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing for future capital requirements; continuing obligations and other relationships resulting from our spin-off from Alcan; changes in the relative values of various currencies; factors affecting our operations, such as litigation, labor relations and negotiations, breakdown of equipment and other events; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; changes in general economic conditions; our ability to improve and maintain effective internal control over financial reporting and disclosure controls and procedures in the future; changes in the fair market value of derivatives; cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; changes in government regulations, particularly those affecting environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our principal credit agreements and other financing arrangements; the continued cooperation of certain debtholders and regulatory authorities with respect to extensions of our 2006 filing deadlines; the development of the most efficient tax structure for the Company; and the payment of special interest due to our failure to timely file our SEC reports and the payment of fees in connection with any related waivers or amendments to our principal debt agreements. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005, as amended and filed with the SEC, and may be discussed in subsequent filings with the SEC. Further, the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2005, as amended, are specifically incorporated by reference into this presentation.

2005 Global Aluminum
Rolled Products Production

[CHART APPEARS HERE]

Source: CRU, based on production data.

#1 rolled products
supplier worldwide

- Leader in:**
- Can, Auto, Foil markets
 - Europe, Asia & S-A
 - Rolling technology
 - Continuous casting technology
 - Recycling

- Extraordinary run-up in metal prices
 - Tested the business model
 - Required new hedging approach
- Debt structure
 - Assumed lower metal prices
- Accounting review
 - Delayed financial filings

- Enhanced finance team
 - CFO, Rick Dobson
 - Controller, Bob Patterson
- Expanded and strengthened Board of Directors
 - Chairman, Bill Monahan
 - New Directors:
 - Kevin Twomey
 - Edward Blechschmidt
 - John Watson

Employees worldwide are strengthening our competitiveness and setting the stage for creation of shareholder value by:

- Improving our operational efficiency
- Strengthening our service to customers
- Enhancing our product portfolio
- Generating cash to de-leverage our capital structure

[GRAPHIC APPEARS HERE]

Restructuring

[LOGO OF NOVELIS]

Restructuring of manufacturing operations is a top priority.
Since the spin-off we have:

- Closed plants in U.K., Belgium, Italy
- Sold operation in France
- Reorganized two facilities in Germany
- Streamlining European central management and R&D
- Reviewing strategic alternatives for Foil and Technical Products in Europe

Lean Six Sigma will contribute over \$30 million to free cash flow in 2006 through working capital initiatives alone:

- N.A. consolidated ingot specifications, leading to decreased finished goods inventory
- Europe decreased customer lead times, improved delivery performance, and reduced inventory by 15%
- Asia improved recovery rates and throughput, enabling reduced inventory and shorter customer lead times
- S.A. streamlined sources of UBCs/scrap, leading to improved quality, reduced inventory and lower costs

Reduced total debt by \$468MM since spin-off (through Q2-06)

[CHART APPEARS HERE]

[GRAPHIC APPEARS HERE]

Yeongju, Korea

[GRAPHIC APPEARS HERE]

• **Sole supplier of aluminum sheet for the new XK**

- advanced aluminum body structure and exterior panels

[GRAPHIC APPEARS HERE]

- **Lead aluminum sheet supplier for premium SUV**
 - aluminum hood, front fenders and tailgate

[GRAPHIC APPEARS HERE]

2005 Financial Highlights

[LOGO OF NOVELIS]

- Net sales up 8% to \$8.4 billion
- RP shipments up over 3% to 2.87 million tonnes
- Net income \$90 MM compared with \$55 MM
- EPS \$1.21 compared with \$0.74

2006 First Half Highlights

[LOGO OF NOVELIS]

- Total rolled product shipments increased 3.5% to 1.49 million tonnes
- Strong cash flows enable \$147 MM debt reduction for six months; total reduction of over \$450 MM
- Expect full-year loss before taxes of \$240-\$285 MM
- All-time best performance in health and safety

- Anticipate return to positive earnings before taxes
- Elimination of half the metal price ceiling exposure
- Expect increased RP shipments and cost reductions
- Total free cash flow expected between \$150-\$200 MM
- Cash flow and debt reduction primary areas of focus

Free Cash Flow = net cash from operating activities less dividends, less capital expenditure, less premiums paid to purchase derivatives, plus net proceeds from settlement of derivatives.

See Appendix for reconciliation of non-GAAP financial measures.

Long-term Targets

[LOGO OF NOVELIS]

- Annual growth of 7-10% for Regional Income less corporate costs
- Annual returns on invested capital above 12%
- Annual free cash flow surpassing \$400 MM
- Debt-to-EBITDA ratio between 2.5x and 3x

Return on Invested Capital = After Tax EBIT divided by average book capitalization.
See Appendix for reconciliation of non-GAAP financial measures.

Concluding Remarks

[LOGO OF NOVELIS]

- Search for a new CEO is well under way
- Current with financial reporting as of Q2
- Nearing the end of a difficult transition period
- Strategically positioned to fulfill the promise of a dynamic, independent Novelis:
 - Generate stable earnings and cash flow
 - Maximize long-term shareholder value

**Reconciliation of Regional Income
To Earnings Before Tax**

[LOGO OF NOVELIS]

| | 2003 Actual | 2004 Actual | 2005 Actual | Q1 2005 Actual | Q1 2006 Actual |
|---|----------------|----------------|----------------|-------------------|-------------------|
| Total Regional Income | 508 | 654 | 620 | 174 | 181 |
| Corporate Costs | (36) | (49) | (72) | (16) | (26) |
| Interest expense & amortization of debt discounts & fees | (40) | (74) | (203) | (56) | (51) |
| Unrealized gains due to changes in the fair value of derivatives | 20 | 77 | 140 | 19 | 1 |
| Depreciation & amortization | (222) | (246) | (230) | (59) | (58) |
| Litigation settlement –net of insurance recoveries | — | — | (40) | — | — |
| Impairment charges on long lived assets | (4) | (75) | (7) | — | — |
| Adjustment to eliminate proportional consolidation | (36) | (41) | (36) | (10) | (8) |
| Restructuring (charges) recoveries | (8) | (20) | (10) | 2 | (1) |
| Gain (loss) on disposal of fixed assets & businesses | 28 | 5 | 17 | 1 | (14) |
| Gains on corporate derivative instruments & exchange items | — | — | 45 | 2 | 4 |
| Income before provision for taxes on income & minority interests' share (Earnings Before Tax) | 210 | 231 | 224 | 57 | 28 |

**Reconciliation of Regional Income
To Earnings Before Tax**

[LOGO OF NOVELIS]

| | 2006 Low Estimate | 2006 High Estimate | 2007 Low Estimate | 2007 High Estimate |
|---|----------------------|-----------------------|----------------------|-----------------------|
| Total Regional Income | 480 | 498 | 575 | 625 |
| Corporate Costs | (120) | (110) | (80) | (70) |
| Interest expense & amortization of debt discounts & fees | (204) | (204) | (180) | (175) |
| Unrealized losses due to changes in the fair value of derivatives | (131) | (131) | — | — |
| Depreciation & amortization | (238) | (238) | (235) | (235) |
| Litigation settlement –net of insurance recoveries | — | — | — | — |
| Impairment charges on long lived assets | — | — | — | — |
| Adjustment to eliminate proportional consolidation | (45) | (45) | (45) | (45) |
| Restructuring (charges) recoveries | (13) | (10) | — | — |
| Gain (loss) on disposal of fixed assets & businesses | (14) | — | — | — |
| Gains on corporate derivative instruments & exchange items | — | — | — | — |
| Income before provision for taxes on income (loss) & minority interests'share (Earnings Before Tax) | (285) | (240) | 35 | 100 |

Reconciliation of Net Cash From
Operating Activities To Free Cash Flow

[LOGO OF NOVELIS]

| | 2003 Actual | 2004 Actual | 2005 Actual | Q1 2005 Actual | Q1 2006 Actual |
|--|-------------|-------------|-------------|----------------|----------------|
| Net cash provided by operating activities | 444 | 208 | 449 | 110 | 95 |
| Dividends | — | (4) | (34) | (7) | (7) |
| Capital Expenditures | (189) | (165) | (178) | (25) | (21) |
| Premiums paid to purchase derivative instruments | — | — | (57) | (10) | — |
| Net proceeds from settlement of derivative instruments | — | — | 148 | 19 | 71 |
| Free Cash Flow | 255 | 39 | 328 | 87 | 138 |

Reconciliation of Net Cash From
Operating Activities To Free Cash Flow

[LOGO OF NOVELIS]

| | 2006 Low Estimate | 2006 High Estimate | 2007 Low Estimate | 2007 High Estimate |
|--|----------------------|-----------------------|----------------------|-----------------------|
| Net cash provided by operating activities | 108 | 136 | 315 | 350 |
| Dividends | (31) | (31) | (10) | (10) |
| Capital Expenditures | (115) | (110) | (175) | (165) |
| Premiums paid to purchase derivative instruments | (2) | (5) | 0 | 0 |
| Net proceeds from settlement of derivative instruments | 190 | 210 | 20 | 25 |
| Free Cash Flow | 150 | 200 | 150 | 200 |